



Pillar 3 Regulatory Disclosures

For the quarterly period ended December 31, 2018

CITIZENS FINANCIAL GROUP, INC.

December 31, 2018 Pillar 3 Regulatory Disclosures

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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, National Association
CBPA	Citizens Bank of Pennsylvania
CCAR	Comprehensive Capital Analysis and Review
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
Citizens or CFG	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
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
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	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
New England	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
NPR	Notice of Proposed Rulemaking
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 portfolio
SSFA	Simplified Supervisory Formula Approach
VaR	Value at Risk

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INTRODUCTION

Citizens Financial Group, Inc. is one of the nation's oldest and largest financial institutions with \$160.5 billion in assets as of December 31, 2018. Our mission is to help our customers, colleagues and communities reach their potential. Headquartered in Providence, Rhode Island, we offer a broad range of retail and commercial banking products and services to individuals, small businesses, middle-market companies, large corporations and institutions. We help our customers reach their potential by listening to them and by understanding their needs in order to offer tailored advice, ideas and solutions. In Consumer Banking, we provide an integrated experience that includes mobile and online banking, a 24/7 customer contact center and the convenience of approximately 2,900 ATMs and approximately 1,100 branches in 11 states in the New England, Mid-Atlantic and Midwest regions. Consumer Banking products and services include a full range of banking, lending, savings, wealth management and small business offerings. In Commercial Banking, we offer corporate, institutional and not-for-profit clients a full range of wholesale banking products and services including lending and deposits, capital markets, treasury services, foreign exchange and interest rate products, and asset finance. More information is available at www.citizensbank.com.

Report Overview

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," established by the Basel Committee on Banking Supervision. The Basel Committee refers 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 2018 Form 10-K, which includes important information on risk management policies and practices, and our December 2018 FR Y-9C. Appendix 1 of this report contains references to specific sections of our 2018 Form 10-K 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 Basel III framework applies to CFG and its subsidiary banks. As of December 31, 2018, CFG's subsidiary banks were CBNA and CBPA. On January 2, 2019, CFG consolidated its banking subsidiaries via a merger of CBPA into CBNA in order to streamline governance and enterprise risk management, improve CBNA's risk profile and gain operational efficiencies. CBNA is now CFG's primary subsidiary and sole banking subsidiary. 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 - Basis of Presentation: Significant Accounting Policies* in our 2018 Form 10-K for more information on the basis for consolidation for financial reporting purposes.

Restrictions on transfers between CFG and its subsidiary bank

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 Department of Banking of the Commonwealth of Pennsylvania and the FDIC regulated and supervised CBPA until its merger into CBNA on January 2, 2019. Applicable statutes and regulations that may pertain either to the BHC, its subsidiary bank or all entities as affiliates may restrict transfers of funds and capital between these entities.

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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 2018 Form 10-K for a discussion of these regulations.

Restrictions on the payment of dividends and other capital distributions within the group weigh 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 BHC. For more information on dividend restrictions, please refer to *Business - Regulation and Supervision and Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters* in our 2018 Form 10-K.

In addition, the BHC and CBNA are subject to capital adequacy and liquidity standards. If CBNA or the BHC 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 2018 Form 10-K 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 Ethics Oversight Committee.

There have been no significant changes in our risk governance practices, risk framework, risk appetite, or credit risk as described in *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* since the filing of our 2018 Form 10-K.

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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 2018 Form 10-K for additional information. As of December 31, 2018, 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. Under U.S. Basel III Standardized rules, tier 2 capital instrument eligibility is phased out by 20% per year, beginning five years from the applicable maturity date. Table 1 below presents our regulatory capital instruments.

Table 1	
(in millions)	As of December 31, 2018
Common Equity	
Common stock and related surplus, net of treasury stock	\$15,688
\$0.01 par value, 1,000,000,000 shares authorized, 566,819,863 shares issued, and 466,007,984 shares outstanding	
Preferred Equity	
Preferred stock and related surplus	\$840
\$25.00 par value, 100,000,000 shares authorized, liquidation preference of \$1,000 per share; 250,000 shares Series A issued and outstanding, 300,000 shares Series B issued and outstanding and 300,000 shares Series C issued and outstanding.	
Qualifying Subordinated Debt	
4.150% fixed-rate subordinated debt, due 2022 ⁽¹⁾	\$209
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 qualifying subordinated debt	\$1,499
⁽¹⁾ Non-qualifying subordinated debt excluded from regulatory capital is \$139 million.	

Our regulatory deductions from common equity tier 1 capital include goodwill, intangible assets and deferred tax liabilities associated with goodwill and intangible assets. The U.S. Basel III capital rules also require additional capital deductions for mortgage servicing assets, certain deferred tax assets and significant investments in unconsolidated financial institutions in excess of 10% individually, or 15% in aggregate, of common equity tier 1 capital less certain adjustments. As of December 31, 2018, we do not meet the threshold for these additional capital deductions.

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 and equity 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.

In November 2017, the federal banking regulators issued a final rule that extended the 2017 transitions for certain U.S. Basel III capital rules for non-advanced approaches banking organizations, including CFG. Effective January 1, 2018, the final rule retains the 2017 U.S. Basel III transitional treatment of certain deferred tax assets ("DTAs"), mortgage servicing assets, significant investments in unconsolidated financial institutions and minority interests. As a result, since January 1, 2018, our mortgage servicing assets have retained their 2017 risk weight treatment, which will continue until the federal banking regulators revise the extended transitional treatment under the November 2017 final rule, which may occur in connection with the finalization of the related September 2017

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proposal to simplify the capital treatment of certain DTAs, mortgage servicing assets, significant investments in unconsolidated financial institutions and minority interests.

As of December 31, 2018, CET1 capital represented 80% of our total regulatory capital. Table 2 below presents our regulatory capital composition.

Table 2	
(in millions)	As of December 31, 2018
Common stock and related surplus, net of treasury stock	\$15,688
Retained earnings	5,385
Accumulated other comprehensive loss	(1,096)
Total common shareholders' equity	19,977
Exclusions: ⁽¹⁾	
Net unrealized losses recorded in accumulated other comprehensive loss, net of tax:	
Debt securities	490
Derivatives	143
Unamortized net periodic benefit costs	463
Deductions:	
Goodwill	(6,923)
Deferred tax liability associated with goodwill	366
Other intangible assets	(31)
Total common equity tier 1 capital	14,485
Qualifying preferred stock	840
Total tier 1 capital	15,325
Qualifying subordinated debt ⁽²⁾	1,499
Allowance for loan and lease losses	1,242
Allowance for credit losses for off-balance sheet exposure	91
Total tier 2 capital	2,832
Total capital	\$18,157
⁽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.	
⁽²⁾ Non-qualifying subordinated debt excluded from regulatory capital is \$139 million.	

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 changes to regulatory capital requirements. Key analytical frameworks, including stress testing, which enable the assessment of capital adequacy versus unexpected loss under a variety of stress scenarios, supplement our base line forecast. A governance framework supports our capital planning process, including capital management policies and procedures that document capital adequacy metrics and limits, as well as our Capital Contingency Plan and the active engagement of both the legal-entity boards and senior management in oversight and decision-making.

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 fully phased-in U.S. Basel III minimums, which include the fully phased-

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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.

Forward-looking assessments of capital adequacy feed development of a single capital plan covering us and our banking subsidiary that is periodically submitted to the FRB. We prepare this plan in full compliance with the FRB's Capital Plan Rule and we participate annually in the FRB's horizontal capital review, which is the FRB's assessment of specific capital planning areas as part of their normal supervisory process. In years in which we submit our capital plan to the FRB, the FRB may either object to our capital plan on a quantitative basis 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, 2018, the FRB informed us that it did not object to our 2018 Capital Plan including our proposed capital actions for the period beginning July 1, 2018 and ending June 30, 2019. In years in which we do not submit a capital plan to the FRB, we will only be permitted to make capital distributions as approved by the FRB. On February 5, 2019, the FRB announced that we would not be subject to supervisory stress testing, company-run stress testing, or CCAR for the 2019 cycle (although we and other exempted firms could elect to submit a capital plan for the 2019 cycle). Thus, we are not required to submit a capital plan in 2019, and our next capital plan must be submitted to the FRB by April 5, 2020. In connection with this announcement, unless we elect to submit a capital plan for the 2019 cycle, the FRB approved capital distributions for the period from July 1, 2019 through June 30, 2020 up to the amount that would have allowed us to remain above all minimum capital requirements in CCAR 2018, adjusted for any changes in our regulatory capital ratios since the FRB acted on our 2018 capital plan.

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 are classified as a large and non-complex firm. Large and non-complex firms with total consolidated assets of \$100 billion or more are required to submit capital plans and demonstrate an ability to meet their minimum capital requirements under stress as part of CCAR's quantitative assessment but are not subject to CCAR's qualitative assessment of their capital planning practices. 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 2018 Form 10-K for additional information related to our CCAR and stress testing process.

In April 2018, the FRB issued an NPR that would simplify capital rules for large banks. The proposal would replace the existing capital conservation buffer with a stress capital buffer ("SCB") calculated as the greater of 2.5 percent or the difference between the starting and the lowest projected CET1 capital ratio under the severely adverse scenario of the supervisory stress test in CCAR plus four quarters of planned common stock dividends. Under the proposal, the first SCB requirement would become effective on October 1, 2019.

On May 24, 2018 the Economic Growth, Regulatory Relief and Consumer Protection Act ("EGRRCPA") was enacted. Section 401 of the EGRRCPA amends the Financial Stability Act of 2010, with respect to non-bank financial companies supervised by the FRB and certain bank holding companies. The amendment increases the asset threshold at which certain enhanced prudential standards shall apply, from \$50 billion to \$250 billion, while allowing the FRB discretion in determining whether a financial institution with assets equal or greater than \$100 billion is subject to such standards. The amendment also increases the asset threshold at which company-run stress tests are required, from \$10 billion to \$250 billion. And lastly, the amendment increases the asset threshold for mandatory risk committees, from \$10 billion to \$50 billion. The EGRRCPA amendments applicable to us automatically take effect November 24, 2019, although the FRB has discretion to exempt us from enhanced prudential standards prior to that date.

On October 31, 2018, the FRB released two NPRs to establish a revised framework for applying prudential standards to large U.S. banking organizations based on risk, consistent with section 401 of the EGRRCPA. The first NPR is an FRB-only proposal that would tailor the application of prudential standards to U.S. bank holding companies and apply enhanced standards to certain large savings and loan holding companies. The second NPR, issued jointly with the OCC and FDIC, is a proposal to tailor the application of the agencies' capital and liquidity rules.

Should the NPRs issued in April and October 2018 progress to become final rules in their current format, our regulatory capital plan and stress testing requirements will change.

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Table 3 below presents the U.S. Basel III Standardized capital ratios for CFG, CBNA and CBPA as of December 31, 2018. All ratios remained well above the U.S. Basel III minimums. Please refer to *Financial Statements and Supplementary Data- Note 24 - Regulatory Matters* in our 2018 Form 10-K 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	10.6%	6.375%	N/A
Tier 1	11.3	7.875	N/A
Total	13.3	9.875	N/A
Tier 1 Leverage	10.0	4.000	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	10.6%	6.375%	6.5%
Tier 1	10.6	7.875	8.0
Total	12.5	9.875	10.0
Tier 1 Leverage	9.9	4.000	5.0
Citizens Bank of Pennsylvania ⁽²⁾			
	Ratio	Required Minimum plus Required CCB for Non- Leverage Ratios	FDIA Required Well-Capitalized Minimum for Purposes of Prompt Corrective Action
CET1	13.2%	6.375%	6.5%
Tier 1	13.2	7.875	8.0
Total	14.1	9.875	10.0
Tier 1 Leverage	9.0	4.000	5.0
⁽¹⁾ Prompt corrective action provisions apply only to insured depository institutions, CBNA and CBPA.			
⁽²⁾ On January 2, 2019, we consolidated our banking subsidiaries via a merger of CBPA into CBNA.			

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Table 4 below presents the composition of our RWA. Please refer to *Schedule HC-R - Part II Risk-Weighted Assets* in our December 2018 FR Y-9C for details on adjustments and deductions to calculate total RWA.

Table 4	
(in millions)	As of December 31, 2018
Corporate exposures	\$70,650
Other retail exposures	35,733
Residential mortgage exposures	10,710
Other assets	9,313
Mortgage backed securities - FNMA & FHLMC	2,350
Letters of credit	2,014
High volatility commercial real estate	1,873
Equities	1,819
Securitization	866
Past due loans (excluding Sovereigns, Guarantees & Home Lending)	595
Exposures to sovereign entities	170
Exposures to depository institutions, foreign banks, and credit unions	79
Cleared transactions	19
Exposures to public sector entities	10
Default fund contributions	1
Total standardized risk-weighted assets for credit risk exposure	\$136,202
Market risk ⁽¹⁾	—
Total risk-weighted assets	\$136,202
⁽¹⁾ CFG did not meet the market risk reporting threshold test and therefore is not required to report market risk RWA.	

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital and Regulatory Matters* in our 2018 Form 10-K for more information regarding capital ratios and the capital adequacy process, including a review of current capital plan strategies and planned capital actions.

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Capital Conservation Buffer

The U.S. Basel III rules impose a 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 0.625% and increased by 0.625% annually over a three year phase-in period, which ended January 1, 2019. The CCB for 2018 was 1.875%, and increased to its fully phased-in level of 2.5% as of January 1, 2019.

Under the U.S. Basel III Standardized Transitional rules, the minimum capital ratios effective as of January 1, 2018 were:

- 6.375% CET1 to RWA (minimum 4.5% plus 1.875% CCB);
- 7.875% Tier 1 capital (CET1 plus Additional Tier 1 capital) to RWA (minimum 6% plus 1.875% CCB);
- 9.875% Total capital (Tier 1 capital plus Tier 2 capital) to RWA (minimum 8% plus 1.875% CCB); and
- The minimum leverage ratio of 4.00% is not impacted by the CCB.

As of December 31, 2018, CFG's CCB was 5.25%, well above the current required minimum of 1.875% and the fully phased-in CCB level of 2.5%. As a result, we are not subject to payout ratio limitations on our distributions or certain discretionary executive compensation. Eligible retained income⁽¹⁾ at December 31, 2018 was \$82 million, consisting of aggregate net income of \$1.9 billion, net of aggregate distributions of \$1.8 billion, reflecting repurchases of common stock, redemption of subordinated debt and common and preferred stock dividends.

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

- 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).

⁽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.

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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. 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.

Please refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance - Credit Risk* in our 2018 Form 10-K for more information on credit risk governance.

Table 5	
(in millions)	As of December 31, 2018
Commercial	\$78,700
Commercial real estate	19,250
Leases	3,068
Total commercial	101,018
Residential mortgages	20,738
Home equity loans	1,075
Home equity lines of credit	28,049
Home equity loans serviced by others	399
Home equity lines of credit serviced by others	104
Automobile	12,106
Education	9,183
Credit cards	12,534
Other retail	4,452
Total retail	88,640
Total	\$189,658

Our loan and lease credit related accounting policies are presented in *Financial Statements and Supplementary Data - Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk* in our 2018 Form 10-K.

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 *Financial Statements and Supplementary Data - Note 3 - Securities* and *Financial Statements and Supplementary Data - Note 13 - Derivatives* in our 2018 Form 10-K 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 2018 Form 10-K for average balances of our loans and investment securities. The average credit risk exposure related to our OTC derivatives for the quarter ended December 31, 2018 was \$204 million.

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Please refer to *Financial Statements and Supplementary Data - Note 18 - Commitments and Contingencies* in our 2018 Form 10-K 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 December 31, 2018 was \$70 billion.

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 loans, loans held for sale, leases, 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					
As of December 31, 2018					
(in millions)	Mid-Atlantic ⁽¹⁾	Midwest ⁽¹⁾	New England ⁽¹⁾	Other	Total
Commercial	\$28,619	\$9,323	\$17,145	\$23,613	\$78,700
Commercial real estate	6,819	1,770	3,248	7,413	19,250
Leases	659	508	207	1,694	3,068
Total commercial	36,097	11,601	20,600	32,720	101,018
Residential mortgages	9,691	1,562	3,958	5,527	20,738
Home equity loans	454	153	430	38	1,075
Home equity lines of credit	11,596	3,179	12,598	676	28,049
Home equity loans serviced by others	120	47	31	201	399
Home equity lines of credit serviced by others	28	11	7	58	104
Automobile	3,587	1,808	1,620	5,091	12,106
Education	3,440	1,252	1,799	2,692	9,183
Credit cards	4,911	1,868	4,625	1,130	12,534
Other retail	732	323	375	3,022	4,452
Total retail	34,559	10,203	25,443	18,435	88,640
Total	\$70,656	\$21,804	\$46,043	\$51,155	\$189,658

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

Our gross commercial and retail charge-offs for the quarterly period ending December 31, 2018 were \$17 million and \$114 million, respectively. Please refer to *Financial Statements and Supplementary Data - Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk* in our 2018 Form 10-K 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.

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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 December 31, 2018			
(in millions)	90+ Days Past Due and Accruing ⁽¹⁾	90+ Days Past Due and Nonaccruing	Total 90+ Days Past Due
Commercial	\$1	\$77	\$78
Commercial real estate	—	5	5
Leases	—	—	—
Total commercial loans and leases	1	82	83
Residential mortgages	15	118	133
Home equity loans	—	38	38
Home equity lines of credit	—	195	195
Home equity loans serviced by others	—	13	13
Home equity lines of credit serviced by others	—	7	7
Automobile	—	72	72
Education	2	9	11
Credit cards	—	20	20
Other retail	7	8	15
Total retail loans	24	480	504
Total	\$25	\$562	\$587
⁽¹⁾ For residential mortgages, includes \$12 million of first lien residential mortgages that are 100% guaranteed by the Federal Housing Administration.			

Table 8 below presents our impaired loan amounts categorized by geographic area. Impaired loans include nonaccruing larger balance commercial loans (greater than \$3 million carrying value), non-homogeneous commercial and commercial real estate loans, and restructured loans that are deemed TDRs.

Table 8					
As of December 31, 2018					
(in millions)	Mid-Atlantic ⁽¹⁾	Midwest ⁽¹⁾	New England ⁽¹⁾	Other	Total
Commercial	\$48	\$85	\$106	\$114	\$353
Commercial real estate	8	—	30	—	38
Leases	—	—	—	—	—
Total commercial loans and leases	56	85	136	114	391
Residential mortgages	60	29	36	30	155
Home equity loans	36	30	40	4	110
Home equity lines of credit	65	48	87	2	202
Home equity loans serviced by others	11	4	3	23	41
Home equity lines of credit serviced by others	2	1	1	4	8
Automobile	7	4	2	10	23
Education	31	15	13	94	153
Credit cards	8	3	8	6	25
Other retail	—	—	—	6	6
Total retail loans	220	134	190	179	723
Total	\$276	\$219	\$326	\$293	\$1,114
⁽¹⁾ See Glossary of Acronyms and Terms for states included in each region.					

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Please refer to *Financial Statements and Supplementary Data - Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk* in our 2018 Form 10-K for reconciliations of changes in our ALLL.

Table 9 below presents a summary of our loans, loans held for sale and leases by remaining maturity or repricing date.

Table 9				
(in millions)	As of December 31, 2018			
	One Year or Less ⁽¹⁾	Over One Year Through Five Years	Over Five Years	Total
Commercial	\$36,859	\$2,757	\$1,594	\$41,210
Commercial real estate	12,720	128	175	13,023
Leases	585	1,854	464	2,903
Total commercial loans and leases	50,164	4,739	2,233	57,136
Residential mortgages	2,013	2,206	15,726	19,945
Home equity loans	18	329	726	1,073
Home equity lines of credit	12,470	61	179	12,710
Home equity loans serviced by others	1	374	24	399
Home equity lines of credit serviced by others	104	—	—	104
Automobile	155	7,532	4,419	12,106
Education	14	799	8,087	8,900
Credit cards	1,646	345	—	1,991
Other retail	501	2,297	818	3,616
Total retail loans	16,922	13,943	29,979	60,844
Total	\$67,086	\$18,682	\$32,212	\$117,980
⁽¹⁾ Loans held for sale are included in One Year or Less category.				

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Table 10 below presents a summary of our credit commitments and letters of credit by remaining maturity or repricing date.

Table 10			
(in millions)	As of December 31, 2018		
	One Year or Less	Greater than One Year	Total
Credit commitments			
Commercial	\$10,189	\$25,176	\$35,365
Commercial real estate	654	5,573	6,227
Leases	159	6	165
Total commercial loans and leases	11,002	30,755	41,757
Residential mortgages	793	—	793
Home equity loans	2	—	2
Home equity lines of credit	—	15,339	15,339
Home equity loans serviced by others	—	—	—
Home equity lines of credit serviced by others	—	—	—
Automobile	—	—	—
Education	283	—	283
Credit cards	10,543	—	10,543
Other retail	694	142	836
Total retail loans	12,315	15,481	27,796
Total credit commitments	23,317	46,236	69,553
Letters of credit ⁽¹⁾	964	1,161	2,125
Total credit commitments and letters of credit	\$24,281	\$47,397	\$71,678
⁽¹⁾ Net of participations sold.			

Please refer to *Financial Statements and Supplementary Data - Note 3 - Securities* in our 2018 Form 10-K for a summary of securities by contractual maturity.

Please refer to *Schedule HC-R - Part II Risk-Weighted Assets* in our December 2018 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 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 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

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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 19 - Fair Value Measurements* in our 2018 Form 10-K 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 (e.g., borrowed funds, deposits, etc.). Institutional swaps and swaps executed to eliminate the market risk associated with our customer derivative products 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. 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, which represents the difference between the market value of what we pledge and the amount we borrow. 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 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.

Please refer to *Financial Statements and Supplementary Data - Note 13 - Derivatives* in our 2018 Form 10-K for fair value of our derivative transactions. This disclosure presents these fair values both on 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 *Financial Statements and Supplementary Data - Consolidated Balance Sheets* and *Financial Statements and Supplementary Data - Note 3 - Securities* in our 2018 Form 10-K for information on our repurchase agreements. Please refer to *Financial Statements and Supplementary Data - Note 19 - Fair Value Measurements* in our 2018 Form 10-K for the fair value of our repurchase agreements.

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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 11 below presents our total exposure covered by guarantees and the risk-weighted amounts associated with each exposure.

Table 11			
(dollars in millions)		As of December 31, 2018	
Guarantor	Guaranteed Exposure Amount	RWA	RW %
FNMA & FHLMC	\$11,791	\$2,358	20%
Federal Housing Administration (FHA)	385	77	20
Small Business Administration (SBA)	147	29	20
Federal Family Education Loan Program (FFELP) where 97% of exposure is guaranteed	48	10	20
Federal Family Education Loan Program (FFELP) where 98% of exposure is guaranteed	16	3	20
Veteran Affairs (VA)	20	4	20
United States Department of Agriculture (USDA)	10	2	20
Total implicit guarantees	\$12,417	\$2,483	20%
US Treasury & GNMA securities	\$11,911	\$—	0%
Export/Import	5	—	0
Total explicit guarantees	\$11,916	\$—	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 mortgage-backed securities. 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 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.

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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 2018 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 12 below presents our banking book exposures receiving securitization capital treatment by collateral type and capital treatment method.

Table 12						
As of December 31, 2018						
(in millions)	SSFA		1250%		Total	
	Exposure	RWA	Exposure	RWA	Exposure	RWA
Private label securities	\$2,181	\$866	\$—	\$—	\$2,181	\$866
Total securitization exposure	\$2,181	\$866	\$—	\$—	\$2,181	\$866

Table 13 below presents our banking book exposures receiving securitization capital treatment by capital treatment method and risk weight bucket.

Table 13						
As of December 31, 2018						
(in millions)	SSFA		1250%		Total	
	Exposure	RWA	Exposure	RWA	Exposure	RWA
Securitizations by risk weight:						
= 0% to <= 20%	\$1,706	\$341	\$—	\$—	\$1,706	\$341
> 20% to <= 50%	261	59	—	—	261	59
> 50% to <= 100%	1	—	—	—	1	—
> 100% to <= 1250%	213	466	—	—	213	466
Total securitizations	\$2,181	\$866	\$—	\$—	\$2,181	\$866
Re-securitizations by risk weight:						
= 0% to <= 20%	\$—	\$—	\$—	\$—	\$—	\$—
Total re-securitizations	\$—	\$—	\$—	\$—	\$—	\$—
Total securitization exposure	\$2,181	\$866	\$—	\$—	\$2,181	\$866

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 3 - Securities* in our 2018 Form 10-K 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 3 - Securities* in our 2018 Form 10-K.

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EQUITIES (NON-TRADING)

We hold equity securities to fulfill requirements of membership and participation in U.S. banking and payments systems. Our banks hold 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 bank owned life insurance - separate account. 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 3 - Securities* in our 2018 Form 10-K. We present methodologies for measuring the fair value of equity securities in *Financial Statements and Supplementary Data - Note 19 - Fair Value Measurements* in our 2018 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 2018 Form 10-K. Separate account bank-owned life insurance is included in the bank-owned life insurance line within the *Financial Statements - Consolidated Balance Sheets* in our 2018 Form 10-K. Table 14 below presents our equity exposures and the risk-weighted amounts associated with each exposure.

Table 14			
(dollars in millions)	As of December 31, 2018		
	Exposure	RWA	RW %
Federal Reserve stock	\$463	\$—	0%
FHLB stock	364	73	20
Investments in Non-Fund Equities:			
CRA	1,294	1,294	100
Windfarm	319	319	100
Other Non-Fund Equities	7	7	100
Investment in Fund Equities:			
Bank owned life insurance - separate account	258	90	35
Money market mutual fund investments	181	36	20
Total	\$2,886	\$1,819	

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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 2018 Form 10-K for more information on our exposure to interest rate risk. Please refer to *Financial Statements and Supplementary Data - Note 13 - Derivatives* in our 2018 Form 10-K 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 conducted through our two banking subsidiaries, CBNA and CBPA.

As of December 31, 2018, our calculated market risk RWA was \$785 million, reflecting general interest rate risk and specific risk. The market risk RWA included within our December 2018 FR Y-9C was zero as we did not meet the reporting threshold prescribed by the Market Risk Capital Guidelines for the fourth quarter 2018, 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 *Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Governance* in our 2018 Form 10-K and *Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk* in our 2018 Form 10-K.

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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	2018 10-K
1. Scope of application	Name of the top corporate entity	pg. 3	
	Descriptions of differences in basis for consolidating entities	pg. 3	Note 1 - Basis of Presentation
	Restrictions on transfers of funds or total capital within the group	pg. 3	
	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. 5	
	Capital composition	pg. 6	
3. Capital adequacy	Capital adequacy assessment process	pg. 6	MD&A - Capital Adequacy Process
	Capital ratios	pg. 8	MD&A - Capital and Regulatory Matters
	Risk-weighted assets by exposure type	pg. 9	
	Market risk-weighted assets	pg. 9	
4. Capital conservation buffer	Calculation of capital conservation buffer	pg. 10	MD&A - Capital and Regulatory Matters
	Calculation of 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. 4	MD&A - Credit Risk
	Loans and related commitments	pg. 11	MD&A - Credit Risk
	Debt securities	pg. 11	Note 3 - Securities
	OTC derivatives	pg. 11	Note 13 - Derivatives
	Geographic distribution of exposures	pg. 12	

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Disclosure Requirement	Description	Pillar 3 reference	2018 10-K
	Allowance disaggregated on the basis of impairment methodology	pg. 12	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Charge-offs during the period	pg. 12	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by industry or counterparty	pg. 13	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Past due loans by product	pg. 13	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. 14	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. 15	
6. Counterparty credit risk-related exposures	Policies and practices	pg. 15	Note 13 - Derivatives
	Counterparty risk exposure	pg. 15	
	Credit derivatives purchased and sold	N/A	
7. Credit risk mitigation	Policies and processes	pg. 17	
	Exposures covered by eligible financial collateral	N/A	
	Exposures covered by guarantees/credit derivatives and related risk-weighted assets	pg. 17	
8. Securitization	Policies and practices	pg. 17	
	SPEs and affiliated entities	N/A	

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Disclosure Requirement	Description	Pillar 3 reference	2018 10-K
	Accounting policies for securitization activities	pg. 18	
	Exposures securitized by the bank and resecuritizations	N/A	
	Securitization exposures by collateral type	pg. 18	
	Securitization exposures by risk weight	pg. 18	
9. Equities not subject to the market risk rule	Policies and practices	pg. 19	
	Amortized cost and fair value by type/nature and public versus nonpublic	pg. 19	
	Realized and unrealized gains (losses)	N/A	
	Capital requirements	pg. 19	
10. Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	pg. 20	MD&A - Market Risk
	Earnings sensitivity to rate movements	pg. 20	MD&A - Market Risk

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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 are forward-looking statements. Also, any statement that does not describe historical or current facts is a forward-looking statement. These statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “goals,” “targets,” “initiatives,” “potentially,” “probably,” “projects,” “outlook” or similar expressions or future conditional verbs such as “may,” “will,” “should,” “would,” and “could.”

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

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

In addition 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 repurchase shares or pay any dividends to holders of our common stock, or as to the amount of any such repurchases or dividends.

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