Pillar 3 Regulatory Disclosures

For the quarterly period ended June 30, 2017

CITIZENS FINANCIAL GROUP, INC.

June 30, 2017 Pillar 3 Regulatory Disclosures

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND TERMS

The following listing provides a comprehensive reference of common acronyms and terms we regularly use in our financial reporting:

ALLL	Allowance for Loan and Lease Losses
AOCI	Accumulated Other Comprehensive Income (Loss)
BHC	Bank Holding Company
Board	The Board of Directors of Citizens Financial Group, Inc.
CBNA	Citizens Bank, N.A.
CBPA	Citizens Bank of Pennsylvania
CCAR	Comprehensive Capital Analysis and Review
CCB	Capital Conservation Buffer
CCO	Chief Credit Officer
CET1	Common Equity Tier 1
CEO	Chief Executive Officer
Citizens or CFG	Citizens Financial Group, Inc. and its Subsidiaries
CRA	Community Reinvestment Act
CRO	Chief Risk Officer
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
DFAST	Dodd-Frank Act Stress Test
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FFCB	Federal Farm Credit Banks
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
Form 10-K	Annual Report on Form 10-K
Form 10-Q	Quarterly Report on Form 10-Q
FR Y-9C	Regulatory Financial Statements for Bank Holding Companies
FRB	Federal Reserve Board of Governors and, as applicable, Federal Reserve Bank(s)
GAAP	Accounting Principles Generally Accepted in the United States of America
GNMA	Government National Mortgage Association
MBS	Mortgage-Backed Securities
Mid-Atlantic	District of Columbia, Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, and West Virginia
Midwest	Illinois, Indiana, Michigan, and Ohio
New England	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
NRSRO	Nationally Recognized Statistical Ratings Organizations
OCC	Office of the Comptroller of the Currency
OTC	Over the Counter
RWA	Risk-Weighted Assets
SBO	Serviced by Others loan portfolio
SSFA	Simplified Supervisory Formula Approach
VaR	Value at Risk

CITIZENS FINANCIAL GROUP, INC.

June 30, 2017 Pillar 3 Regulatory Disclosures

INTRODUCTION

Citizens Financial Group, Inc. is one of the nation's oldest and largest financial institutions with $151.4 billion in assets as of June 30, 2017. 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 3,200 ATMs and approximately 1,200 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. We conduct banking operations through two wholly owned subsidiaries, Citizens Bank, N.A. and Citizens Bank of Pennsylvania.

Report Overview

We will produce this report quarterly to update market participants regarding risk-based capital and risk exposures as required under U.S. regulation that interprets global regulatory standards known as "Basel III," established by the Basel Committee on Banking Supervision. The Basel Committee refers to this ongoing requirement as "Pillar 3 Disclosure." This report provides information on our capital structure, capital adequacy, risk exposures, and RWA. This report also includes information on the methodologies used to calculate RWA. This report is unaudited and should be read in conjunction with our 2016 Form 10-K and 2Q17 Form 10-Q, which include important information on risk management policies and practices, and our June 2017 FR Y-9C. Appendix 1 of this report contains references to specific sections of our 2016 Form 10-K and 2Q17 Form 10-Q to facilitate location of applicable information.

This report contains forward-looking statements within the Private Securities Litigation Reform Act of 1995. Any statement that does not describe historical or current facts is a forward-looking statement, as outlined in Appendix 2 of this report.

Scope of Application

The Basel III framework applies to CFG and its subsidiary banks. CFG is a "standardized approach" and "AOCI opt-out" reporting institution under the U.S. Basel III Standardized approach.

Our basis for consolidation used for regulatory financial statement reporting purposes is the same as the basis used for our financial statements prepared under GAAP. Please refer to *Financial Statements and Supplementary Data - Note 1 - Significant Accounting Policies: Basis of Presentation* in our 2016 Form 10-K for more information on the basis for consolidation for financial reporting purposes. The capital and assets associated with CBNA's two financial subsidiaries (Citizens Securities, Inc. and RBS Citizens Insurance Agency, Inc.) are excluded from regulatory capital and all associated capital ratios of consolidated CBNA (per instruction from the OCC).

Restrictions on transfers between CFG and its subsidiary banks

A number of regulations and statutes restrict transfers of funds and capital within CFG. CFG is a financial holding company and a BHC, regulated and supervised by the FRB. The OCC is the primary regulator and supervisor for CBNA, while the State of Pennsylvania and the FDIC regulate and supervise CBPA. Applicable statutes and regulations that may pertain either to the BHC, one or both of its subsidiary banks, or all entities as affiliates may restrict transfers of funds and capital between these entities.

Sections 23A and 23B of the Federal Reserve Act and FRB Regulation W are primary restrictors of lending, borrowing, and otherwise transacting business between affiliates. Please refer to *Business - Regulation and Supervision - Transactions with Affiliates and Insiders* in our 2016 Form 10-K for a full discussion of these regulations.

Restrictions on the payment of dividends and other capital distributions within the group weigh most heavily on the banks. The FRB expects bank holding companies to act as a “source of strength” to each individual subsidiary bank, providing capital to the banks as needed. Consistent with this view, bank regulators ensure that banks do not return capital to the BHC in a manner that would undermine a bank’s overall “safety and soundness.” Therefore, both CBNA and CBPA are subject to specific qualitative and quantitative tests and examinations that may restrict them from paying dividends or otherwise returning capital to the BHC. Please refer to *Business - Regulation and Supervision* in our 2016 Form 10-K for an overview of the general controls and restrictions imposed on distributions of capital by the banks and for details of the current status of each bank versus its applicable regulatory restrictions.

In addition, the BHC, CBNA, and CBPA are subject to capital adequacy and liquidity standards. If either the banks or the BHC fail to meet these standards, it could have an adverse affect on our financial condition and operations. Please refer to *Risk Factors - Risks Related to Regulations Governing Our Industry* in our 2016 Form 10-K for additional information regarding this risk.

Financial subsidiaries

We have one actively operating non-bank subsidiary, Citizens Capital Markets, Inc. (“CCMI”). CCMI is a commercial broker-dealer that does not materially add to our risk based capital requirements.

RISK GOVERNANCE

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. 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 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. Reporting to the ERC are the following additional committees, covering specific areas of risk: Compliance and Operational Risk Committee, Model Risk Committee, Credit Policy Committee, Asset/Liability Committee, Business Initiatives Review Committee, and the Ethics Oversight Committee.

Risk Framework

Our risk management framework is embedded in our business through a "Three Lines of Defense" model which defines responsibilities and accountabilities for risk management activities.

First Line of Defense

The business lines (including their associated support functions) are the first line of defense and are accountable for identifying, assessing, managing, and controlling the risks associated with the products and services they provide. The business lines are responsible for performing regular risk assessments to identify and assess the material risks that arise in their area of responsibility, complying with relevant risk policies, testing and certifying the adequacy and effectiveness of their operational and financial reporting controls on a regular basis, establishing and documenting operating procedures and establishing and owning a governance structure for identifying and managing risk.

Second Line of Defense

The second line of defense includes independent monitoring and control functions accountable for developing and ensuring implementation of risk and control frameworks and related policies. This centralized risk function is appropriately independent from the business and is accountable for overseeing and challenging our business lines on the effective management of their risks, including credit, market, operational, regulatory, reputational, interest rate, liquidity and strategic risks.

Third Line of Defense

Our Internal Audit function is the third line of defense providing independent assurance with a view of the effectiveness of Citizens' internal controls, governance practices, and culture so that risk is managed appropriately for the size, complexity, and risk profile of the organization. Internal Audit has complete and unrestricted access to any and all Bank records, physical properties, and personnel. Internal Audit issues a report following each internal review and provides an audit opinion to Citizens' Audit Committee on a quarterly basis.

Credit Quality Assurance also reports to the Chief Audit Executive and also provides the legal-entity boards, senior management and other stakeholders with independent assurance on the quality of credit portfolios and adherence to agreed Credit Risk Appetite and Credit Policies and processes. In line with its procedures and regulatory expectations, the Credit Quality Assurance function undertakes a program of portfolio testing, assessing and reporting through four Risk Pillars of Asset Quality, Rating and Data Integrity, Risk Management and Credit Risk Appetite.

Risk Appetite

Risk appetite is a strategic business and risk management tool. We define our risk appetite as the maximum limit of acceptable risk beyond which we could be unable to achieve our strategic objectives and capital adequacy obligations.

Our principal non-market risks include: credit, operational, regulatory, reputational, liquidity, and strategic risks. We are also subject to certain market risks which include potential losses arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and/or other relevant market rates or prices. Market risk in our business arises from trading activities that serve customer needs, including hedging of interest rate, foreign exchange risk and non-trading activities within capital markets. We have established enterprise-wide policies and methodologies to identify, measure, monitor and report on market risk. We actively manage both trading and non-trading market risks. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk* in our 2Q17 Form 10-Q for further information.

Our risk appetite is reviewed and approved by the Board Risk Committee.

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* in our 2016 Form 10-K for more information on risk governance.

CAPITAL STRUCTURE AND ADEQUACY

Capital Structure

We manage capital to ensure consistency with all applicable regulations and statutes, as well as with robust Board-approved internal policies established to ensure that the quantity and quality of current and projected capital will be adequate in relation to the risks that we assume across all lines of business. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital* in our 2Q17 Form 10-Q for additional information. As of June 30, 2017, our regulatory capital instruments consisted of common equity that qualifies as CET1 capital, preferred stock that qualifies as additional tier 1 capital, and subordinated debt that qualifies as tier 2 capital, as referenced in Table 1 below.

Table 1 - Regulatory Capital Instruments

(in millions)	**As of June 30, 2017**
Common Equity	
Common stock and related surplus, net of treasury stock	$17,219
$.01 par value, 1,000,000,000 shares authorized, 565,684,331 shares issued, and 505,880,851 shares outstanding at June 30, 2017.	
Preferred Equity	
Preferred stock and related surplus	$247
$25.00 par value, 100,000,000 shares authorized, 250,000 shares, Series A, issued and outstanding at June 30, 2017	
Subordinated Debt	
4.150% fixed-rate subordinated debt, due 2022	$347
5.158% fixed-to-floating rate subordinated debt, due 2023, converting to floating at 3-month LIBOR + 3.56% and callable beginning June 2018	333
3.750% fixed-rate subordinated debt, due 2024	250
4.023% fixed-rate subordinated debt, due 2024	42
4.350% fixed-rate subordinated debt, due 2025	249
4.300% fixed-rate subordinated debt, due 2025	749
Total long-term subordinated debt	$1,970

Our exposure to other potential deductions and adjustments to capital is minimal. We do not invest in our own regulatory capital instruments, directly or indirectly, except in relation to treasury stock, which is deducted from regulatory capital in accordance with regulatory rules. We do not measure liabilities at fair value on our balance sheet and we do not hold material interests in unconsolidated financial institutions. Our subsidiary banks do not issue capital instruments to third parties, which would expose us to a "minority interest" deduction for third-party capital. Lastly, we had $166 million of mortgage servicing rights as of June 30, 2017, which is below the threshold that requires these assets to be deducted from capital.

We are subject to the U.S. Basel III capital rule and the standardized approach for risk weighting of assets. As an "AOCI" opt-out institution, we are not required to include unrealized gains and losses on available-for-sale securities, derivatives held as fair-value cash flow hedges, or defined pension benefits in common equity.

As of June 30, 2017, CET1 capital represented 80% of our total regulatory capital. The following table presents our regulatory capital composition:

Table 2 - Regulatory Capital Composition

(in millions)	**As of June 30, 2017**
Common stock and related surplus, net of treasury stock	$17,219
Retained earnings	3,191
Accumulated other comprehensive income	(593)
Total common shareholders' equity	19,817
Exclusions:[1]	
Net unrealized losses recorded in accumulated other comprehensive income, net of tax:	
Debt and marketable equity securities	129
Derivatives	76
Unamortized net periodic benefit costs	389
Deductions:	
Goodwill	(6,887)
Deferred tax liability associated with goodwill	535
Other intangible assets	(2)
Total common equity tier 1 capital	14,057
Qualifying preferred stock	247
Total tier 1 capital	14,304
Qualifying long-term debt securities as tier 2	1,970
Allowance for loan and lease losses	1,219
Allowance for credit losses for off-balance sheet exposure	93
Total tier 2 capital	3,282
Total capital	$17,586

[1] As a U.S. Basel III Standardized approach institution, CFG and its subsidiary banks selected the one-time election to opt-out of the requirements to include all components of AOCI.

Capital Adequacy Process

Our assessment of capital adequacy begins with our risk appetite and risk management framework. This framework provides for the identification, measurement, and management of material risks. Capital requirements are determined for actual and forecasted risk portfolios using applicable regulatory capital methodologies. The assessment also considers the possible impacts of approved and proposed regulatory changes to future periods. Key analytical frameworks, which enable the assessment of capital adequacy versus unexpected loss, supplement our base case forecast. These supplemental frameworks include stress testing, as well as an internal capital adequacy requirement that builds on internally assessed economic capital requirements. A robust governance framework supports our capital planning process. This process includes capital management policies and procedures that document capital adequacy metrics and limits, as well as our comprehensive capital contingency plan and the active engagement of both the legal-entity boards and senior management in oversight and decision-making.

Forward-looking assessments of capital adequacy for us and for our banking subsidiaries feed development of capital plans that are submitted to the FRB and to bank regulators. We prepare these plans in full compliance with the FRB's Capital Plan Rule and we participate annually in the FRB's CCAR review process. In addition to the stress test requirements under CCAR, we also perform semi-annual company-run stress tests required by the Dodd-Frank Act.

The FRB may either object to our capital plan, in whole or in part, or provide a notice of non-objection. If the FRB objects to our capital plan, we may not make any capital distributions other than those with respect to which the FRB has indicated its non-objection. On June 28, 2017, the FRB did not object to our 2017 Capital Plan or our proposed Capital actions in the period beginning July 1, 2017 and ending June 30, 2018.

On January 30, 2017, the FRB published a final rule that modifies the CCAR Capital Plan and stress test rules. Under the final rule, we continue to be classified as a large non-complex firm, that is, a bank holding company with total consolidated assets of at least $50 billion but less than $250 billion, non-bank assets of less than $75 billion, and that is not classified as a global systematically important bank holding company under the FRB's capital rules. As a result of the new final rule, the FRB may no longer object to our capital plans on qualitative grounds beginning with the 2017 CCAR and DFAST cycles. The FRB's qualitative assessment of our capital planning processes is now incorporated into regular, ongoing supervisory activities, with targeted, horizontal assessments of particular aspects of capital planning. We remain subject to the FRB's quantitative assessment of our ability to meet capital requirements under stress. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters* in our 2Q17 Form 10-Q for additional information related to our CCAR and stress testing process.

We develop capital plans and conduct routine capital management activities in compliance with internal limits and operating targets that are established for each regulatory capital ratio. These limits and targets are intended to meet both regulatory and market expectations, while also ensuring an efficient return to shareholders. We set these internal limits and targets to comply with the fully phased-in U.S. Basel III minimum, which includes the fully phased-in capital conservation buffer of 2.5% for each risk-based capital ratio. Please refer to the related discussion in the *Capital Conservation Buffer* section of this report. The process to establish internal limits and targets also considers internally-defined buffers for stress uncertainty and other strategic considerations, which are calibrated annually.

As reported in Table 3 *Capital Ratios*, based on both current and fully phased-in U.S. Basel III requirements, all ratios remained well above Basel III minima. The U.S. Basel III Standardized capital ratios for CFG, CBNA and CBPA as of June 30, 2017 are presented below. Please refer to *Financial Statements and Supplementary Data- Note 13 - Regulatory Matters* in our 2Q17 Form 10-Q for additional information related to the calculation of our capital ratios.

Table 3 - Capital Ratios

Citizens Financial Group, Inc

	Transitional Basel III			Fully Phased-In Basel III		
Capital ratios	Actual Ratio	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action[1]	Pro Forma Basel III Ratios	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action[1]
CET1	11.2%	5.75%	6.5%	11.2%	7.0%	6.5%
Tier 1	11.4	7.25	8.0	11.4	8.5	8.0
Total	14.0	9.25	10.0	14.0	10.5	10.0
Tier 1 Leverage	9.9	4.00	5.0	9.9	4.0	5.0

Citizens Bank, N.A.

	Transitional Basel III			Fully Phased-In Basel III		
Capital ratios	Actual Ratio	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action	Pro Forma Basel III Ratios	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action
CET1	11.2%	5.75%	6.5%	11.2%	7.0%	6.5%
Tier 1	11.2	7.25	8.0	11.2	8.5	8.0
Total	13.4	9.25	10.0	13.4	10.5	10.0
Tier 1 Leverage	10.1	4.00	5.0	10.1	4.0	5.0

[1] Presented for informational purposes. Prompt corrective action provisions apply only to insured depository institutions - CBNA and CBPA.

Table 3 - Capital Ratios						
Citizens Bank of Pennsylvania						
	Transitional Basel III			Fully Phased-In Basel III		
Capital ratios	Actual Ratio	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action	Pro Forma Basel III Ratios	Required Minimum plus Required CCB for Non-Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action
CET1	12.6%	5.75%	6.5%	12.6%	7.0%	6.5%
Tier 1	12.6	7.25	8.0	12.6	8.5	8.0
Total	13.5	9.25	10.0	13.5	10.5	10.0
Tier 1 Leverage	8.7	4.00	5.0	8.7	4.0	5.0

The table below reports the composition of our RWA as of June 30, 2017. Please refer to *Schedule HC-R - Part II Risk-Weighted Assets* in our June 2017 FR Y-9C for details on adjustments and deductions to calculate total RWA.

Table 4 - Standardized Risk-Weighted Assets	
(in millions)	**As of June 30, 2017**
Corporate exposures	$56,900
Auto loans	13,383
Other assets	12,022
Home equity line and loans	11,497
Commercial Real Estate	9,300
Residential mortgage exposures	9,246
Education[(1)]	7,614
High volatility commercial real estate loans	2,516
Equity exposures	1,192
Securitization exposures	898
Past due loans (excluding Guarantees, Home Lending, Sovereigns)	860
Exposures to depository institutions, foreign banks, and credit unions	223
Exposures to sovereign entities	80
Exposures to public sector entities	28
Cleared transactions	12
Default fund contributions	3
Total standardized risk-weighted assets for credit risk exposure	125,774
Market risk	$0
Total risk-weighted assets	$125,774

[(1)]During first quarter 2017, student loans were renamed “education” loans.

Please refer to the *Management’s Discussion and Analysis of Financial Condition and Results of Operations - Capital* section in our 2Q17 Form 10-Q for more information regarding capital ratios and the capital adequacy process, including a review of current capital plan strategies and planned capital actions.

Capital Conservation Buffer

The U.S. Basel III final rules introduced a new CCB on top of the regulatory minimum established for each of the three risk-weighted asset ratios. The implementation of the CCB began on January 1, 2016 at the 0.625% level, increased to 1.25% as of January 1, 2017, will increase to 1.875% on January 1, 2018, and reaches its fully phased-in level of 2.5% on January 1, 2019.

Under the U.S. Basel III Standardized Transitional rules, the effective minimum capital ratios as of January 1, 2017 are:

- 5.75% CET1 to RWA (minimum 4.5% plus 1.25% CCB);
- 7.25% Tier 1 capital (CET1 plus Additional Tier 1 capital) to RWA (minimum 6% plus 1.25% CCB);
- 9.25% Total capital (Tier 1 capital plus Tier 2 capital) to RWA (minimum 8% plus 1.25% CCB); and
- The minimum leverage ratio of 4.00% is not impacted by the CCB.

As of June 30, 2017, our CCB was 5.37%, well above the current required minimum of 1.25% and the fully-phased in CCB level of 2.5%; and our eligible retained income(1) was $(192) million, consisting of aggregate net income of $1.1 billion, net of aggregate distributions of $1.3 billion, reflecting repurchases of common stock and subordinated debt, and common and preferred stock dividends. As a result, we are not subject to payout ratio limitations on our distributions or discretionary bonus payments.

Under the U.S. Basel III Standardized Fully Phased-In rules, the effective minimum capital ratios as of January 1, 2019 will be:

- 7.0% CET1 to RWA (minimum 4.5% plus 2.5% CCB);
- 8.5% Tier 1 capital (CET1 plus Additional Tier 1 capital) to RWA (minimum 6% plus 2.5% CCB); and
- 10.5% Total capital (Tier 1 capital plus Tier 2 capital) to RWA (minimum 8% plus 2.5% CCB).

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(1) Eligible retained income as defined by regulations is net income for the four calendar quarters preceding the current calendar quarter, net of any distributions and associated tax effects not already reflected in net income, per 12 CFR 217.11 and 12 CFR 217.2.

CREDIT RISK

General Disclosures

Overview

Credit risk represents the potential for loss arising from a customer, counterparty, or issuer failing to perform in accordance with the contractual terms of the obligation. While the majority of our credit risk is associated with lending activities, we do engage with other financial counterparties for a variety of purposes including investing, asset and liability management, and trading activities. Given the financial impact of credit risk on our earnings and balance sheet, the assessment, approval, and management of credit risk represents a major part of our overall risk-management responsibility.

Objective

The independent Credit Risk Function is responsible for reviewing and approving credit risk appetite across all lines of business and credit products, approving larger and higher risk credit transactions, monitoring portfolio performance, identifying problem credit exposures and ensuring remedial management.

Organizational Structure

Management and oversight of credit risk is the responsibility of both the line of business and the second line of defense. The second line of defense, the independent Credit Risk Function, is led by the Chief Credit Officer who oversees all of our credit risk. The CCO reports to the Chief Risk Officer. The CCO, acting in a manner consistent with Board policies, has responsibility for, among other things, the governance process around policies, procedures, risk acceptance criteria, credit risk appetite, limits, and authority delegation. The CCO and his team also have responsibility for credit approvals for larger and higher risk transactions and oversight of line of business credit risk activities. Reporting to the CCO are the heads of the second line of defense credit functions specializing in: Consumer Banking; Commercial Banking; Citizens Restructuring Management; Portfolio and Corporate Reporting; ALLL Analytics; and Credit Policy and Administration. Each team under these leaders is composed of highly experienced credit professionals.

Governance

The primary mechanisms used to govern our credit risk function are our consumer and commercial credit policies. These policies outline the minimum acceptable lending standards that align with our desired risk appetite. Material changes in our business model and strategies that identify a need to change our risk appetite or highlight a risk not previously contemplated are identified by the individual committees and presented to the Credit Policy Committee, Executive Risk Committee and the Board Risk Committee for approval, as appropriate.

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance - Credit Risk* in our 2016 Form 10-K for more information on credit risk governance.

Credit Risk Exposure

The following table presents total credit risk exposures for our loans, loans held for sale, leases, contractual commitments to extend credit, and letters of credit ("loans, loans held for sale, credit commitments and letters of credit"). This table is categorized by counterparty types (commercial and retail) and loan products. Note for these types of defined credit risk exposures throughout our Pillar 3 Regulatory Disclosures, the SBO portfolio consists of purchased home equity loans and lines that were originally serviced by others, which we now service a portion of internally.

Table 5 - Credit Risk Exposures - Loans, Loans Held for Sale, Credit Commitments and Letters of Credit

(in millions)	As of June 30, 2017 Total Loans, Credit Commitments and Letters of Credit
Commercial	$69,562
Commercial real estate	16,243
Leases	3,526
Total commercial	89,331
Residential mortgages	17,922
Home equity loans	1,608
Home equity lines of credit	28,534
Home equity loans serviced by others	647
Home equity lines of credit serviced by others	182
Automobile	13,449
Education	7,921
Credit cards	11,067
Other retail	3,240
Total retail	84,570
Total	$173,901

Our investment securities portfolio includes U.S. Treasury and agency securities, agency mortgage-backed securities, and non-agency mortgage-backed securities. The most important element management relies on when assessing credit risk for U.S. Treasury and agency securities and agency mortgage-backed securities is the guarantee of the Federal Government or one of its agencies. When applicable, we consider geography as a factor when managing our investments in securities issued by state and political subdivisions. The credit risk for non-agency mortgage-backed securities is assessed based on senior to subordinated credit support levels and an analysis of the bond's underlying collateral characteristics. As a secondary measure, ratings by NRSRO are considered, but not solely relied upon, to determine the creditworthiness of the issue.

Our credit-related accounting policies are presented in *Financial Statements and Supplementary Data - Note 1 - Significant Accounting Policies* in our 2016 Form 10-K.

Please refer to *Financial Statements and Supplementary Data - Note 2 - Securities* and *Financial Statements and Supplementary Data - Note 10 - Derivatives* in our 2Q17 Form 10-Q for more information on our credit risk exposures related to investment securities and derivatives. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Net Interest Income* in our 2Q17 Form 10-Q for average balances of our loans and investment securities. The average credit risk exposure related to our OTC derivatives as of June 30, 2017 was $406 million.

Please refer to *Financial Statements and Supplementary Data - Note 11 - Commitments and Contingencies* in our 2Q17 Form 10-Q for more information on the credit risk exposure related to our off-balance sheet commitments (including contractual commitments to extend credit and letters of credit). The average credit risk exposure associated with our off-balance sheet credit commitments and letters of credit for the quarter ended June 30, 2017 was $64 billion.

The following table presents the geographic distribution of our loans, loans held for sale, credit commitments and letters of credit. The geographic distribution presented in this table uses the address of the customer as the basis for classification. Amounts reported as "Other" include loans, loans held for sale, credit commitments and letters of credit to customers outside of the Mid-Atlantic, Midwest, and New England regions, as well as certain exposures that we do not manage on a geographic basis.

Table 6 - Geographic Distribution of Loans, Loans Held for Sale, Credit Commitments and Letters of Credit

	As of June 30, 2017				
(in millions)	Mid-Atlantic[1]	Midwest[1]	New England[1]	Other	Total
Commercial	$24,785	$8,304	$15,710	$20,763	$69,562
Commercial real estate	5,642	1,722	3,033	5,846	16,243
Leases	726	465	314	2,021	3,526
Total commercial	31,153	10,491	19,057	28,630	89,331
Residential mortgages	7,845	1,812	3,731	4,534	17,922
Home equity loans	678	241	632	57	1,608
Home equity lines of credit	11,377	3,447	12,880	830	28,534
Home equity loans serviced by others	174	71	47	355	647
Home equity lines of credit serviced by others	46	18	12	106	182
Automobile	3,757	1,645	1,642	6,405	13,449
Education	2,191	770	1,258	3,702	7,921
Credit cards	4,366	1,653	4,123	925	11,067
Other retail	640	189	297	2,114	3,240
Total retail	31,074	9,846	24,622	19,028	84,570
Total	$62,227	$20,337	$43,679	$47,658	$173,901

[1] See Glossary of Acronyms and Terms for states included in each region.

The gross commercial and retail charge-offs for the quarterly period ending June 30, 2017 were $24 million and $104 million, respectively. Please refer to *Financial Statements and Supplementary Data - Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk* in our 2Q17 Form 10-Q for the following loan-related information by counterparty type:

- Amount of impaired loans for which there was a related allowance under GAAP;
- Amount of impaired loans for which there was no related allowance under GAAP; and
- ALLL balances and related year-to-date charge-off information.

The following table presents loans past due 90 days and on nonaccrual and loans past due 90 days and still accruing.

Table 7 - Amount of Loans Past Due 90 Days or More

	As of June 30, 2017		
(in millions)	90+ Days Past Due and Accruing	90+ Days Past Due and Nonaccruing	Total 90+ Days Past Due
Commercial	$4	$376	$380
Commercial real estate	—	38	38
Leasing	—	—	—
Total commercial	4	414	418
Residential mortgages	12	106	118
Home equity loans	—	63	63
Home equity lines of credit	—	185	185
Home equity loans serviced by others	—	16	16
Home equity lines of credit serviced by others	—	21	21
Automobile	—	45	45
Education	3	35	38
Credit cards	—	15	15
Other retail	5	2	7
Total retail	20	488	508
Total	$24	$902	$926

The following table presents impaired loan amounts categorized by geographic area.

Table 8 - Amount of Impaired Loans by Geographic Area

	As of June 30, 2017				
(in millions)	Mid-Atlantic(1)	Midwest(1)	New England(1)	Other	Total
Commercial	$111	$44	$59	$239	$453
Commercial real estate	5	—	33	—	38
Total commercial	116	44	92	239	491
Residential mortgages	65	37	45	41	188
Home equity loans	45	35	53	7	140
Home equity lines of credit	64	64	79	3	210
Home equity loans serviced by others	14	4	5	31	54
Home equity lines serviced by others	2	1	1	5	9
Automobile	7	4	2	9	22
Education	37	17	7	85	146
Credit cards	5	2	5	13	25
Other retail	1	1	—	8	10
Total retail	240	165	197	202	804
Total	$356	$209	$289	$441	$1,295

(1) See Glossary of Acronyms and Terms for states included in each region.

Please refer to *Financial Statements and Supplementary Data - Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk* in our 2Q17 Form 10-Q for reconciliations of changes in our ALLL.

The following table presents a summary of loans, loans held for sale and leases by remaining maturity or repricing date.

Table 9 - Loans and Loans Held for Sale by Remaining Maturity or Repricing Date

	As of June 30, 2017			
(in millions)	One Year or Less[(1)]	Over One Year Through Five Years	Over Five Years	Total
Commercial	$32,872	$3,058	$1,720	$37,650
Commercial real estate	11,016	70	127	11,213
Leasing	578	1,918	850	3,346
Total commercial	44,466	5,046	2,697	52,209
Residential mortgages	1,723	1,317	13,428	16,468
Home equity loans	433	257	916	1,606
Home equity lines of credit	12,953	163	580	13,696
Home equity loans serviced by others	1	577	69	647
Home equity lines serviced by others	182	—	—	182
Automobile	123	8,212	5,114	13,449
Education	17	756	6,947	7,720
Credit cards	1,440	271	—	1,711
Other retail	527	965	573	2,065
Total retail	17,399	12,518	27,627	57,544
Total	$61,865	$17,564	$30,324	$109,753

(1) Loans held for sale are included in One Year or Less category.

The following table presents a summary of credit commitments and letters of credit by remaining maturity or repricing date.

Table 10 - Credit Commitments and Letters of Credit by Remaining Maturity or Repricing Date

	As of June 30, 2017		
(in millions)	One Year or Less	Greater than One Year	Total
Unfunded commitments and letters of credit			
Commercial	$8,353	$21,399	$29,752
Commercial real estate	465	4,565	5,030
Leases	129	51	180
Total commercial	8,947	26,015	34,962
Residential mortgages	1,454	—	1,454
Home equity loans	2	—	2
Home equity lines of credit	1,186	13,652	14,838
Home equity lines of credit serviced by others	1	—	1
Automobile	—	—	—
Education	201	—	201
Credit cards	9,356	—	9,356
Other retail	728	446	1,174
Total retail	12,928	14,098	27,026
Total unfunded commitments and letters of credit	$21,875	$40,113	$61,988
Letters of credit (1)			
Financial standby	$817	$1,236	$2,053
Performance	33	8	41
Commercial	41	25	66
Total letters of credit	891	1,269	2,160
Total credit commitments and letters of credit	$22,766	$41,382	$64,148

(1) Net of participations sold.

Please refer to *Financial Statements and Supplementary Data - Note 2 - Securities* in our 2Q17 Form 10-Q for a summary of securities by contractual maturity.

Please refer to *Schedule HC-R - Part II Risk-Weighted Assets* in our June 2017 FR Y-9C for a summary of OTC derivative notional amounts by remaining maturity.

Counterparty Credit Risk-Related Disclosures

Counterparty exposure arises primarily from the OTC derivative transactions in our customer and institutional derivative portfolios. The amount of this exposure depends on the value of underlying market factors (e.g., interest rates), which can be volatile and uncertain in nature. Counterparty exposure also arises (to a lesser extent) from our securities lending and borrowing activities, which includes entering into repurchase agreements.

The customer derivatives portfolio consists of interest rate swap agreements and option contracts transacted to meet the financing needs of our customers. Swap agreements and interest rate options agreements are transacted to effectively minimize our market risk associated with the customer derivative products. The customer derivative portfolio also includes foreign exchange forward agreement and option contracts entered into on behalf of customers for the purpose of hedging exposure related to cash orders and loans and deposits denominated in foreign currencies. Customer trades are primarily unsecured and are not subject to daily margin or posting of financial collateral. We commonly execute these trades concurrently with new loan transactions, with any business collateral received from a counterparty applied to both the derivative and loan. Accordingly, the underwriting process for establishing customer derivative credit limits is equivalent to the process used for corporate loan exposure. We establish these limits based on potential future exposure using stochastic models developed by F.I.S., a third party risk management software solution provider. The models utilize monte carlo methods consistent with industry practice and are subject to risk governance for model risk management and validation. We manage the credit risk of our customer derivative positions by diversifying our positions among various counterparties, and, in certain cases, transferring the counterparty credit risk related to interest rate swaps to third parties using risk participation agreements. When measuring the fair value of our customer derivative portfolio for GAAP financial reporting purposes, we include a CVA that reflects the credit quality of the swap counterparty. Please refer to *Financial Statements and Supplementary Data - Note 12 - Fair Value Measurements* in our 2Q17 Form 10-Q for more information on our valuation methodologies.

The institutional derivative portfolio primarily consists of interest rate swap agreements used to hedge the interest rate risk associated with our loans and financing liabilities (i.e., borrowed funds, deposits, etc.). Institutional swaps and swaps executed to eliminate the market risk associated with our customer derivative products include bi-lateral trades with dealers and cleared trades with central counterparties. These trades must comply with daily margin requirements and post financial collateral based on pre-defined “posting thresholds”. Posting thresholds represent the amount of exposure that counterparties are willing to accept on an unsecured basis. We post collateral only when the market value of any outstanding swaps exceeds that threshold. Changes in our own creditworthiness do not generally have an impact on the amount of collateral posted given zero thresholds have become the market convention. Bi-lateral trades with dealers are subject to counterparty credit limits that cover replacement costs, and potential changes in market value based on a ten day close period. Cleared trades with central counterparties are subject to counterparty credit limits for initial margin requirements where we post, but does not segregate collateral.

Effective January 3, 2017, the London Clearing House and Chicago Mercantile Exchange amended their respective rules to legally characterize the variation margin payments on centrally cleared derivative contracts as settlement of those derivatives (rather than the posting of collateral). As a result of this change, we modified our balance sheet presentation of centrally cleared interest rate swaps in 2017 such that the fair value of the swaps and the associated variation margin balances are reported as a single unit of account in derivative assets and/or derivative liabilities. At December 31, 2016, the variation margin balances were characterized as collateral and reported in interest-bearing cash and due from banks on the Consolidated Balance Sheets.

Our repurchase agreements are typically short-term transactions (e.g., overnight), but they may be extended to longer terms-to-maturity. We fully collateralize such transactions and account for them as secured borrowings on our financial statements. We establish counterparty credit limits to monitor our over-collateralized position. When permitted by GAAP, we offset short-term receivables with short term payables associated with our reverse repurchase agreements.

On a daily basis we monitor counterparty credit exposures for counterparties with an established CSA to assure appropriately sized collateral levels to cover risk. We manage collateral received from third parties and held pursuant to the terms of the governing CSA agreement for the counterparty, in either a tri-party custodial, segregated or an omnibus account. Collateral types that are "acceptable" (as defined in the CSA) generally include the following:

Acceptable collateral types		**Valuation %**
Cash		100%
Treasury Bills	Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of not more than one year.	98%
Treasury Notes	Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of more than one year but not more than ten years.	98%
Treasury Bonds	Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of more than ten years but not more than 30 years.	98%
Agency Securities	Negotiable debt obligations of the FNMA, FHLMC, FHLB, or FFCB having a remaining maturity of not more than 30 years.	92%
FHLMC Certificates	Mortgage participation certificates issued by FHLMC evidencing undivided interests or participations in pools of first lien conventional or FHA/VA residential mortgages or deeds of trust, guaranteed by FHLMC, and having a remaining maturity of not more than 30 years.	92%
FNMA Certificates	Mortgage-backed pass-through certificates issued by FNMA evidencing undivided interests in pools of first lien mortgages or deeds of trust on residential properties, guaranteed by FNMA, and having a remaining maturity of not more than 30 years.	92%
GNMA Certificates	Mortgage-backed pass-through certificates issued by private entities, evidencing undivided interests in pools of first lien mortgages or deeds of trust on single family residences, guaranteed by the GNMA with the full faith and credit of the United States, and having a remaining maturity of not more than 30 years.	92%
Other Eligible Collateral	With respect to a party, as may be agreed in writing between the parties for a particular CSA, together with the applicable Valuation Percentage.	

Please refer to *Financial Statements and Supplementary Data and Supplementary Data - Note 10 - Derivatives* in our 2Q17 Form 10-Q for fair value of our derivative transactions. This disclosure presents these fair values both on a gross and net basis. As of June 30, 2017, we held an immaterial amount of collateral from third parties. Therefore, the net basis presented represents the impact of legally enforceable master netting agreements.

Please refer to *Financial Statements and Supplementary Data - Note 2 - Securities* in our 2Q17 Form 10-Q for the gross and net carrying values of our repurchase agreements. Please refer to *Financial Statements and Supplementary Data - Note 12 - Fair Value Measurements* in our 2Q17 Form 10-Q for the fair value of our repurchase agreements.

Credit Risk Mitigation

Our credit risk mitigation that is recognized for the purposes of reducing capital requirements is limited to implicit and explicit credit guarantees provided by the U.S. Government. We do not use collateral as a source of credit risk mitigation for the purposes of reducing capital requirements.

The following table presents the total exposure covered by guarantees and the risk-weighted amounts associated with each exposure.

Table 11 - Total Exposure Covered by Guarantees and Associated RWA			
(dollars in millions)	As of June 30, 2017		
Guarantor	**Guaranteed Exposure Amount**	**RWA**	**RW %**
FNMA & FHLMC	$10,519	$2,104	20%
Federal Housing Administration (FHA)	236	47	20
Small Business Administration (SBA)	134	27	20
Federal Family Education Loan Program (FFELP) where 97% of exposure is guaranteed	60	12	20
Federal Family Education Loan Program (FFELP) where 98% of exposure is guaranteed	21	4	20
Veteran Affairs (VA)	15	3	20
Total implicit guarantees	$10,985	$2,197	20%
US Treasury & GNMA securities	$12,658	$—	0%
Export/Import	14	—	0
Total explicit guarantees	$12,672	$—	0%

SECURITIZATION

A securitization exposure is a transaction in which the credit risk of the underlying exposure transfers to third parties and is separated into two or more tranches. The performance of the securitization depends upon the performance of the underlying exposures or reference assets, all or substantially all of which are financial exposures.

We participate in the securitization market as an investor in traditional securitization exposures created by third parties, however, not as an originator or sponsor. We invest in securitization exposures of third party issued non-agency mortgage-backed securities.

We do not apply credit risk mitigation to our securitized exposures and do not have exposure to securitization guarantors. We do not have synthetic securitization exposure and all securitization exposures are held on-balance sheet in the banking book, with no trading book securitization exposures.

We calculate the regulatory capital requirement for securitization exposure in accordance with the U.S. Basel III Standardized approach. RWA for securitization exposures is determined using SSFA. The SSFA framework considers our seniority in the securitization structure and risk factors inherent in the underlying assets.

Risk Management

We manage the risks related to securitization positions in accordance with the investment, credit, and interest rate risk management policies. Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* in our 2Q17 Form 10-Q for more information on our credit risk and interest rate risk (i.e., non-trading risk) governance.

For each securitization position, we perform due diligence on the credit worthiness of each position prior to entering into that position. Our due diligence procedures provide a comprehensive understanding of the features that would materially affect the performance of a securitization, and are commensurate with the complexity of each securitization position held.

The following table presents banking book exposures receiving securitization capital treatment by collateral type and capital treatment method.

Table 12 - Securitizations by Capital Treatment and Collateral Type						
	As of June 30, 2017					
	SSFA		1250%		Total	
(in millions)	Exposure	RWA	Exposure	RWA	Exposure	RWA
Private label securities	$1,255	$898	$—	$—	$1,255	$898
Total securitization exposure	$1,255	$898	$—	$—	$1,255	$898

The following table presents banking book exposures receiving securitization capital treatment by capital treatment method and risk weight bucket.

Table 13 - Securitizations by Capital Treatment and Risk Weight:						
	As of June 30, 2017					
	SSFA		1250%		Total	
(in millions)	Exposure	RWA	Exposure	RWA	Exposure	RWA
Securitizations by risk weight:						
= 0% to <= 20%	$899	$180	$—	$—	$899	$180
> 20% to <= 50%	23	7	—	—	23	7
> 50% to <= 100%	5	4	—	—	5	4
> 100% to <= 1250%	328	707	—	—	328	707
Total securitizations	1,255	898	—	—	1,255	898
Re-securitizations by risk weight:						
= 0% to <= 20%	—	—	—	—	—	—
Total re-securitizations	—	—	—	—	—	—
Total securitization exposure	$1,255	$898	$—	$—	$1,255	$898

We also invest in U.S. agency pass-through MBS and GNMA guaranteed project loan bonds. Regulatory guidance does not consider these "securitizations." Please refer to *Financial Statements and Supplementary Data - Note 2 - Securities* in our 2Q17 Form 10-Q for more information on our investment portfolio.

Accounting Policies

Our accounting policies for investments in securitized assets (i.e., "investments in debt securities") are presented in *Financial Statements and Supplementary Data - Note 1 - Significant Accounting Policies* in our 2016 Form 10-K.

EQUITIES (NON-TRADING)

We primarily hold equity securities to fulfill requirements of membership and participation in U.S. banking and payments systems. The banks hold stock in the FRB and the FHLB. Our publicly traded equity holdings are limited to immaterial amounts of stock.

We also invest in fund and non-fund equities. The non-fund equities use the simple risk-weight approach and primarily consists of investments in community projects in conjunction with our commitment to the communities in which we operate. These investments also fulfill specific requirements imposed by the CRA as implemented by the U.S. regulatory agencies. In addition to CRA, we invest in renewable wind energy projects, providing benefits from returns generated by government incentives plus other tax attributes that come with ownership. We also have invested amounts in fund-related equity investments, consisting of bank owned life insurance - separate account, and venture capital. The underlying assets of bank owned life insurance - separate account consist primarily of treasuries, mortgaged-backed securities, and bonds. The fund-related equity investments use the full look through approach to determine risk weight.

Our accounting policies for equity securities (i.e.,"other investment securities") are presented in *Financial Statements and Supplementary Data - Note 1 - Significant Accounting Policies* in our 2016 Form 10-K. We present methodologies for measuring the fair value of equity securities in *Financial Statements and Supplementary Data - Note 12 - Fair Value Measurements* in our 2Q17 Form 10-Q. The carrying value of our CRA investments are included in the other assets line in *Financial Statements - Consolidated Balance Sheets* in our 2Q17 Form 10-Q. Separate account bank-owned life insurance is included within the bank-owned life insurance line within the *Financial Statements - Consolidated Balance Sheets* in our 2Q17 Form 10-Q.

Table 14 - Equities

	As of June 30, 2017		
(dollars in millions)	**Exposure**	**RWA**	**RW %**
Federal Reserve stock	$463	$—	0%
FHLB stock	324	65	20
Investments in Non-Fund Equities:			
CRA	914	914	100
Windfarm	266	266	100
Other Non-Fund Equities	7	7	100
Investment in Fund Equities:			
Bank owned life insurance - separate account	251	110	44
Venture capital and other investments	5	5	100
Total	$2,230	$1,367	

MARKET RISK

Non-Trading Risk

We are exposed to market risk as a result of non-trading bank activities. This market risk is substantially composed of interest rate risk, as we have no direct currency or commodity risk and de minimis equity risk. We also have market risk related to capital markets loan originations, as well as the valuation of our mortgage servicing rights.

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk - Non-Trading Risk* in our 2Q17 Form 10-Q for more information on our exposure to interest rate risk. Please refer to *Financial Statements and Supplementary Data - Note 10 - Derivatives* in our 2Q17 Form 10-Q for more information on our hedging policies and our processes for monitoring hedge effectiveness.

Trading Risk

We face market risk price volatility across a select range of interest rates, foreign exchange rates, and credit spreads through our client facilitation activities covering interest rate derivatives, foreign exchange products, and secondary loans. While we do not always meet the applicable reporting threshold of the Market Risk Rule, we nevertheless continually adhere to the Market Risk Rule covering our trading activities and we conduct them through our two banking subsidiaries, CBNA and CBPA.

As of June 30, 2017, our calculated market risk RWA was $596 million, reflecting general interest rate risk and specific risk. The market risk RWA included within our June 2017 FR Y-9C was zero as we did not meet the reporting threshold prescribed by the Market Risk Capital Guidelines for the second quarter 2017. We did not meet this threshold due to recent rule changes regarding recognition of variation margin, and as such our covered trading activities were risk-weighted under U.S. Basel III Standardized credit risk rules.

We do not model our specific risk through the VaR based process and thus a specific risk add-on is calculated under a standardized measurement method. We do not calculate incremental risk or comprehensive risk, as we take a standardized specific risk add-on, and we do not participate in correlation trading related activities.

For further discussion related to market risk governance, risk measurements, VaR methodology and validation, and regulatory capital, please refer to the *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* section in our 2016 Form 10-K and *Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk* section in our 2Q17 Form 10-Q.

APPENDIX 1 - CITIZENS FINANCIAL GROUP, INC. PILLAR 3 REGULATORY DISCLOSURES MATRIX

The disclosures required by the U.S. Basel III Standardized rule[1] are listed below. Most of these disclosures have been included in other financial reporting documents, and some in this report. This matrix provides a reference to the location of each required disclosure.

[1] Code of Federal Regulations, Part 217 - Capital Adequacy of Bank Holding Companies, Savings and Loan Holding Companies, and State Member Banks (Regulation Q).

Disclosure Requirement	Description	Pillar 3 reference	2Q17 10-Q	2016 10-K
1. Scope of application	Name of the top corporate entity	pg. 3	MD&A - Introduction	
	Descriptions of differences in basis for consolidating entities	pg. 3		Note 1 - Significant Accounting Policies
	Restrictions on transfers of funds or total capital within the group	pg. 3		
	Aggregate amount of surplus capital of insurance subsidiaries	pg. 3		
	Aggregate amount of total capital that is less than minimum capital	N/A		
2. Capital structure	Terms and conditions of capital instruments	pg. 7		
	Capital composition	pg. 8		
3. Capital adequacy	Capital adequacy assessment process	pg. 8	MD&A - Capital Adequacy Process	MD&A - Capital Adequacy Process
	Capital ratios	pgs. 9 & 10	MD&A - Capital Framework & Banking Subsidiaries' Capital	
	Risk-weighted assets by exposure type	pg. 10		
	Market risk-weighted assets	pg. 10		
4. Capital conservation buffer	Calculation of capital conservation buffer	pg. 11	MD&A - Capital Framework	MD&A - Capital
	Calculation of eligible retained income	pg. 11		
	Limitations of distributions and discretionary bonus payments	pg. 11		
5. Credit risk: general disclosures	Policies and practices	pg. 12		MD&A - Credit Risk
	Credit risk exposures:			
	Loans and related commitments	pg. 13	Note 3 - Loans and Leases & Note 11 - Commitments and Contingencies	MD&A - Credit Risk
	Debt securities	pg. 13	Note 2 - Securities	Note 3 - Securities
	OTC derivatives	pg. 13	Note 10 - Derivatives & Note 12 - Fair Value Measurements	Note 16 - Derivatives
	Geographic distribution of exposures	pg. 14		

Disclosure Requirement	Description	Pillar 3 reference	2Q17 10-Q	2016 10-K
	Allowance disaggregated on the basis of impairment methodology	pg. 14	Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Charge-offs during the period	pg. 14	Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by industry	pg. 15	Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Past due loans by product	pg. 15	Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by geography	pg. 15		
	Reconciliation of changes in allowance	pg. 15	Note 4 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Remaining maturity of loans and loans held for sale	pg. 16		
	Remaining maturity of credit commitments and letters of credit	pg. 17		
6. Counterparty credit risk-related exposures	Policies and practices	pg. 17	Note 10 - Derivatives	
	Counterparty risk exposure	pg. 19	Note 10 - Derivatives & Note 12 - Fair Value Measurements	
	Credit derivatives purchased and sold	N/A		
7. Credit risk mitigation	Policies and processes	pg. 19		
	Exposures covered by eligible financial collateral	N/A		
	Exposures covered by guarantees/credit derivatives and related risk-weighted assets	pg. 20		
8. Securitization	Policies and practices	pg. 20		
	SPEs and affiliated entities	N/A		

Disclosure Requirement	Description	Pillar 3 reference	2Q17 10-Q	2016 10-K
	Accounting policies for securitization activities	pg. 21		
	Exposures securitized by the bank and resecuritizations	N/A		
	Securitization exposures by collateral type	pg. 21		
	Securitization exposures by risk weight	pg. 21		
9. Equities not subject to the market risk rule	Policies and practices	pg. 22	Note 5 - Variable Interest Entities	
	Amortized cost and fair value by type/nature and public versus nonpublic	pg. 22	Note 12 - Fair Value Measurements	
	Realized and unrealized gains (losses)	N/A		
	Capital requirements	pg. 22		
10. Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	pg. 23	MD&A - Non-Trading Risk	
	Earnings sensitivity to rate movements	pg. 23		

APPENDIX 2 - FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the Private Securities Litigation Reform Act of 1995. Statements regarding potential future share repurchases and future dividends 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 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;
- Our ability to implement our strategic plan, including the cost savings and efficiency components, and achieve our indicative performance targets;
- Our ability to remedy regulatory deficiencies and meet 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 to the above factors, we also caution that the amount and timing of any future common stock dividends or share repurchases will depend on our financial condition, earnings, cash needs, regulatory constraints, capital requirements (including requirements of our subsidiaries), and any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will pay any dividends to holders of our common stock, or as to the amount of any such dividends.

More information about factors that could cause actual results to differ materially from those described in the forward-looking statements can be found under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016.