



Pillar 3 Regulatory Disclosures

For the quarterly period ended June 30, 2020

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

TABLE OF CONTENTS

Glossary of Acronyms and Terms.....	2
Introduction.....	4
Report Overview.....	4
Scope of Application.....	4
Risk Governance.....	5
Capital Structure and Adequacy.....	6
Capital Structure.....	6
Capital Adequacy Process.....	8
Capital Conservation Buffer and Stress Capital Buffer	10
Credit Risk.....	11
Credit Risk Exposure.....	11
Counterparty Credit Risk-Related Disclosures.....	15
Credit Risk Mitigation.....	16
Securitization.....	16
Equities (Non-Trading).....	18
Market Risk.....	18
Appendix 1 - Citizens Financial Group, Inc. Pillar 3 Regulatory Disclosures Matrix	20
Appendix 2 - Forward-Looking Statements.....	23

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

GLOSSARY OF ACRONYMS AND TERMS

The following is a list of common acronyms and terms we regularly use in our financial reporting:

AACL	Adjusted Allowance for Credit Losses
ACL	Allowance for Credit Losses: Allowance for Loan and Lease Losses plus Reserve for Unfunded Lending Commitments
AFS	Available for Sale
AOCI	Accumulated Other Comprehensive Income (Loss)
BHC	Bank Holding Company
Board	The Board of Directors of Citizens Financial Group, Inc.
CBNA	Citizens Bank, National Association
CCAR	Comprehensive Capital Analysis and Review
CCB	Capital Conservation Buffer
CECL	Current Expected Credit Losses (ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments)
CET1	Common Equity Tier 1
CET1 capital ratio	Common Equity Tier 1 capital divided by total risk-weighted assets as defined under the U.S. Basel III Standardized approach
CFPB	Consumer Financial Protection Bureau
Citizens, CFG, the Company, we, us, or our	Citizens Financial Group, Inc. and its Subsidiaries
CRA	Community Reinvestment Act
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
EGRRCPA	Economic Growth, Regulatory Relief, and Consumer Protection Act
FDIA	Federal Deposit Insurance Act
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 or Federal Reserve	Board of Governors of the Federal Reserve System 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
Modified AACL Transition	The Day-1 CECL adoption entry booked to ACL plus 25% of subsequent CECL ACL reserve build
Modified CECL Transition	The Day-1 CECL adoption entry booked to retained earnings plus 25% of subsequent CECL ACL reserve build
New England	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
NRSRO	Nationally Recognized Statistical Ratings Organizations

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

OCC	Office of the Comptroller of the Currency
OTC	Over the Counter
Parent Company	Citizens Financial Group, Inc. (the Parent Company of Citizens Bank, National Association and other subsidiaries)
RWA	Risk-Weighted Assets
SCB	Stress Capital Buffer
SSFA	Simplified Supervisory Formula Approach
Tier 1 capital ratio	Tier 1 capital, which includes Common Equity Tier 1 capital plus non-cumulative perpetual preferred equity that qualifies as additional tier 1 capital, divided by total risk-weighted assets as defined under the U.S. Basel III Standardized approach
Tier 1 leverage ratio	Tier 1 capital, which includes Common Equity Tier 1 capital plus non-cumulative perpetual preferred equity that qualifies as additional tier 1 capital, divided by quarterly adjusted average assets as defined under the U.S. Basel III Standardized approach
Total capital ratio	Total capital, which includes Common Equity Tier 1 capital, tier 1 capital and allowance for credit losses and qualifying subordinated debt that qualifies as tier 2 capital, divided by total risk-weighted assets as defined under the U.S. Basel III Standardized approach
VaR	Value at Risk

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

INTRODUCTION

Citizens Financial Group, Inc. is one of the nation's oldest and largest financial institutions with \$179.9 billion in assets as of June 30, 2020. Our mission is to help customers, colleagues and communities each reach their potential by listening to them and understanding their needs in order to offer tailored advice, ideas and solutions. 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. In Consumer Banking, we provide an integrated experience that includes mobile and online banking, a 24/7 customer contact center as well as the convenience of approximately 2,700 ATMs and 1,000 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

We produce this report quarterly to update market participants regarding risk-based capital and risk exposures as required under U.S. regulations that interpret global regulatory standards known as "Basel III." The U.S. banking regulators refer to this ongoing requirement as "Pillar 3 Regulatory Disclosures." This report provides information on our capital structure, risk exposures, risk assessment processes, RWA and overall capital adequacy. This report also includes information on the methodologies used to calculate RWA. This report is unaudited and should be read in conjunction with our 2019 Form 10-K and Form 10-Q for the period ended June 30, 2020, which include important information on risk management policies and practices, and our June 30, 2020 FR Y-9C. Appendix 1 of this report contains references to specific sections of our 2019 Form 10-K and Form 10-Q for the period ended June 30, 2020 to facilitate location of applicable information.

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 2 of this report.

Scope of Application

The U.S. Basel III framework applies to CFG and its subsidiary bank, CBNA. 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 Note 1 in our 2019 Form 10-K and Note 1 in our Form 10-Q for the period ended June 30, 2020 for more information on the basis for consolidation for financial reporting purposes.

Restrictions on transfers between CFG and CBNA

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. Applicable statutes and regulations that may pertain either to CFG, CBNA, and 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 the 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 2019 Form 10-K for a discussion of these regulations.

Restrictions on the payment of dividends and other capital distributions weighs most heavily on CBNA. The FRB expects a BHC to act as a "source of strength" to each individual subsidiary bank it holds, providing capital as needed. Consistent with this view, bank regulators ensure that a bank does not return capital to the BHC in a manner that would undermine its overall "safety and soundness." Therefore, CBNA is subject to specific qualitative and quantitative tests and examinations that may restrict it from paying dividends or otherwise returning capital to the

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Parent Company. For more information, please refer to “Business - Regulation and Supervision” in our 2019 Form 10-K for an overview of the general controls and restrictions imposed on distributions of capital by CBNA and “Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters” in our Form 10-Q for the period ended June 30, 2020 for details of CBNA's status versus its applicable regulatory minimums.

In addition, CFG and CBNA are subject to capital adequacy and liquidity standards. If CFG or CBNA fail to meet these standards, it could have an adverse effect on our financial condition and operations. Please refer to “Risk Factors - Risks Related to Regulations Governing Our Industry” in our 2019 Form 10-K and “Risk Factors” in our Form 10-Q for the period ended June 30, 2020 for additional information regarding these risks.

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 Conduct and Ethics Committee.

Please refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance” in our 2019 Form 10-K for additional information on our risk governance practices.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

CAPITAL STRUCTURE AND ADEQUACY

Capital Structure

We manage capital to ensure consistency with all applicable regulations and statutes, as well as with 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 and Regulatory Matters” in our Form 10-Q for the period ended June 30, 2020 for additional information. As of June 30, 2020, 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. Table 1 below presents our regulatory capital instruments.

Table 1	
(in millions, except share and per share data)	As of June 30, 2020
Common Equity	
Common stock and related surplus, net of treasury stock	\$14,291
\$.01 par value, 1,000,000,000 shares authorized, 569,490,896 shares issued, and 426,824,594 shares outstanding	
Preferred Equity	
Preferred stock and related surplus	
\$25.00 par value, 100,000,000 shares authorized, liquidation preference of \$1,000 per share:	
Series A: 250,000 shares issued and outstanding	247
Series B: 300,000 shares issued and outstanding	296
Series C: 300,000 shares issued and outstanding	297
Series D: 300,000 ⁽¹⁾ shares issued and outstanding	293
Series E: 450,000 ⁽²⁾ shares issued and outstanding	437
Series F: 400,000 shares issued and outstanding	395
Total preferred stock and related surplus	\$1,965
Qualifying Subordinated Debt	
4.150% fixed-rate subordinated debt, due September 2022 (non-qualifying \$210) ⁽³⁾	139
3.750% fixed-rate subordinated debt, due July 2024 (non-qualifying \$50) ⁽³⁾	200
4.023% fixed-rate subordinated debt, due October 2024 (non-qualifying \$8) ⁽³⁾	34
4.350% fixed-rate subordinated debt, due August 2025	249
4.300% fixed-rate subordinated debt, due December 2025	750
Total qualifying subordinated debt	\$1,372

⁽¹⁾ Represented by 12,000,000 depositary shares each representing a 1/40th interest and a liquidation preference of \$25 per depositary share.

⁽²⁾ Represented by 18,000,000 depositary shares each representing a 1/40th interest and a liquidation preference of \$25 per depositary share.

⁽³⁾ Per the U.S. Basel III Standardized rules, tier 2 capital instrument eligibility for inclusion in regulatory capital is phased out 20% per year, beginning five years prior to the applicable maturity date.

Our regulatory deductions from CET1 capital include goodwill and intangible assets net of deferred tax liabilities associated with goodwill and intangible assets. The U.S. Basel III capital rules also require additional capital deductions for mortgage servicing rights (“MSRs”), certain deferred tax assets (“DTAs”) and significant investments in the capital of unconsolidated financial institutions.

Effective for us on April 1, 2020, the CET1 deduction threshold for MSRs, certain DTAs and significant investments in the capital of unconsolidated institutions is 25%. As of June 30, 2020, we did not meet the threshold for these additional capital deductions. MSRs or DTAs not deducted from CET1 capital are assigned a 250% risk weight and significant investments in the capital of unconsolidated financial institutions not deducted from CET1 capital are assigned an exposure category risk weight.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

On January 1, 2020, we adopted the CECL accounting standard. On March 31, 2020, in response to the COVID-19 pandemic, the FRB and the other federal banking regulators issued an interim final rule relative to regulatory capital treatment of ACL under CECL. This rule allowed electing banking organizations to delay the estimated impact of CECL on regulatory capital for a two-year period ending January 1, 2022, followed by a three-year transition period ending January 1, 2025 to phase-in the aggregate amount of the capital benefit provided during the initial two-year delay. As of June 30, 2020, \$532 million of the capital benefit has been accumulated for application to the three-year transition period.

As an “AOCI opt-out” institution, we are not required to recognize in regulatory capital the impacts of net unrealized gains and losses included within AOCI for debt securities that are available for sale or held to maturity, accumulated net gains and losses on cash flow hedges and certain defined benefit pension plan assets.

As of June 30, 2020, CET1 capital represented 73% of our total regulatory capital. Table 2 below presents our regulatory capital composition.

Table 2	
(in millions)	As of June 30, 2020
Common stock and related surplus, net of treasury stock	\$14,291
Retained earnings	6,068
Accumulated other comprehensive income	94
Total common shareholders' equity	20,453
Exclusions:	
Modified CECL transitional amount	532
Net unrealized (gains)/losses recorded in accumulated other comprehensive income, net of tax:	
Debt securities	(448)
Derivatives	(54)
Unamortized net periodic benefit costs	408
Deductions:	
Goodwill	(7,050)
Deferred tax liability associated with goodwill	376
Other intangible assets	(63)
Total common equity tier 1 capital	14,154
Qualifying preferred stock	1,965
Total tier 1 capital	16,119
Qualifying subordinated debt ⁽¹⁾	1,372
Allowance for credit losses	2,527
Exclusions from tier 2 capital:	
Modified AACL transitional amount	(646)
Excess allowance for credit losses ⁽²⁾	(53)
Adjusted allowance for credit losses	1,828
Total tier 2 capital	3,200
Total capital	\$19,319

⁽¹⁾ Non-qualifying subordinated debt excluded from regulatory capital is \$268 million.

⁽²⁾ Excess allowance represents the amount excluded from Tier 2 capital that is in excess of 1.25% of RWA, excluding market risk.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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. For more information on our capital adequacy risk appetite and risk management framework, please refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters” in our 2019 Form 10-K and “Risk Factors” in our Form 10-Q for the period ended June 30, 2020.

In October 2019, the FRB and the other federal banking regulators finalized rules that tailor the application of the enhanced prudential standards to bank holding companies and depository institutions to implement the EGRRCPA amendments to the Dodd-Frank Act (“Tailoring Rules”). Under the Tailoring Rules, Category IV firms, such as us, are subject to biennial supervisory stress testing and are exempt from company-run stress testing and related disclosure requirements. Category IV firms are also no longer required to submit resolution plans. The FRB continues to supervise Category IV firms on an ongoing basis, including evaluation of the capital adequacy and capital planning processes during off-cycle years. We remain subject to the requirement to develop, maintain and submit an annual capital plan for review and approval by our Board of Directors (or one of its committees). On April 6, 2020, we submitted our 2020 Capital Plan to the FRB under the FRB’s 2020 CCAR process.

We develop a capital plan 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 U.S. Basel III minimums, which include the of CCB 2.5% for each risk-weighted capital ratio. Effective October 1, 2020, the static CCB of 2.5% will be replaced by a dynamic Stress Capital Buffer (“SCB”) requirement based on each CCAR firm’s results under the supervisory stress test. Please refer to the related discussion in the “Capital Conservation Buffer and Stress Capital Buffer” section of this report.

Many of the provisions of the Tailoring Rules and other laws are subject to further rulemaking, guidance and interpretation by the applicable federal regulators. The ultimate effects of the Tailoring Rules on our activities and us will be subject to any additional rule making issued by the FRB and other federal regulators. We will continue to evaluate the impact of any changes in law and any new regulations promulgated, including changes in regulatory costs and fees, modifications to consumer products or disclosures required by the CFPB and the requirements of the enhanced supervision provisions, among others.

For additional information, see “Business - Regulation and Supervision” and “Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters” in our 2019 Form 10-K and the Form 10-Q report for the period ended June 30, 2020.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Table 3 below presents the U.S. Basel III Standardized capital ratios for CFG and CBNA as of June 30, 2020. All ratios remained well above the U.S. Basel III minimums. Please refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters” in our Form 10-Q for the period ended June 30, 2020 for additional information related to the calculation of our capital ratios.

Table 3			
Citizens Financial Group, Inc.			
	Ratio	Required Minimum plus Required CCB for Non- Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action ⁽¹⁾
CET1 capital	9.6%	7.0%	N/A
Tier 1 capital	10.9	8.5	N/A
Total capital	13.1	10.5	N/A
Tier 1 Leverage	9.3	4.0	N/A
Citizens Bank, National Association			
	Ratio	Required Minimum plus Required CCB for Non- Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action
CET1 capital	10.7%	7.0%	6.5%
Tier 1 capital	10.7	8.5	8.0
Total capital	12.8	10.5	10.0
Tier 1 Leverage	9.1	4.0	5.0

⁽¹⁾ Prompt corrective action provisions apply only to our insured depository institution, CBNA.

Table 4 below presents the composition of our RWA. Please refer to “Schedule HC-R - Part II Risk-Weighted Assets” in our June 30, 2020 FR Y-9C report for details on adjustments and deductions to calculate total RWA.

Table 4	
(in millions)	As of June 30, 2020
Corporate exposures	\$73,558
Other retail exposures	35,936
Other assets	15,889
Residential mortgage exposures	11,315
Mortgage backed securities - FNMA & FHLMC	2,465
Equities	2,059
Letters of credit	2,026
Past due loans (excluding Sovereigns, Guarantees & Home Lending)	1,397
Securitization exposures	580
High volatility commercial real estate	569
Exposures to sovereign entities	264
Exposures to depository institutions, foreign banks, and credit unions	82
Cleared transactions	31
Exposures to public sector entities	10
Default fund contributions	1
Total standardized RWA for credit risk exposure	\$146,182
Market risk	1,078
Total RWA	\$147,260

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters” in our Form 10-Q for the period ended June 30, 2020 for more information regarding capital ratios and the capital adequacy process.

Capital Conservation Buffer and Stress Capital Buffer

The U.S. Basel III rules currently impose a CCB on top of the regulatory minimum established for each of the three risk-weighted asset ratios. Under the U.S. Basel III Standardized rules, the effective minimum capital ratios are:

- 7.0% CET1 capital 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).

As of June 30, 2020, CFG’s CCB was 4.9%, well above the U.S. Basel III Standardized CCB of 2.5%. As a result, we are not subject to payout ratio limitations on our distributions or certain discretionary executive compensation. On March 20, 2020, the FRB and the other federal banking regulators issued an interim final rule as a result of the COVID-19 pandemic relative to the definition of eligible retained income⁽¹⁾. As a result, eligible retained income at June 30, 2020 was \$296 million, consisting of the average net income over the preceding four quarters.

On March 4, 2020, the FRB finalized a SCB requirement that integrates regulatory capital requirements with the results of the FRB’s supervisory stress tests by replacing the CCB of 2.5% with a dynamic SCB requirement, based on the projected losses under the supervisory severely adverse scenario of each firm subject to CCAR, subject to a floor of 2.5%. Under the SCB framework, the FRB will no longer object to capital plans on quantitative grounds and each firm will be required to maintain capital ratios above the sum of its minimum requirements and the SCB requirements to avoid restrictions on capital distributions and discretionary bonus payments. For Category IV firms, like us, the SCB will be re-calibrated with each biennial supervisory stress test. The first SCB requirement becomes effective on October 1, 2020 and will apply to our capital actions through September 30, 2021.

On June 29, 2020, we announced key aspects of our 2020 Capital Plan, which includes maintaining quarterly common dividends at the current level of \$0.39 per share through the SCB window period ending third quarter 2021. We previously announced our intention to cease stock repurchases through December 31, 2020. We will continue to evaluate our distributions on a quarterly basis going forward. Our announcement followed the FRB’s publication on June 25, 2020 of the DFAST stress test results for the largest bank holding companies, the related CCAR exercise, and the FRB’s communication to us of its preliminary SCB requirement of 3.4%. As previously announced by way of our press release dated June 29, 2020, we elected the option to request reconsideration from the FRB of our 3.4% preliminary SCB. Unless otherwise determined by the FRB, each company will be provided with its final SCB requirement and confirmation of its final planned capital distributions by August 31, 2020.

The FRB has also implemented a restriction for third quarter 2020 that a bank’s quarterly common dividend may not be increased or exceed its average net income over the preceding four quarters regardless of its capital levels, and this limitation may be extended by the FRB quarter-by-quarter. In light of the uncertain macroeconomic environment, the FRB is also requiring large banks, like us, to update and resubmit their capital plans using new scenarios that the FRB will supply later this year. We will be required to resubmit our capital plan within 45 days after the FRB provides the new scenarios.

⁽¹⁾ Eligible retained income, effective March 31, 2020 is defined by regulations as the greater of (1) net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (2) the average of a banking organization’s net income over the preceding four quarters.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

CREDIT RISK

Credit Risk Exposure

Table 5 below presents total credit risk exposures for our loans, loans held for sale, leases, contractual commitments to extend credit, and letters of credit. This table is categorized by counterparty types (commercial and retail) and loan products. Beginning in the first quarter of 2020, home equity loans, home equity lines of credit, home equity loans serviced by others and home equity lines of credit serviced by others were consolidated into home equity, and credit card and other retail were consolidated into other retail.

Please refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance - Credit Risk” in our 2019 Form 10-K for more information on credit risk governance.

Table 5	
(in millions)	As of June 30, 2020
Commercial	\$83,197
Commercial real estate	21,730
Leases	2,613
Total commercial	107,540
Residential mortgages	24,328
Home equity	28,936
Automobile	12,028
Education	11,812
Other retail	17,150
Total retail	94,254
Total	\$201,794

Our loan and lease credit related accounting policies are presented in Note 5 in our 2019 Form 10-K and Note 4 in our Form 10-Q for the period ended June 30, 2020.

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 issuance.

Please refer to Note 2 and Note 9 in our Form 10-Q for the period ended June 30, 2020 and the “Counterparty Credit Risk-Related Disclosures” section of this report 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 Form 10-Q for the period ended June 30, 2020 for average balances of our loans and leases and investment securities. The average credit risk exposure related to our OTC derivatives for the quarter ended June 30, 2020 was \$2.2 billion.

Please refer to Note 12 in our Form 10-Q for the period ended June 30, 2020 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, 2020 was \$69 billion.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Table 6 below presents the geographic distribution of our loans, loans held for sale, leases, 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 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, such as merchant point-of-sale financing.

Table 6					
As of June 30, 2020					
(in millions)	Mid-Atlantic	Midwest	New England	Other	Total
Commercial	\$29,547	\$10,374	\$19,826	\$23,450	\$83,197
Commercial real estate	6,476	2,263	2,809	10,182	21,730
Leases	562	500	187	1,364	2,613
Total commercial	36,585	13,137	22,822	34,996	107,540
Residential mortgages	11,729	1,462	4,795	6,342	24,328
Home equity	11,961	3,222	12,872	881	28,936
Automobile	3,738	1,906	1,698	4,686	12,028
Education	4,041	1,467	2,051	4,253	11,812
Other retail	5,233	1,984	4,435	5,498	17,150
Total retail	36,702	10,041	25,851	21,660	94,254
Total	\$73,287	\$23,178	\$48,673	\$56,656	\$201,794

Our gross commercial and retail charge-offs for the quarter-to-date period ended June 30, 2020 were \$74 million and \$106 million, respectively. Upon adoption of CECL effective January 1, 2020, our ACL reserve methodology changed to estimate expected credit losses over the contractual life of the loans and leases. The ACL reserve is measured based on groups of loans with similar risk characteristics and is not disaggregated on the basis of impairment method.

Please refer to Note 4 in our Form 10-Q for the period ended June 30, 2020 for more information on ACL including ACL balances and related year-to-date charge-off information. ACL and AACL are the same for the period ended June 30, 2020 since we did not have credit loss allowances on AFS debt securities or purchased credit deteriorated assets.

Table 7 below presents our loans and leases past due 90 days and on nonaccrual and loans past due 90 days and still accruing.

Table 7			
As of June 30, 2020			
(in millions)	90+ Days Past Due and Accruing ⁽¹⁾	90+ Days Past Due and Nonaccruing	Total 90+ Days Past Due
Commercial	\$33	\$126	\$159
Commercial real estate	—	1	1
Leases	—	64	64
Total commercial loans and leases	33	191	224
Residential mortgages	13	90	103
Home equity	—	217	217
Automobile	—	16	16
Education	2	4	6
Other retail	7	30	37
Total retail loans	22	357	379
Total	\$55	\$548	\$603

⁽¹⁾For residential mortgages, includes \$12 million of first lien residential mortgages that are 100% guaranteed by the Federal Housing Administration.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Table 8 below presents our impaired loan amounts categorized by geographic area. Impaired loans include nonaccruing larger balance commercial loans (greater than \$5 million carrying value), non-homogeneous commercial and commercial real estate loans, and restructured loans that are deemed troubled debt restructurings.

Table 8					
As of June 30, 2020					
(in millions)	Mid-Atlantic	Midwest	New England	Other	Total
Commercial	\$154	\$14	\$135	\$157	\$460
Commercial real estate	78	—	—	—	78
Leases	—	—	—	—	—
Total commercial loans	232	14	135	157	538
Residential mortgages	75	30	36	49	190
Home equity	108	69	119	25	321
Automobile	8	4	3	11	26
Education	—	—	—	131	131
Other retail	11	3	8	10	32
Total retail loans	202	106	166	226	700
Total	\$434	\$120	\$301	\$383	\$1,238

The following table presents a summary of impaired loans with and without a related allowance:

Table 9			
As of June 30, 2020			
(in millions)	Impaired Loans With a Related Allowance	Impaired Loans Without a Related Allowance	Total Recorded Investment in Impaired Loans
Commercial	\$369	\$91	\$460
Commercial real estate	54	24	78
Total commercial loans	423	115	538
Residential mortgages	61	129	190
Home equity	71	250	321
Automobile	9	17	26
Education	109	22	131
Other retail	28	4	32
Total retail loans	278	422	700
Total	\$701	\$537	\$1,238

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Table 10 below presents a summary of our loans, loans held for sale and leases by remaining maturity or repricing date.

Table 10				
(in millions)	As of June 30, 2020			
	One Year or Less ⁽¹⁾	Over One Year Through Five Years	Over Five Years	Total
Commercial	\$39,590	\$7,443	\$1,592	\$48,625
Commercial real estate	13,961	295	229	14,485
Leases	520	1,550	358	2,428
Total commercial loans and leases	54,071	9,288	2,179	65,538
Residential mortgages	4,413	2,406	15,875	22,694
Home equity	10,262	384	1,895	12,541
Automobile	188	6,801	5,039	12,028
Education	954	1,093	9,480	11,527
Other retail	2,040	3,921	417	6,378
Total retail loans	17,857	14,605	32,706	65,168
Total	\$71,928	\$23,893	\$34,885	\$130,706

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

Table 11 below presents a summary of our credit commitments and letters of credit by remaining maturity.

Table 11			
(in millions)	As of June 30, 2020		
	One Year or Less	Greater than One Year	Total
Credit commitments			
Commercial	\$8,778	\$23,721	\$32,499
Commercial real estate	563	6,682	7,245
Leases	118	67	185
Total commercial loans and leases	9,459	30,470	39,929
Residential mortgages	1,634	—	1,634
Home equity	1	16,394	16,395
Automobile	—	—	—
Education	285	—	285
Other retail	10,615	157	10,772
Total retail loans	12,535	16,551	29,086
Total credit commitments	21,994	47,021	69,015
Letters of credit	953	1,120	2,073
Total credit commitments and letters of credit	\$22,947	\$48,141	\$71,088

Please refer to Note 2 in our Form 10-Q for the period ended June 30, 2020 for a summary of securities by contractual maturity and “Schedule HC-R - Part II Risk-Weighted Assets” in our June 30, 2020 FR Y-9C for a summary of OTC derivative notional amounts by remaining maturity.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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 and foreign exchange 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 derivative 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 agreements and option contracts entered into on behalf of customers for the purpose of hedging exposure related to cash orders, loans, and deposits denominated in foreign currencies. We also enter into commodity swaps and option contracts on behalf of customers in our oil and gas vertical primarily, to mitigate commodity price volatility. 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, as well as factors in our own credit quality. For more information on our valuation methodologies, please refer to Note 19 in our 2019 Form 10-K.

Residential loan derivatives include loan commitments that allow residential mortgage customers to lock in the interest rate on a residential mortgage while the loan undergoes the underwriting process. We use forward sales contracts to protect the value of residential mortgage loans and loan commitments that are being underwritten for future sale to investors in the secondary market. We also hedge the fair market value movements of certain mortgage servicing rights using various interest rate derivative contracts.

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 (e.g., borrowed funds, deposits, etc.). Institutional swaps and swaps executed to mitigate the market risk associated with our customer derivative products and residential loan derivatives include bilateral trades with dealers and cleared trades with central counterparties. These trades must comply with daily margin requirements where we 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. Bilateral 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 out period. Cleared trades with central counterparties are subject to counterparty credit limits for initial margin requirements where we post collateral, but where the collateral is operationally commingled with initial margin owed to other clients of the clearing broker.

Our repurchase agreements are typically short-term transactions (i.e., overnight), but they may be extended to longer terms-to-maturity (not to exceed 270 days). We fully collateralize such transactions and account for them as secured borrowings in our financial statements. We establish counterparty credit limits to monitor our over-collateralized position, which represents the difference between the market value of the collateral pledged and the amount we borrow. When permitted by GAAP, we offset short-term receivables with short-term payables associated with our reverse repurchase agreements.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

On a daily basis we monitor counterparty credit exposures for counterparties with an established CSA to ensure 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. The collateral requirements are negotiated on each established CSA and primarily include cash in the form of U.S. Dollars.

Please refer to Note 9 in our Form 10-Q for the period ended June 30, 2020 for fair value of our derivative transactions on both a gross and net basis. The net basis presented represents the impact of enforceable master netting agreements as well as collateral paid and received.

Please refer to Note 2 in our Form 10-Q for the period ended June 30, 2020 for information on our repurchase agreements and Note 13 in our Form 10-Q for the period ended June 30, 2020 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. Table 12 below presents our total exposure covered by guarantees and the risk-weighted amounts associated with each exposure.

Table 12			
(dollars in millions)			
As of June 30, 2020			
Guarantor	Guaranteed Exposure Amount	RWA	RW %
FNMA & FHLMC	\$12,346	\$2,469	20%
Federal Housing Administration (FHA)	759	152	20
Small Business Administration (SBA)	110	22	20
Federal Family Education Loan Program (FFELP) where 97% of exposure is guaranteed	37	7	20
Federal Family Education Loan Program (FFELP) where 98% of exposure is guaranteed	13	3	20
Veteran Affairs (VA)	14	3	20
United States Department of Agriculture (USDA)	5	1	20
Total implicit guarantees	\$13,284	\$2,657	20%
US Treasury & GNMA securities	\$11,443	\$—	0%
SBA Paycheck Protection Program	4,679	—	0
Export/Import	10	—	0
Total explicit guarantees	\$16,132	\$—	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 a 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 and a lender in traditional securitization exposures, however not as an originator or sponsor. We invest in securitization exposures of third party issued non-agency MBS. We also may act as a securitization lender by entering into asset-backed securitization loans with third party sponsored special purpose entities that are designed to meet client needs for long-term financing of assets or working capital. 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.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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 our balance sheet.

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 2019 Form 10-K 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.

Table 13 below presents our exposures receiving securitization capital treatment by collateral type and capital treatment method.

Table 13						
(in millions)	As of June 30, 2020					
	SSFA		1250%		Total	
	Exposure	RWA	Exposure	RWA	Exposure	RWA
Asset-backed securitization lending	\$2,325	\$470	\$—	\$—	\$2,325	\$470
Private label residential MBS	551	110	—	—	551	110
Total securitization exposure	\$2,876	\$580	\$—	\$—	\$2,876	\$580

Table 14 below presents our exposures receiving securitization capital treatment by capital treatment method and risk weighting.

Table 14						
(in millions)	As of June 30, 2020					
	SSFA		1250%		Total	
	Exposure	RWA	Exposure	RWA	Exposure	RWA
Securitizations by risk weight:						
= 0% to <= 20%	\$2,626	\$525	\$—	\$—	\$2,626	\$525
> 20% to <= 50%	250	55	—	—	250	55
> 50% to <= 100%	—	—	—	—	—	—
> 100% to <= 1250%	—	—	—	—	—	—
Total securitizations	\$2,876	\$580	\$—	\$—	\$2,876	\$580
Re-securitizations by risk weight:						
= 0% to <= 20%	\$—	\$—	\$—	\$—	\$—	\$—
Total re-securitizations	\$—	\$—	\$—	\$—	\$—	\$—
Total securitization exposure	\$2,876	\$580	\$—	\$—	\$2,876	\$580

Accounting Policies

Our accounting policy for investments in securitized assets (i.e., “investments in debt securities”) is presented in Note 3 in our 2019 Form 10-K.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

EQUITIES (NON-TRADING)

We hold equity securities to fulfill requirements of membership and participation in U.S. banking and payments systems. Our bank holds stock in the FRB and the FHLB. Our 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 consist 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 investments, 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 money market mutual fund investments and separate account bank owned life insurance. The underlying assets of separate account bank owned life insurance 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 policy for equity securities (i.e., “other investment securities”) is presented in Note 3 in our 2019 Form 10-K. We present methodologies for measuring the fair value of equity securities in Note 19 in our 2019 Form 10-K. The carrying value of our CRA investments are included in the other assets line in “Financial Statements - Consolidated Balance Sheets” in our Form 10-Q for the period ended June 30, 2020. Separate account bank-owned life insurance is included in the bank-owned life insurance line within the “Financial Statements - Consolidated Balance Sheets” in our Form 10-Q for the period ended June 30, 2020. Table 15 below presents our equity exposures and the risk-weighted amounts associated with each exposure.

Table 15			
	As of June 30, 2020		
(dollars in millions)	Exposure	RWA	RW %
Federal Reserve stock	\$577	\$—	0%
FHLB stock	22	4	20
Investments in Non-Fund Equities:			
CRA	1,521	1,521	100
Windfarm	414	414	100
Other Non-Fund Equities	8	8	100
Investment in Fund Equities:			
Separate account bank owned life insurance	261	102	39
Money market mutual fund investments	50	10	20
Total	\$2,853	\$2,059	

MARKET RISK

Non-Trading Risk

We are exposed to market risk as a result of non-trading banking activities. This market risk is substantially composed of interest rate risk, as we have no commodity risk and de minimis direct currency and equity risk. We also have market risk related to capital markets loan originations, as well as the valuation of our MSRs. Please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk - Non-Trading Risk” in our Form 10-Q for the period ended June 30, 2020 for more information on our exposure to interest rate risk. Please refer to Note 9 in our Form 10-Q for the period ended June 30, 2020 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

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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.

As of June 30, 2020, our market risk RWA was \$1.1 billion, reflecting general market rate/price risk and specific risk. 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance” in our 2019 Form 10-K and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk” in our Form 10-Q for the period ended June 30, 2020.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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	2Q20 10-Q	2019 10-K
1. Scope of application	Name of the top corporate entity	pg. 4	MD&A - Introduction	
	Descriptions of differences in basis for consolidating entities	pg. 4	Note 1 - Basis of Presentation	Note 1 - Basis of Presentation
	Restrictions on transfers of funds or total capital within the group	pg. 4		
	Aggregate amount of surplus capital of insurance subsidiaries	N/A		
	Aggregate amount of total capital that is less than minimum capital	N/A		
2. Capital structure	Terms and conditions of capital instruments	pg. 6		
	Capital composition	pg. 7		
3. Capital adequacy	Capital adequacy assessment process	pg. 8	MD&A - Capital and Regulatory Matters	MD&A - Capital and Regulatory Matters
	Capital ratios	pg. 9	MD&A - Capital and Regulatory Matters	MD&A - Capital and Regulatory Matters
	Risk-weighted assets by exposure type	pg. 9		
	Market risk-weighted assets	pg. 9		
4. Capital conservation buffer	Capital conservation buffer	pg. 10	MD&A - Capital and Regulatory Matters	MD&A - Capital and Regulatory Matters
	Calculated eligible retained income	pg. 10		
	Limitations of distributions and discretionary bonus payments	pg. 10		
5. Credit risk	Credit risk exposures	pg. 11		
	Policies and practices	pg. 5	Note 4 - Allowance for Credit Losses, Nonaccruing Loans and Leases, and Concentrations of Credit Risk	MD&A - Risk Governance
	Loans and related commitments	pg. 11	Note 3 - Loans and Leases & Note 12 - Commitments and Contingencies	Note 4 - Loans and Leases & Note 18 - Commitments and Contingencies
	Debt securities	pg. 11	Note 2 - Securities	Note 3 - Securities
	OTC derivatives	pg. 11	Note 9 - Derivatives & Note 13 - Fair Value Measurements	Note 13 - Derivatives

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Disclosure Requirement	Description	Pillar 3 reference	2Q20 10-Q	2019 10-K
	Geographic distribution of exposures	pg. 12		
	Allowance disaggregated on the basis of impairment methodology	pg. 12		
	Charge-offs during the period	pg. 12	Note 4 - Allowance for Credit Losses, Nonaccruing Loans and Leases, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by industry or counterparty	pg. 13	Note 4 - Allowance for Credit Losses, Nonaccruing Loans and Leases, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Past due loans by product	pg. 12	Note 4 - Allowance for Credit Losses, Nonaccruing Loans and Leases, and Concentrations of Credit Risk	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by geography	pg. 13		
	Reconciliation of changes in allowance	pg. 12	Note 4 - Allowance for Credit Losses, Nonaccruing Loans and Leases, 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. 14		
	Remaining maturity of credit commitments and letters of credit	pg. 14		
6. Counterparty credit risk-related exposures	Policies and practices	pg. 15	Note 9 - Derivatives	Note 13 - Derivatives
	Counterparty risk exposure	pg. 15	Note 2 - Securities, Note 9 - Derivatives & Note 13 - Fair Value Measurements	Note 19 - Fair Value Measurements
	Credit derivatives purchased and sold	N/A		
7. Credit risk mitigation	Policies and processes	pg. 16		

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

Disclosure Requirement	Description	Pillar 3 reference	2Q20 10-Q	2019 10-K
	Exposures covered by eligible financial collateral	N/A		
	Exposures covered by guarantees/credit derivatives and related risk-weighted assets	pg. 16		
8. Securitization	Policies and practices	pg. 16		
	SPEs and affiliated entities	N/A		
	Accounting policies for securitization activities	pg. 17		
	Exposures securitized by the bank and resecuritizations	N/A		
	Securitization exposures by collateral type	pg. 17		
	Securitization exposures by risk weight	pg. 17		
9. Equities not subject to the market risk rule	Policies and practices	pg. 18	Note 7 - Variable Interest Entities	
	Amortized cost and fair value by type/nature and public versus nonpublic	pg. 18	Note 13 - Fair Value Measurements	
	Realized and unrealized gains (losses)	N/A		
	Capital requirements	pg. 18		
10. Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	pg. 18	MD&A - Market Risk	MD&A - Market Risk
	Earnings sensitivity to rate movements	pg. 18	MD&A - Market Risk	MD&A - Market Risk

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

APPENDIX 2 - FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding potential future share repurchases and future dividends as well as the potential effects of the COVID-19 pandemic on our business, operations, financial performance and prospects, 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;
- The COVID-19 pandemic and its effects on the economic and business environments in which we operate;
- Our ability to meet heightened supervisory requirements and expectations;
- Liabilities and business restrictions resulting from litigation and regulatory investigations;
- Our capital and liquidity requirements under regulatory capital standards 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;
- 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 actual amounts and timing of any future common stock dividends or share repurchases will be subject to various factors, including our capital position, financial performance, capital impacts of strategic initiatives, market conditions and regulatory and accounting considerations, as well as any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will repurchase shares from or pay any dividends to holders of our common stock, or as to the amount of any such repurchases or dividends. Further, statements about the effects of the COVID-19 pandemic on our business, operations, financial performance and prospects may constitute what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, third parties and us.

CITIZENS FINANCIAL GROUP, INC.

June 30, 2020 Pillar 3 Regulatory Disclosures

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 II, Item 1A of our Form 10-Q for the period ended June 30, 2020 and Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2019.