

CFG Advisory Board

NAME	CFG Advisory Board Minutes	
DATE and TIME	Thursday, October 22, 2015; 7:30 a.m. to 3:00 p.m.	
LOCATION	The Hotel Commonwealth, Boston, Massachusetts	
MEETING FACILITATOR	Jerry Sargent	
ATTENDEES	<p><u>CFG AB Members:</u> Lawrence Aubin David Beecken Gene Chaiken Ralph Della Ratta Paul Glantz Alan Guttman Samuel Heleba David Hirsch Douglas Karp Sharmain Matlock-Turner Baiju Shah Peter Smyth Dian Taylor</p> <p><u>Citizens Membership:</u> Joe Carelli Joe DiRocco Dan Fitzpatrick Jim Gaspo Rick Hampson Lisa Maass Don McCree Quincy Miller Marc Paulhus Robert Rubino Jerry Sargent Steve Woods</p>	<p><u>Regular Invitees:</u> Charlene Bennett Joe Wadlinger</p> <p><u>Guests:</u> Brad Connor Barbara Cottam Rick DiDonato Jim Kuster Ted Swimmer</p> <p><u>Regrets:</u> Joseph Bartolacci James Conway John Morrison Regina Pisa Kevin Washington</p>

Use the links below to jump to specific sections:

[Opening Remarks](#)

[Commercial Banking Update](#)

[Consumer Banking Update](#)

[Community Initiatives & Political Arena](#)

[Driving Thought Leadership](#)

[Feedback & Recommendations](#)

[Next Steps - March Meeting](#)

Opening Remarks:

Jerry Sargent opened the meeting by welcoming the Advisory Board, and introduced:

- Lawrence Aubin, co-chair, who has banked with CFG for 45 years;
- Two new State Presidents - Quincy Miller, who has assumed Sargent's role as President of Massachusetts, and Lisa Maass, recently appointed President of Connecticut;
- Don McCree, Head of Commercial Banking; Steve Woods, Head of Corporate Banking; and Bob Rubino, Head of Corporate Finance and Capital Markets.

Sargent reminded the Advisory Board that Woods and Rubino served as interim co-heads of Commercial Banking after the passing of Robert Matthews in December 2014. McCree was named Vice Chairman and Head of Commercial Banking six weeks ago.

Commercial Banking Update:

- McCree, Woods and Rubino provided an overview of Commercial Banking, noting that our split from RBS - once complete - will provide a massive opportunity to respond more quickly to our clients. They also highlighted that the bank is committed to a long-term expansion of our Treasury capabilities and the stabilization of Treasury technology by year-end. They also mentioned that they expect economic growth to be very slow - not take a downturn, but move slowly.
- Rubino reviewed our success in achieving rankings within the top ten banks for the delivery of Capital Markets and Corporate Finance solutions. He also noted the number one fee generating business is Wealth Management followed by Treasury. Wealth Management is being developed and will be rolled it out when ready.
- Woods addressed Sam Heleba's suggestion that Citizens take advantage of commercial growth opportunities in Upstate NY. Woods pointed out that upstate NY is overbanked, and we need to be careful due to the current heightened standard of regulatory oversight. McCree added that Citizens would not be given regulatory approval to make a purchase at this time.

Consumer Banking Update:

- Brad Connor provided insight into Consumer Banking, noting that Citizens is the only consumer-based bank that does not have a fee-based presence. This is key to our financial performance given a deposit-based business in a low-interest rate environment. We are developing Wealth Management as a growth initiative, in which we are well-positioned on the asset management side and are still in the process of building out our lending capabilities.
- While ‘millennials’ may not be interested in purchasing homes, there is increased pressure on the Federal Government to allow student loan refinancing, which would provide us a great upside. The dynamic for auto loan financing has changed as consumers will pay their auto loans at the expense of other debts, as an auto allows individuals to drive to work and maintain a job.
- The decline of foot traffic in branches provides an opportunity to reduce floor space and move to modular-based branches. We are therefore undergoing a branch transformation, and piloting the concept of an annual financial checkup to increase branch volume.
- Citizens is the exclusive one-year lender behind the Apple iPhone partnership for extending loans.

Community Initiatives & Political Arena:

- Barbara Cottam shared our continued support of key sponsorships, financial literacy, Champions in Action and volunteerism across the footprint. She also provided an overview of the political environment touching on the Presidential candidates and upcoming legislative issues.

Driving Thought Leadership:

- Rick DiDonato, Ted Swimmer and Jim Kuster led a robust discussion on the value proposition of our industry expertise and how Capital Markets, M&A Advisory and industry bankers interact to present strategic idea generation for our clients.
- Gene Chaiken recommended that Citizens develop buy side advisory capabilities, in addition to the bank’s sell-side expertise, by seeking out potential companies, analyzing the target, completing valuations and collecting fees. Kuster indicated that Citizens is developing the expertise and anticipates rolling out a well-developed capability within the next few months.
- Chaiken also suggested that Citizens consider developing a distribution vertical, as it has unique expertise with understanding the assets and the imagination to develop a distribution vertical.

Feedback & Recommendations:

Sargent and Aubin reviewed the mission of the Advisory Board and led a discussion on mutual expectations. They encouraged and asked for candid feedback throughout the meeting.

The following summarizes the feedback and recommendations:

- Members should meet at least once per year with their respective State President and several of bank sales personnel to discuss business generation (*Della Ratta*).
- In addition to attracting new clients, members should assist Citizens leaders and bankers in bringing back lost clients so that those clients can experience the “new” bank as it is today (*Aubin*).

CFG Advisory Board

- To develop and/or enhance trust, bankers should invite Advisory Board members to attend “red zone” meetings with prospects who are making decisions and new clients who are being onboarded (*Sargent*). Members may communicate why they trust Citizens and share their experience with the bank to indicate why the prospect should choose Citizens (*Chaiken*).
- Given that Citizens is one of the most philanthropic organizations in the country, each State President should invite Advisory Board members to attend bank outreach efforts in their communities. Members should be introduced at these community events to further recognition by prospects, who will, in turn, talk to Board members to gain perspective on CFG. (*Aubin*)
- Further, Citizens should invite Advisory Board members to Town Hall meetings, so that bank leaders will recognize them and know they are available to help (*Cottam*).
- Given that Advisory Board members sit on several other boards, Citizens should leverage those relationships to further advance the bank’s knowledge base (*Della Ratta*). Citizens should be aware of the boards - and boards’ associated industry specialties - that Advisory Board and Fiduciary Board members sit on (*Hirsch*).
- Citizens’ Team Leaders should draw on the experience and expertise of Advisory Board members by:
 - Reviewing prospect lists (names only) with members to determine if any introductions may be made;
 - Seeking Advisory Board input on well-operated companies in their industries, as well as those not so well-operated to assist in prospect targeting (*McCree*);
 - Coordinating meeting with sales colleagues to seek feedback from members on the mindset of the CEO (providing an opportunity for bankers to better understand how a CEO views suppliers and makes buying decisions, and what it takes to run a company (*Woods, Fitzpatrick, Guttman, Smyth*);
 - Coordinating a networking dinner/lunch/meeting where members invite various companies to be introduced/reintroduced to Citizens, and Citizens brings an equivalent number of prospects/clients to meet and discuss a specific topic (e.g. the business environment, the economy, etc. (*Sargent*);
 - Networking across various geographies, industries and bank lines of business (*Shah*); and,
 - Establishing a joint conference between Advisory Board members and bank industry experts (*Fitzpatrick*).
- Bank executives should meet with Advisory Board members during market visits and ask them to bring someone to the meeting who might extend Citizens’ network (*Sargent*).
- Advisory Board members should communicate any negative comments heard in the marketplace, as well as positive feedback. Members should feel comfortable reaching out to the appropriate Banker (*Aubin*).
- Citizens needs to provide Advisory Board members with contact information on key managers and introduce members to those managers (*Aubin*).

CFG Advisory Board

- CRM systems are very beneficial to a sales organization. Develop SFDC to the point where the information may be used to support presentations to highlight the bank's experience with specific industries, deal types, etc. It adds tremendous value to meetings with prospects and clients. Additionally, SFDC should be used to provide information to the Advisory Board. (*Della Ratta*) Further, ensure SFDC usage by aligning usage with compensation. Adherence helps ensure a smooth transition when a salesperson leaves, as clients' and prospects' information is readily available for the next banker. (*Smyth*)
- Bankers tend to develop relationships with clients' and prospects' CFOs. Bankers should also develop relationships with CEOs, because they make strategic decisions that CFOs may not be aware of. Bankers must be encouraged to develop relationships at both levels. (*Heleba*)
- Given that Citizens may not have enough personnel to grow the M&A and Corporate Finance capabilities in Middle Market as quickly as desired, it was suggested that Citizens invest in and train in-house to make the most of the investment in new hires.
- Host or sponsor a speaker's bureau for CEOs and CFOs and become known for the event in the market (*Smyth*).
- Post video testimonials from Advisory Board members and clients to the Citizens website (*Hirsch*).

Next Steps - March Meeting:

- Each Advisory Board member to present one or two ideas on what they have accomplished since the last meeting (*Aubin*).
- Members to hold an Executive session prior to the joint meeting with bank membership. (*McCree*)
- Future agenda topics to include educational items, for example an economist, regulatory expert (*Beecken*), political forum (*Cottam*), etc.
- Set aside 15 minutes at each meeting to take a "pulse" on the economy/business outlook through feedback from Advisory Board members, akin to having our own 'beige book' (*Guttman, Smyth*).
- Share equity and analysts reports on Citizens to enhance members' knowledge of banking (*Shah*).
- Members indicated a high level of interest in Citizens' Treasury capabilities (*Chaiken*), CRE (*Taylor*) and the development of Wealth Management.

The CFG Advisory Board Meeting adjourned at 3 p.m. ET.

Attachments:
CFG AB Agenda