Citizens Financial Group, Inc.™

Pillar 3 Regulatory Disclosures

For the quarterly period ended December 31, 2019

CITIZENS FINANCIAL GROUP, INC.

December 31, 2019 Pillar 3 Regulatory Disclosures

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GLOSSARY OF ACRONYMS AND TERMS

The following is a list 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
CCAR	Comprehensive Capital Analysis and Review
CCB	Capital Conservation Buffer
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
Citizens or CFG or 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
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
NRSRO	Nationally Recognized Statistical Ratings Organizations
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
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.

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INTRODUCTION

Citizens Financial Group, Inc. is one of the nation's oldest and largest financial institutions with $165.7 billion in assets as of December 31, 2019. 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 1,100 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." 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 , which includes important information on risk management policies and practices, and our December 31, 2019 FR Y-9C. Appendix 1 of this report contains references to specific sections of our 2019 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 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 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 Parent Company. 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 2019 Form 10-K.

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 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.

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 2019 Form 10-K for additional information. As of December 31, 2019, 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 December 31, 2019**
Common Equity	
Common stock and related surplus, net of treasury stock	$14,544
$.01 par value, 1,000,000,000 shares authorized, 568,238,730 shares issued, and 433,121,083 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
Total preferred stock and related surplus	$1,570
Qualifying Subordinated Debt	
4.150% fixed-rate subordinated debt, due September 2022 (non-qualifying $209)[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 in excess of 10% individually, or 15% in aggregate, of CET1 capital less certain adjustments. As of December 31, 2019, we do not meet the threshold for these additional capital deductions.

In July 2019, the FRB and the other federal banking regulators issued a final rule to simplify regulatory capital treatment for MSRs, certain DTAs and significant investments in the capital of unconsolidated financial institutions, pursuant to EGRRCPA. Effective for us on April 1, 2020, the final rule will change the individual CET1 deduction threshold for these assets from 10% to 25%, eliminate the aggregate deduction threshold for these assets of 15%, assign a 250% risk weight for any MSRs or DTAs not deducted from CET1 capital, and assign an exposure category risk weight for investments in the capital of unconsolidated financial institutions not deducted from CET1 capital.

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 December 31, 2019, CET1 capital represented 77% of our total regulatory capital. Table 2 below presents our regulatory capital composition.

Table 2	
(in millions)	**As of December 31, 2019**
Common stock and related surplus, net of treasury stock	$14,544
Retained earnings	6,498
Accumulated other comprehensive loss	(411)
Total common shareholders' equity	20,631
Exclusions:	
Net unrealized losses recorded in accumulated other comprehensive loss, net of tax:	
Debt securities	(1)
Derivatives	(3)
Unamortized net periodic benefit costs	415
Deductions:	
Goodwill	(7,044)
Deferred tax liability associated with goodwill	374
Other intangible assets	(68)
Total common equity tier 1 capital	14,304
Qualifying preferred stock	1,570
Total tier 1 capital	15,874
Qualifying subordinated debt [1]	1,372
Allowance for loan and lease losses	1,252
Allowance for credit losses for off-balance sheet exposure	44
Total tier 2 capital	2,668
Total capital	$18,542

[1] Non-qualifying subordinated debt excluded from regulatory capital is $267 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. 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.

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 capital conservation buffer of 2.5% for each risk-weighted 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.

The Dodd-Frank Act regulates many aspects of the financial services industry and addresses among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, derivatives and securities markets, restrictions on an insured bank's transactions with its affiliates, lending limits and mortgage lending practices.

In October 2019, the FRB finalized rules that establish a revised framework for applying prudential standards to large U.S. banking organizations based on risk, consistent with the ongoing efforts to tailor the regulatory framework in a manner consistent with the EGRRCPA. Concurrently, the FRB and other banking regulators finalized the regulatory capital, liquidity and resolution plan requirements to firms with more than $100 billion in total assets. Category IV firms with $100 billion to $250 billion in total assets, such as us, will, among other things, be subject to biennial supervisory stress-testing and will be exempt from company-run stress testing and related disclosure requirements. The FRB will continue to supervise Category IV firms on an ongoing basis, including evaluation of the capital adequacy and capital planning processes during off-cycle years.

In light of the Tailoring Rules, the FRB provided us relief in February 2019 from certain regulatory requirements related to supervisory stress testing, company-run stress testing, and related disclosure requirements for the 2019 stress test cycle. As a result, we were not required to participate in the supervisory stress test of CCAR, conduct company-run stress tests, or submit a capital plan to the FRB for 2019. We remain subject to the requirement to develop and maintain an annual capital plan that is reviewed and approved by our Board of Directors (or one of its committees), as well as FR Y-14 reporting requirements. The FRB has not objected to our maximum planned capital actions for the period beginning July 1, 2019 and ending June 30, 2020, which are largely based on the results for our 2018 supervisory stress test, adjusted for any changes in our regulatory capital ratios since the FRB acted on our 2018 capital plan.

For additional discussion of the Dodd-Frank Act and EGRRCPA requirements and their related application, 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.

Table 3 below presents the U.S. Basel III Standardized capital ratios for CFG and CBNA as of December 31, 2019. 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 2019 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 capital	10.0%	7.0%	N/A
Tier 1 capital	11.1	8.5	N/A
Total capital	13.0	10.5	N/A
Tier 1 Leverage	10.0	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	11.0%	7.0%	6.5%
Tier 1 capital	11.0	8.5	8.0
Total capital	12.6	10.5	10.0
Tier 1 Leverage	9.9	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 December 31, 2019 FR Y-9C for details on adjustments and deductions to calculate total RWA.

Table 4	
(in millions)	**As of December 31, 2019**
Corporate exposures	$72,598
Other retail exposures	36,919
Other assets	12,698
Residential mortgage exposures	10,969
Mortgage backed securities - FNMA & FHLMC	2,348
Letters of credit	2,105
Equities	1,973
High volatility commercial real estate	1,046
Past due loans (excluding Sovereigns, Guarantees & Home Lending)	626
Securitization exposures	601
Exposures to sovereign entities	252
Exposures to depository institutions, foreign banks, and credit unions	44
Cleared transactions	30
Exposures to public sector entities	10
Default fund contributions	1
Total standardized risk-weighted assets for credit risk exposure	$142,220
Market risk	695
Total risk-weighted assets	$142,915

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 for more information regarding capital ratios and the capital adequacy process.

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. Under the U.S. Basel III Standardized rules, the effective minimum capital ratios as of January 1, 2019 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 December 31, 2019, CFG's CCB was 5.0%, 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. Eligible retained income[(1)] at December 31, 2019 was $36 million, consisting of aggregate net income of $1.8 billion, net of aggregate distributions of $1.8 billion, reflecting repurchases of common stock and common and preferred stock dividends.

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

CREDIT RISK

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.

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 December 31, 2019
Commercial	$79,527
Commercial real estate	20,963
Leases	2,719
Total commercial	103,209
Residential mortgages	23,144
Home equity loans	813
Home equity lines of credit	28,346
Home equity loans serviced by others	289
Home equity lines of credit serviced by others	74
Automobile	12,120
Education	10,675
Credit cards	12,993
Other retail	5,688
Total retail	94,142
Total	$197,351

Our loan and lease credit related accounting policies are presented in Note 5 in our 2019 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 Note 3 and Note 13 in our 2019 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 2019 Form 10-K 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 December 31, 2019 was $957 million.

Please refer to Note 18 in our 2019 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, 2019 was $74 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, such as merchant point-of-sale financing.

Table 6

	As of December 31, 2019				
(in millions)	**Mid-Atlantic**	**Midwest**	**New England**	**Other**	**Total**
Commercial	$28,366	$9,885	$17,354	$23,922	$79,527
Commercial real estate	5,962	2,139	2,769	10,093	20,963
Leases	726	507	208	1,278	2,719
Total commercial	35,054	12,531	20,331	35,293	103,209
Residential mortgages	11,016	1,653	4,380	6,095	23,144
Home equity loans	343	112	326	32	813
Home equity lines of credit	11,657	3,169	12,695	825	28,346
Home equity loans serviced by others	90	34	23	142	289
Home equity lines of credit serviced by others	20	7	6	41	74
Automobile	3,625	1,920	1,693	4,882	12,120
Education	3,982	1,421	2,066	3,206	10,675
Credit cards	5,033	1,884	4,635	1,441	12,993
Other retail	782	335	398	4,173	5,688
Total retail	36,548	10,535	26,222	20,837	94,142
Total	$71,602	$23,066	$46,553	$56,130	$197,351

Our gross commercial and retail charge-offs for the quarter-to-date period ended December 31, 2019 were $34 million and $128 million, respectively. Please refer to Note 5 in our 2019 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.

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, 2019		
(in millions)	90+ Days Past Due and Accruing [1]	90+ Days Past Due and Nonaccruing	Total 90+ Days Past Due
Commercial	$2	$65	$67
Commercial real estate	—	—	—
Leases	—	2	2
Total commercial loans and leases	2	67	69
Residential mortgages	13	71	84
Home equity loans	—	21	21
Home equity lines of credit	—	146	146
Home equity loans serviced by others	—	12	12
Home equity lines of credit serviced by others	—	10	10
Automobile	—	24	24
Education	2	10	12
Credit cards	—	22	22
Other retail	8	11	19
Total retail loans	23	327	350
Total	$25	$394	$419

[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 troubled debt restructurings.

Table 8

	As of December 31, 2019				
(in millions)	Mid-Atlantic	Midwest	New England	Other	Total
Commercial	$138	$38	$76	$128	$380
Commercial real estate	19	—	—	—	19
Total commercial loans	157	38	76	128	399
Residential mortgages	59	25	32	38	154
Home equity loans	29	26	30	2	87
Home equity lines of credit	67	45	86	2	200
Home equity loans serviced by others	9	3	3	16	31
Home equity lines of credit serviced by others	1	1	1	3	6
Automobile	7	3	2	9	21
Education	—	—	—	134	134
Credit cards	11	4	9	4	28
Other retail	1	—	—	5	6
Total retail loans	184	107	163	213	667
Total	$341	$145	$239	$341	$1,066

Please refer to Note 5 in our 2019 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

	As of December 31, 2019			
(in millions)	One Year or Less[1]	Over One Year Through Five Years	Over Five Years	Total
Commercial	$37,825	$2,471	$1,634	$41,930
Commercial real estate	13,015	217	290	13,522
Leases	573	1,607	357	2,537
Total commercial loans and leases	51,413	4,295	2,281	57,989
Residential mortgages	3,832	2,500	15,630	21,962
Home equity loans	13	234	565	812
Home equity lines of credit	11,782	51	146	11,979
Home equity loans serviced by others	26	245	18	289
Home equity lines of credit serviced by others	74	—	—	74
Automobile	203	6,995	4,922	12,120
Education	21	860	9,466	10,347
Credit cards	1,747	451	—	2,198
Other retail	453	3,616	579	4,648
Total retail loans	18,151	14,952	31,326	64,429
Total	$69,564	$19,247	$33,607	$122,418

[1] Loans held for sale are included in One Year or Less Category.

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

Table 10

	As of December 31, 2019		
(in millions)	One Year or Less	Greater than One Year	Total
Credit commitments			
Commercial	$8,326	$27,081	$35,407
Commercial real estate	442	6,999	7,441
Leases	105	77	182
Total commercial loans and leases	8,873	34,157	43,030
Residential mortgages	1,182	—	1,182
Home equity loans	1	—	1
Home equity lines of credit	—	16,367	16,367
Home equity loans serviced by others	—	—	—
Home equity lines of credit serviced by others	—	—	—
Automobile	—	—	—
Education	328	—	328
Credit cards	10,795	—	10,795
Other retail	894	146	1,040
Total retail loans	13,200	16,513	29,713
Total credit commitments	22,073	50,670	72,743
Letters of credit	1,030	1,160	2,190
Total credit commitments and letters of credit	$23,103	$51,830	$74,933

Please refer to Note 3 in our 2019 Form 10-K for a summary of securities by contractual maturity and "Schedule HC-R - Part II Risk-Weighted Assets" in our December 31, 2019 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 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. 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. 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 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 in the form of U.S. Dollars.

Please refer to Note 13 in our 2019 Form 10-K 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 3 in our 2019 Form 10-K for information on our repurchase agreements and Note 19 in our 2019 Form 10-K 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 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, 2019		
Guarantor	**Guaranteed Exposure Amount**	**RWA**	**RW %**
FNMA & FHLMC	$11,769	$2,354	20%
Federal Housing Administration (FHA)	497	99	20
Small Business Administration (SBA)	117	23	20
Federal Family Education Loan Program (FFELP) where 97% of exposure is guaranteed	39	8	20
Federal Family Education Loan Program (FFELP) where 98% of exposure is guaranteed	14	3	20
Veteran Affairs (VA)	33	7	20
United States Department of Agriculture (USDA)	11	2	20
Total implicit guarantees	$12,480	$2,496	20%
US Treasury & GNMA securities	$11,336	$—	0%
Export/Import	8	—	0
Total explicit guarantees	$11,344	$—	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.

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

Table 12

	As of December 31, 2019					
	SSFA		1250%		Total	
(in millions)	Exposure	RWA	Exposure	RWA	Exposure	RWA
Asset-backed securitization lending	$2,334	$473	$—	$—	$2,334	$473
Private label residential MBS	638	128	—	—	638	128
Total securitization exposure	$2,972	$601	$—	$—	$2,972	$601

Table 13 below presents our exposures receiving securitization capital treatment by capital treatment method and risk weighting.

Table 13

	As of December 31, 2019					
	SSFA		1250%		Total	
(in millions)	Exposure	RWA	Exposure	RWA	Exposure	RWA
<u>Securitizations by risk weight</u>:						
= 0% to <= 20%	$2,703	$541	$—	$—	$2,703	$541
> 20% to <= 50%	269	60	—	—	269	60
> 50% to <= 100%	—	—	—	—	—	—
> 100% to <= 1250%	—	—	—	—	—	—
Total securitizations	$2,972	$601	$—	$—	$2,972	$601
<u>Re-securitizations by risk weight</u>:						
= 0% to <= 20%	$—	$—	$—	$—	$—	$—
Total re-securitizations	$—	$—	$—	$—	$—	$—
Total securitization exposure	$2,972	$601	$—	$—	$2,972	$601

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.

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 2019 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 2019 Form 10-K. Table 14 below presents our equity exposures and the risk-weighted amounts associated with each exposure.

Table 14

	As of December 31, 2019		
(dollars in millions)	Exposure	RWA	RW %
Federal Reserve stock	$577	$—	0%
FHLB stock	223	45	20
Investments in Non-Fund Equities:			
CRA	1,456	1,456	100
Windfarm	355	355	100
Other Non-Fund Equities	8	8	100
Investment in Fund Equities:			
Separate account bank owned life insurance	260	99	38
Money market mutual fund investments	46	9	20
Total	$2,925	$1,972	

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 2019 Form 10-K for more information on our exposure to interest rate risk. Please refer to Note 13 in our 2019 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.

As of December 31, 2019, our market risk RWA was $695 million, 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 2019 Form 10-K.

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	2019 10-K
1. Scope of application	Name of the top corporate entity	pg. 4	
	Descriptions of differences in basis for consolidating entities	pg. 4	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. 7	MD&A - Capital and Regulatory Matters
	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	Capital conservation buffer	pg. 9	MD&A - Capital and Regulatory Matters
	Calculated eligible retained income	pg. 9	
	Limitations of distributions and discretionary bonus payments	pg. 9	
5. Credit risk	Credit risk exposures	pg. 10	
	Policies and practices	pg. 5	MD&A - Risk Governance
	Loans and related commitments	pg. 10	Note 4 - Loans and Leases & Note 18 - Commitments and Contingencies
	Debt securities	pg. 10	Note 3 - Securities
	OTC derivatives	pg. 10	Note 13 - Derivatives
	Geographic distribution of exposures	pg. 11	

Disclosure Requirement	Description	Pillar 3 reference	2019 10-K
	Allowance disaggregated on the basis of impairment methodology	pg. 11	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Charge-offs during the period	pg. 11	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by industry or counterparty	pg. 12	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Past due loans by product	pg. 12	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Impaired loans by geography	pg. 12	
	Reconciliation of changes in allowance	pg. 12	Note 5 - Allowance for Credit Losses, Nonperforming Assets, and Concentrations of Credit Risk
	Remaining maturity of loans and loans held for sale	pg. 13	
	Remaining maturity of credit commitments and letters of credit	pg. 13	
6. Counterparty credit risk-related exposures	Policies and practices	pg. 14	Note 13 - Derivatives
	Counterparty risk exposure	pg. 14	Note 19 - Fair Value Measurements
	Credit derivatives purchased and sold	N/A	
7. Credit risk mitigation	Policies and processes	pg. 15	
	Exposures covered by eligible financial collateral	N/A	
	Exposures covered by guarantees/credit derivatives and related risk-weighted assets	pg. 15	
8. Securitization	Policies and practices	pg. 15	

Disclosure Requirement	Description	Pillar 3 reference	2019 10-K
	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. 16	
	Securitization exposures by risk weight	pg. 16	
9. Equities not subject to the market risk rule	Policies and practices	pg. 17	
	Amortized cost and fair value by type/nature and public versus nonpublic	pg. 17	
	Realized and unrealized gains (losses)	N/A	
	Capital requirements	pg. 17	
10. Interest rate risk for non-trading activities	Nature, assumptions and frequency of measurement	pg. 18	MD&A - Market Risk
	Earnings sensitivity to rate movements	pg. 18	MD&A - Market Risk

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;
- 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.

More information about factors that could cause actual results to differ materially from those described in the forward-looking statements can be found under Item 1A "Risk Factors" section in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2019.