

CITIZENS FINANCIAL GROUP INC/RI
Form DEF 14A
March 09, 2018

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12
CITIZENS FINANCIAL GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

\$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2018
Annual Meeting
of Stockholders and
Proxy Statement

LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

March 9, 2018

Dear Stockholder,

We recently completed our third year as an independent, publicly traded company and I am pleased to invite you to attend our annual meeting of stockholders to be held on Thursday, April 26, 2018, at 9:00 a.m. Eastern Time, at our headquarters located at One Citizens Plaza, Providence, Rhode Island 02903. You'll find the matters scheduled for consideration at the meeting described in detail in the following 2018 Notice of Annual Meeting of Stockholders and Proxy Statement. If you owned shares of our stock as of March 2, 2018, we encourage you to vote on these matters.

In order to accommodate those attending, we ask that you please mark your enclosed proxy card to let us know of your plans to attend. Registration and seating will begin at 8:00 a.m. Eastern Time and we will ask you to sign an admittance card and present valid photo identification. If you held your shares in a brokerage account please be sure to bring a copy of a brokerage statement that shows you held shares as of March 2, 2018. If you are the legal representative of a stockholder, please also bring proof thereof. Cameras and recording devices will not be permitted at the meeting.

We furnish our proxy materials to stockholders on the internet at www.edocumentview.com/CFG in order to provide you with the information you need in an expedited manner while significantly lowering the costs of delivery and reducing the environmental impact of our annual meeting. You will receive a notice with instructions for accessing the proxy materials and voting via the Internet in addition to information about how to obtain paper copies of our proxy materials if you would prefer.

Your vote is important and whether or not you plan to attend the meeting, we encourage you to access electronic voting via the Internet or utilize the automated telephone voting feature as described on your enclosed proxy card, or you may sign, date and return the proxy card in the envelope provided. You may also vote in person if you plan to attend the annual meeting.

On behalf of our board of directors, we thank you for your support of Citizens Financial Group, Inc.

Sincerely,

Bruce Van Saun
Chairman of the Board and Chief
Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 26, 2018

To the Stockholders of Citizens Financial Group, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders (the “Annual Meeting”) of Citizens Financial Group Inc., a Delaware corporation (the “Company”), will be held on April 26, 2018, at 9:00 a.m. Eastern Time, at the Company’s headquarters located at One Citizens Plaza, Providence, Rhode Island 02903 for the following purposes:

1. The election of the twelve directors named in the accompanying proxy statement to serve until the 2019 annual meeting or until their successors are duly elected and qualified;
2. Advisory vote to approve the Company’s executive compensation, commonly referred to as a “say- on-pay” vote;
3. Ratification of the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for fiscal year 2018; and
4. The transaction of such other business as may properly come before the Annual Meeting or any reconvened meeting following any adjournment or postponement thereof.

Stockholders of record at the close of business on March 2, 2018 are entitled to notice of, and to vote at, the Annual Meeting. We are first sending this proxy statement and the enclosed proxy form to stockholders on or about March 16, 2018.

Our board of directors recommends that you vote FOR the election of each of the director nominees named in Proposal No. 1 of the proxy statement, FOR, on an advisory basis, the Company’s executive compensation as described in Proposal No. 2 of the proxy statement, and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm as described in Proposal No. 3 of the proxy statement.

For our Annual Meeting, we have elected to use the Internet as the primary means of providing our proxy materials to stockholders. We will send to stockholders of record a Notice of Internet Availability of Proxy Materials (the “Notice”) with instructions for accessing the proxy materials, including our proxy statement and annual report, and for voting via the Internet. The Notice provides the information above and also provides information on how stockholders may obtain paper copies of our proxy materials free of charge. Electronic delivery of our proxy materials significantly reduces our printing and mailing costs and the environmental impact of circulating our proxy materials. The Notice also provides information on how to vote, including how to attend the meeting and vote in person.

You are cordially invited to attend the Annual Meeting, but whether or not you expect to attend in person, you are urged to mark, date and sign your proxy card and return it by mail or follow the alternative voting procedures described in the Notice or the proxy card.

BY ORDER OF THE BOARD OF DIRECTORS

Robin S. Elkowitz
Executive Vice President, Deputy
General Counsel and Secretary

Stamford, Connecticut

March 9, 2018

Important notice regarding the availability of proxy materials for the Annual Meeting of Stockholders to be held on April 26, 2018:

This notice of the Annual Meeting of Stockholders, the accompanying proxy statement and our 2017 annual report to stockholders will be available at www.edocumentview.com/CFG commencing on or about March 16, 2018.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

2018 ANNUAL MEETING INFORMATION

Date and Time: April 26, 2018, at 9:00 a.m. Eastern Time.

Place: One Citizens Plaza, Providence, Rhode Island 02903.

Record Date: March 2, 2018.

Voting: Holders of common stock are entitled to one vote per share.

Admission: To attend the meeting in person you will need proof of your stock ownership as of the record date and a form of government-issued photo identification. If you are the legal representative of a stockholder, you must also bring a letter from the stockholder certifying (a) the beneficial ownership you represent and (b) your status as a legal representative. We will determine in our sole discretion whether the letter presented for admission meets the above requirements.

Date of Mailing: A Notice of Internet Availability of Proxy Materials (the "Notice") or this proxy statement is first being mailed to stockholders on or about March 16, 2018.

MATTERS TO BE VOTED ON AT THE 2018 ANNUAL MEETING

	BOARD VOTE	REASON FOR VOTE	PAGE
PROPOSAL	RECOMMENDATION	RECOMMENDATION	
1. Elect the following nominees as directors: Bruce Van Saun, Mark Casady, Christine M. Cumming, Anthony Di Iorio, William P. Hankowsky, Howard W. Hanna III, Leo I. ("Lee") Higdon, Charles J. ("Bud") Koch, Arthur F. Ryan, Shivan S. Subramaniam, Wendy A.	FOR ALL	Our Board believes that its directors represent an appropriate mix of experience and skills relevant to the size and nature of our business.	8

Watson and Marita Zuraitis.

- | | | | |
|--|-----|--|----|
| 2. Approve, on a non-binding, advisory basis, FOR the compensation of the Company's executive officers named in the 2017 Summary Compensation Table, as disclosed in the Compensation Discussion and Analysis, the compensation tables and accompanying narrative. | FOR | Our Board believes the executive compensation closely aligns the interests of our named executive officers and the interests of our stockholders. | 29 |
| 3. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the 2018 fiscal year. | FOR | Based on its most recent evaluation, the Audit Committee believes it is in the best interests of the Company and its stockholders to retain Deloitte & Touche LLP. | 62 |

HOW TO VOTE

Stockholders of record may vote by using the Internet or (if you received a proxy card by mail) by mail as described below.

Using the Internet. The address of the website for Internet voting can be found on your proxy card or Notice. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on April 25, 2018.

Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

By telephone. Dial the number listed on your proxy card or your voting instruction form. You will need the control number included on your proxy card or voting instruction form.

By mail. If you received a proxy card by mail and choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope.

In person. Stockholders also may attend the meeting and vote in person.

If you hold shares through a bank or broker, please refer to your proxy card, Notice or other information forwarded by your bank or broker to see which voting options are available to you.

The method you use to vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. Written ballots will be passed out to anyone who wants to vote at the Annual Meeting. If you hold your shares in “street name” you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

BOARD AND GOVERNANCE HIGHLIGHTS

Our board of directors (the “Board”) will consist of not less than 5 nor more than 25 directors, excluding any directors elected by holders of preferred stock pursuant to provisions applicable only in the case of defaults under the terms of our preferred stock. The exact number of directors will be fixed from time to time by resolution of our Board. Citizens Financial Group, Inc. (the “Company” or “we” or “us” or “our”) currently has twelve directors. The terms of office of all directors expire at the Annual Meeting.

The nominees for director all currently serve on our Board and are as follows:

Name	Age	Director Since	Occupation	Board Committees	Independent ¹
Bruce Van Saun	60	2013	Chairman and CEO, Citizens Financial Group, Inc.	Executive (Chair) Equity	No
Mark Casady	57	2014	Retired Chairman and CEO, LPL Financial Holdings, Inc.	Risk	Yes
Christine M. Cumming	65	2015	Retired First Vice President and COO, Federal Reserve Bank of New York	Risk	Yes
Anthony Di Iorio	74	2014	Retired CFO, Deutsche Bank AG	Audit Governance	Yes
William P. Hankowsky	66	2006	Chairman, President and CEO, Liberty Property Trust	Audit Compensation	Yes
Howard W. Hanna III	70	2009	Chairman and CEO, Hanna Holdings, Inc.	Audit Governance	Yes
Leo I. ("Lee") Higdon	71	2014	Past President, Connecticut College	Audit Compensation	Yes
Charles J. ("Bud") Kocifl	71	2004	Retired Chairman, President and CEO, Charter One Bank	Risk (Chair) Audit	Yes
Arthur F. Ryan	75	2009	Retired Chairman, CEO and President, Prudential Financial, Inc.	Compensation (Chair) Governance Executive	Yes
Shivan S. Subramaniam	69	2005	Retired Chairman, FM Global	Governance (Chair) Risk	Yes
Wendy A. Watson	69	2010	Former Executive Vice President, Global Services, State Street Bank & Trust Company	Audit (Chair) Compensation Risk	Yes
Marita Zuraitis	57	2011	Director, President and CEO, The Horace Mann Companies	Risk	Yes

Additional information about the director nominees can be found beginning on page 9.

1 Under NYSE and SEC independence standards.

3

We believe that our directors represent an appropriate and diverse mix of experience and skills relevant to the size and nature of our business.

Board Composition

Board Skills and Expertise

CEO experience	Compliance/Regulatory
CFO experience	Technology
Retail Banking	Data Analytics
Financial Services Industry	Insurance
Finance/Capital Management	Real Estate
Risk Management	Academia

Board and Governance Key Facts

Size of Board	12	Classified Board	No
Number of Independent Directors	11	Lead Independent Director	Yes
Board meetings held in 2017	10	Majority Voting for Directors	Yes
Director Election Term (years)	1	Tenure Limits	No
Average Director Age	67	Mandatory Retirement Age Policy	Yes
Annual Board & Committee Evaluation	Yes	Executive Sessions of Independent Directors	Yes
Board Orientation & Continuing Education Program	Yes	Limit service on other public company boards	Yes
Stock Ownership Guidelines	Yes	Succession Planning Process	Yes
Stockholder Outreach	Yes	Diversity & Inclusion Program	Yes
Political Contributions Policy	Yes		

PERFORMANCE HIGHLIGHTS – OUR JOURNEY TO SUSTAINABLE GROWTH

Prior to our initial public offering in September 2014 and subsequent separation from The Royal Bank of Scotland Group plc, our performance was well-behind peers and there had been underinvestment in strategic initiatives, technology and talent over a number of years. With the onboarding of Bruce Van Saun as our chief executive officer in October 2013, we outlined an aggressive turnaround plan focused on investing in infrastructure, products and talent, growing revenue and managing expenses in preparation for and following our initial public offering.

Over the past three years, we have executed well on our turnaround plan and have met or exceeded analyst expectations for 14 consecutive quarters. In addition, we have built a solid foundation with additional levers available to us for continued performance improvement.

2017 Year-end Strategic Achievements

	IPO-based medium-term targets	2017 GAAP results	2017 Underlying results*	4Q17 GAAP results	4Q17 Underlying results*	GAAP improvement since 3Q13	Underlying improvement since 3Q13*
ROTCE*	10.0%	12.3%	9.8%	19.9 %	10.4%	15.6%	6.1%
ROTA*	1.0%+	1.2%	0.9%	1.8 %	1.0%	1.3%	0.4%
Efficiency ratio*	~60.0%	60.9%	60.0%	60.5 %	58.5%	8.0%	10.0%

- Generated net income available to common stockholders of \$1.6 billion, up 59% from 2016 and Adjusted/Underlying basis* net income available to common stockholders of \$1.3 billion, up 28%
- Improved ROTCE by 461 basis points from prior year and 219 basis points on an Adjusted/Underlying basis*
- Grew diluted earnings per common share of \$3.25 by 65% from 2016 and Adjusted/Underlying basis* diluted earnings per common share of \$2.58 by 34%
- We returned \$1.1 billion to common stockholders in 2017, including dividends and share repurchases, up 70% from 2016
- Revenue growth of 9% versus prior year, or 10% on an Adjusted/Underlying basis* with expense growth of just 4%, or 3% on an Adjusted/Underlying basis*
- Strong CET1 ratio of 11.2% allows for attractive loan growth and continued capital returns to stockholders
- Positive operating leverage helped drive improvement in the efficiency ratio of 293 basis points from prior year and 396 basis points on an Adjusted/Underlying basis*
- Continued focus on delivering enhanced returns to stockholders through commitment to continuous improvement and positive operating leverage

*Key Performance Metrics (KPMs) are used by management to gauge our performance and progress over time in achieving our

strategic and operational goals and also in comparing our performance against our peers. Underlying results, Adjusted results and Adjusted/Underlying results are considered non-GAAP financial measures and exclude certain notable items, where applicable. Adjusted, Underlying and Adjusted/Underlying KPMs are considered non-GAAP financial measures. For additional information on our use of KPMs and non-GAAP financial measures, see pages 41-42 of our 2017 Annual Report on Form 10-K, in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Introduction—Key Performance Metrics Used by Management and Non-GAAP Financial Measures” and pages 45-50 of our 2017 Annual Report on Form 10-K, in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Metrics, Non-GAAP Financial Measures and Reconciliations” of Part II, Item 7. See Appendix A to this Proxy Statement for calculations of KPMs and reconciliations of non-GAAP financial measures used herein.

Beyond Our Financial Performance

Since our initial public offering, we have also made significant progress in how we run the Company:

• Exercised strong financial discipline, with a mindset of continuous improvement that has delivered efficiencies to self-fund investments and strategic initiatives to better serve customers and grow revenues. We have utilized new technologies to deliver more effective service delivery at lower costs.

• Disciplined execution against major growth initiatives with expanded capabilities in key fee income businesses, including Capital & Global Markets, Mortgage, Wealth and Treasury Solutions.

• Strong progress on advancing strategic capabilities using digital technologies and Fintech partnerships to create better experiences for our customers.

• Attracting high caliber talent in order to further strengthen the senior leadership team while developing existing leaders and talent.

• Continued momentum in creating a value-driven, customer centric culture. Our goal is to achieve a peer leading employee, customer and community experience.

• Further progress in building a strong risk management culture, which has resulted in an improved control environment, as well as significant advancements in our regulatory agenda, including effectively remediating and terminating regulatory actions and receipt of a non-objection to our Comprehensive Capital Analysis and Review (CCAR) submission for the third year in a row.

While we recognize there is much remaining to achieve, these milestones signify meaningful progress toward becoming a top-performing bank. We believe we have the strategy, vision, capabilities and talent to continue to deliver strong performance that meets rising stockholder expectations.

COMPENSATION HIGHLIGHTS

<p>Completion of Evolution from UK-Influenced Compensation Program</p>	<p>We have completed our evolution from a UK-influenced compensation program under our previous ownership by RBS, to a compensation program designed to be consistent with US market and regulatory standards. This evolution has included the elimination of role-based allowances which rebalanced variable compensation and fixed pay (starting with compensation for the 2016 performance year), the negotiation of a new employment agreement with Mr. Van Saun in May 2016 more closely aligned to US practice, and the vesting of the final installment of converted RBS-granted equity in March 2017.</p>
<p>Executive Pay Mix Aligned with Stockholder Interests</p>	<p>Our executive pay mix is aligned with stockholder interests by delivering 60%-70% of variable compensation in the form of long-term awards. Of our long-term awards, 50%-70% are delivered in the form of performance stock units with a three-year performance period (with our CEO and most of our named executive officers receiving 70% of long-term awards in the form of performance stock units).</p>
<p>Bonus Funding Determined Based on Balanced Review of Company Performance</p>	<p>The Compensation and Human Resources Committee (the “Compensation Committee”) determines overall bonus funding based on a number of performance factors, including the Company’s financial performance, risk performance, progress against strategic priorities, delivery to stakeholders, performance relative to peers, and funding as a percentage of pre-tax, pre-incentive operating profit.</p>
<p>Executive Compensation Decisions Consider Various Performance Dimensions, Including the Consideration of Risk Performance at Various Levels</p>	<p>The Compensation Committee determines executive compensation based on an evaluation of Company, business/function and individual performance, through the use of a scorecard reflecting the following dimensions: financial and overall business performance; risk and control; customer outcomes; strategic initiatives; and development/leadership of employees. Our executives, including our named executive officers, are also subject to an annual risk assessment by our Chief Risk Officer, the results of which are considered by the Compensation Committee when making compensation decisions.</p>
<p>Pay Practices Demonstrate Good Governance</p>	<p>We believe our pay practices demonstrate our commitment to good governance, including but not limited to:</p> <ul style="list-style-type: none"> •Clawback Process: We have a process whereby events having a material adverse impact on the Company are reviewed for potential impact on compensation. •Incentive Plan Review Process: Our compensation plans are subject to a robust governance process requiring approval for changes by all control partners (including risk, legal, human resources, and finance). The plans are subject to a risk review by the Compensation Committee on an annual basis, and a risk review by an independent third party every three years. •No Single Trigger Payments: We do not provide for any single trigger severance payments upon a change of control, and do not offer tax gross-ups on executive benefits.

CORPORATE GOVERNANCE

PROPOSAL 1 - ELECTION OF DIRECTORS

Our Charter and Bylaws provide that the Board shall consist of not less than 5 nor more than 25 directors, excluding any directors elected by holders of preferred stock pursuant to provisions applicable only in the case of defaults under the terms of our preferred stock. The Board will fix the exact number of directors from time to time and has currently fixed the current number of directors at twelve. At each annual meeting, directors are elected to hold office for a term expiring at the next annual meeting.

The Board has nominated the twelve directors currently serving on the Board for election at the Annual Meeting to serve until the 2019 annual meeting or until their respective successors are duly elected and qualified. If any nominee is unable to serve as a director, the Board by resolution may reduce the number of directors or choose a substitute nominee. We are not aware of any nominee who will be unable to or will not serve as a director.

Our Bylaws provide for the election of directors by a majority of the votes cast in an uncontested election. This means that the twelve individuals nominated for election to the Board must receive more “FOR” than “AGAINST” votes (among votes properly cast in person, electronically or by proxy) to be elected. Abstentions and broker non-votes are not considered votes cast for the foregoing purpose, and will have no effect on the election of nominees. Proxies cannot be voted for a greater number of persons than the number of nominees named. There is no cumulative voting. If you sign and return the accompanying proxy card, your shares will be voted for the election of the twelve nominees recommended by the Board unless you choose to vote against any of the nominees or abstain from voting. If any nominee for any reason is unable to serve or will not serve, proxies may be voted for such substitute nominee as the proxy holder may determine. If the election of directors is not an uncontested election, directors are elected by a plurality of the votes cast.

Our Bylaws also provide that directors may be removed, with or without cause, by an affirmative vote of shares representing a majority of the outstanding shares then entitled to vote at an election of directors. Any vacancy occurring on our Board and any newly created directorship may be filled only by a vote of a majority of the remaining directors in office.

Biographical information about the nominees for director, including information about their qualifications to serve as a director, is set forth below.

Nominees

Bruce Van Saun

Mark Casady

Chairman and Chief Executive Officer, Citizens Financial Group, Inc.

Retired Chairman and Chief Executive Officer, LPL Financial Holdings, Inc.

Age: 60

Age: 57

Director Since: 2013

Director Since: 2014

Committees: Executive (Chair); Equity Experience, Skills and Qualifications

Committees: Risk Experience, Skills and Qualifications

- Experienced executive in the financial services industry, extensive financial background and service on the boards of other public companies
- Additional role as our Chief Executive Officer brings management’s perspective to Board deliberations and provides valuable information about the status of day-to-day operations

- Compliance and risk experience as an executive in the financial services industry and service on the board of governors of Financial Industry Regulatory Authority (FINRA)
- Expertise in the area of wealth management and brokerage including experience as retired Chairman and Chief Executive Officer of LPL Financial Holdings, Inc.
- Knowledge of technology and innovation through his service on the board of Eze Software Group and data management and analysis through his role at Vestigo Ventures

Background

Background

Before joining the Company as Chairman and CEO, Mr. Van Saun served as The Royal Bank of Scotland Group plc Finance Director and was a member of its board of directors from October 2009 to October 2013. From 1997 to 2008, Mr. Van Saun held a number of senior positions with The Bank of New York and later The Bank of New York Mellon, including Vice Chairman and Chief Financial Officer. Earlier in his

Mr. Casady is the retired Chairman and Chief Executive Officer of LPL Financial Holdings Inc (“LPL Financial”). Mr. Casady retired as LPL Financial CEO in early January 2017 and as non-executive chairman of the board in early March 2017. He joined LPL Financial in May 2002 as Chief Operating Officer, became President in April 2003 and Chairman and Chief Executive Officer in December 2005. During his time there, he guided LPL to become a leading

career, he held senior positions with Deutsche Bank, Wasserstein Perella Group and Kidder Peabody & Co. In all, Mr. Van Saun has more than 30 years of financial services experience. Mr. Van Saun has also served on the boards of directors of our subsidiaries Citizens Bank, N.A. (“CBNA”) and Citizens Bank of Pennsylvania (“CBPA”) since October 2013. Mr. Van Saun joined the board of directors of Moody’s Corporation on March 1, 2016 and serves on the Audit and Governance and Compensation Committees. He also sits on the Federal Advisory Council and is a member of The Clearing House supervisory board, and serves on the boards of Jobs for Massachusetts, the Partnership for Rhode Island, and the National Constitution Center. Previous directorships held by Mr. Van Saun in both the United Kingdom and United States include Lloyds of London (from September 2012 to May 2016), Direct Line Insurance Group plc (from April 2012 to October 2013), WorldPay (Ship Midco Limited) (from July 2011 to September 2013) and ConvergeX Inc. (from May 2007 to October 2013). Mr. Van Saun received a B.S. in Business Administration from Bucknell University in 1979 and an M.B.A. in Finance and General Management from the University of North Carolina in 1983.

financial services organization that serves independent financial advisors, banks, and credit unions, and provides clearing services to broker/dealers at financial services companies. Before joining LPL Financial in 2002, Mr. Casady was managing director of the mutual fund group for Deutsche Asset Management, Americas - formerly Scudder Investments which he joined in 1994. Prior to Scudder, he held roles at Concord Financial Group, a start-up funded by Hambrecht & Quist that went public, and started his career at Northern Trust. Mr. Casady co-founded Vestigo Ventures in 2016 with a focus on financing start -ups in FinTech. He is general partner and chairman of the advisory board. He is also a member of the board of the EZE Software Group and serves as an advisor to Jobcase, Inc. He is a former member of the Financial Industry Regulatory Authority (FINRA) Board of Governors and former Chairman of the Insured Retirement Institute. Mr. Casady has also served on the boards of our subsidiaries CBNA and CBPA since June 2014. Mr. Casady received a B.S. from Indiana University and his M.B.A. from DePaul University.

Christine M. Cumming

Anthony Di Iorio

Retired First Vice President and Chief Operating Officer, Federal Reserve Bank of New York

Retired Chief Financial Officer, Deutsche Bank AG

Age: 65

Age: 74

Director Since: 2015

Director Since: 2014

Committees: Risk

Committees: Audit; Nominating & Corporate Governance

Experience, Skills and Qualifications

Experience, Skills and Qualifications

- Seasoned bank regulatory executive, including as First Vice President and Chief Operating Officer with the Federal Reserve Bank of New York

- Experienced executive in the financial services industry, including serving as Chief Financial Officer and board member of Deutsche Bank

- Extensive background in risk management, technology, monetary policy and bank supervision

- Extensive financial and accounting background and service on the boards of other public companies

- Experience in crisis management as chair of the Cross-Border Crisis Management Group for the Resolution Steering Group of the G-20's Financial Stability Board

Background

Background

Until her retirement in June 2015, Ms. Cumming was First Vice President of the Federal Reserve Bank of New York ("FRBNY"), the second ranking officer in the FRBNY, and served as its Chief Operating Officer, as well as an alternate voting member of the Federal Open Market Committee. Prior to holding that position, Ms. Cumming was executive vice president and director of research with responsibility for the Research and Market Analysis Group. Previously, she served as senior vice president responsible for the Bank Analysis and Advisory and Technical Services Functions in the Bank Supervision Group. In 1992, she was appointed vice president and assigned to Domestic Bank Examinations in Bank Supervision. She also was active in the work of the Basel Committee, including as co-chair of the Risk Management Group and chair of the task forces on supervisory matters for the Joint Forum, made up of banking, securities and insurance regulators. From 2011 to April 2015, Ms. Cumming

Mr. Di Iorio began his career at Peat Marwick (KPMG) where he worked in the firm's Financial Institutions Practice in New York and Chicago. After leaving Peat Marwick, he worked for several leading financial institutions, including as Co-controller of Goldman Sachs, Chief Financial Officer of the Capital Markets business of NationsBank (Bank of America), Executive Vice President of Paine Webber and Chief Executive Officer of Paine Webber International. He joined Deutsche Bank in Frankfurt in 2001 and later became Chief Financial Officer and a member of its board of directors and group executive committee.

chaired the Cross-Border Crisis Management Group, which coordinated recovery and resolution planning for large, global financial institutions for the Resolution Steering Group of the G-20's Financial Stability Board. Ms. Cumming joined the FRBNY's staff in September 1979 as an economist in the International Research Department, and later in the FRBNY's International Capital Markets staff. Ms. Cumming also serves on the board of American Family Insurance Mutual Holding Company which she joined in February 2016 and teaches part time at Columbia University's SIPA and Rutgers University. She has also served on the boards of our subsidiaries CBNA and CBPA since October 2015. Ms. Cumming holds both a B.S. and Ph.D in economics from the University of Minnesota.

After retiring from Deutsche Bank in 2008, he served as senior adviser to Ernst & Young working with the firm's financial services partners in the United Kingdom, Europe, the Middle East and Africa. Mr. Di Iorio has also served on the boards of directors of our subsidiaries CBNA and CBPA since January 2014 and served as a director on the board of our former affiliate, The Royal Bank of Scotland Group plc from September 2011 to March 2014. Mr. Di Iorio received a Bachelor of Business Administration from Iona College and an M.B.A. from Columbia University.

William P. Hankowsky

Howard H. Hanna III

Chairman, President and Chief Executive Officer, Liberty Property Trust

Chairman and Chief Executive Officer, Hanna Holdings, Inc.

Age: 66

Age: 70

Director Since: 2006

Director Since: 2009

Committees: Audit; Compensation

Committees: Audit; Nominating & Corporate Governance

Experience, Skills and Qualifications

Experience, Skills and Qualifications

- Extensive business and management expertise, particularly in the real estate sector as Chief Executive Officer of Liberty Property Trust and as President of the Philadelphia Industrial Development Corporation
- Service on the boards of other public companies and numerous non-profit entities

- Extensive business and management expertise, particularly in the real estate and mortgage origination sectors
- Compliance and regulatory experience serving on the board of directors of the Federal Reserve Bank of Cleveland's Pittsburgh office
- Service on the boards of numerous non-profit entities and academic institutions

Background

Background

Mr. Hankowsky is the Chairman, President & CEO of Liberty Property Trust. He joined Liberty in January 2001 as Chief Investment Officer and was responsible for refining the company's corporate strategy and investment process. In 2002, he was named President, and in 2003, was appointed Chief Executive Officer and elected Chairman of Liberty's board of trustees. Prior to joining Liberty, Mr. Hankowsky served for 11 years as President of the Philadelphia Industrial Development Corporation. Mr. Hankowsky currently serves on the boards of Aqua America Inc. (since 2004), Delaware River Waterfront Corporation, Greater Philadelphia Chamber of Commerce, Philadelphia Convention and Visitors Bureau, Pennsylvania Academy of the Fine Arts, Philadelphia Shipyard Development

Mr. Hanna is the Chairman and Chief Executive Officer of Hanna Holdings, Inc. He became a sales associate in 1970 and the General Manager of Howard Hanna Real Estate Services in 1974. Mr. Hanna became Chief Operating Officer of Howard Hanna Real Estate Services and its parent company, Hanna Holdings, Inc. when the company incorporated in 1979 and then became President in 1983 and Chief Executive Officer in 1990. Howard Hanna Real Estate Services, Inc. offers mortgage origination products and services in certain geographies and, in this capacity, competes with us in Pennsylvania, Ohio, Michigan, Virginia, West

Corporation and United Way of Greater Philadelphia and Southern New Jersey. He has also served on the boards of directors of our subsidiaries CBNA and CBPA since November 2006. Mr. Hankowsky received a B.A. in economics from Brown University.

Virginia, North Carolina, New York and Maryland. Mr. Hanna currently serves as the Chair of the Children's Hospital of Pittsburgh Board of Trustees and is a member of the hospital's Foundation Board and Finance and Investment Committee. Mr. Hanna also serves on the boards of LaRoche College, the Katz Graduate School of Business Board of Visitors, the University of Pittsburgh, the University of Pittsburgh Medical Center Health System, the Diocese of Pittsburgh Finance Council and the YMCA of Greater Pittsburgh. From 2007 to 2012, he served on the board of directors of the Federal Reserve Bank of Cleveland's Pittsburgh office. Mr. Hanna has also served on the boards of directors of our subsidiaries CBNA and CBPA since June 2009. Mr. Hanna received a B.S. from John Carroll University in 1969.

Leo I. (“Lee”) Higdon

Charles J. (“Bud”) Koch

Past President, Connecticut College

Retired Chairman President and Chief Executive Officer, Charter One Bank

Age: 71

Director Since: 2004

Age: 71

Committees: Risk (Chair); Audit

Director Since: 2014

Committees: Audit; Compensation

Experience, Skills and Qualifications

- Experienced executive in the financial services industry, including serving as Managing Director and Vice Chairman of Salomon Brothers Inc.
 - Service on the boards of other public companies, including as non-executive Chairman of Encompass Health Corporation and as lead director of Eaton Vance Corporation
 - Experience in academic institutions, including as Past President of Connecticut College, Dean of the Darden Graduate School of Business Administration at the University of Virginia
- Background

From 2006 to 2013, Mr. Higdon was the President of Connecticut College. He serves on the board of

Experience, Skills and Qualifications

- Veteran executive in the financial services industry, particularly in the retail banking sector, including position as Chief Executive Officer of Charter One Financial
- Regulatory experience from service on the board of the FHLB of Cincinnati
- Service on the boards of other public companies and academic institutions

Background

Mr. Koch is the retired Chairman and Chief Executive Officer of Charter One Financial and its subsidiary Charter One Bank (“Charter One”). He served as Charter One’s Chief Executive Officer from 1987 to 2004 and as its Chairman

directors of Eaton Vance Corporation (since 2000) where he is currently lead director, and Encompass Health Corporation (since 2004) where he is currently the non-executive Chairman. From 2001 to 2006, he was the President of the College of Charleston. Prior to becoming President of the College of Charleston, Mr. Higdon was the President of Babson College and the Dean of the Darden Graduate School of Business Administration at the University of Virginia. Mr. Higdon spent over 20 years at Salomon Brothers Inc, holding various positions, including Managing Director and Vice Chairman. In addition, Mr. Higdon previously served on the boards of directors of Bestfoods, Inc., Chemtura Corporation and Newmont Mining Corporation. Mr. Higdon currently serves on the board of Charleston Symphony Orchestra which he joined in August 2016. He has also served on the boards of our subsidiaries CBNA and CBPA since August 2014. Mr. Higdon received a B.A. in history from Georgetown University and a M.B.A. in Finance from the University of Chicago.

from 1995 to 2004, when the bank was acquired by The Royal Bank of Scotland Group plc. Mr. Koch has served on the boards of directors of our subsidiaries CBNA and CBPA since September 2004. He also served on the board of directors of our former affiliate, The Royal Bank of Scotland Group plc from 2004 until February 2009. Mr. Koch has been a director of Assurant Inc. (AIZ) since August 2005, and is currently a member of the Assurant Finance and Risk Committee which he chaired from 2005 to 2014, as well as a member of its Compensation Committee. He has been a director of the Federal Home Loan Bank (“FHLB”) of Cincinnati since 1990. He was Chairman of the Board of the FHLB of Cincinnati from 2005 to 2006, and currently serves on its Risk, Compensation, and Nomination and Governance Committees. His long tenure on the FHLB of Cincinnati Board has been interrupted twice, for a total of three years, due to term limitations. Mr. Koch serves as a trustee of Case Western Reserve University, and he served as its Chairman of the Board from 2008 to 2012. He is also a past Chairman of the Board of John Carroll University. Mr. Koch is a Graduate of Lehigh University with a B.S. in Industrial Engineering and earned a M.B.A. from Loyola College in Baltimore, Maryland.

Arthur F. Ryan

Shivan Subramaniam

Retired Chairman, Chief Executive Officer and President, Prudential Financial, Inc.

Retired Chairman, FM Global

Age: 75

Director Since: 2009

Age: 69

Lead Director

Director Since: 2005

Committees: Compensation (Chair); Nominating & Corporate Governance; Executive

Committees: Nominating & Corporate Governance (Chair); Risk; Executive

Experience, Skills and Qualifications

Experience, Skills and Qualifications

- Veteran executive in the financial services industry, including position as Chief Executive Officer of Prudential Financial, Inc.
- Extensive business and management expertise, including serving as Chairman and Chief Executive Officer of FM Global
- Extensive experience in the retail banking sector as President and Chief Operating Officer of Chase Manhattan Bank
- Particularly expertise in the Insurance sector with over 40 years industry experience
- Service on the boards of other public companies
- Service on the boards of directors of FM Global, Lifespan Corporation and LSC Communications

Background

Background

Mr. Ryan is the retired Chairman, Chief Executive Officer and President of Prudential Financial, Inc. (“Prudential”) After 13 years at Prudential, he retired as Chief Executive Officer and President in 2007 and he retired as Chairman in May 2008. Prior to joining Prudential in 1994, Mr. Ryan worked at Chase Manhattan Bank (“Chase Manhattan”) for 22 years. He ran Chase Manhattan’s worldwide retail bank between 1984 and 1990 and became President and Chief Operating Officer in 1990. Mr. Ryan has served on the boards of directors of our subsidiaries CBNA and CBPA since April 2009 and also served (from October 2008 to September 2013) as a director on the board of our former affiliate, The Royal Bank of Scotland Group plc. He also has served as a non-executive director of Regeneron Pharmaceuticals, Inc. since January 2003.

Mr. Subramaniam was Chairman of Factory Mutual Insurance Company, a commercial and industrial property insurer from 2002 until December 2017 and also served as President and Chief Executive Officer from 1999 until his retirement at the end of 2014. Previously, Mr. Subramaniam served as Chairman and Chief Executive Officer at Allendale Insurance, a predecessor company of FM Global. Elected president of Allendale in 1992, he held a number of senior-level positions in finance and management after joining the company in 1974. Mr. Subramaniam’s career spans nearly 40 years in the insurance industry. He has served on the board of directors of FM Global since 1999, LSC Communications since October 2016 and Lifespan Corporation since December 2006. He is also a director of the Rhode Island Public Expenditure Council. Mr. Subramaniam has also served on the

boards of directors of our subsidiaries CBNA and CBPA since January 2005. Mr. Subramaniam received a bachelor's degree in mechanical engineering from the Birla Institute of Technology, Pilani, India, and two master's degrees—one in operations research from the Polytechnic at New York University, and another in management from the Sloan School of Management at the Massachusetts Institute of Technology.

Wendy A. Watson

Marita Zuraitis

Retired Executive Vice President, Global Services, State Street Bank & Trust Company

Director, President and Chief Executive Officer, The Horace Mann Companies

Age: 69

Age: 57

Director Since: 2010

Director Since: 2011

Committees: Audit (Chair); Compensation; Risk Experience, Skills and Qualifications

Committees: Risk Experience, Skills and Qualifications

- Experienced executive in the financial services industry and extensive financial background, including serving as Executive Vice President, Global Services for State Street Bank & Trust Company

- Seasoned executive in the financial services industry, particularly in the insurance sector as Chief Executive Officer of The Horace Mann Educators Corporation

- Fellowship with the National Association of Corporate Directors and credentials as a CPA and Certified Fraud Examiner

- Over 30 years of insurance industry experience

- Service on the boards of other companies and academic institutions

- Advanced Professional Director Certification from the American College of Corporate Directors, a public company director education and credentialing organization

Background

Background

Until her retirement in 2009, Ms. Watson was the Executive Vice President, Global Services for State Street Bank & Trust Company which she joined in 2000. Previously, Ms. Watson was with the Canadian Imperial Bank of Commerce where she served as Head of the Global Private Banking and Trust business and President & Chief Executive Officer CIBC Finance. She has also served as Chief Information Officer and as Head of Internal Audit for Confederation Life Insurance Company in Toronto. Ms. Watson began her career in the audit department of Sun Life Assurance Company in Canada. She has served as a director of MD Financial Holdings (CMA Holdings) Canada since 2010, DAS Canada Insurance Company (a subsidiary of Munich Re) since 2010, the Independent Order of the Foresters Life Insurance Company since 2013 and MD Private Trust (a subsidiary of MD Financial Holdings) since 2015. Ms. Watson's years of board

Ms. Zuraitis is Director, President and Chief Executive Officer of The Horace Mann Educators Corporation. Prior to joining Horace Mann in May 2013, Ms. Zuraitis served as Executive Vice President and a member of the Executive Leadership Team for The Hanover Insurance Group, Inc. While at The Hanover Insurance Group, Ms. Zuraitis served as President, Property and Casualty Companies, responsible for the personal and commercial lines of operation at Citizens Insurance Company of America, The Hanover Insurance Company and their affiliates, a position she held since 2004. Prior to 2004, she was President and Chief Executive Officer, Commercial Lines for The St. Paul Travelers Companies. Previously, she held underwriting and field management positions with United States Fidelity and Guaranty Company and

service also include Chair of the board of two of State Street Bank's multi-national entities—State Street Syntel Private Ltd (India) and State Street Syntel Services Ltd (Mauritius). She currently serves on the Community Service Committee of Boston Children's Hospital and the Advisory Board of Empathways. Ms. Watson has also served on the boards of directors of our subsidiaries CBNA and CBPA since October 2010. In addition to her corporate directorship roles, Ms. Watson is also currently a member of the Editorial Board of the "Intelligent Outsourcer" Journal and has served as a member of the board of directors of the Women's College Hospital and the Women's College Hospital Foundation in Toronto. Ms. Watson is a magna cum laude graduate of McGill University in Montreal with a Bachelor of Commerce degree with majors in Accounting and Law.

Aetna Life and Casualty. Ms. Zuraitis has over 30 years of experience in the insurance industry. She has served as a member of the board of trustees for the American Institute for Chartered Property and Casualty Underwriters, and has been a member of the executive and the compensation committees since June 2009. Ms. Zuraitis has also served on the boards of directors of our subsidiaries CBNA and CBPA since May 2011. She is a past Chairperson of the board of trustees for WCCI Holdings, Inc., a provider of workers' compensation data analytics based in Boca Raton, Florida and a past member of the board of Worcester Academy in Worcester, Massachusetts. Ms. Zuraitis is a graduate of Fairfield University and completed Advanced Executive Education Program at the Wharton School of Business and the Program on Negotiations at Harvard University.

BOARD GOVERNANCE AND OVERSIGHT

The following sections provide an overview of our board governance structure and processes. Among other topics, we describe how we select directors, how we consider the independence of our directors and key aspects of our Board operations.

Corporate Governance Guidelines, Committee Charters and Code of Business Conduct and Ethics

Our Board has adopted Corporate Governance Guidelines, which set forth a flexible framework within which our Board, assisted by Board committees, directs our affairs. The Corporate Governance Guidelines address, among other things, the composition and functions of the Board, director independence, Board and Board committee evaluations, compensation of directors, management succession and review, Board committees and selection of new directors.

Our Corporate Governance Guidelines are available on the corporate governance section of our investor relations website at www.citizensbank.com/investor-relations.

The charters for each of the Audit, Compensation, Nominating and Corporate Governance, Risk and Executive Committees are also available on the corporate governance section of our investor relations website at www.citizensbank.com/investor-relations.

Our Board has also adopted a Code of Business Conduct and Ethics (the “Code”), which sets forth key guiding principles concerning ethical conduct and is applicable to all of our directors, officers and employees. The Code addresses, among other things, conflicts of interest, protection of confidential information and compliance with laws, rules and regulations, and describes the process by which any concerns about violations should be reported.

The Code is available on the corporate governance section of our investor relations website at www.citizensbank.com/investor-relations. You may also obtain a copy, free of charge, by writing to our Corporate Secretary at 600 Washington Boulevard, Stamford, Connecticut 06901. Any amendments to the Code, or any waivers of its requirements, will be disclosed on our website.

Board Composition

When considering whether directors and director nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of our business and structure, our Board focuses primarily on each person’s background and experience. This includes leadership, character, financial literacy, judgment, independence, age, diversity and key skills. We believe that our directors represent an appropriate and diverse mix of experience and skills relevant to the size and nature of our business.

Board Skills and Expertise

CEO experience	Compliance/Regulatory
CFO experience	Technology
Retail Banking	Data Analytics
Financial Services Industry	Insurance
Finance/Capital Management	Real Estate
Risk Management	Academia

Board Selection and Refreshment

Our Board has delegated to the Nominating and Corporate Governance Committee the responsibility of reviewing and recommending to the Board nominees for director.

Process	<p>The Nominating and Corporate Governance Committee evaluates and recommends candidates for Board membership to the Board annually and as vacancies or newly created positions occur.</p> <p>Upon the recommendation of the Nominating and Corporate Governance Committee, a slate of directors is nominated by the Board and submitted to a stockholder vote annually.</p> <p>The Nominating and Corporate Governance Committee also recommends individuals for membership on the committees of the Board annually and as vacancies or newly created positions occur.</p>
Considerations	<p>The Nominating and Corporate Governance Committee will consider for nomination persons who have demonstrated leadership, have experience or relevant knowledge, time availability and commitment, the highest character, reputation and integrity, the analytical and critical thinking skills, the financial literacy, risk management and other business experience and acumen, the ability to work as a team constructively in a collegial environment and who exhibit independent thought and judgment.</p>
Recommendations	<p>In making its recommendations for Board and committee membership, the Nominating and Corporate Governance Committee reviews candidates' qualifications for membership on the Board or committee (including making a specific determination as to the independence of the candidate) based on the criteria described above and taking into account the enhanced independence, financial literacy and financial and risk management expertise standards that may be required under law, regulation or New York Stock Exchange rules for committee membership purposes.</p> <p>In recommending the re-nomination of directors to the Board or committee, the Nominating and Corporate Governance Committee evaluates current directors including assessing such directors' performance and reassessing their independence.</p>
Review	<p>The Nominating and Corporate Governance Committee also periodically reviews the composition of the Board and its committees in light of the current challenges and needs of the Board and the</p>

Company, and determines whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience.

New candidates may be identified through recommendations from independent directors or members of management, search firms or other sources to serve on the board of directors, and stockholder

recommendations. Evaluations of prospective candidates typically include a review of the candidate's background and qualifications by the Nominating and Corporate Governance Committee, interviews with the committee as a whole, one or more members of the committee, or one or more other board members, and discussions within the committee and the full board of directors.

Any stockholder who wishes to recommend a prospective candidate for the board of directors for consideration by the Nominating and Corporate Governance Committee may do so by submitting the name and qualifications of the prospective candidate in writing to the following address: Corporate Secretary, 600 Washington Boulevard, Stamford, Connecticut 06901. Stockholders must propose nominees for consideration by the Nominating and Corporate Governance Committee in accordance with the procedures and other requirements set forth in our Bylaws. See "Information for Stockholders—2019 Annual Meeting and Stockholder Proposals."

Director Independence

As a part of its listing standards, the New York Stock Exchange ("NYSE") has adopted certain criteria that our Board considers when determining director independence. Under the NYSE rules, the Board also broadly considers all other relevant facts and circumstances that bear on the materiality of each director's relationship with the Company, including the potential for conflicts of interest, when determining director independence. In addition, the Board considers whether the Company or one of its subsidiaries has a lending relationship, deposit relationship, or other banking or commercial relationship with a director, an immediate family member, or an entity with which the director or a family member is affiliated by reason of being a director, an officer or a significant stockholder thereof. Any such relationship must meet the following criteria: (i) it must be in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons; and (ii) with respect to extensions of credit by the Company or its subsidiaries to such entity: (a) such extensions of credit have been made in compliance with applicable law, including Federal Reserve Regulation O and Section 13(k) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (b) no event of default has occurred and is continuing beyond any period of cure.

To assist the Board in its determination of director independence, the Nominating and Corporate Governance Committee annually evaluates each prospective and incumbent director using the foregoing standards and such other factors as the Nominating and Corporate Governance Committee deems appropriate, and makes a recommendation to the Board regarding the independence or non-independence of each such person. As a part of this evaluation process, the Nominating and Corporate Governance Committee considers all relevant facts and circumstances and, in particular, the independence requirements of the Securities Exchange Commission ("SEC") and the NYSE. Banking relationships with the Company or any of its subsidiaries (including deposit, investment, lending, fiduciary) that are conducted in the ordinary course of business on substantially the same terms and conditions as are otherwise available to nonaffiliated customers for comparable transactions are not considered material in determining independence.

We have determined that each of Mr. Casady, Ms. Cumming, Mr. Di Iorio, Mr. Hankowsky, Mr. Hanna, Mr. Higdon, Mr. Koch, Mr. Ryan, Mr. Subramaniam, Ms. Watson and Ms. Zuraitis is an independent director within the meaning of the applicable rules of the SEC and NYSE. In addition, we have determined each Committee member meets the independence and expertise requirements within the meaning of the applicable rules of the SEC and NYSE for the Committees on which they serve. For further information see "Corporate Governance – Board Governance and Oversight – Committees of the Board."

Board Leadership

The Company's Corporate Governance Guidelines provide that our Chief Executive Officer shall serve as Chairman of the Board, while an independent director shall serve as Lead Director. Given the significant duties designated to our

independent Lead Director, the Board's view is that having a combined Chairman and Chief Executive Officer enables it to (i) provide efficient and effective

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governance and leadership to the Company, (ii) be