Citizens Financial Group, Inc.
Citizens Bank, National Association

Dodd-Frank Act Stress Test 2018 (DFAST 2018) Company-Run Stress Test Disclosure

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I. Introduction

Citizens Financial Group, Inc. (CFG) is a financial and bank holding company headquartered in Providence, Rhode Island. The primary subsidiaries of CFG are its two insured depository institutions, Citizens Bank, N.A. (CBNA), a national banking association, and Citizens Bank of Pennsylvania (CBPA), a Pennsylvania-chartered savings bank. "Citizens" is used throughout this document to refer collectively to all three legal entities, unless specific CFG, CBNA or CBPA results are being discussed. Citizens provides a comprehensive range of retail and commercial banking products and services to more than five million individuals, institutions and companies largely through approximately 1,150 branches operating in an 11-state banking footprint across New England, Mid-Atlantic and Midwest regions and nationwide for select products through its online, telephone and mobile banking platforms. Citizens also maintains more than 130 retail and commercial non-branch offices located in its banking footprint and in other states and the District of Columbia, which are largely contiguous with its footprint and have developed product financing and other partnerships that serve customers nationwide. Citizens has approximately 3,300 ATMs and 17,600 employees (as of December 31, 2017).

This document discloses the annual company-run stress test results for CFG and CBNA[1] as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Dodd-Frank Act company-run stress testing (DFAST) regulations[2] for CFG and CBNA require that the covered companies disclose the following information for a prescribed supervisory severely adverse scenario[3] over a nine-quarter planning horizon (planning horizon) beginning with the first quarter 2018 and ending with the first quarter 2020 (January 1, 2018 – March 31, 2020):

- A description of the types of risk included in the stress tests.
- A description of the methodologies used in the stress test, including those used to estimate losses, revenues, provision for loan and lease losses and changes in capital positions over the planning horizon.
- The estimates of projected revenue, losses and net income before taxes; loan losses in aggregate and by sub-portfolio; pro forma regulatory capital ratios and an explanation of the most significant causes for the changes in regulatory capital ratios.

The FRB defines a stress test as “a process to assess the potential impact of a scenario (hypothetical economic conditions) on the consolidated earnings, losses, and capital of a covered company over the planning horizon (a set period of time), taking into account its current condition, risks, exposures, strategies, and activities.” This DFAST disclosure reflects management’s interpretation of the possible outcomes of one hypothetical, severely adverse scenario, as defined by the U.S. banking supervisors.[4] The disclosed outcomes represent a

[1] Under 12 CFR 46.7(b), the Office of the Comptroller of the Currency allows CBNA, being controlled by a bank holding company required to conduct an annual company-run stress test under applicable regulations of the FRB, to fulfill its DFAST publication requirement by following the same disclosure procedures followed by CFG.

[2] Reference 12 CFR Part 252 for CFG and 12 CFR Part 46 for CBNA.

[3] For details of the supervisory severely adverse scenario reference the FRB, *"2018 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule"* (February 2018).

[4] FRB, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation.

hypothetical estimate and do not represent Citizens' expected performance under current business strategies.

Estimated impacts of stress are one of many inputs to Citizens' capital adequacy process. Citizens is committed to an ongoing, comprehensive and continuously improving capital adequacy process that incorporates an end-to-end view of risk-taking, risk management, risk-based capital adequacy assessment and capital planning. The Finance and Risk organizations lead this capital adequacy process with participation from the lines of business and Audit. The Citizens capital adequacy process is fully supported by internal policies and practices used by Citizens to ensure that the amount and composition of capital are adequate given the company's risk exposures and the regulatory requirements and expectations.

In conjunction with the 2018 Comprehensive Capital Analysis and Review (CCAR) process and DFAST 2018, the FRB has also published projected financials and capital ratios for CFG. Projections under these supervisory stress tests will not align with CFG's internal estimates due to differences in underlying methodologies.

Citizens believes that the PPNR modeling changes introduced by the Federal Reserve in 2017 and fully phased-in this year do not result in an accurate forecast of Citizens' PPNR under severe stress. Management has maintained an active dialogue on this topic with the Federal Reserve and is hopeful progress will be made in improving the accuracy of their PPNR projections under severe stress.

I.A. Risks Considered by Citizens

Enterprise Risk Management at Citizens is an integrated approach to identifying, assessing, managing, and monitoring risk to improve the likelihood that strategic objectives are achieved. It involves practices and processes that the Boards and Management use to (1) assist in defining the business model and strategy, (2) prioritize and manage the associated risks related to the model or strategy, (3) enable comprehensive and effective decisions, and (4) create an organization that anticipates and adapts to the changing internal and external environments.

Citizens establishes its capital structure to ensure coverage of material risks, as summarized in *Exhibit 1*, inherent in current and prospective business strategies and portfolios, and to ensure preparedness to meet demands of unexpected losses that may arise under severely adverse stress. Citizens has established a robust risk-based framework for planning, assessing and reviewing capital adequacy and for making informed and effective decisions regarding issuance, utilization and distribution of capital under both routine and stressed conditions. Citizens has developed robust stress testing capability and evaluates the outcomes of various scenarios to determine the adequacy of capital for CFG and the Banks. Metrics, limits and assessment tools have been developed to guide management decision making and facilitate measurement, reporting and review of risk-based capital adequacy

Exhibit 1: Citizens Material Risks

Level 1 Risks	Risk Definition
Credit risk	Credit risk is the risk to current or anticipated earnings or capital arising from an obligor's failure to meet the terms of any contract with the bank or otherwise perform as agreed.
Interest rate risk	Interest rate risk is the risk to current or anticipated earnings or capital arising from movements in interest rates.
Reputation risk	Reputation risk is the risk of loss resulting from damages to a firm's reputation, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value.
Strategic risk	Strategic risk is the risk to current or anticipated earnings, capital, or franchise or enterprise value arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and operating environment.
Operational risk	Operational risk is the risk to current or anticipated earnings or capital arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events.
Compliance risk	Compliance risk is the risk to current or anticipated earnings or capital arising from violations of laws, rules or regulations, or from nonconformance with prescribed practices, internal policies and procedures, or ethical standards.
Market/price risk	Market/price risk is the risk to earnings or capital arising from adverse changes in the value of portfolios of trading instruments.
Liquidity risk	Liquidity risk is the risk that the consolidated enterprise and/or any of its material entities are unable to meet current or projected payment obligations in a timely manner.

I.B. Citizens Methodologies

Citizens' legal entity-specific Capital Policies govern the activities under Citizens' stress testing process, specifically scenario development, projection generation and reporting. The stress testing approach is built upon the distributed development of business activity assumptions to maximize line of business input, review and challenge; and the centralized aggregation of results to ensure a consistent and logical relationship among balances, income and capital calculations.

I.B.1. Pre-provision Net Revenue

Citizens develops projected balances and yields by rolling the balance sheet forward through the planning horizon. Citizens starts with the current portfolio position and forecasts a dynamic balance sheet driven by changes in the macroeconomic variables. The process uses a combination of macroeconomic models with business defined overlays as needed and expert judgment supported by historical data and internal analytics to develop the possible outcomes under assumed stress conditions.

I.B.1.1. Net Interest Income

Citizens determines the net interest income for a given period based on the pricing characteristics of starting position balances and the pricing characteristics of any new asset or liability balance. More specifically, Citizens calculates net interest income as the interest revenue on performing assets less the interest expense on liabilities based upon the scenario-specific interest rates. Projections are derived from a combination of macroeconomic models and pricing characteristics associated with existing portfolios, new business, and renewals.

I.B.1.2. Noninterest Income

Citizens captures fees and other income in order to create a complete income statement. The businesses forecast fees and other income based on the level of business activity (e.g., mortgage servicing fees, credit card interchange fees, etc.) for a given scenario using models, with business defined overlays as needed, and expert judgment supported by historical data and internal analytics.

I.B.1.3. Noninterest Expenses

Citizens projects noninterest expenses primarily through expert judgment approaches that are supported by historical data and internal analytics. Starting with the most recent expense structure, each forecast takes into account scenario-specific economic conditions and the planned levels of business activity to determine the projected expenses over the planning horizon. In addition, Citizens projects expenses for operational risk losses for the scenarios using an internally developed model. Legal expenses and idiosyncratic events using expert judgment are also considered and included when appropriate.

I.B.2. Losses

This section provides a summary of the methodologies used to model credit and other-than-temporary impairment (OTTI) losses.

I.B.2.1. Credit Losses

Citizens uses credit loss forecasting models, with business defined overlays as needed, to project charge-offs for a given scenario. The credit loss forecasting models use historically observed losses from Citizens' portfolios and take into account the macroeconomic conditions and interest rate environment defined in the scenario. The credit modeling team uses forecast balances generated as part of the PPNR methodology described above to forecast charge-offs through the planning horizon.

I.B.2.2. Other-Than-Temporary-Impairment Losses

Citizens uses a model to project OTTI exposures for the non-agency (private-label) residential mortgage-backed securities portfolio. Citizens includes projected OTTI in the recognition of unrealized losses on securities (available-for-sale and held-to-maturity) for the period in which the impairment is estimated to be realized under stress.

I.B.3. Provision for Loan and Lease Losses

Citizens generates projected provision expense as a function of net charge-offs for each quarter and the quarter-over-quarter change in the allowance for credit loss. Net charge-offs are determined by the Commercial and Consumer loss forecasting models and processes. Allowance for credit loss is determined in alignment with U.S. Generally Accepted Accounting Principles.

I.B.4. Changes in Capital Position

CFG and its subsidiary banks calculate and assess capital adequacy under the standardized approach. On January 1, 2015, CFG began to assess and report regulatory capital and capital ratios based on the Basel III standardized (RWA) methodology and Basel III capital definitions, with certain provisions subject to phase-in periods through 2018.[5] Effective January 1, 2018, CFG became subject to the final rule that extends the 2017 transition provisions for U.S. Basel III capital rules for non-advanced approaches banking organizations.[6]

Within this disclosure, Citizens uses the outputs of the integrated stress testing process to generate and assess projected capital ratios under the supervisory severely adverse scenario. Citizens' estimated financial performance, changes in the size and credit characteristics of its underlying risk portfolios under stress and capital action assumptions provided within the Dodd-Frank Act stress testing rule are the key drivers in determining both its projected level of capital and projected RWA requirement at the end of each quarter in the planning horizon. These projected sources and uses of capital drive the change in capital ratios under the supervisory severely adverse scenario.

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[5] CFG has "opted-out" of the Basel III requirement to include in Common Equity Tier 1 Capital all components of Accumulated Other Comprehensive Income (AOCI) except net gains and losses on cash flow hedges related to items that are not fair-valued on the balance sheet. Consistent with this "AOCI opt-out," CFG calculates Basel III ratios in which its regulatory capital position is not affected by certain transactions that are otherwise included in AOCI under GAAP accounting, such as the mark-to-market of securities held as available for sale or any amount recorded in AOCI in relation to defined benefit pension plan assets.

[6] The final rule, issued in November 2017, retains the regulatory capital treatment for mortgage servicing assets, certain deferred tax assets, investments in non-consolidated financial entities and minority interests in accordance with the transition provisions applicable for these items during 2017.

I.C. CFG Results under the Supervisory Severely Adverse Scenario

I.C.1. Impacts of Stress and CFG Supervisory-Prescribed Capital Actions on Capital Ratios

CFG is well-positioned to withstand stress due to the strength of its balance sheet, risk profile and capital base. In alignment with FRB requirements, CFG calculates projected regulatory capital ratios under the supervisory severely adverse scenario using supervisory-prescribed capital actions.

Exhibit 2 summarizes the starting, ending and minimum capital ratios for CFG over the planning horizon for the supervisory severely adverse scenario using the methodologies described in section I.B and the capital action assumptions described below.

Exhibit 2: CFG Capital Ratios under Supervisory Severely Adverse Scenario

(%)	Actual Q4 2017	Projected Stressed Capital Ratios[1]			Required Regulatory Minimum under Stress
		Ending	Minimum	Quarter of Minimum	
Common equity tier 1 capital ratio	11.2	10.0	9.7	Q2 2019	4.5
Tier 1 risk-based capital ratio	11.4	10.2	9.9	Q2 2019	6.0
Total risk-based capital ratio	13.9	12.8	12.5	Q3 2019	8.0
Tier 1 leverage ratio	10.0	8.6	8.4	Q2 2019	4.0

[1] The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act stress testing rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes or capital ratios. The minimum capital ratio presented is for the period Q1 2018 to Q1 2020.

Although all of CFG's capital ratios decline over the planning horizon under the supervisory severely adverse scenario, all ratios continue to exceed the required regulatory minimum.

- The common equity tier 1 (CET1) ratio ends the scenario at 10.0%, 120 bps lower than the starting position of 11.2%, reaching a minimum of 9.7% in Q2 2019.
- The tier 1 risk-based ratio ends the scenario at 10.2%, 120 bps lower than the starting position of 11.4%, reaching a minimum of 9.9% in Q2 2019.
- The total risk-based capital ratio ends the scenario at 12.8%, 110 bps lower than the starting position of 13.9%, reaching a minimum of 12.5% in Q3 2019.
- The tier 1 leverage ratio ends the scenario at 8.6%, 140 bps lower than the starting position of 10.0%, reaching a minimum of 8.4% in Q2 2019.

In all instances, over the planning horizon, CFG's capital ratios decline primarily due to an increase in projected net losses and execution of the supervisory-prescribed capital actions, which are partially offset by PPNR generation and a decrease in risk-weighted assets.

Exhibit 3 summarizes the DFAST capital action requirements defined by FRB regulation.

Exhibit 3: Supervisory Capital Action Requirements for DFAST Assessment

DFAST Capital Action	Q1 2018	Each Quarter Q2 2018 - Q1 2020
Quarterly common dividends	Actual	Equal to the quarterly average dollar amount of dividends paid in Q2 2017-Q1 2018 plus dividends associated with stock issuance related to expensed employee compensation and with funding a planned merger or acquisition[2]
Payments on additional tier 1 and on tier 2 capital instruments[1]	Actual	Equal to the stated dividend, interest, or principal due on such instrument
Redemption/repurchase of Capital Instruments	Actual	None
Issuance of common or preferred stock	Actual	None, except for issuances related to expensed employee compensation or in connection with a planned merger or acquisition[2]

[1] Additional tier 1 and tier 2 capital instruments include noncumulative preferred equity and qualifying subordinated debt.
[2] Planned merger or acquisition must be included in the balance sheet projections.

Supervisory-prescribed capital actions do not reflect CFG's planned capital actions, nor do they necessarily reflect the capital actions that CFG would execute in a stressed environment. CFG's internal controls and regulatory expectations would halt or significantly reduce capital distributions if losses such as those implied by the supervisory severely adverse scenario were to occur.

I.C.2. Impacts of Stress on Net Income, Losses and Risk-Weighted Assets

The net loss before taxes under the supervisory severely adverse scenario, as shown in *Exhibit 4* below, is primarily driven by an impairment to goodwill and higher provision expense resulting from a weakened credit environment. Reduced PPNR is primarily due to lower net interest income as a result of reductions in loan originations as the economic downturn becomes more pronounced and credit begins to tighten. Net interest margin is further compressed as higher priced deposits are generated to alleviate funding constraints under stress. Additionally, lower fee generation under stress reduces noninterest income.

The increase in provision expense is largely driven by higher unemployment rates and reductions in asset values. Higher unemployment reduces many customers' ability to repay, resulting in higher loss rates across all retail and small business portfolios. The increase in unemployment also causes reduced demand in Commercial lending; in addition, the decrease in GDP and widening credit spreads result in higher charge-offs and reserve provisions in the Commercial portfolios. The reduction in real estate values lowers collateral values, further increasing charge-offs in the real estate-secured portfolios due to higher levels of defaults.

Exhibit 4: CFG Net Income under Supervisory Severely Adverse Scenario

	Q1 2018 - Q1 2020 ($ billions)	Percent of Average Assets[1]
Pre-provision net revenue[2]	$4.3	3.0%
Other revenue[3]	—	—
less		
Provisions	6.5	4.5
Realized losses/gains on securities (AFS/HTM)	—	—
Trading and counterparty losses[4]	—	—
Other losses/(gains) (excluding goodwill)[5]	—	—
equals		
Net loss before goodwill and taxes	(2.2)	(1.5)
less		
Goodwill write-down	6.9	4.8
equals		
Net loss before taxes[6]	$(9.1)	(6.3)%

[1] Average assets is the nine-quarter average of total assets.
[2] Pre-provision net revenue includes losses from operational risk events, mortgage repurchase expenses and other real estate owned (OREO) costs.
[3] Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.
[4] Trading and counterparty losses include mark-to-market and credit valuation adjustments (CVA) losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending and repurchase agreement activities.
[5] Other losses/(gains) include projected changes in fair value of loans held for sale and loans held for investment measured under the fair-value option.
[6] Numbers may not foot due to rounding.

Projected macroeconomic conditions under the supervisory severely adverse scenario negatively affect the portfolio performance across all loan types as shown in *Exhibit 5*. The Commercial loss rate is driven primarily by falling corporate profits and declines in CRE prices, as a result of the weakening economy. The Consumer loss rate is mainly driven by the general weakness in the economy, as a result of higher unemployment and depressed housing prices affecting the ability to recapture unpaid principle balance on foreclosed properties. In addition, less disposable income leads to increasing student loan losses, while a depressed auto market is reflected in a lower value recapture on repossessed vehicles due to declining used car values, which impacts auto losses. The size of the loan book declines as a result of lower consumer demand and tightened underwriting in the weaker economy; loan origination activity is not sufficient to offset large increases in losses and prepayment activity under the supervisory severely adverse scenario.

Exhibit 5: CFG Loan Losses under Supervisory Severely Adverse Scenario

Loan type	Q1 2018 - Q1 2020 ($ billions)	Nine-Quarter Cumulative Portfolio Loss Rates (%)[1]
First lien mortgages, domestic	$0.2	1.2%
Junior liens and HELOCs, domestic	0.4	2.9
Commercial and industrial[2]	1.8	5.3
Commercial real estate, domestic	1.0	6.8
Credit cards	0.3	18.3
Other consumer[3]	1.1	5.0
Other loans[4]	0.3	4.5
Total projected loan losses[5]	$5.1	4.6%

[1] Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.
[2] Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.
[3] Other consumer loans include student loans and automobile loans.
[4] Other loans include international real estate loans.
[5] Numbers may not foot due to rounding.

CFG's total balance sheet contracts over the planning horizon, resulting in a decline in RWA as shown below in *Exhibit* 6. Loan growth is projected in the first three quarters as CFG continues to extend credit to customers at the onset of the scenario. As the macroeconomic environment deteriorates and losses begin to increase, a combination of lower consumer demand and tightened underwriting results in lower loan originations throughout the back-end of the planning horizon. The decline in total loans is primarily due to steeper deterioration in balances over the last four quarters of the planning horizon. In addition, wholesale funding is replaced with consumer deposits and the LDR remains within risk appetite limits. The smaller balance sheet under stress correspondingly results in lower RWAs throughout the back-end of the scenario. This trend is partly offset by a higher proportion of nonperforming loans and higher risk-weighted assets in residual loan and investment portfolios.

Exhibit 6: CFG RWAs under Supervisory Severely Adverse Scenario

($ billions)	Actual Q4 2017	Projected Q1 2020
Risk-weighted assets[1]	$127.7	$117.1

[1] Risk-weighted assets are calculated under the U.S. Basel III standardized capital risk-based approach.

I.D. CBNA Results under the Supervisory Severely Adverse Scenario

Citizens Bank, N.A. is CFG’s primary subsidiary bank. CBNA’s primary regulator, the Office of the Comptroller of the Currency, authorizes CBNA to disclose the projected results of its DFAST 2018 assessment under the FRB’s BHC rule, 12 CFR 252.148 (FRB BHC rule).

I.D.1. Impacts of Stress and CBNA Supervisory-Prescribed Capital Actions on Capital Ratios

Like CFG, CBNA is well-positioned to withstand stress due to the strength of its balance sheet, risk profile and capital base. *Exhibit 7* summarizes CBNA’s projected capital ratios under the supervisory severely adverse scenario with CBNA's supervisory-prescribed capital actions.

Exhibit 7: CBNA Capital Ratios under Supervisory Severely Adverse Scenario

(%)	Actual Q4 2017	Projected Stressed Capital Ratios[1]			Required Regulatory Minimum under Stress
		Ending	Minimum	Quarter of Minimum	
Common equity tier 1 capital ratio	11.4	8.3	8.3	Q1 2020	4.5
Tier 1 risk-based capital ratio	11.4	8.3	8.3	Q1 2020	6.0
Total risk-based capital ratio	13.5	10.5	10.5	Q1 2020	8.0
Tier 1 leverage ratio	10.3	7.3	7.3	Q1 2020	4.0

[1] The capital ratios are calculated using supervisory-prescribed capital action assumptions. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes or capital ratios. The minimum capital ratio presented is for the period Q1 2018 to Q1 2020.

Although all of CBNA's capital ratios decline over the planning horizon under the supervisory severely adverse scenario, all ratios continue to exceed the required regulatory minimum.

- The common equity tier 1 (CET1) ratio ends the scenario at 8.3%, 310 bps lower than the starting position of 11.4%, reaching a minimum of 8.3% in Q1 2020.
- The tier 1 risk-based ratio ends the scenario at 8.3%, 310 bps lower than the starting position of 11.4%, reaching a minimum of 8.3% in Q1 2020.
- The total risk-based capital ratio ends the scenario at 10.5%, 300 bps lower than the starting position of 13.5%, reaching a minimum of 10.5% in Q1 2020.
- The tier 1 leverage ratio ends the scenario at 7.3%, 300 bps lower than the starting position of 10.3%, reaching a minimum of 7.3% in Q1 2020.

In all instances, over the planning horizon, CBNA's capital ratios decline primarily due to an increase in projected net losses and execution of CBNA's supervisory-prescribed capital actions, which are partially offset by an increase in PPNR and a decrease in risk-weighted assets.

I.D.2. Impacts of Stress on Net Income, Losses and Risk-Weighted Assets

Exhibit 8 and *Exhibit 9* outline the projected impact of the supervisory severely adverse scenario on CBNA's cumulative financial performance for Q1 2018 through Q1 2020 (January 1, 2018 – March 31, 2020). As CBNA shares a similar business and risk profile, the drivers of net income before taxes and projected loan losses are the same as outlined in the CFG findings provided above.

Exhibit 8: CBNA Net Income under Supervisory Severely Adverse Scenario

	Q1 2018 - Q1 2020 ($ billions)	Percent of Average Assets[1]
Pre-provision net revenue[2]	$3.9	3.4%
Other revenue[3]	—	—
less		
Provisions	5.5	4.8
Realized losses/gains on securities (AFS/HTM)	—	—
Trading and counterparty losses[4]	—	—
Other losses/(gains) (excluding goodwill)[5]	—	—
equals		
Net loss before goodwill and taxes	(1.6)	(1.4)
less		
Goodwill write-down	5.7	4.9
equals		
Net loss before taxes[6]	$(7.4)	(6.4)%

[1] Average assets is the nine-quarter average of total assets.
[2] Pre-provision net revenue includes losses from operational risk events, mortgage repurchase expenses and other real estate owned (OREO) costs.
[3] Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.
[4] Trading and counterparty losses include mark-to-market and credit valuation adjustments (CVA) losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending and repurchase agreement activities.
[5] Other losses/(gains) include projected changes in fair value of loans held for sale and loans held for investment measured under the fair-value option.
[6] Numbers may not foot due to rounding.

Exhibit 9: CBNA Loan Losses under Supervisory Severely Adverse Scenario

Loan type	Q1 2018 - Q1 2020 ($ billions)	Nine-Quarter Cumulative Portfolio Loss Rates (%)[1]
First lien mortgages, domestic	$0.2	1.3%
Junior liens and HELOCs, domestic	0.3	3.1
Commercial and industrial[2]	1.5	5.3
Commercial real estate, domestic	0.7	6.3
Credit cards	0.3	18.3
Other consumer[3]	1.0	5.0
Other loans[4]	0.3	4.5
Total projected loan losses[5]	$4.3	4.7%

[1] Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.
[2] Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.
[3] Other consumer loans include student loans and automobile loans.
[4] Other loans include international real estate loans.
[5] Numbers may not foot due to rounding.

As noted, CBNA is CFG's primary subsidiary bank, holding the majority of consolidated CFG assets. As CBNA's balance sheet shrinks over the planning horizon, *Exhibit 10* shows RWAs also decline over the planning horizon, reflecting the same factors that drive these changes at the consolidated CFG level. The balance sheet is affected by credit losses and weaker loan demand, which reduce balances and resulting RWAs. This trend is partly offset by a higher proportion of nonperforming loans and higher risk-weighted assets in residual loan and investment portfolios.

Exhibit 10: CBNA RWAs under Supervisory Severely Adverse Scenario

($ billions)	Actual Q4 2017	Projected Q1 2020
Risk-weighted assets[1]	$104.8	$98.3

[1] Risk-weighted assets are calculated under the U.S. Basel III standardized capital risk-based approach.