
KBW Winter Financial Services Symposium

February 13, 2020

Michael Ruttledge
Chief Information Officer, Head of Technology

Forward-looking statements and use of key performance metrics and non-GAAP financial measures

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 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 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 “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018.

Key Performance Metrics and Non-GAAP Financial Measures and Reconciliations

Key Performance Metrics:

Our Management uses certain key performance metrics (KPMs) to gauge our progress against strategic and operational goals, as well as to compare our performance against peers. The KPMs are referred to in our Registration Statements on Form S-1 and our external financial reports filed with the Securities and Exchange Commission. The KPMs include:

- Return on average tangible common equity (ROTCE);
- Efficiency ratio;
- Operating leverage; and
- Common equity tier 1 capital ratio.

Established targets for the KPMs are based on Management-reporting results which are currently referred to by the Company as “Underlying” results. In historical periods, these results may have been referred to as “Adjusted” or “Adjusted/Underlying” results. We believe that Underlying results, which exclude notable items, provide the best representation of our underlying financial progress toward the KPMs as the results exclude items that our Management does not consider indicative of our on-going financial performance. We have consistently shown investors our KPMs on a Management-reporting basis since our initial public offering in September of 2014. KPMs that reflect Underlying results are considered non-GAAP financial measures.

Non-GAAP Financial Measures:

This document contains non-GAAP financial measures denoted as Underlying results. In historical periods, these results may have been referred to as Adjusted or Adjusted/Underlying results. Underlying results for any given reporting period exclude certain items that may occur in that period which Management does not consider indicative of the Company’s on-going financial performance. We believe these non-GAAP financial measures provide useful information to investors because they are used by our Management to evaluate our operating performance and make day-to-day operating decisions. In addition, we believe our Underlying results in any given reporting period reflect our on-going financial performance in that period and, accordingly, are useful to consider in addition to our GAAP financial results. We further believe the presentation of Underlying results increases comparability of period-to-period results.

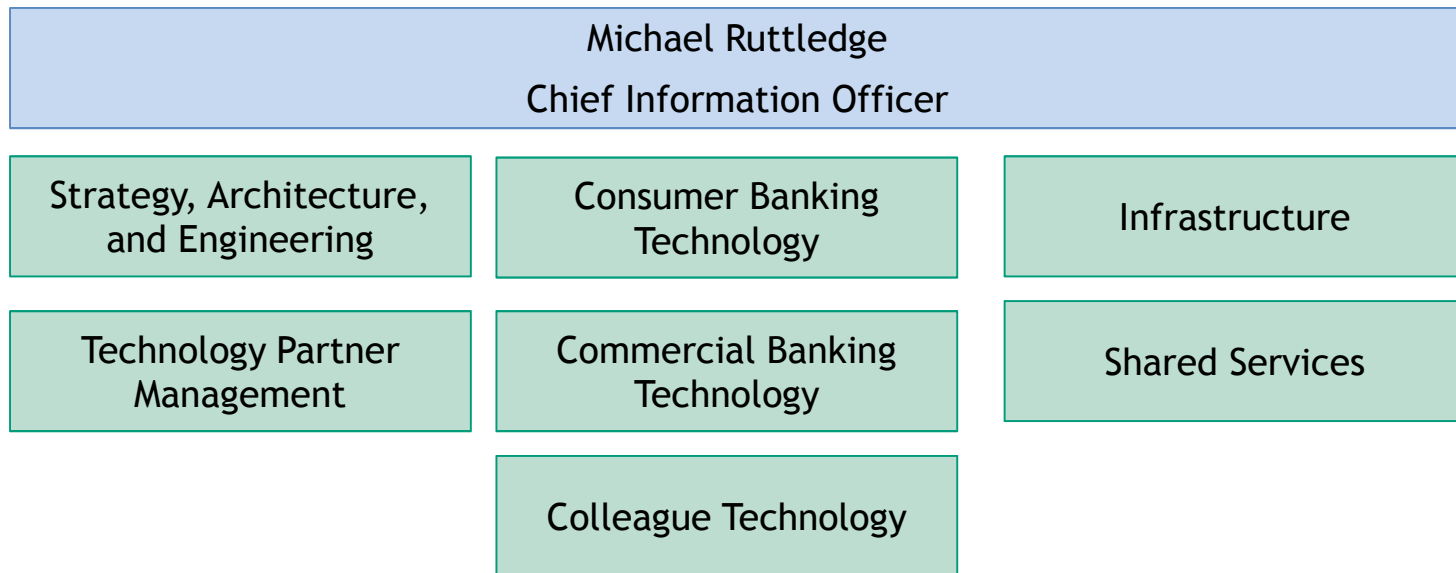
Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-GAAP financial measures may not be comparable to similar measures used by such companies. We caution investors not to place undue reliance on such non-GAAP financial measures, but to consider them with the most directly comparable GAAP measures. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for our results reported under GAAP.

Accelerating technology capabilities

- **Significantly modernized and strengthened technology capabilities** since IPO
- **Well-positioned to compete** with sufficient scale and smart use of resources
 - **Strong foundation in place:** Top leadership team, excellent business alignment, disciplined prioritization, innovative culture
- **Transforming enterprise-wide infrastructure** to benefit customers and improve efficiency
 - **Growing and upscaling talent** to drive transformation
 - Focused on **improving customer experience** through new products and secure, reliable platforms
 - **Increasing speed of business innovation** by adopting Agile and transforming technology
- **Driving toward an adaptable, resilient and secure technology environment** that delivers well for all stakeholders
 - Integral component of TOP 6 and strategic revenue initiatives

Experienced CIO organization

Strong leadership team with an average of ~26 years of industry experience with disciplined talent across all levels

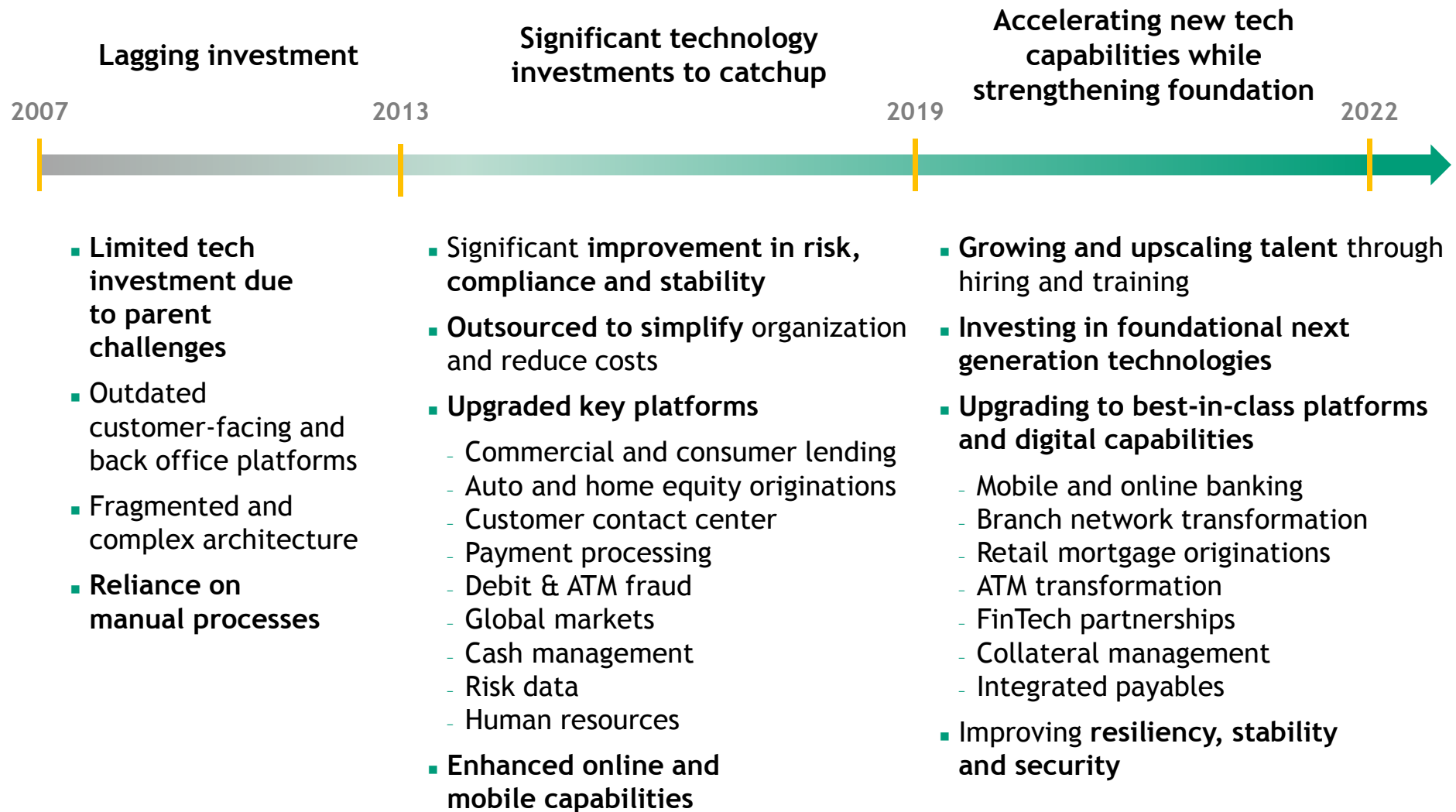


- ~30% growth in in-house engineering talent in 2019
- **Recruited significant talent** from large and small tech companies, financial institutions, consulting firms
 - Key hires: New CIO for Consumer; Director of software engineering for Consumer; Architect for Consumer marketing, and API expert
- Established advanced training program for engineers

Growing and upscaling talent to drive transformation

Citizens technology journey - going to next level, increasing clock speed

Invested to modernize foundational technologies and strengthen existing capabilities



Delivering for customers and the company

Significantly transforming enterprise-wide infrastructure to benefit customers and improve efficiency

Growing and upscaling talent to drive transformation

- Growing in-house engineering talent
- Established advanced training program leveraging AI & machine learning
- Continuously providing cutting-edge technologies and tools

Creating an excellent customer experience

- Adopting **Agile ways of working** to enable faster and efficient customer-focused innovation
- **Digitizing the customer experience**
- Accelerating use of **advanced data analytics and AI for personalization**
- Leveraging **FinTech capabilities**

Building capabilities with modern & innovative technology

- **Building Next Gen Tech capabilities** - Cloud infrastructure & API/Platform-as-a-Service, microservice architecture
- **Enhancing risk management** through automation and advanced analytics
- **Leveraging data marts** for profitability and sales intelligence
- Adding **real-time data capabilities** to maximize data environment and improve outcomes
- Implementing a holistic, multi-year security roadmap

Driving enhanced performance across the company

Strengthening capabilities - Consumer

Select examples

Recent enhancements

- Launched **innovative merchant finance partnerships** with Microsoft and ADT
- Implemented AI and machine learning platform to **improve retail fraud and bankruptcy prediction**
- **Improved customer handling time and colleague experience** through AI-driven branch and contact center customer support
- Insourced unsecured loan servicing to proprietary platform to improve customer experience and drive efficiency

Priorities

- **Re-platforming digital mobile and online banking**
- Extending digital reach
- Upgrading mortgage origination and ATM platforms
- Partnering on E2E customer journeys
- Implementing deposit product enhancements

Partnerships



Automated investing platform for Wealth customers



Digital lending capability for small businesses



Digital portal for resi-construction projects



Home shopping experience



Digital mortgage application

Strengthening capabilities - Commercial

Select examples

Recent enhancements

- Completed migration to accessOptima™, best-in-class cash management platform
 - Over 30k users
- Enhanced client-coverage dashboard and onboarding platform
- Built Real-Time Payments capability; went live as a receive bank in 2019

Priorities

- Developing full-service, integrated payables platform
- Upgrading collateral management platform
- Improving client relationship management tools
- Enhancing underwriting and portfolio management workflow platforms

Partnerships



End-to-end workflow tool to improve speed of customer onboarding and collaboration



Launched Electronic Bill Presentment and Payment, a new digital payment system



Trade-finance solution to enable corporate clients to digitize traditionally paper based processes

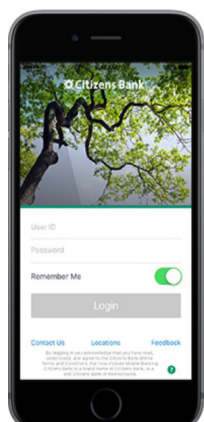
Enhancing digital offerings

Select examples

Delivering innovative digital products and services to customers

Mobile

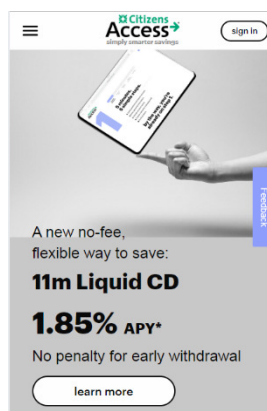
Upgrading to best-in-class mobile and online platform in 2020



~1M+
Active mobile
users

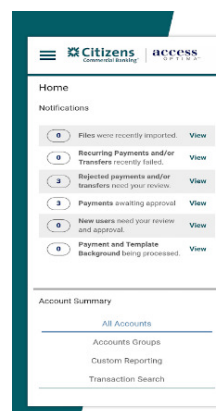
Online

1st regional bank to market with national digital platform



\$5.8B
Raised
nationwide⁽¹⁾
60k+
customers

New state-of-the-art accessOPTIMA® cash management platform



30k+
Users

Point of sale

Innovation with merchant finance partners



1. As of Q4 2019

TOP 6 transformation program and strategic revenue initiatives

Selected examples

Technology transformation contributes strongly to TOP 6

Transformational TOP Program		Traditional TOP Program	
Advance Next-Gen technology	Redesign go-to-market operating model	Revenue initiatives	Efficiency initiatives
<ul style="list-style-type: none"> ■ Modernize infrastructure and platforms ■ Transform technology delivery approach 	<ul style="list-style-type: none"> ■ Significantly enhance ability to innovate and adapt ■ Deliver for customers through agile ways of working 	<ul style="list-style-type: none"> ■ Expand commercial geographies ■ Deploy new pricing optimization engines ■ Launch enhanced digital personalization & retention tools 	<ul style="list-style-type: none"> ■ Accelerate retail network transformation ■ Redesign wealth operations ■ Further simplify organizational structure

Current wave of strategic revenue initiatives designed to add new capabilities and customers and position the bank well for future top-line growth

Strategic revenue initiatives		
Expanding Citizens Access®	Integrating digital offerings for small business customers	Reinventing the payment experience at point of sale

Next Generation Technology transformation program

Next Gen Tech transformation program enables business aspirations...

Faster, lower-cost
product delivery

Personalized product
& service offerings

Seamless customer
experience

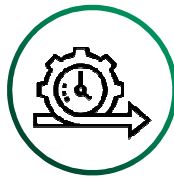
Increased leverage of
cutting-edge
technology



...through five strategic pillars



Enhanced
engineering talent
and tools



Agile operating
model



API-enabled
platform-as-a-
service leveraging
cloud
infrastructure



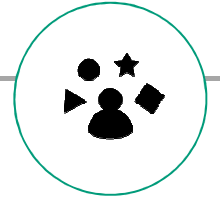
Tech cost
structure
transformation



Protect the core

Delivers a customer-focused, adaptable, resilient and secure technology environment

Next Gen Tech - Enhanced engineering talent and tools



Build a top-notch in-house engineering team by attracting the best and brightest talent



Key milestones achieved

- ✓ Established advanced training program for engineers
- ✓ Developed talent hiring plan & achieved 100% of 2019 hiring target
- ✓ Increased in-house engineering talent by ~30% in 2019
- ✓ Enhanced collaboration capabilities by adding tools such as Slack, Jabber



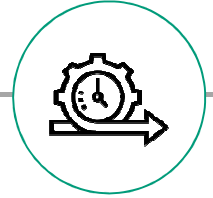
2022 target state

- Leverage advanced training program to upskill up to ~35% of engineers



- Achieve critical mass in key engineering hubs such as Boston to facilitate collaboration
- Provide a seamless tech colleague experience for training and knowledge-sharing

Continuously cultivates in-house engineers enabling collaboration and productivity



Leverage Agile operating model for software development and cloud innovation



Key milestones achieved

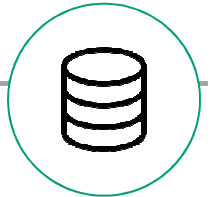
- ✓ Trained ~800 colleagues
- ✓ Launched first pilot pods
- ✓ Established flexible process for software development
- ✓ Implemented testing automation pilot, ready to scale



2022 target state

- Predominant use of agile operating model for development
- Operate waves of pods trained in agile ways of working
- Implement automated testing to maximize productivity and improve accuracy

Targeting a ~30% faster, more flexible process for software development



Embrace Application Programming Interface (API)-enabled Platform-as-a-Service (PaaS) to facilitate omni-channel customer experience



Key milestones achieved

- ✓ Developed strategy for PaaS, leveraging disruptive technologies and microservice architecture
- ✓ Initiated faster and easier access to select systems through new APIs
- ✓ Identified reusable APIs to enable faster development

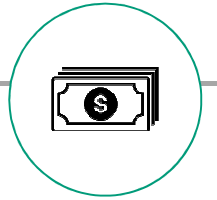


2022 target state

- Target ~30% faster deployment of differentiated products & customer experience improvements
- Facilitate easier integration with partners and FinTechs
- Develop industry-leading API environment with best-in-class developer experience

Delivers operational flexibility supporting modernization, simplification and innovation

Next Gen Tech - Technology cost structure transformation



Leveraging hybrid cloud infrastructure to improve efficiency



Key milestones achieved

- ✓ Prioritized applications for cloud migration
- ✓ Developed infrastructure consolidation/simplification and application rationalization strategy

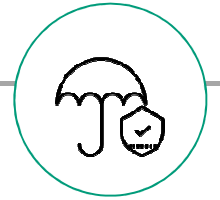


2022 target state

- Continue to accelerate adoption of hybrid/multi-cloud targeting ~50% of applications cloud-based
- Rationalize platforms and decommission redundant tools
- Continue insourcing and review of vendor contracts to optimize spend

Targeting a shift to ~50% - 60% of capex to support building future capabilities

Next Gen Tech - Protecting the core



Focus on effectively mitigating security threats and increasing system resilience through standardization and automation



Key milestones achieved

- ✓ Deployed advanced capabilities to:
 - Improve systems availability
 - Increase visibility of threats
 - Protect beyond CFG network
 - Enhance resilience against denial-of-service attacks
- ✓ Initiated currency upgrade program
- ✓ Initiated program to detect and avoid failures before they happen



2022 target state

- Further simplify infrastructure
- Leverage AI and machine learning for smart operations and monitoring
- Complete enhancement of monitoring capability to significantly reduce recovery time
 - Reduce mean time to restore by ~90%

Reinforcing a culture that holds risk, resilience and security at its core to improve customer experience

Key messages

- > Moving rapidly from laggard to leader
- > Top leadership team, operating discipline, culture of innovation driving our success
- > Strong evidence of our progress
 - ~20 FinTech partnerships
 - First regional to launch national digital bank
 - Innovative merchant platform
- > Top 6 Next Gen Tech and Modern Operating Model initiatives will propel us forward
 - Technology capabilities will be a key strength in becoming a top performing regional bank

