

CITIZENS FINANCIAL GROUP INC/RI  
Form 10-K  
March 03, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended  
December 31, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From  
(Not Applicable)  
Commission File Number 001-36636  
CITIZENS FINANCIAL GROUP, INC.  
(Exact name of the registrant as specified in its charter)  
Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)  
One Citizens Plaza, Providence, RI 02903  
(Address of principal executive offices, including zip code)

05-0412693  
(I.R.S. Employer  
Identification Number)

(401) 456-7000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, \$0.01 par value per  
share

Name of each exchange on which  
registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

There were 545,901,116 shares of Registrant's common stock (\$0.01 par value) outstanding on February 1, 2015.

Documents incorporated by reference

Portions of Citizens Financial Group, Inc.'s proxy statement to be filed with the United States Securities and Exchange Commission in connection with Citizens Financial Group, Inc.'s 2015 annual meeting of stockholders (the "Proxy Statement") are incorporated by reference into Part III hereof. Such Proxy Statement will be filed within 120 days of Citizens Financial Group, Inc.'s fiscal year ended December 31, 2014.

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CITIZENS FINANCIAL GROUP, INC.  
FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the Private Securities Litigation Reform Act of 1995. 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,” “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 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;

- our ability to implement our strategic plan, including the cost savings and efficiency components, and achieve our indicative performance targets;

- our ability to remedy regulatory deficiencies and meet supervisory requirements and expectations;

- liabilities resulting from litigation and regulatory investigations;

- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;

- the effect of the current low interest rate environment or 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 Wall Street Reform and Consumer Protection Act (“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;

management's ability to identify and manage these and other risks; and

any failure by us to successfully replicate or replace certain functions, systems and infrastructure provided by The Royal Bank of Scotland Group plc ("RBS Group").

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or share repurchases will depend on our financial condition, earnings, cash needs, regulatory constraints, capital requirements (including requirements of our subsidiaries), and any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will pay any dividends to holders of our common stock, or as to the

CITIZENS FINANCIAL GROUP, INC.  
FORWARD-LOOKING STATEMENTS

amount of any such dividends. In addition, the timing and manner of the sale of RBS Group's remaining ownership of our common stock remains uncertain, and we have no control over the manner in which RBS Group may seek to divest such remaining shares. Any such sale could harm the price of our shares of common stock. See "Risk Factors — Risks Related to our Common Stock" in Part I, Item 1A, included elsewhere in this report.

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 Part I, Item 1A, included elsewhere in this report.

Percentage changes, per share amounts, and ratios presented in this report are calculated using whole dollars.

## CITIZENS FINANCIAL GROUP, INC.

## PART I

## ITEM 1. BUSINESS

Headquartered in Providence, Rhode Island, with \$132.9 billion of total assets as of December 31, 2014, we are the 13<sup>th</sup> largest retail bank holding company in the United States (according to SNL Financial). Our approximately 17,700 employees strive to meet the financial needs of customers and prospects through approximately 1,200 branches operating in an 11-state footprint across the New England, Mid-Atlantic and Midwest regions and through our online, telephone and mobile banking platforms. We also maintain over 100 retail and commercial non-branch offices located both in our banking footprint and in eleven other states and the District of Columbia.

We deliver a comprehensive range of retail and commercial banking products and services to more than five million individuals, institutions and companies. Our 11-state branch banking footprint contains approximately 29.9 million households and 3.1 million businesses according to SNL Financial and as of December 31, 2014, approximately 75% of our loans were to customers located in our footprint.

Our primary subsidiaries are Citizens Bank, N.A. (“CBNA”), a national banking association whose primary federal regulator is the Office of the Comptroller of the Currency (“OCC”), and Citizens Bank of Pennsylvania (“CBPA”), a Pennsylvania-chartered savings bank regulated by the Department of Banking of the Commonwealth of Pennsylvania and supervised by the Federal Deposit Insurance Corporation (“FDIC”) as its primary federal regulator.

## Business Segments

We offer a broad set of banking products and services through our two operating segments — Consumer Banking and Commercial Banking — with a focus on providing local delivery and a differentiated customer experience. Because we operate in a highly competitive industry and believe that banking should have a personal touch, we have programs in place to train and prepare our colleagues to deliver a consistent, high-quality experience through every customer interaction. Furthermore, we seek to ensure that customers select us as their primary banking partner by taking the time to understand their banking needs, and we tailor our full range of products and services accordingly. To that end, our Consumer Banking value proposition is based on providing simple, easy to understand product offerings and a convenient banking experience with a more personalized approach. Commercial Banking focuses on offering a client-centric experience by leveraging an in-depth understanding of our clients’ and prospects’ businesses in order to proactively provide a solutions-oriented “Thought Leadership” value proposition.

The following table presents certain financial information for our segments as of and for the year ended December 31, 2014 and as of and for the year ended December 31, 2013:

(in millions)	As of and for the Year Ended December 31, 2014				As of and for the Year Ended December 31, 2013			
	Consumer Banking	Commercial Banking	Other <sup>(1)</sup>	Consolidated	Consumer Banking	Commercial Banking	Other <sup>(1)</sup>	Consolidated
Total loans and leases and loans held for sale (average)	\$47,745	\$37,683	\$4,316	\$89,744	\$45,106	\$34,647	\$6,044	\$85,797
Total deposits and deposits held for sale (average)	68,214	19,838	4,513	92,565	72,158	17,516	3,662	93,336
Net interest income (expense)	2,151	1,073	77	3,301	2,176	1,031	(149)	3,058
Noninterest income	899	429	350	1,678	1,025	389	218	1,632
Total revenue	3,050	1,502	427					