GOOD BANKING IS
GOOD CITIZENSHIP.
CFG’s Commercial Banking market penetration increased, with our footprint-wide market share improving from nine percent to twelve percent (the best improvement among peers) and lead bank share increasing from six percent to seven percent in the $5 million to $25 million business segment. Our market share improved from eleven percent to fifteen percent (the best improvement among the peer group) and lead bank share increased from six percent to eight percent in the segment for companies with $25 million to $500 million in annual sales.

CFG achieved Top 20 status in retail mortgage lending and Top Five in auto finance among U.S. bank lenders to prime customers.

Citizens Bank and Charter One introduced three new products to reward customers’ loyalty while they reach their own savings goals for major events in their lives. These initiatives – CollegeSaver℠, HomeBuyer Savings℠ and GoalTrack Savings℠ – helped raise customer deposits during the year by four percent.

Our Green$ense™ program rewarded retail customers with more than $6.5 million during 2009 for helping the environment by choosing electronic transactions that cut down the amount of paper we use. Informa Research Services, an independent research firm, named our Green$ense and Everyday Points rewards programs best in class.

CFG launched the TruFit Student Loan™ on July 1, 2009 and took more than 20,000 applications by year-end. This new private student loan product is designed to fill the gap after students exhaust their federal student loan eligibility.

As a new twist in expanding our network of Citizens and Charter One in-store branches, we opened our first branch inside a Dunkin’ Donuts shop. The new location in Bellingham, Massachusetts, is part of an extensive network with a variety of retail partners, mainly in supermarkets. It includes more than 475 locations in 12 states.

The Wealth Management division created a new program for mass-affluent clients. The program is an exclusive offering of products, services and creative solutions for select clients who seek a more-efficient and convenient way to manage their funds and who prefer more dedicated relationship management.

In 2009, CFG invested more than $21 million in local communities through charitable giving and sponsorships. Over the past three years, the Citizens Charitable Foundation has supported more than 4,000 nonprofit organizations throughout our local communities.

We launched Energy$ense to help local nonprofits and Citizens Bank and Charter One customers address heat, utility and other energy costs. It included more than $500,000 in energy-assistance grants to homeless shelters and nonprofit organizations that offer home weatherproofing and utility payment assistance to consumers. It also offered below-market-rate loans to eligible consumers who want to make their homes more energy efficient.
We turned 2009’s challenges into an opportunity to start rebuilding on our company’s strengths. We made the strategic decisions needed to carve our own future.

As we exit 2009, it is clear that we have turned the corner. Amid the many significant short-term challenges came an opportunity to craft a strategy that is taking CFG back to the basics – serving our customers in our 12-state footprint.

Over the last year, and into 2010, we’ve taken many steps to refocus on the bank’s core businesses. We are making strong progress in the steps we see as key to becoming a top super-regional bank in our markets, providing broad, multi-product local and global solutions to our customers in our footprint. Our company’s balance sheet has been significantly strengthened and streamlined compared to a year ago. This is intentional. As part of our new five-year Strategic Plan, we are carefully working down weaker loan-portfolio segments, redeploying our capital and resources to serve our customers, improving our funding mix, and spending money on technology investments, marketing and product innovations.

There is a substantial opportunity for us within the markets where CFG holds leadership positions. As we work to become their primary bank and trusted advisor, we are committed to offering customers new products and expanded services that help them overcome their own fiscal challenges and meet their varied goals.
2009 Overview and Results
It was a difficult year for virtually all commercial banks in the United States. Our colleagues at Citizens Financial Group had to face additional uncertainties as our parent, the Royal Bank of Scotland Group, embarked on a far-reaching strategic review in the face of its own global challenges, with a question raised over whether CFG would remain part of its strategic plans.

We were pleased that RBS identified Citizens as one of its core business lines – as its primary division in the United States. That was a strong sign of confidence in what we do day in and day out, and what we intend to do as we help shape a new future for banking.

Because of 2009’s economic environment, historically low interest rates and deteriorating credit, CFG had a $1.1 billion pre-tax operating loss for the year, compared to 2008’s $751 million pre-tax operating profit. However, our ability to remain strong for and serve our loyal customers did not suffer. We achieved very strong growth in mortgage originations, as well as a substantial increase in cross-selling card, deposit and checking products. For example, 65 percent of new mortgage customers also opened new checking accounts.

Overall customer deposits grew by four percent from 2008. CFG’s deposit mix improved significantly with strong growth in checking balances, due in part to an adjustment in our pricing strategies. More than 58,000 consumer checking accounts and more than 13,000 small business checking accounts were added over the year, with balances in those categories growing by eight percent and 12 percent, respectively.

Commercial Banking market penetration increased, with our footprint-wide market share improving from nine percent to 12 percent (the best improvement among peers) and lead bank share increasing from six percent to seven percent in the $5 million to $25 million business segment.

Our market share improved from 11 percent to 15 percent (the best improvement among the peer group) and lead bank share increased from six percent to eight percent in the segment for companies with $25 million to $500 million in annual sales.

Net interest income dropped 15 percent in 2009. Net interest margin was down 35 basis points, reflecting the decline in deposit margins resulting from the current low interest rate environment as the average three-month LIBOR fell approximately 250 basis points from Q4 ’08 to Q4 ’09. However, we saw margins rebound partially in the second half of the year as we re-priced lending rates and refined pricing on term and time deposits.

CFG’s expenses, excluding 2008’s goodwill impairment charge, rose nine percent for the year due to increased FDIC deposit insurance levies, higher colleague benefit costs and the increased cost of loan workout and collection activities. Our difficult but successful restructuring activities yielded approximately $75 million in cost savings.

Loans were down 14 percent last year, reflecting subdued customer demand. Our provision for credit losses increased to $2.8 billion as charge-offs rose to almost $2.3 billion, again reflecting the ill health of the economy.

As part of our strategy to focus on the bank’s core businesses, we exited all activities in Indiana – selling 65 branches to Old National Bank. We also identified several business lines across the United States and designated them as non-core. They include our Marine/RV business, our Dealer Finance business and portions of our Auto Lending business.
Well Capitalized for Future Growth

From a capital perspective, CFG is in a good place. We took significant steps to increase capital and improve the quality of capital held. These actions were, in part, a response to regulatory and rating-agency focus on common equity and the ability of a bank to absorb current and future losses. RBS made significant additions to CFG's common-equity levels with a $1 billion capital infusion last March, and by converting an additional $2.3 billion in preferred stock and subordinated debt into common equity later in the year.

These actions, when combined with lower risk-weighted assets, raised Tier 1 Common by 3.7 percent, Tier 1 Capital by 2.5 percent (to 11.6 percent) and Total Capital by 1.8 percent. They are tangible evidence of RBS’s support for the U.S. franchise. In Tier 1 Common Equity, CFG ranks No. 1 among its peer super-regional banks. CFG’s credit quality continues to rank No. 1 among peer super-regional banks with a ratio of non-performing loans to total loans of 2.31 percent. Our actions were validated by Standard & Poor’s Rating Services, which affirmed the company’s long-term and short-term debt ratings.

Executive Leadership and Talent Development

Under the leadership of our executive management team, including Vice Chairmen Martin Bischoff of Consumer and Business Banking, David Bowerman of RBS Citizens Business Services, Brad Conner of Consumer Finance and Robert Matthews of Commercial Banking, we continue to develop our company’s executive talent across the CFG franchise.

Last March, we created an expanded leadership forum. The Executive Leadership Group consists of 70 key individuals who hold critical and influential senior leadership roles within our various businesses across the company.

Innovations and Initiatives

What could be more important to a family than buying a home, saving for college or a wedding? As part of our focus on helping customers save more and earn more money to meet their important, personal needs and goals, we continue to create innovative products such as CollegeSaver, HomeBuyer Savings and GoalTrack Savings, which reward them when they reach those goals.

Our GreenSense debit card program rewarded retail customers with more than $6.5 million during 2009 for helping the environment by choosing electronic transactions that cut down the amount of paper we use. We recently expanded GreenSense to provide the same financial rewards to credit card customers.

CFG’s Education Finance division launched the TruFit Student Loan on July 1, 2009 and took more than 20,000 applications by year-end. This new private student loan product is designed to fill the gap after students exhaust their federal student loan eligibility and scholarships. Within weeks of its launch, hundreds of colleges and universities designated Citizens Bank or Charter One as a preferred lender to their students.

Investments

We continue to invest in technology that delivers more efficient processes and an enhanced customer experience. CFG’s total approved technology investment in 2009 was $188 million for Business Services and risk-related infrastructure enhancements, and key strategic projects such as a new branch teller system, commercial loan platform and cash management system capability.

More than 3.7 million Citizens and Charter One customers now have an upgraded online banking platform. CFG’s online banking platform is the fastest growing in the industry. It gives customers access to more accounts and
“Good Banking is Good Citizenship™” speaks to all of the strengths that we value: being accountable, accessible, ethical and focused on the community.... Good citizenship rebuilds trust. Trust rebuilds consumer confidence. And consumer confidence will rebuild the economy.

provides them with more information, including mobile alerts. Customers can open new accounts, view pending transactions, pay bills and transfer money between their various Citizens Bank and Charter One accounts, as well as accounts with other financial institutions. We continue to upgrade CitizensBank.com and CharterOne.com to reflect our commitment to be helpful to customers.

We signed agreements to move ahead with our multi-year Branch Image Capture Teller project. When implemented over three years, it will speed transactions at our more than 1,500 branches with image-based, user-friendly technology. This investment will transform the overall service experience for customers and colleagues alike by enabling us to spend more time with customers and provide personalized banking solutions.

We are developing a new commercial loan system to enhance our efficiency and deliver an exceptional customer experience. We are investing substantially in Global Transaction Services’ cash management system capability to ensure our platform better meets our clients’ varied needs. The new platform will be more competitive, more cohesive and be easier for our clients to use and incorporate into their financial management routines.

Our Brand Evolution
We are emerging from a very challenging economic cycle with a greater appreciation for – and clearer understanding of – our strengths as a company; strengths that will guide us as we move forward. We will become an even-better bank for our customers and communities, and for the nearly 23,000 colleagues who work for CFG.

With that knowledge, Citizens Bank and Charter One in May 2010 are unveiling a new articulation of our brand that links CFG’s legacy and its future. “Good Banking is Good Citizenship” speaks to all of the strengths that we value: being accountable, accessible, ethical and focused on the community. It acknowledges that responsibility, trust and transparency are key to every two-way relationship.

Good citizenship rebuilds trust. Trust rebuilds consumer confidence. And consumer confidence will rebuild the economy. We’re providing the ideas, tools and better ways for customers to handle their money, with both accountability and convenience.
**Positioned for a Strong Future**

I sometimes say that the best thing about 2010 is that 2009 is over with – because 2010 signals the beginning of an economic turnaround and a brighter year for us. Let’s be clear that the banking industry cannot return to business as usual. If we do, we will never truly restore our economy to good health. That said, it is clear that the commercial loan markets are loosening a bit, and we see tremendous opportunity in the consumer space as people come back for loans.

I want to thank you – our customers – for your business and for your strong loyalty to Citizens Bank, Charter One and RBS Citizens. We are focused on meeting the needs of our customers because we believe banks play a vital role in our communities. People trust banks to be there for them, to handle their daily financial services needs with convenience, breadth of products and innovations that make banking simpler.

I want to thank our colleagues across CFG for staying focused and accomplishing great things throughout 2009. They helped us maintain high customer-satisfaction ratings and deep customer loyalty – the core values of our business that we have always held dear.

Our colleagues truly are keeping the customer at the heart of everything they do. We must never forget that if our customers are satisfied, our colleagues are engaged and we can help our communities to prosper, the financial results will follow.

The past year was pivotal for CFG. We turned 2009’s challenges into an opportunity to start rebuilding on our company’s strengths. We made the strategic decisions needed to carve our own future. It’s a future we look forward to with anticipation, more challenges and a clear vision.

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Ellen Alemany
Chairman and Chief Executive Officer
Meeting challenges, building a brighter tomorrow, investing in our communities – it’s our focus and how we strive to earn your loyalty. Let us become your primary banking partner.
Despite the stress created by current economic conditions, our commercial bankers continue to build and maintain strong relationships, bringing the full range of capabilities of Citizens Financial Group and our parent, RBS, to all of our non-retail customers. In addition to lending products, the solutions they deliver include the full suite of cash management products that help customers collect, disburse and manage funds; risk-management products that help customers manage foreign-exchange; and interest-rate exposure to trade financing tools that help customers engage in importing and exporting. Through RBS, CFG’s Commercial Banking colleagues can help customers raise both debt and equity capital, as well as help them with their global financing needs. Commercial Banking is focused on delivering global solutions locally to clients while maintaining and growing civic leadership roles in the communities where we live and work.

36 Market share growth percentage over 2008 in the $25 million to $500 million business segment (from 11 percent to 15 percent).

Founded in 1914, Tasty Baking Company is one of the nation’s leading bakers of snack cakes, pies, cookies and donuts. The baker offers more than 100 products under the Tastykake® brand.

After conducting a comprehensive review of its manufacturing operations, the management team of Tasty Baking, led by President and CEO Charles P. Pizzi, decided to usher in a new era by phasing out operations in its 85-year-old production facility and transitioning to a newly constructed, state-of-the-art Tastykake bakery.

We worked closely with this long-term customer, leading a $100 million financing package, to enable Tasty Baking to relocate and upgrade its headquarters and production facility. Our Foreign Exchange team supported Tasty Baking with its purchase of new production equipment from an Australian manufacturer for the new facility.

We also provide Tasty Baking with comprehensive cash management, merchant card and lockbox services, and are the company’s lead depository.

“This new facility allows us to honor the tradition of our cornerstone Tastykake products, while meeting new efficiency standards and enhancing product development,” said Pizzi. “Citizens Bank has been our trusted advisor over the years, and has helped provide us with the support to enable our brand and our company to grow for many years to come.”
Commercial Enterprise Banking
Commercial Enterprise Banking is a newly functionalized business segment whose colleagues focus on the unique needs of companies with annual revenues between $5 million and $25 million. This division is a relationship-managed business with a full product suite to serve growing companies in this critical and expanding space. CEB’s dedicated relationship managers support, service and provide clients with value-add solutions to achieve their goals.

Specialized Banking
Understanding the intricate needs and challenges of niche businesses enables our Specialized Banking colleagues to respond quickly to provide tailored solutions to their customers. The industry sectors in which they have a noted expertise include technology, franchise finance, fuel distribution, security alarm, not-for-profit/health care, professionals (accounting and law firms), publishing and private equity.

Middle Market Banking
Middle Market colleagues are dedicated to developing and supporting long-term relationships with companies whose annual revenues are between $25 million and $500 million. They understand the importance of keeping customers well informed of market developments given the intense competitive pressures this segment faces. With access to resources and products vital to sustaining our customers’ businesses, our Middle Market colleagues are key partners in helping them achieve success under challenging economic conditions.

Such was the case with Dover Saddlery, a Littleton, Massachusetts retailer of tack supplies for the English riding industry. The company had missed its financial projections because of the recession. With confidence in Dover’s business plan, Citizens Bank was able to restructure the firm’s line of credit by re-crafting covenants and modifying pricing. “I have been working with Citizens Bank for 18 years. When the recession hit, our sales and profits were negatively impacted, but Citizens stepped to the plate and gave us excellent support. I couldn’t have asked for a better partner,” said Dover Saddlery President Steve Day.

Government Banking
The Government Banking division is the primary sales, marketing and service-delivery group to more than 4,200 government entities throughout our footprint. Total deposits of $13.6 billion as of December 31, 2009 rank us fourth among the top 20 U.S. banks managing public deposits. At a time when state and local budgets are under extreme pressure, our Government Banking colleagues have the expertise and local regulatory knowledge to meet the needs of governmental entities. Their teams provide a range of services to state governments, counties, municipalities, public schools, trustees, commissions, authorities and districts including cash management, investment management, lending and other banking needs. The need to understand the pressures our government clients face has never been more acute. Our active role in the national, state and local associations that are important to our clients enhances that understanding.

75+ The number of currencies in which our foreign exchange teams provide full international product delivery.
Penske Corporation

Penske Corporation is a closely held transportation services company that encompasses retail automotive sales and services, truck leasing, supply chain logistics management, transportation components manufacturing and high-performance racing. Company holdings include Penske Automotive Group, Inc., the second-largest auto retailer in the United States, and Penske Truck Leasing, the largest heavy duty truck fleet in the world. The global company is headquartered in Bloomfield Hills, Michigan, and is led by Chairman and Chief Executive Officer Roger S. Penske.

In the midst of an economic recession and a difficult lending environment, Penske Corporation President Robert Kurnick Jr. and CFO J. Patrick Conroy were proactive in seeking an extension from the company’s bank group of their $550 million revolving line of credit maturing in April 2010. They worked closely with RBS Citizens and relationship manager André Nazareth to retain the bank’s $25 million commitment to the credit facility. Additionally, over the course of 2009, RBS Corporate Risk Solutions executed two significant foreign exchange transactions related to Penske Corporation’s European businesses.

The bank’s relationship with Penske Corporation spans more than two decades across two continents, delivering financial solutions on a local, national and global level. RBS is the sole bank to Sytner Group Limited, a wholly owned subsidiary of Penske Automotive Group that operates more than 100 dealerships in the United Kingdom. RBS Asset Finance arranges financing for Penske Truck Leasing Company, a leading fleet management services company providing leasing, logistics and truck rental services. Charter One in Michigan was the sole bank of the Detroit Belle Isle Grand Prix when Roger Penske led the return of world-class racing to Detroit in 2007 and 2008.

“RBS is an important global partner for our businesses and has relationships across the entire Penske organization. Whether we are looking for a solution at Sytner Group in the U.K. or at Penske Corporation in the U.S. we rely on RBS Citizens to deliver ideas and results,” said Kurnick.
During the spring of 2009, Hasbro, Inc., a worldwide leader in children’s and family toys, games and licensed products, sought short-term financing and ultimately a $425 million bond issue to enter into a 50/50 joint venture with Discovery Communications to operate and re-brand the Discovery Kids Network in the United States.

Due to the nature of the transaction, RBS Citizens had to deliver a commitment within days of the request and expedite the underwriting process to make it happen. The strength of a financial services relationship dating to 2002 and the ability to respond rapidly to customer needs, in partnership with RBS, were keys to a successful outcome.

RBS supported the package — and took a leadership role as Joint Bookrunner on the $425 million corporate bond issue. The relationship continues to evolve and strengthen. In addition to serving in an agent role in Hasbro’s banking syndicate, RBS Citizens also serves as one of Hasbro’s primary foreign-exchange banks and handles a variety of short-term investments.

“Hasbro has been working with RBS Citizens for seven years now. The bank has been supportive to the company and worked to understand our business. When the time came, it was able to respond quickly and we appreciate our solid working relationship,” said Martin Trueb, Hasbro’s SVP & Treasurer.

The re-branded network, The Hub, is scheduled to premiere in the fall of 2010. It will feature content from Hasbro’s rich portfolio of entertainment and educational properties, including Hasbro Studios, Discovery's extensive library of award-winning children's educational programming, as well as third-party producers.
Mid-Corporate Banking
Working tirelessly to build and strengthen relationships with corporations generating annual revenues from $500 million to $2 billion, Mid-Corporate Banking colleagues develop a thorough understanding of their clients’ complex needs, both domestically and internationally. They are able to provide clients access to our global resources as customers do business in an intensely competitive and often unstable marketplace.

Commercial Real Estate Finance
Our Commercial Real Estate Finance division leverages the strength and market knowledge of experienced real estate professionals. CRE colleagues understand the difficulties their clients are facing and are able to provide a wide range of specialized solutions. They bank the best-known real estate developers and investors throughout our footprint. The credit products we offer include acquisition and development loans, bridge financing, permanent mortgage financing, construction financing, as well as letters of credit and revolving lines of credit. CRE offers a complete array of customized deposit products including tenant escrows and remote deposit as well as a complete suite of cash management products designed for commercial real estate companies.

GLR Recycling Solutions
GLR Recycling Solutions is one of the leading providers of complete recycling solutions for individuals, businesses and communities. From humble beginnings as Detroit-based H. Rosen and Sons in 1927, GLR has grown to be a full-service metal, paper, plastic and electronics recycling company with four locations in Michigan and a facility in western New York. The company is in its third generation of leadership under Chief Executive Officer Sandy Rosen. In 2009, GLR recycled more than 200,000 tons of material otherwise destined for landfills.

Focused on growth, GLR worked with Charter One to develop and implement a multi-pronged approach of sound financing, cash management and interest-rate risk solutions. Tailored to the company’s business model, this strategy enabled GLR to expand its business with state-of-the-art single-stream recovery – curbside recycling – facilities in Michigan and New York, amid turbulent market conditions for recycled products.

The new facilities will divert an additional 150,000 tons of material from landfills, furthering GLR’s and Charter One’s drive toward environmental responsibility.
**RBS Asset Finance**

As the eighth-largest bank-affiliated lessor/lender in the United States, RBS Asset Finance provides customers with a significant depth of resources and services including equipment acquisition, refinancing, working capital, and balance sheet management. Industry-specific experts cover business aviation, energy, marine and rail, among others.

**RBS Business Capital**

Our asset-based lending division is one of the largest providers of asset-based loans in the United States. We operate through a network of seven regional offices in Atlanta, Boston, Cleveland, Chicago, New York City, Stamford and Pittsburgh. RBS Business Capital colleagues can provide or arrange complete financing for all transaction sizes – from basic working capital lines of credit to complex, multi-bank syndications. RBS Business Capital’s collaborative relationship with RBS Global Banking & Markets provides flexible access to other capital markets products and international services.

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**Turning Stone Resort Casino**

Nestled in the heart of scenic upstate New York, the successful Turning Stone Resort Casino, LLC, a wholly owned subsidiary of the Oneida Indian Nation of New York, looked for a banking institution that would recognize its already strong financial position and reduce its debt load by refinancing $130 million in Senior Notes no later than December 2010.

The complex project required quick financial action in 2009 – and Turning Stone found a partner up for the task in Citizens Bank. In partnership with RBS’s Global Banking & Markets division, RBS Citizens developed a debt-syndication solution for the casino and was selected as the lead arranger for the refinancing.

The team worked relentlessly to meet its goal, facing challenges that were magnified by the turbulence confronting the banking industry.

After several months of hard work by GBM and RBS Citizens, Turning Stone Resort’s refinancing needs were met – one year ahead of schedule. The team also found ways to vastly improve the casino’s cost of capital, which is saving Turning Stone several million dollars a year.

Through these successes, RBS Citizens became the new lead bank for central New York’s premier resort and casino – ultimately turning a one-time refinancing task into a strong relationship.

The commitment and dedication shown throughout the course of the project exemplify the superior level of service that has grown to be synonymous with the RBS Citizens name.
Reinauer Transportation Companies

Reinauer Transportation Companies, headquartered on Staten Island, New York and in East Boston, Massachusetts, has been providing marine transportation services to its clients for more than 80 years with a fleet that now exceeds more than 75 vessels. Citizens Bank is administrative agent for the company’s Revolving Line of Credit and is its primary depository and cash management bank in a long-standing relationship.

In 2007, Reinauer authorized construction of two new boats: a 128-foot tug based in Gloucester and a 101-foot tug based in Boston. Both tugs will support a new LNG facility off the Massachusetts coast, as well as assist with an increasing demand in the New England marine transportation market.

RBS Asset Finance, RBS Citizens and RBS Corporate Risk Solutions developed a comprehensive financing solution to meet the company’s objectives. They included progress payments to each builder with a single point of contact, and mitigating interest-rate risk during the construction phase. RBS Asset Finance, working with its investor relationships, also was able to arrange financing for an additional completed tug, the “Ruth M. Reinauer.”

The strength of the RBS Citizens-Reinauer relationship along with the teamwork of the bank’s product partners met the company’s new-equipment needs – and allowed its executives to focus their attention on growing their transportation business.

From left: David Clark of Reinauer Transportation, Senior Vice President David Bugbee of Citizens Bank’s Middle Market Lending team, Bill Skinner of Reinauer, Senior Vice President Barry Bloom of RBS Asset Finance, Reinauer CFO Jonathan Wales and Reinauer President Craig Reinauer check out one of the company’s new tugs in Boston Harbor.

RBS Asset Finance’s ranking among bank-affiliated lessors/lenders in the United States.
C&S Wholesale Grocers, Inc.

Originally established in 1918, C&S is the largest wholesale food distributor in the United States. With net sales in 2009 of more than $19 billion, it is the 12th largest privately owned company in the United States. C&S serves about 3,900 grocery stores in 32 states from more than 50 distribution facilities, distributing food to supermarkets, retail stores and military bases across the country. Its customers include many of America’s best known companies, including Stop & Shop, Giant of Landover, Shaw’s, Great Atlantic & Pacific Tea Co. (A&P), Safeway and Target.

The Keene, New Hampshire-based company is also one of CFG’s largest customers. Significant use of our cash management, leasing, and electronic payments processing, as well as international products and services, have helped support the business growth through the years.

Recently, C&S considered converting its leverage-based cash flow financing into a more flexible asset-based credit facility. Citizens Bank’s Commercial Banking team recognized the opportunity to provide ABL market-and-execution strategies – and introduced RBS Business Capital to the company’s management team.

RBS Business Capital was able to secure Co-Documentation agent and Joint Bookrunner roles on an $800 million asset-based loan facility, as well as solidify CFG’s position as a top relationship bank and trusted advisor.

“We were very pleased to be able to raise a credit facility of this size during probably one of the most tumultuous times in U.S. economic history. We could not have done this without the trusted support and advice of Citizens Bank and the RBS Business Capital team,” said Tim Ludlow, Treasurer, C&S Wholesale Grocers.
Global Markets – Foreign Exchange
Changes in foreign-exchange trends or unexpected market volatility can complicate the best-laid plans. To give our clients the edge in the international marketplace, dedicated Global Markets teams in New England, the Mid-Atlantic and the Midwest emphasize a consultative approach to helping clients manage their foreign exchange risk. We can provide full international product delivery in more than 75 currencies and offer strategies to hedge against currency rate fluctuations that may adversely affect our clients’ businesses.

Global Markets – Interest-Rate Risk Management
Interest rate exposure can be a risk for any company. Our seasoned professionals assist our clients with evaluating, structuring, and executing appropriate interest-rate risk management solutions to meet borrower objectives in any market environment. The team will work to identify interest rate exposure, set objectives for hedging, consider the instruments available, and propose solutions that incorporate your company’s individual risk-management criteria. Hedging instruments include options, forwards, swaps, swaptions, caps, floors, collars and combinations and variations of these instruments. We have outstanding resources to make available to our customers and a track record of success with our clients.

Willis Group Holdings plc
Willis Group Holdings plc is a leading global insurance broker, developing and delivering professional insurance, reinsurance, risk management, financial and human resource consulting and actuarial services to corporations, public entities and institutions around the world. With more than 17,000 employees in nearly 120 countries, the company was seeking a commercial card provider with global reach – and more extensive merchant acceptance.

Willis selected RBS Citizens’ U.S. Commercial Cards division in September 2009 to provide its new purchasing cards for procurement transactions and corporate cards for more than 4,500 employee cardholders.

As a result, Willis received robust information management capabilities and support for its two card programs. It gained much more in the process: stronger revenue-sharing opportunities, and help in identifying other ways to operate its corporate and purchasing card programs more efficiently.

“Transitioning a card program from one provider to another will often present a barrier to change. The key, however, is how the new provider responds to those challenges and overcomes them. Our Citizens Bank team worked hard to help us make the changeover as smooth as possible,” said Graeme Holder, Willis’s Operational Expenses Director.

Today, Willis has a powerful card program operating in 15 countries, including the United States and the United Kingdom, that offers global reach and better acceptance rates – thanks to the RBS U.K. and RBS Citizens’ Global Transaction Services partnership.
Global Transaction Services – Trade Finance
We make trading across borders as efficient, straightforward and secure as possible for business of all sizes that are involved in importing and exporting. Trade finance services require a thorough understanding of cross-border issues. Full knowledge of regulatory constraints and the impact of tax and accounting codes, as well as complete familiarity with the economies of countries in which our clients do business, make our specialists valuable partners.

Our solutions range from the traditional payments products that underpin international trade – such as letters of credit – to support for open-account trading and the financing of supply chains. Our award-winning Web-based trade platform offers a secure point of access to all our trade processing and supply chain finance solutions. In addition, we are a Delegated-Authority Lender for the U.S. Export-Import Bank. Our supply-chain solutions strengthen the relationships between buyers, strategic partners and core suppliers – relationships upon which our clients’ success depends.

Global Transaction Services – Cash Management
The demands on all companies in today’s business environment mandate that cash be managed efficiently, whether domestically or globally, in an increasingly complex web of transactions. At the same time, the pressure is escalating to reduce the capital tied up in the day-to-day running of a business.

The depth of our world-class innovative solutions and the breadth of our global reach give us the flexibility to meet your company’s demands, no matter how complex or geographically wide-ranging they are. We are embedded in the communities in which we do business delivering local solutions while also meeting the broader global needs of our clients, with the ultimate goal of bringing value to our clients and revenue to our shareholders.

From single proprietorships to large multinational clients, our domestic and international services are designed to accelerate collections of accounts receivables, manage the distribution of funds and provide enhanced short-term liquidity.

Where our Government Banking unit ranks among the top 20 U.S. banks managing public deposits.
North American Breweries, Inc.

North American Breweries (NAB) is one of the largest independent brewers in the United States, with an annual capacity of 3.3 million barrels of brewed and blended products. NAB owns the Genesee Brewing Company, one of the country’s oldest continually operating breweries, Labatt USA and Seagram’s Escapes. NAB markets and sells Labatt Blue, Blue Light and other Labatt brands in the United States, and brews the historic Genesee brands, Seagram’s Escapes, Dundee Ales and Lagers craft brands and the Original Honey Brown Lager. Through its Allied Brands division, NAB is a major distributor of Imperial beer from Costa Rica. The Genesee Brewing Company also brews and blends beer and alcoholic beverages under contract for other companies.

KPS Capital Partners established Rochester, New York-based NAB in February 2009, prior to acquiring the assets of High Falls Brewing Company, LLC and Labatt USA (from a subsidiary of AB/InBev), in order to become a national platform for investments and growth in the beer and malt beverages industry.

With the news of those acquisitions, Citizens Bank’s Middle-Market Banking team in Buffalo contacted KPS and NAB management to discuss a recapitalization of the company. KPS and NAB were pleased to learn more about the Citizens Bank approach in providing a recapitalization solution.

The Citizens Bank team worked efficiently and diligently to arrange a deal with three other local bank participants for $85 million of refinancing, with Citizens providing $30 million as agent and lead bank. This initiative and our reputation led KPS and NAB to move forward.

Partners from Citizens Bank’s cash management, derivatives, foreign exchange and trade services played roles in the transaction and helped to mold and solidify this new relationship.

From left: Senior Vice President Tony Rizzo of Citizens Bank’s Western New York Commercial Lending team, North American Breweries Chief Executive Officer Rich Lozyniak and Chief Financial Officer Randy Saputo, and Vice President Brad McFadden of Citizens Bank’s Western New York Commercial Lending team.
How do you build brand loyalty? It starts with having a great brand, solid products and terrific customers. But something deeper makes a company successful. In our case, customer familiarity and local decision-making are key. We have talented local presidents and teams of bankers on the ground throughout our footprint who know their communities and their customers. They pride themselves on their responsiveness and sense of responsibility. That dedication has enabled our company to build and grow relationships with our customers and community partners who work so hard to achieve their own corporate, personal and community goals. Local delivery means timely decision-making and access to senior management as we work to build – and strengthen – those relationships. How, you ask? We answer the phone. We call you back. We get to know you. We work to understand your business – and your financial needs. And we always thank you for doing business with us.
Local Leadership

Connecticut
Richard M. Barry
President
Branches 50
ATMs 67

Delaware
Daniel K. Fitzpatrick
President
Branches 26
ATMs 44

Illinois
Scott C. Swanson
President
Branches 111
ATMs 311

Massachusetts
Stephen R. Woods
President
Branches 255
ATMs 530

Michigan
Sandra E. Pierce
President
Branches 108
ATMs 121

New Hampshire
Cathleen A. Schmidt
President
Branches 83
ATMs 150
(also includes a commercial loan office in Maine)

New Jersey
Daniel K. Fitzpatrick
President
Branches 15
ATMs 65

New York
James P. Gaspo
President
Branches 226
ATMs 277

Ohio
Kenneth E. Marblestone
President
Branches 150
ATMs 178

Pennsylvania
Daniel K. Fitzpatrick
President
Branches 383
ATMs 657
(also includes a commercial loan office and 4 ATMs in Virginia)

Rhode Island
Edward O. “Ned” Handy III
President
Branches 82
ATMs 150

Vermont
Cathleen A. Schmidt
President
Branches 25
ATMs 24
In 2009, Consumer and Business Banking focused its efforts on supporting our goal of helping consumer and business customers make money, save money and gain peace of mind. As a result, we helped our customers nearly 3 million times.

Our Citizens Bank and Charter One colleagues consistently strive to provide an improved banking experience. With the alignment of our Wealth Management businesses, and the introduction of Premier Banking from Citizens Bank℠ in Massachusetts, Pennsylvania and Rhode Island, we have built a strong business unit capable of helping more customers confidently manage their wealth.

Continued investment in our Business Banking infrastructure has led to a significantly improved experience for our small-business customers. Enhancements to our Business Lending system and Small Business Online Banking Web site have helped businesses bank more efficiently. And by investing in our colleagues, we are more equipped to provide helpful support and recommendations to meet all of our customers’ needs.

Citizens’ enhanced its Online Banking platform in 2009 to provide consumers with a truly convenient online banking experience. More customers than ever are choosing to bank online and Citizens has one of the fastest growing online banking and bill payment programs, with active bill pay households growing by an estimated 17 percent in 2009. Online banking is all about giving customers the tools to bank when and where they want, on their terms. With new services like mobile banking alerts, a streamlined user experience and more helpful resources, banking online with Citizens has never been more convenient.
Consumers should have the confidence that their bank is providing them with the most competitive, comprehensive and transparent offers to meet all their needs. By offering a fully integrated package of products and services each quarter to new and existing customers, consumers are given all they need to meet their short- and long-term financial goals. Our best-in-class rewards programs – Everyday Points and Green$ense – have helped more customers earn more rewards quicker and easier. Convenient product packaging, like our Circle Gold Mortgage Advantage, offers consumers discounted rates along with Circle Gold Banking, our best and most-rewarding checking program.

We have introduced a wide range of innovative solutions to meet consumer’s needs. Products like CollegeSaver and HomeBuyer Savings...
The millions of dollars CFG made available in 2009 for small business customers to invest in their business and employees.

are helping more customers save for important goals. Online money management tools like MoneyHelp and MoneyOrganizer have enabled customers to manage their money with confidence. GoalTrack Savings joined our suite of goal-based savings solutions designed to reward consumers for achieving their savings goals.

In an uncertain economy, it is essential that we continue to meet the borrowing needs of our customers. Innovative lending products like our new TruFit Student Loan have helped more customers finance their education. In addition, our competitive array of credit cards are more rewarding than ever, providing convenient options like cash back and free gas.

New in-branch tools are helping customers make informed banking decisions. Comprehensive catalogs provide information on current offers with helpful tools and tips for consumers, and new brochures break down banking into targeted needs, providing important information to educate consumers on how we can support them.

As we look to the future, a continued focus on innovation will lead our quest to deliver truly helpful and personalized recommendations to all of our customers. There will be many new opportunities for growth and development, but what will remain consistent is our commitment to providing the most helpful support to meet our customers evolving needs at every stage of life.
Owners Steven and Virginia Kostechka planned to expand their 25-year-old battery distribution company in Wood Dale, Ill., by moving to a larger property. At the time, the lease on the Kostechkas’ current building was nearing expiration and the contract on the new building was also due.

The Kostechkas would have been required to pursue a costly renegotiation of both the lease and the contract in order to transition between the two buildings – unless Charter One could accommodate a closing in less than half the usual timeframe.

Business Bankers Vishal Patel and Fred Stephenson took swift action to ensure that Interstate Batteries could move to its new location with minimal implications. They worked with several departments throughout the bank to expedite the credit approval and due diligence processes that are necessary for most commercial real estate transactions. In addition, an appraisal and environmental review was completed in less than one week.

In the end, Interstate Batteries’ closing was completed without complications or delay. Together, nine Charter One and CFG colleagues worked as a team to complete a routine five-week transaction in just two weeks’ time.

“I am completely impressed by the professionalism and dedication to customer service exhibited by the team members at Charter One,” said Steven Kostechka. “With their help and expertise, my company was able to seamlessly move to a larger facility, which allows me to operate more efficiently and better serve my customers.”
OUR CREDO

Customers
We work for them. If they like us, if they trust us, if they believe in us, if they think we are a good bank and a trusted advisor, we all grow and prosper. Treat them with dignity, respect, kindness – go out of your way to show them that their business matters. If every one of us delivers on this – not just through personal service and financial guidance, but through convenience and innovative products and solutions – we will deliver a better experience for our customers and be rewarded with their loyalty.

Colleagues
We want to be a rewarding place to work, a place where our colleagues are challenged to use their talents, and where there are great opportunities to grow and develop. We will be a company that is compassionate in times of personal difficulty, and we will treat every colleague with respect, dignity and professionalism at all times. We believe a highly engaged, diverse team of colleagues will deliver an exceptional experience for our customers.

Community
We have always been a bank committed to the community. We believe that the success of the communities we serve is critical to our success – when the community prospers, we all prosper. Our history is one of making prudent investments in places and people we know. We give back. We encourage community involvement and volunteerism. We believe in a healthy environment. We expect our people to be looked up to as leaders and responsible citizens.

Good banking is good citizenship.

Citizens Bank volunteers from greater Philadelphia sort donations at the Philabundance warehouse during the Citizens Relief for Hunger campaign.
CHARITABLE GIVING AT CFG
Providing food, warmth and shelter to our neighbors in need

At CFG, we are guided by the belief that the strength of our company is tied to the strength of the communities we serve. We have an obligation to contribute to the overall well-being of our communities and to improve the lives of our neighbors in need. This is something we have always believed. We know that good banking is good citizenship.

In 2009, we remained steadfast in our commitment to being a good corporate citizen by investing $21 million through charitable giving and sponsorships to support more than 3,000 nonprofit organizations. We invested our resources to make our communities stronger and healthier, providing programs and funding for basic necessities – food, warmth and shelter – while continuing our important work across the broad spectrum of human need.

By leveraging the work of our colleagues and our financial resources, we have been able to develop innovative programs to respond to the diverse challenges of our local communities. These few pages speak to the core of who we are.

Hunger Programs
We joined with professional baseball teams to strike out hunger, including a partnership with the Philadelphia Phillies by donating $150 to the hunger relief organization Philabundance for every scoreless inning pitched by Phillies relievers, for a total of $25,000. We joined with the Pawtucket Red Sox, donating $75 to the Rhode Island Community Food Bank for each strikeout recorded by a PawSox pitcher for a total of $75,000. And we partnered with the New Hampshire Fisher Cats, donating $50 to the New Hampshire Food Bank for every strikeout thrown by a Fisher Cats pitcher during a home game for a total of $25,000.

Charter One Ohio’s Carving Out Hunger program awarded grants to six food banks, providing turkeys and chickens for 125,000 holiday meals. Colleagues volunteered at the food banks, sorting and re-packing food, cooking hot meals and loading food into cars for member agencies. We also support community-driven initiatives such as Harvest for Hunger and Operation Feed, which raise critical resources for local hunger relief organizations.

Charter One Michigan’s Summer Vacation From Hunger program helps fight child hunger during the summer.

Thirty Citizens volunteers, including Senior Vice President Greg Custer of RBS Citizens Business Services, spent a day helping clean and revitalize North Philadelphia’s Hunting Park.
We partnered with Forgotten Harvest and Gleaners Community Food Bank of Southeastern Michigan to provide much-needed funding to expand our program to new areas. Dozens of colleagues volunteered to ensure the success of the program, which served more than 2,000 families and 4,000 children in 2009.

Citizens colleagues in New York volunteer at area food banks, raising awareness of the growing number of children who go hungry in the summer without access to school breakfasts and lunches. Around the holidays, we donated 2,000 turkeys to 23 area food pantries and our colleagues helped to load cases of turkeys into food pantry vehicles at our headquarters in Albany.

Charter One Illinois’ Making Music Matter program leverages sponsorship of the Charter One Pavilion at Northerly Island for the good of the community. In 2009, colleagues collected donations from thousands of concert attendees to benefit the Greater Chicago Food Depository’s Food Rescue program. These efforts, in addition to a $100,000 grant from the Charter One Foundation, enabled the Food Depository to purchase a new refrigerated food truck that will recover an additional 1 million pounds of food each year.

**Warmth and Shelter Programs**

We have all been affected by the increasing costs of living expenses, but for some, the burden of increasing utility payments means the difference between heating and eating.

In response, we developed Energy$ense, a multi-faceted initiative to help community organizations and customers address heat, utility and other energy costs. Through Energy$ense, we provided $500,000 in energy assistance grants to homeless shelters and nonprofits that offer home weatherization and utility payment assistance. We also provided below market-rate loans to eligible consumers to make their homes more energy efficient to save on utility costs. Here are a few examples of how our Energy$ense dollars were used:

- Citizens awarded the Rhode Island Coalition for the Homeless a $100,000 Energy$ense grant for its Shelter Heating Initiative to help homeless shelters pay increased energy bills.

- In Pennsylvania, we supported the Dollar Energy Fund which, through its Hardship Program, works with utility companies to provide utility assistance and other services that lead to self-sufficiency. Our $50,000 Energy$ense grant was matched dollar for dollar by participating utility companies to help Pittsburgh-area residents pay for utility services.

Charter One colleagues help weatherize windows at Deborah’s Place, Chicago’s largest provider of supportive housing exclusively for women.
Citizens Financial Group has sent nearly 90 colleagues into the communities where they live and work since 1994 to do hands-on work with nonprofit agencies through the CFG Community Service Sabbatical program. Nine of those three-month sabbaticals were awarded during 2009. Alysha Brock, left, a Settlement Services business analyst in Cranston, Rhode Island, worked full time at RiverzEdge Arts Project, an out-of-school development program that is a former Champion in Action. RiverzEdge, located in Woonsocket, provides at-risk youths in northern Rhode Island with paid employment in the arts – and a voice in the community. “It opened my eyes to the issues that they face daily and I am thankful that they opened up to me and trusted me,” Brock said. “Now, I am prepared to understand some of the challenges my daughters may encounter in the future.”

Better understanding the challenges young people face

Alysha Brock, left, and RiverzEdge participant Tiffany Coles.
• Citizens awarded the New Hampshire Coalition to End Homelessness a $90,000 Energy$ense grant to help 37 shelters provide assistance to those in need of heat, housing, food and social services.

• In Michigan, we provided a total of $30,000 in grants to two organizations for their leadership in consumer energy education and emergency utility payment assistance. The Heat and Warmth Fund (T.H.A.W.) provides emergency energy assistance and advocates for long-term solutions to energy issues. Warm Training Center promotes the development of resource-efficient, affordable, and healthy homes and communities through education, training and technical assistance.

• Citizens also joined with the Black Ministerial Alliance to help Boston residents cope with food and fuel costs. Funded through a $100,000 grant from the Citizens Charitable Foundation, the program fed more than 5,000 people, assisted those struggling to pay heating bills, and provided much-needed assistance to Boston homeless shelters. The Food and Fuel Initiative supplements Mayor Thomas Menino’s Food and Fuel Campaign to support shelters and emergency food programs.

• We also provided our neighbors with other basic life necessities. In Connecticut, we partnered with the Connecticut Coalition to End Homelessness to help more than 30 emergency shelters across the state prepare for and manage the flu season. We funded the purchase of infection control supplies including hand sanitizer, face masks, moveable curtain dividers and latex gloves as well as client medical needs such as prescription co-pays and other costs related to preventing and mitigating the flu in shelter settings.

Champions in Action

Through our signature co-branded community program, Champions in Action®, we have directed nearly $6 million, along with thousands of volunteer hours, to 200 worthy organizations that support important local causes. Each quarter, a small nonprofit is chosen from a designated social service area in eight of our markets. The Champion receives a $25,000 grant from Citizens while local media partners promote the organization through PSAs and television profiles.

In 2009, one focus area was housing. We chose Olneyville Housing Corporation as a Champion in Rhode Island. OHC transformed a long-abandoned area in Providence into a park, playground, bike path and affordable housing units. The project was the result of an exceptional partnership between OHC and the Woonasquatucket River Watershed Council – another past Champion in Action – and the Providence Parks Department. In June, volunteers joined neighborhood residents, city employees and representatives from...
“This grant has made all the difference this year, as we anticipated challenging times both for the women we serve and for Abby’s House as an organization. The award helped to sustain us and will enable Abby’s to continue to provide the housing and support services needed to prevent homelessness for women and children at risk. What a gift!” —Tess Sneesby, Executive Director, Abby’s House, Massachusetts

the U.S. Conference of Mayors to rehab Riverside Mills Park, the center of the revitalization effort in Olneyville. They renovated the park’s playground, weeded a community garden, and beautified the bike path and river walk areas.

Other 2009 housing Champions provide a wide range of affordable, emergency and special needs housing, as well as critical resources to assist residents and help revitalize neighborhoods:

• Macomb County Rotating Emergency Shelter Team, Roseville, Michigan
• Mutual Housing Association of Southwestern Connecticut, Bridgeport, Connecticut
• The Light of Life Rescue Mission, Pittsburgh, Pennsylvania
• Norris Square Civic Association, Philadelphia, Pennsylvania
• Abby’s House, Worcester, Massachusetts
• Laconia Area Community Land Trust, Laconia, New Hampshire
• Battered Women’s Shelter of Summit and Medina Counties, Akron, Ohio

We believe that it takes everyone working together, investing resources and creating solutions to make the changes needed to address the most challenging issues in our communities.
Corporate Sustainability

At CFG, we believe that corporate sustainability creates long-term value by combining social and environmental responsibilities with financial performance. We understand that consumers and businesses alike want to do business with companies that are socially responsible and give back to the community.

The environmental side of our good citizenship had many successes during 2009:

RBS Americas’ new headquarters in Stamford, Connecticut, which opened in June, is a state-of-the-art LEED Gold Certified facility. It has a one-acre green roof to reduce building energy consumption, integrated daylight dimming and an automated blind control system, composting, biodiesel and “green” cleaning programs. It is the largest purchaser of renewable energy through Connecticut’s Clean Power program.

CFG and other RBS Americas colleagues recycled more than 5,000 metric tons of paper, equivalent to saving 93,000 trees. Almost 90 percent of the paper the company used was sustainability certified. Nearly one-third of colleagues receive their pay advice notices electronically.

In order to help reduce our carbon footprint, we doubled our renewable energy sourcing and reduced business travel by 700,000 miles from 2008.

CFG’s Green$ense program is an industry-first initiative that rewards customers for paying without paper. More than 300,000 customers are enrolled in the program, which saves approximately 60 tons of paper, or 1,500 trees, per month.
NOTE: The Royal Bank of Scotland Group plc (“RBS”) now reports the results of Citizens Financial Group’s core businesses as “U.S. Retail and Commercial-Core.” The results discussed in this Annual Report are the full CFG results as reported to U.S. regulators in accordance with United States Generally Accepted Accounting Principles.
### Balance Sheet Data:

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<thead>
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</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$147,681</td>
<td>$159,925</td>
<td>$159,940</td>
<td>$160,831</td>
<td>$157,335</td>
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<td>Investment securities</td>
<td>28,172</td>
<td>27,909</td>
<td>28,078</td>
<td>29,449</td>
<td>33,752</td>
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<tr>
<td>Loans and leases:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>46,876</td>
<td>53,701</td>
<td>55,125</td>
<td>54,921</td>
<td>54,135</td>
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<td>Residential mortgage</td>
<td>11,413</td>
<td>15,283</td>
<td>18,222</td>
<td>18,433</td>
<td>17,427</td>
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<tr>
<td>Commercial and industrial</td>
<td>21,253</td>
<td>25,293</td>
<td>22,501</td>
<td>18,302</td>
<td>15,614</td>
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<td>Commercial real estate</td>
<td>10,463</td>
<td>10,915</td>
<td>9,817</td>
<td>8,618</td>
<td>8,170</td>
</tr>
<tr>
<td>Lease financing</td>
<td>3,290</td>
<td>3,364</td>
<td>2,993</td>
<td>2,763</td>
<td>2,944</td>
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<tr>
<td>Credit card</td>
<td>1,785</td>
<td>2,475</td>
<td>2,404</td>
<td>2,569</td>
<td>2,514</td>
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<tr>
<td>Total loans and leases</td>
<td>95,080</td>
<td>111,031</td>
<td>111,062</td>
<td>105,606</td>
<td>100,804</td>
</tr>
<tr>
<td>Allowance for loan and lease losses</td>
<td>2,209</td>
<td>1,731</td>
<td>978</td>
<td>757</td>
<td>827</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>11,867</td>
<td>12,021</td>
<td>13,701</td>
<td>13,744</td>
<td>13,947</td>
</tr>
<tr>
<td>Deposits</td>
<td>98,053</td>
<td>94,606</td>
<td>102,197</td>
<td>99,955</td>
<td>99,942</td>
</tr>
<tr>
<td>Federal funds purchased, securities sold under agreements to repurchase and short-term borrowings</td>
<td>5,222</td>
<td>5,401</td>
<td>14,594</td>
<td>10,267</td>
<td>9,844</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>18,508</td>
<td>34,926</td>
<td>17,555</td>
<td>24,451</td>
<td>23,149</td>
</tr>
<tr>
<td>Stockholder’s equity</td>
<td>22,276</td>
<td>19,952</td>
<td>22,351</td>
<td>23,548</td>
<td>22,053</td>
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### Operating Data:

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<tbody>
<tr>
<td>Net interest income</td>
<td>$3,420</td>
<td>$4,035</td>
<td>$4,054</td>
<td>$3,950</td>
<td>$3,970</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>2,783</td>
<td>1,932</td>
<td>683</td>
<td>331</td>
<td>239</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>1,912</td>
<td>2,025</td>
<td>2,132</td>
<td>2,024</td>
<td>1,918</td>
</tr>
<tr>
<td>Noninterest expense</td>
<td>3,690</td>
<td>4,887</td>
<td>3,229</td>
<td>3,074</td>
<td>3,378</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(1,141)</td>
<td>(759)</td>
<td>2,274</td>
<td>2,569</td>
<td>2,271</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(740)</td>
<td>(930)</td>
<td>1,489</td>
<td>1,668</td>
<td>1,489</td>
</tr>
<tr>
<td>Net income (loss) excluding acquisition costs, net of taxes</td>
<td>(740)</td>
<td>(930)</td>
<td>1,500</td>
<td>1,696</td>
<td>1,717</td>
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### Other Data:

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<tr>
<th></th>
<th>2009%</th>
<th>2008%</th>
<th>2007%</th>
<th>2006%</th>
<th>2005%</th>
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<tbody>
<tr>
<td>Return on average tangible assets*</td>
<td>(0.51)%</td>
<td>(0.62)%</td>
<td>1.02%</td>
<td>1.16%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Return on average tangible common equity*</td>
<td>(9.65)%</td>
<td>(13.13)%</td>
<td>18.23%</td>
<td>22.92%</td>
<td>29.36%</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>2.49</td>
<td>2.84</td>
<td>2.82</td>
<td>2.83</td>
<td>3.14</td>
</tr>
<tr>
<td>Allowance for loan and lease losses as a % of total loans and leases</td>
<td>2.32</td>
<td>1.56</td>
<td>0.88</td>
<td>0.72</td>
<td>0.82</td>
</tr>
<tr>
<td>Allowance for loan and lease losses as a % of nonperforming loans and leases</td>
<td>101</td>
<td>154</td>
<td>154</td>
<td>217</td>
<td>246</td>
</tr>
<tr>
<td>Nonperforming loans and leases as a % of total loans and leases</td>
<td>2.31</td>
<td>1.01</td>
<td>0.57</td>
<td>0.33</td>
<td>0.33</td>
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### Capital ratios

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<tbody>
<tr>
<td>Risk-based capital ratios:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 1</td>
<td>11.62</td>
<td>9.15</td>
<td>9.13</td>
<td>9.98</td>
<td>8.85</td>
</tr>
<tr>
<td>Total</td>
<td>13.03</td>
<td>11.22</td>
<td>10.97</td>
<td>11.80</td>
<td>10.83</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>8.68</td>
<td>6.96</td>
<td>6.91</td>
<td>7.30</td>
<td>6.33</td>
</tr>
</tbody>
</table>

*Return excludes acquisition costs, net of taxes
Summary
In 2009, Citizens reported a net loss of $740 million, compared to a net loss in 2008 of $930 million. Excluding the 2008 goodwill impairment charge, the pre-tax loss of $1.1 billion in 2009 compared to pre-tax income of $751 million in 2008. The decline in operations is due primarily to increased provision for credit losses and a decline in net interest income.

The provision for credit losses was $2.8 billion in 2009, up from $1.9 billion in 2008.

Capital levels have increased due to continued commitment and support from RBS.

Financial Condition
Total assets were $147.7 billion at December 31, 2009 compared to $159.9 billion at December 31, 2008. Loans and leases at December 31, 2009 were $95.1 billion, down from $111.0 billion at December 31, 2008. Reduced customer demand resulted in decreased loan balances across all categories, with the largest decline in consumer loans of $6.8 billion, followed by declines in commercial loans of $4.0 billion and residential mortgage loans of $3.9 billion.

Total deposits at December 31, 2009 were $98.1 billion, compared with $94.6 billion at December 31, 2008. The overall growth consisted of increases in demand deposits and checking with interest of $8.3 billion and money market of $3.5 billion, offset by a decrease in term deposits of $8.3 billion.


Capital Resources and Liquidity
Citizens’ capital levels were further strengthened during 2009. At December 31, 2009, Citizens’ leverage ratio was 8.68% (6.96% in 2008) and total risk-based capital ratio was 13.03% (11.22% in 2008).

Preferred stock totalling $1.6 billion was converted to common equity during 2009. In addition, $1.7 billion of subordinated debt was converted to common equity. Citizens was deemed “well capitalized” at December 31, 2009 and 2008, based upon regulatory definitions.

Liquidity at Citizens is maintained to provide reliable, stable and cost effective sources of funding for asset growth and deposit fluctuations. Primary sources of liquidity are derived from growth in retail deposits, loan repayments and earnings. Additional sources of liquidity available to fund asset growth, include the sale or pledging of Citizens’ investment portfolio, secured borrowings from the Federal Home Loan Bank and Federal Reserve Bank, and borrowings from RBS.

Asset Quality and the Allowance for Loan and Lease Losses
Nonperforming loans and leases totalled $2.2 billion at December 31, 2009 compared to $1.1 billion a year ago. Nonperforming loans and leases were 2.31% of total loans and leases at December 31, 2009 (1.01% in 2008). Total nonperforming assets as a percentage of total assets were 1.54% at December 31, 2009 (0.73% in 2008). Other real estate owned was $77 million at December 31, 2009 ($54 million in 2008).

Citizens’ allowance for loan and lease losses was $2.2 billion at December 31, 2008 compared to $1.7 billion a year ago. The ratio of allowance to total loans and leases was 2.32% at December 31, 2009 (1.56% in 2008).

Net charge-offs were $2.3 billion for the year ended December 31, 2009, almost double the 2008 level of $1.2 billion. Citizens recorded provision for credit losses of $2.8 billion in 2009 ($1.9 billion in 2008).

Results of Operations
Net loss was $740 million for the year ended December 31, 2009, compared to net loss of $930 million in 2008.

Net interest income for the year ended December 31, 2009 was $3.4 billion, down 15% from $4.0 billion in 2008. Declining interest rates and reduced customer demand resulted in a reduction in both interest income and interest expense of approximately $1 billion. The net interest margin was 2.49% for the year ended December 31, 2009 (2.84% in 2008).

Noninterest income was $1.9 billion for the year ended December 31, 2009, down $113 million from $2.0 billion in 2008. The decrease resulted mainly from lower gains and lower derivative fee income.

Noninterest expense was $3.7 billion for the year ended December 31, 2009, down from $4.9 billion in 2008. Excluding the 2008 goodwill impairment charge of $1.5 billion, expense increased $313 million due primarily to increased FDIC insurance premiums and employee benefit costs.
## Consolidated Statements of Operations

For Years Ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and fees on loans and leases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>$2,436</td>
<td>$3,114</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>899</td>
<td>1,343</td>
</tr>
<tr>
<td>Residential mortgage</td>
<td>683</td>
<td>952</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>323</td>
<td>514</td>
</tr>
<tr>
<td>Credit card</td>
<td>227</td>
<td>229</td>
</tr>
<tr>
<td>Loans held for sale</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Investment securities</td>
<td>1,212</td>
<td>1,420</td>
</tr>
<tr>
<td>Federal funds sold and securities purchased under agreement to resell</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Interest-bearing deposits in banks</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>5,815</td>
<td>7,606</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>1,301</td>
<td>2,117</td>
</tr>
<tr>
<td>Federal funds purchased and securities sold under agreement to repurchase</td>
<td>521</td>
<td>574</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>573</td>
<td>880</td>
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<tr>
<td><strong>Total interest expense</strong></td>
<td>2,395</td>
<td>3,571</td>
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<tr>
<td><strong>Net interest income</strong></td>
<td>3,420</td>
<td>4,035</td>
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<tr>
<td><strong>Provision for credit losses</strong></td>
<td>2,783</td>
<td>1,932</td>
</tr>
<tr>
<td><strong>Net interest income after provision for credit losses</strong></td>
<td>637</td>
<td>2,103</td>
</tr>
<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges on deposits</td>
<td>715</td>
<td>725</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>353</td>
<td>382</td>
</tr>
<tr>
<td>ATM and debit card</td>
<td>241</td>
<td>239</td>
</tr>
<tr>
<td>Mortgage banking</td>
<td>154</td>
<td>31</td>
</tr>
<tr>
<td>International fees</td>
<td>120</td>
<td>118</td>
</tr>
<tr>
<td>Other service fee income</td>
<td>118</td>
<td>100</td>
</tr>
<tr>
<td>Investment services revenue</td>
<td>81</td>
<td>85</td>
</tr>
<tr>
<td>Bank-owned life insurance</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td>Net gains on sales of securities available for sale</td>
<td>29</td>
<td>43</td>
</tr>
<tr>
<td>Trust income</td>
<td>26</td>
<td>31</td>
</tr>
<tr>
<td>Customer derivatives</td>
<td>(2)</td>
<td>68</td>
</tr>
<tr>
<td>Other net (losses) gains</td>
<td>(8)</td>
<td>110</td>
</tr>
<tr>
<td><strong>Other-than-temporary impairment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other-than-temporary impairment losses</td>
<td>(134)</td>
<td>—</td>
</tr>
<tr>
<td>Portions of loss recognized in other comprehensive income (before taxes)</td>
<td>125</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net impairment losses recognized in earnings</strong></td>
<td>(9)</td>
<td>—</td>
</tr>
<tr>
<td>Other income</td>
<td>45</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td>1,912</td>
<td>2,025</td>
</tr>
<tr>
<td><strong>Noninterest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>1,630</td>
<td>1,588</td>
</tr>
<tr>
<td>Equipment expense</td>
<td>384</td>
<td>353</td>
</tr>
<tr>
<td>Outside services</td>
<td>331</td>
<td>302</td>
</tr>
<tr>
<td>Occupancy</td>
<td>326</td>
<td>328</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>154</td>
<td>204</td>
</tr>
<tr>
<td>Promotional expense</td>
<td>123</td>
<td>107</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>—</td>
<td>1,510</td>
</tr>
<tr>
<td>Other operating expense</td>
<td>742</td>
<td>495</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>3,690</td>
<td>4,887</td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(1,141)</td>
<td>(759)</td>
</tr>
<tr>
<td><strong>Income tax expense (benefit)</strong></td>
<td>(401)</td>
<td>171</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>($740)</td>
<td>($930)</td>
</tr>
</tbody>
</table>
FINANCIAL REVIEW

CONSOLIDATED BALANCE SHEETS

As of December 31,

(\textit{in millions, except share data})

<table>
<thead>
<tr>
<th>Assets:</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and due from banks</td>
<td>$7,131</td>
<td>$3,059</td>
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<tr>
<td>Interest-bearing deposits in banks</td>
<td>141</td>
<td>197</td>
</tr>
<tr>
<td>Trading account assets</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Securities available-for-sale, at fair value</td>
<td>26,835</td>
<td>26,520</td>
</tr>
<tr>
<td>Other investment securities</td>
<td>1,326</td>
<td>1,377</td>
</tr>
<tr>
<td>Mortgage loans held-for-sale, at fair value</td>
<td>456</td>
<td>138</td>
</tr>
<tr>
<td>Credit card loans held-for-sale, at lower of cost or fair value</td>
<td>518</td>
<td>—</td>
</tr>
<tr>
<td>Loans and leases</td>
<td>95,080</td>
<td>111,031</td>
</tr>
<tr>
<td>Less: Allowance for loan and lease losses</td>
<td>2,209</td>
<td>1,731</td>
</tr>
<tr>
<td>Net loans and leases</td>
<td>92,871</td>
<td>109,300</td>
</tr>
<tr>
<td>Goodwill</td>
<td>11,709</td>
<td>11,709</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>158</td>
<td>312</td>
</tr>
<tr>
<td>Bank-owned life insurance</td>
<td>1,170</td>
<td>1,143</td>
</tr>
<tr>
<td>Premises and equipment, net</td>
<td>1,064</td>
<td>1,143</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>1,033</td>
<td>1,838</td>
</tr>
<tr>
<td>Deferred taxes, net</td>
<td>533</td>
<td>1,227</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>510</td>
<td>671</td>
</tr>
<tr>
<td>Mortgage servicing rights</td>
<td>179</td>
<td>113</td>
</tr>
<tr>
<td>Federal, state and local income taxes receivable</td>
<td>148</td>
<td>—</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,888</td>
<td>1,175</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$147,681</td>
<td>$159,925</td>
</tr>
</tbody>
</table>

Liabilities and Stockholder's Equity:

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>$98,053</td>
<td>$94,606</td>
</tr>
<tr>
<td>Federal funds purchased and securities sold under agreements to repurchase</td>
<td>5,222</td>
<td>5,401</td>
</tr>
<tr>
<td>Borrowed funds</td>
<td>18,508</td>
<td>34,926</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>1,922</td>
<td>3,311</td>
</tr>
<tr>
<td>Federal, state and local income taxes payable</td>
<td>—</td>
<td>86</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,700</td>
<td>1,643</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>125,405</td>
<td>139,973</td>
</tr>
</tbody>
</table>

Stockholder's Equity:

| Preferred stock: | | |
| $1.00 par value, 30,000 shares authorized, zero and 15,850 shares issued and outstanding in 2009 and 2008, respectively | — | 1,585 |
| Common stock: | | |
| $.01 par value, 5,000 shares authorized, 3,382 and 2,855 shares issued and outstanding in 2009 and 2008, respectively | — | — |
| Additional paid-in capital | 18,538 | 15,223 |
| Retained earnings | 4,836 | 5,576 |
| Accumulated other comprehensive loss | (1,098) | (2,432) |
| Total Stockholder's Equity | 22,276 | 19,952 |

<table>
<thead>
<tr>
<th>Total Liabilities and Stockholder's Equity</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>$147,681</td>
<td>$159,925</td>
<td></td>
</tr>
</tbody>
</table>
EXECUTIVE COMMITTEE*

Ellen Alemany
Chairman and
Chief Executive Officer

Martin Bischoff
Vice Chairman
Consumer and Business Banking

David Bowerman
Vice Chairman
RBS Citizens Business Services

Brad L. Conner
Vice Chairman
Consumer Finance

Jay Cook
Chief Risk Officer

Barbara S. Cottam
Executive Vice President
Head of Corporate Affairs

John Fawcett
Chief Financial Officer

Sheldon I. Goldfarb
Chief Legal Officer

Robert D. Matthews Jr.
Vice Chairman
Commercial Banking

Evelyn Tressitt
Chief Human Resources Officer

Prabhat Vira
Head of Global Transaction Services

*All members of the Executive Committee also serve on the Executive Leadership Group
Our company’s senior management team:

Brad Artery  
Senior Vice President  
Chief Procurement Officer  
RBS Citizens Business Services

Richard M. Barry  
President  
Connecticut

Anthony Borzaro Jr.  
Senior Vice President and CFO  
Commercial Banking

Joel J. Brickman  
Executive Vice President  
Secretary and Chief Legal Counsel  
Consumer and Business Banking

Christopher R. Carmosino  
President  
RBS Business Capital

Lucille A. Cavan  
Executive Vice President  
Human Resources –  
Consumer and Business Banking

Richard Daingerfield  
Executive Vice President  
General Counsel

Kenneth J. Deveaux  
Executive Vice President  
Head of GTS Solutions International  
Global Transaction Services

Dennis A. Devine Jr.  
Group Executive Vice President  
Director of U.S. Retail Banking  
Consumer and Business Banking

Joseph Dewhirst  
Group Executive Vice President  
Treasurer

Alan M. Earsman  
Senior Vice President and CFO  
RBS Citizens Business Services

Cindy M. Erickson  
Executive Vice President  
Human Resources –  
RBS Citizens Business Services

Daniel K. Fitzpatrick  
President  
Pennsylvania, New Jersey and Delaware  
Regional Executive  
Mid-Atlantic

James P. Gaspo  
President  
New York

James J. Gifas  
Executive Vice President  
Head of GTS Solutions U.S.  
Global Transaction Services

Michael J. Gleason  
Executive Vice President  
Government Banking

Neil Grasse  
Executive Vice President  
Head of Group Property  
RBS Citizens Business Services

Edward O. Handy III  
President  
Rhode Island  
Regional Executive  
Northern New England, Connecticut and Rhode Island  
Head of Commercial Real Estate Finance

Joseph A. Hoffman  
President  
RBS Cards

Robert M. Howard  
Senior Vice President and CFO  
Consumer Finance

Fraser Ingram  
Chief Technology Officer  
RBS Citizens Business Services

Risa Katz  
Executive Vice President  
Director of Corporate Financial Planning and Analysis

James E. Kivlehan  
Executive Vice President  
Head of Business Development and Analytics  
Consumer Finance

Craig R. Lamp  
President  
Education and Auto Finance

Daniel J. Landers  
Executive Vice President  
Commercial Banking

Mark Links  
Head of Audit

Michael R. Loefgren  
Senior Vice President  
RBS Citizens Business Services

Grant Lyall  
Head of Operational Risk

Kenneth E. Marblestone  
President  
Ohio

Kenneth B. Martin  
Executive Vice President  
Commercial Enterprise Banking

Elaine McGinn  
Head of Planning and Business Support  
Human Resources

Theresa M. McLaughlin  
Group Executive Vice President  
Chief Marketing Officer

Richard A. Meringolo  
Executive Vice President  
Head of Global Restructuring

Michael Millard  
Executive Vice President  
Head of Wealth Management

Tony Moscrop  
Executive Vice President  
Head of Operational Support and Development  
RBS Citizens Business Services

Derek Nazareth  
Executive Vice President  
Head of Business Support Services  
Consumer and Business Banking

Christine Noel  
Senior Vice President  
Director of Public and Community Affairs

Ronald S. Ohlsberg  
Senior Vice President  
Controller

Ralph J. Papa  
Senior Advisor  
Office of the Chairman

Marc A. Paulhus  
President  
RBS Asset Finance

Sandra Pierce  
President  
Michigan  
Regional Executive  
Midwest

Wahida Plummer  
Chief Administrative Officer

John Popolizio  
Executive Vice President  
Head of Risk Americas  
RBS Citizens Business Services  
Head of Security and Fraud  
CFG and RBS Americas

Peter Reynolds  
Head of Regulatory Risk

Joanna M. Robbins  
Senior Vice President  
Human Resources –  
Global Transaction Services

Kenneth W. Robinson  
Senior Vice President  
Director of Public Policy and Government Relations

Sean Rowles  
Executive Vice President  
Chief Credit Officer  
Consumer Finance and Business Banking

Cathleen A. Schmidt  
President  
New Hampshire and Vermont

Ralph C. Sillari  
Executive Vice President  
Director of Strategy and Development  
Commercial Banking

Ian J. Stewart  
Executive Vice President  
Human Resources –  
Commercial Banking and Consumer Finance

Ian Stuttard  
President and Chief Executive Officer  
RBS WorldPay

Scott C. Swanson  
President  
Illinois

Stephen R. Taylor  
Executive Vice President and CFO  
Consumer and Business Banking

Maria Tedesco  
Group Executive Vice President  
Director of Business Banking

Geoffrey C. Thomas  
Executive Vice President  
Product Marketing

Kevin M. Walsh  
Senior Vice President  
Director of Sales and Relationship Management  
Consumer Finance

Stephen R. Woods  
Regional Executive and President  
Massachusetts  
Head of Mid-Corporate Banking

*Also includes all members of the Executive Committee (p. 38)
Citizens Financial Group, Inc.
RBS Citizens, N.A.
Citizens Bank of Pennsylvania

Ellen Alemany
Chairman and Chief Executive Officer
Citizens Financial Group, Inc. and RBS Americas

Robert D. Matthews Jr.
Vice Chairman
Commercial Banking

Edmond J. English
Chief Executive Officer
Bob’s Discount Furniture

William P. Hankowsky
Chairman, President & CEO
Liberty Property Trust

Howard W. Hanna III
Chairman
Howard Hanna Real Estate Services

Charles J. (“Bud”) Koch
Former Chairman
Charter One Bank

Arthur Ryan
Former Chairman, Chief Executive Officer & President
Prudential Financial Inc.

Dr. Graham B. Spanier
President
The Pennsylvania State University

Shivan S. Subramaniam
Chairman and Chief Executive Officer
FM Global

Judith M. von Seldeneck
Chairman and Chief Executive Officer
Diversified Search Odgers Berndtson
The Boston Opera House is an artistic jewel nestled in the heart of downtown Boston. It is home to the Boston Ballet and Broadway Across America, and host to countless other productions throughout the year. The historic theatre, which seats nearly 2,700 patrons and was designed in a combination of French and Italian styles, dates back to the mid-1920s when it was built as a vaudeville circuit palace.

It was recently purchased by local businessmen Don Law and David Mugar, who comprise Boston Opera House Ventures LLC, with financing from Citizens Bank. Colleagues from Citizens’ Middle-Market Banking division worked closely with the owners and were able to secure the capital needed to buy the theatre within a short period of time. As a new customer to Citizens, Boston Opera House Ventures has already deepened its relationship with the bank’s cash management, merchant card and interest-rate risk management services.

“When looking for a bank to help us finance the deal, it was important to partner with a financial institution we could trust and that understood our goals and objectives in acquiring the theatre,” said Jim Jensen, Executive Director of the Boston Opera House. “We are delighted with our relationship team members for their commitment in supporting our specific banking needs and look forward to their continued support in the future.”

Citizens Bank is excited to be associated with the Boston Opera House, one of New England’s premier theatre venues, presenting an array of hit musicals, plays and dance performances.
<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
<th>For</th>
</tr>
</thead>
<tbody>
<tr>
<td>$48,000,000</td>
<td>Total Credit Commitment plus Cash Management and Interest-Rate Risk Management Services</td>
<td>Group Holdings Limited</td>
</tr>
<tr>
<td>$18,000,000</td>
<td>Refinance and Expansion Loan plus Deposit Services</td>
<td>PENSKE Corporation</td>
</tr>
<tr>
<td>$71,000,000</td>
<td>Credit Facilities plus Equipment Leasing, Deposit, Foreign Exchange and Interest-Rate Risk Management Services</td>
<td>C&amp;S Wholesale Grocers</td>
</tr>
<tr>
<td>$44,250,000</td>
<td>Credit Commitment plus Joint Bookrunner, High-Yield Bond Issuance, and International Cash Management Services</td>
<td>Plastipak Holdings Inc.</td>
</tr>
<tr>
<td>$40,000,000</td>
<td>Acquisition Financing plus Cash Management and Interest-Rate Risk Management Services</td>
<td>PSC Info Group</td>
</tr>
<tr>
<td>$800,000,000</td>
<td>Revolving Credit Facility, Joint Bookrunner and Co-Documentation Agent, plus Cash Management, Capital Markets, Leasing and Merchant Services</td>
<td>C&amp;S Wholesale Grocers</td>
</tr>
<tr>
<td>$85,000,000</td>
<td>Acquisition Credit Facility, Agent and Lead Bank, plus Cash Management, Deposit, Foreign Exchange, Global Trade and Interest-Rate Risk Management Services</td>
<td>NorthAmerican Breweries</td>
</tr>
<tr>
<td>$20,000,000</td>
<td>Credit Relationship plus Cash Management and Interest-Rate Risk Management Services</td>
<td>GLR Great Lakes Retailers</td>
</tr>
<tr>
<td>$50,000,000</td>
<td>Participation in Construction Financing Facility for Atlantic Wharf project</td>
<td>Boston Properties</td>
</tr>
<tr>
<td>$19,300,000</td>
<td>Total Credit Commitment plus Cash Management and Interest-Rate Risk Management Services</td>
<td>QPS Quality Performance &amp; Growth</td>
</tr>
<tr>
<td>$14,000,000</td>
<td>Line of Credit Restructure</td>
<td>DOVER Saddlery</td>
</tr>
<tr>
<td>$4,500,000</td>
<td>Term and Construction Financing plus Deposit and Interest-Rate Risk Management Services</td>
<td>ROYAL OAK STORAGE</td>
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<tr>
<td>$9,000,000</td>
<td>Revolving Line of Credit plus Foreign Exchange and International Trade Finance Services</td>
<td>VICTORINOX SWISS ARMY</td>
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<tr>
<td>$625,000,000</td>
<td>Acquisition Finance Package and Corporate Bond Offering, Joint Lead Arranger and Joint Bookrunner, plus Foreign Exchange Services</td>
<td>Hoppe</td>
</tr>
<tr>
<td>$20,000,000</td>
<td>Line of Credit Restructure</td>
<td>GREAT KITCHENS Innovating Food Solutions</td>
</tr>
<tr>
<td>$85,000,000</td>
<td>Revolving Credit Facility, Joint Bookrunner and Co-Documentation Agent, plus Cash Management, Capital Markets, Leasing and Merchant Services</td>
<td>C&amp;S Wholesale Grocers</td>
</tr>
</tbody>
</table>
$9,000,000
Direct Purchase of Tax-Exempt Bond to finance classroom and dormitory space – FOR –

$37,000,000
Line of Credit and Equipment Leasing plus Cash Management and Deposit Services – FOR –

$90,000,000
Working Capital and Term Loan Facilities, Agent Bank, plus Cash Management, Depository and Interest-Rate Risk Management Services – FOR –

$37,000,000
Working Capital and Term Loan Facilities, Agent Bank, plus Cash Management, Depository and Interest-Rate Risk Management Services – FOR –

$35,000,000
Share of Revolving Line of Credit plus Commodity Hedging and Foreign Exchange Services – FOR –

$20,000,000
Senior Debt plus Cash Management and Interest-Rate Risk Management Services – FOR –

$130,000,000
Syndication of Senior Notes Refinance, Lead Arranger and Lead Bank, plus Cash Management Services – FOR –

$34,000,000
Total Credit Commitment plus Deposit and Interest-Rate Risk Management Services – FOR –

$33,000,000
Revolving Line of Credit and Term Loan plus Cash Management Services – FOR –

$10,050,000
Revolving Lines of Credit and Term Facilities plus Cash Management and Deposit Services – FOR –

$18,500,000
Line of Credit plus Cash Management, Commercial Card, Deposit and Interest-Rate Risk Management Services – FOR –

$24,300,000
Equipment Financing for two new tugboats, plus Cash Management, Deposit and Interest-Rate Risk Management Services – FOR –

$100,000,000
Credit Facilities, Agent, plus Cash Management, Equipment Leasing and Foreign Exchange Services – FOR –

$33,000,000
Revolving Line of Credit and Term Loan plus Cash Management Services – FOR –

$33,000,000
Revolving Line of Credit and Lease Financing Services – FOR –

$27,515,000
Direct Bond Purchase plus Cash Management, Deposit, Interest-Rate Risk Management and Merchant Services – FOR –

$20,000,000
Senior Debt plus Cash Management and Interest-Rate Risk Management Services – FOR –

$2,750,000
Direct Bond Purchase plus Cash Management, Deposit, Interest-Rate Risk Management and Merchant Services – FOR –

$27,515,000
Direct Bond Purchase plus Cash Management, Deposit, Interest-Rate Risk Management and Merchant Services – FOR –

$20,000,000
Senior Debt plus Cash Management and Interest-Rate Risk Management Services – FOR –
Our Credo*

Customers
We work for them. If they like us, if they trust us, if they believe in us, if they think we are a good bank and a trusted advisor, we all grow and prosper.

Colleagues
We want to be a rewarding place to work. We believe a highly engaged, diverse team of colleagues will deliver an exceptional experience for our customers.

Community
When the community prospers, we all prosper. We invest in places and people we know. We give back. We encourage community involvement and volunteerism.

GOOD BANKING IS GOOD CITIZENSHIP™

*See the full Credo on p. 26.