Citizens Financial Group, Inc.™

U.S. Liquidity Coverage Ratio Disclosures

For the quarterly period ended March 31, 2019

TABLE OF CONTENTS

CITIZENS FINANCIAL GROUP, INC.

March 31, 2019 U.S. Liquidity Coverage Disclosures

INTRODUCTION

Citizens Financial Group, Inc. ("the Parent Company" and, together with its subsidiaries, "CFG") is one of the nation's oldest and largest financial institutions with $161.3 billion in assets as of March 31, 2019. Our mission is to help our customers, colleagues and communities reach their potential. Headquartered in Providence, Rhode Island, we offer a broad range of retail and commercial banking products and services to individuals, small businesses, middle-market companies, large corporations and institutions. We help our customers reach their potential by listening to them and by understanding their needs in order to offer tailored advice, ideas and solutions. In Consumer Banking, we provide an integrated experience that includes mobile and online banking, a 24/7 customer contact center and the convenience of approximately 2,900 ATMs and approximately 1,100 branches in 11 states in the New England, Mid-Atlantic, and Midwest regions. Consumer Banking products and services include a full range of banking, lending, savings, wealth management and small business offerings. In Commercial Banking, we offer corporate, institutional and not-for-profit clients a full range of wholesale banking products and services including lending and deposits, capital markets, treasury services, foreign exchange and interest rate products, and asset finance. More information is available at www.citizensbank.com.

Report Overview

The Liquidity Coverage Ratio ("LCR") disclosures are required by the Board of Governors of the Federal Reserve System. In addition to the LCR itself, this disclosure provides information relating to our liquidity risk management practices and governance protocols, the primary drivers of our LCR, the composition of our high quality liquid assets ("HQLAs"), our funding sources, net cash outflow composition and derivatives exposures. This disclosure should be read in conjunction with our Securities and Exchange Commission ("SEC") filings, including our 2018 Form 10-K and 1Q19 Form 10-Q, which include important information on risk management policies and practices. Our SEC filings and LCR disclosures are available on our Investor Relations website at http://investor.citizensbank.com. The financial information presented within our LCR disclosures is unaudited and may differ from similar information presented in the Consolidated Financial Statements and Notes to Consolidated Financial Statements in our 1Q19 Form 10-Q. Unless specified otherwise, all amounts and information within are presented in conformity with the definitions and requirements of the LCR rules.

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statement that does not describe historical or current facts is a forward-looking statement, as discussed further in Appendix 1 of this report.

LIQUIDITY COVERAGE RATIO

We are subject to the LCR rule, issued by the Board of Governors of the Federal Reserve System, which is a liquidity metric designed to ensure that a covered bank or bank holding company maintains an adequate level of unencumbered HQLAs to cover expected net cash outflows over a 30-day time horizon under liquidity stress scenario. The LCR rule applies in its most comprehensive form only to advanced approaches bank holding companies (that is, those with $250 billion or more in total consolidated assets or $10 billion or more in on-balance sheet foreign exposures) and depository institution subsidiaries of such bank holding companies with $10 billion or more in total consolidated assets. The LCR rule applies in a modified form to bank holding companies, such as the Parent Company, that generally have $100 billion or more in total consolidated assets, but do not meet the thresholds for using the advanced approaches.

The modified LCR requires us to maintain a minimum ratio of HQLAs to cover 70% of net cash outflows. In addition, HQLAs receive varying recognition values after applying discounts (or "haircuts") based on their designated risk category. For example, U.S. Treasury securities are not subject to any haircut, and debt securities issued or guaranteed by a U.S. government-sponsored enterprise are subject to a 15% haircut. For HQLAs, average unweighted (pre-haircut) and weighted (post-haircut) amounts are presented in the quantitative disclosure below. For cash outflow and inflow amounts: (i) the average unweighted amount represents the average balance for each category, and (ii) the weighted amount represents the average unweighted balance multiplied by the respective LCR outflow or inflow rate prescribed for each category. As a modified LCR institution, we are required to calculate our LCR on a monthly basis.

For a further discussion of the regulatory liquidity framework applicable to CFG, see the sections entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity - Liquidity Risk Management and Governance* in our 1Q19 Form 10-Q and *Business - Regulation and Supervision - Liquidity Requirements* in our 2018 Form 10-K.

PRIMARY DRIVERS OF THE LCR

For the quarterly period ending March 31, 2019, our average LCR was 115%. Our LCR can vary over time through changes in the mix of our assets, liabilities, and off-balance-sheet exposures such as undrawn lending commitments, as well as changes in the levels and mix of our HQLA portfolio. The average LCR for the prior quarter ended December 31, 2018 was 115%. Marginal changes to HQLA and net cash outflows resulted in a stable quarterly average ratio.

LCR QUANTITATIVE DISCLOSURE

The table below presents details of our quarterly average LCR for the three months ended March 31, 2019.

	As of March 31, 2019	
(dollars in millions)	Average Unweighted Amount	Average Weighted Amount
1. **Total eligible HQLAs of which:**	**$21,542**	**$20,288**
2. Eligible level 1 liquid assets	13,185	13,185
3. Eligible level 2A liquid assets	8,357	7,103
4. Eligible level 2B liquid assets	—	—
Cash outflow amounts:		
5. **Deposit outflow from retail customers and counterparties, of which:**	**85,918**	**6,452**
6. Stable retail deposit outflow	47,258	1,418
7. Other retail funding outflow	31,035	3,103
8. Brokered deposit outflow	7,625	1,931
9. Unsecured wholesale funding outflow, of which:	**26,253**	**12,160**
10. Operational deposit outflow	8,417	2,096
11. Non-operational funding outflow	17,586	9,814
12. Unsecured debt outflow	250	250
13. Secured wholesale funding and asset exchange	7,282	2,111
14. **Additional outflow requirements, of which:**	**36,433**	**5,899**
15. Outflow related to derivative exposures and other collateral requirements	499	286
16. Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	35,934	5,613
17. Other contractual funding obligation outflow	78	78
18. Other contingent funding obligation outflow	692	69
19. Total cash outflow	**$156,656**	**$26,769**
Cash inflow amounts:		
20. Secured lending and asset exchange	—	—
21. Retail	1,764	882
22. Unsecured wholesale	1,349	700
23. **Other cash inflows, of which:**	**22**	**22**
24. Net derivative cash inflow	17	17
25. Securities cash inflow	5	5
26. Broker-dealer segregated account inflow	—	—
27. Other cash inflow	—	—
28. **Total cash inflow**	**$3,135**	**$1,604**
Average amounts:		
29. HQLA		20,288
30. Total net cash outflow excluding the maturity mismatch add-on		(25,165)
31. Maturity mismatch add-on		—
32. Total net cash outflow		(17,617)
33. Liquidity coverage ratio		115%

HIGH QUALITY LIQUID ASSET COMPOSITION

HQLAs consist of unencumbered cash and high-quality liquid securities. The LCR classifies HQLAs into three categories of assets: Level 1 (i.e., deposits with the Federal Reserve, and U.S. Treasury and GNMA securities), Level 2A (i.e., Government Sponsored Enterprise securities), and Level 2B liquid assets (other less liquid HQLAs), with Level 1 assets not subject to any haircut, Level 2A assets subject to a 15% haircut, and Level 2B assets subject to a 50% haircut. As set forth in the table above, CFG's quarterly average weighted (post-haircut) HQLAs were $20.3 billion for the three months ended March 31, 2019. Of this amount, 65% consisted of Level 1 assets, including excess cash deposited at central banks, with the remaining 35% comprised of Level 2A assets.

TOTAL NET CASH OUTFLOWS COMPOSITION

Total net cash outflow relates primarily to our deposit base, wholesale borrowings, off-balance sheet commitments and, to a more limited extent, our derivatives and secured lending activities.

A covered company’s total net cash outflow amount is determined under the LCR by applying prescribed outflow and inflow rates. As presented in the quantitative table above, our largest weighted cash outflow amounts for the three months ended March 31, 2019 were related to retail deposits, wholesale funding balances, and credit and liquidity facilities.

CONCENTRATION OF FUNDING SOURCES

Deposits

We have a stable and diversified deposit base made up of core consumer and commercial customers that represent our primary source of funding. Deposits provide a sizable source of relatively stable and low-cost funding, while reducing our reliance on wholesale funding markets.

Wholesale Funding

We also utilize wholesale borrowings as part of our asset/liability management and funding strategies. These borrowings include federal funds purchased, repurchase agreements, secured advances from the Federal Home Loan Banks, and medium-term notes. All wholesale funding, both short-term and long-term, is monitored through our liquidity risk limit structure for consistency with our risk appetite requirements.

DERIVATIVES EXPOSURES

We use derivative instruments to facilitate customer activity primarily to manage their interest rate, currency, commodity, and other market risk exposures. In addition, we use derivatives to mitigate our balance sheet risk exposures. Some of our derivative positions are collateralized and subject to both initial and variation margin.

LIQUIDITY RISK MANAGEMENT AND GOVERNANCE

Maintaining an adequate level of liquidity depends on our ability to efficiently meet both expected and unexpected cash flows and collateral needs without adversely affecting either our daily operations or our financial condition. To optimize liquidity sources and uses, we consider both our current liquidity profile and any potential prospective changes. We maintain a liquidity position to meet our cash and collateral obligations at a reasonable cost through normal economic cycles, as well as during periods of stress. Our obligations, and the funding sources used to meet them, depend significantly on our management of business mix, balance-sheet structure, and the cash flow profiles of on- and off-balance sheet obligations.

Our Corporate Treasury group and its various functional areas manage liquidity risk in conformity with our established risk appetite, limits, and policy requirements. The Corporate Treasury group reports directly to the Company’s Chief Financial Officer. Management committees, including the Asset Liability Committee, the Board of Directors and its Risk Committee, receive regular reports containing liquidity metrics and review compliance across established policies and limits.

We are committed to maintaining a strong, integrated and proactive approach to the management of all risks to which we are exposed in pursuit of our business objectives, including liquidity risks. A key aspect of our Board's responsibility as the main decision making body is setting our risk appetite to ensure that the levels of risk that we are willing to accept in the attainment of our strategic business and financial objectives are clearly understood.

To enable our Board to carry out its objectives, it has delegated authority for risk management activities, as well as governance and oversight of those activities, to a number of Board and executive management level risk committees. The Executive Risk Committee ("ERC"), chaired by the Chief Risk Officer, is responsible for oversight of risk, including liquidity risk, across the enterprise and actively considers our inherent material risks, analyzes our overall risk profile and seeks confirmation that the risks are being appropriately identified, assessed and mitigated. The Asset Liability Committee reports to the ERC with respect to liquidity risk.

For additional information regarding our liquidity risk management and governance practices, see the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity - Liquidity Risk Management and Governance* in our 1Q19 Form 10-Q. For additional information regarding our general risk governance practices, see the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* in our 2018 Form 10-K and 1Q19 Form 10-Q.

APPENDIX 1 - FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding the factors that can affect our LCR over time, the objectiveness and effectiveness of our liquidity risk management as governance, as well as our cash outflows, cash inflows and net cash outflows, are forward-looking statements. Also, any statement that does not describe historical or current facts is a forward-looking statement. These statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “goals,” “targets,” “initiatives,” “potentially,” “probably,” “projects,” “outlook” or similar expressions or future conditional verbs such as “may,” “will,” “should,” “would,” and “could.”

Forward-looking statements are based upon the current beliefs and expectations of management, and on information currently available to management. Our statements speak as of the date hereof, and we do not assume any obligation to update these statements or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. While there is no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those in the forward-looking statements include the following, without limitation:

- Negative economic and political conditions that adversely affect the general economy, housing prices, the job market, consumer confidence and spending habits which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense;
- The rate of growth in the economy and employment levels, as well as general business and economic conditions, and changes in the competitive environment;
- Our ability to implement our business strategy, including the cost savings and efficiency components, and achieve our financial performance goals;
- Our ability to meet heightened supervisory requirements and expectations;
- Liabilities and business restrictions resulting from litigation and regulatory investigations;
- Our capital and liquidity requirements (including under regulatory capital standards, such as the U.S. Basel III capital rules) and our ability to generate capital internally or raise capital on favorable terms;
- The effect of changes in interest rates on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgages held for sale;
- Changes in interest rates and market liquidity, as well as the magnitude of such changes, which may reduce interest margins, impact funding sources and affect the ability to originate and distribute financial products in the primary and secondary markets;
- The effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- Financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- A failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors or other service providers, including as a result of cyber-attacks; and
- Management’s ability to identify and manage these and other risks.

In addition it is possible that our actual cash outflows and inflows under an acute liquidity stress scenario may differ, possibly materially, from the reported outflows and inflows indicated or reflected in this document.

More information about factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2018.