

Citizens Financial Group: Building a Private Bank Inside a Regional Bank

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Student role: Outside investor assessing Citizens Financial Group's public strategy

Early proof points

On March 9, 2026, Citizens Financial Group filed its proxy statement ahead of the annual meeting. Management described a “three-legged stool” strategy: a transformed Consumer Bank, a strong Commercial Bank, and an aspiration to build a premier Private Bank and Private Wealth franchise. Since launching the Private Bank in mid-2023, Citizens said it had opened 11 dedicated locations and planned several more in attractive markets. At year-end 2025, clients had entrusted the bank with \$14.5 billion in deposits and \$10 billion in client assets; Citizens had extended \$7.2 billion in loans to individual and corporate clients. The company said the Private Bank contributed 7% to 2025 earnings per share, above its 5% target. [S1]

The early indicators appear to support the strategy. They do not settle its economics. Citizens described the \$10 billion as “client assets,” a measure that includes both assets under management and transactional assets. Transactional assets may be held for brokerage, custody, recordkeeping or related services; the entire amount should not be treated as advisory assets earning ongoing management fees. The 7% EPS contribution is the company's reported measure. Citizens does not report the Private Bank as a separate audited segment or disclose enough detail here to reconstruct its allocation method or calculate a return on the capital and costs devoted to the build. [S1]

As an outside investor, you must decide how much confidence to place in the expansion thesis and what evidence would change your view. Citizens has publicly stated an intention to add offices; you are not being asked to approve a specific internal plan. The public question is whether the reported progress supports a broader relationship strategy-or whether the growth could be expensive, difficult to scale, or less durable than the headline measures suggest.

A connected franchise

Citizens is a \$226.4 billion regional bank headquartered in Providence, Rhode Island. Its roughly 1,000 branches and 3,100 ATMs serve customers across 14 states and the District of Columbia, while digital deposit products reach customers nationally. The Consumer Bank serves households and small businesses with deposits, mortgages, home-equity lending, cards, small-business products and wealth services. Commercial Banking serves middle-market and larger businesses with lending, treasury management, foreign exchange, risk management, capital markets, M&A and other advisory services. Private Bank and Private Wealth combine banking and wealth services for high- and ultra-high-net-worth households, families, investors, entrepreneurs and businesses. [S2]

Management's strategic logic is that a broader relationship can be more valuable than any single product. A business owner might use Citizens for company deposits, treasury services and credit, and also use the bank for personal deposits, lending and wealth management. An affluent household might bring deposits and investments, borrow against assets, and use advice or trust services. If customers value coordinated service and the bank can serve them efficiently, more of each relationship may stay with Citizens.

There are alternatives to that explanation. Multiple products may follow from customer convenience or existing relationships without creating meaningful incremental profit. Advisors and bankers may win clients through compensation or pricing that makes early growth costly. The bank may have to add specialists, technology and service capacity before new offices reach local scale. Customer assets can rise with market prices even when clients add little new money. A deposit relationship could prove rate-sensitive, and lending growth could add credit exposure rather than a stable source of value.

What the recent results show

Citizens reported 2025 net income of \$1.8 billion, diluted EPS of \$3.86 and return on tangible common equity of 11.20%. Companywide noninterest income rose \$218 million to \$2.4 billion, primarily reflecting wealth and capital-markets fees. Consumer Banking noninterest income increased \$121 million, including growth in wealth fees, mortgage-banking fees and service charges. Citizens said wealth-fee growth reflected higher assets under management from both net inflows and market appreciation. Those drivers are different: client inflows indicate new or retained business, while market gains can raise asset values without indicating additional client wins. [S2]

The investment also had visible costs. Consumer Banking noninterest expense increased \$203 million, driven primarily by salaries and benefits tied to the Private Bank and Private Wealth build-out, medical costs and outside services. Citizens said average deposits increased \$1.2 billion in 2025, driven primarily by Private Bank growth but partly offset by a reduction in higher-cost brokered deposits. These companywide and Consumer Banking figures give context, but do not isolate Private Bank unit economics or show the cost of each deposit relationship. [S2]

The franchise's geography and competitive position matter. Citizens' traditional retail footprint is concentrated in New England, the Mid-Atlantic and the Midwest. The Private Bank also has offices in California and Florida, including the San Francisco Bay Area and Southern California. Citizens says it faces regional and national banks, community banks, brokerages, insurers, money-market funds, private-credit providers and fintechs. It acknowledges that some larger competitors offer a broader range of products and pricing alternatives, while digital-only banks may offer higher deposit rates from lower-cost operating structures. [S2]

National competitors illustrate the gap in scale. JPMorgan Chase reported \$7.1 trillion in Asset & Wealth Management client assets in 2025; its Global Private Bank offers investments, lending, deposits, brokerage, custody, retirement and estate-planning services. Bank of America reported \$4.8 trillion in Global Wealth and Investment Management client balances across Merrill and Bank of America Private Bank. These businesses show the breadth of competition; their size, definitions and segment economics are not direct benchmarks for Citizens. [S3] [S4]

What research can-and cannot-tell an investor

Academic evidence offers mechanisms to test, not company-specific forecasts. Basten and Juelsrud use Norwegian administrative data covering household-bank deposits and loans from 2004 through 2018. Their estimates show that an existing deposit relationship is associated with a higher likelihood of later borrowing from the same bank-about a 4-percentage-point first-year effect and roughly 20 points cumulatively over the observed 14 years. Yet existing depositors paid 15-27 basis points more on later loans, and the authors found no stronger pricing premium for those who later defaulted. In their setting, cross-selling appeared more consistent with customer stickiness and demand complementarities than with better bank screening. This evidence does not estimate the profitability of Citizens' U.S. private-bank relationships. [A1]

DeYoung and Roland studied 472 U.S. commercial banks from 1988 to 1995. Their model linked product mix to revenue volatility and operating and financial leverage. A modeled shift of 10 percentage points of revenue from loans to fee-based activity increased estimated revenue volatility by about 16% and leverage by about 29%, raising implied pretax earnings volatility from roughly 11% to 16%. The authors cautioned that earnings volatility is not the same as systematic risk. The study uses broad, older categories and cannot predict the effect of Citizens' wealth business. It is a reason to ask whether incremental fee revenue compensates for added costs and volatility, not a coefficient to apply to Citizens. [A2]

The investor's assessment

Citizens reports that its early Private Bank has exceeded a contribution target, attracted deposits and client assets, and expanded into several markets. It also reports higher Consumer Banking costs connected to the build and wealth-fee growth that combines inflows with market appreciation. The evidence leaves important questions open: how many relationships are genuinely new, how much client money is retained or added apart from market movement, how often banking and wealth products are used together, what it costs to win and serve each relationship, and whether the resulting returns compensate for operating and credit risk.

Prepare an investor assessment of the expansion thesis. State what the current evidence supports, what it does not establish, and what milestones or disclosures would increase or reduce your confidence. You may conclude that the strategy is promising, unproven, or unattractive, provided your reasoning distinguishes customer growth from durable economics and acknowledges the limits of the available evidence.

Discussion questions

1. What is the economic mechanism behind Citizens' "whole bank" and Private Bank strategy? Which links in that mechanism are evidenced, and which remain assumptions?
2. How should an investor interpret the 11 offices, \$14.5 billion of deposits, \$10 billion of client assets, \$7.2 billion of loans and 7% EPS contribution? What do these measures omit?
3. Do the 2025 Consumer Banking expense and wealth-fee trends strengthen or weaken the expansion case? How would you separate investment costs, underlying client growth and market appreciation?
4. What advantage could Citizens offer in selected markets against large banks and specialized wealth firms? What evidence would distinguish focus from insufficient scale?
5. What indicators should Citizens disclose or investors monitor to evaluate the strategy over the next two to three years?

Sources

- **S1.** Citizens Financial Group, 2026 Proxy Statement, filed March 9, 2026, “Our Business,” “Our Strategic Objectives,” and “Our 2025 Performance,” pp. 4-7; client-assets footnote on p. 7. [SEC filing](#).
- **S2.** Citizens Financial Group, 2025 Form 10-K, filed February 12, 2026, Item 1, pp. 6-10; Item 7, pp. 37-49. [SEC filing](#).
- **S3.** JPMorgan Chase & Co., 2025 Form 10-K, Asset & Wealth Management, pp. 75-76. [Annual report](#).
- **S4.** Bank of America Corp., 2025 Form 10-K, Item 1 and MD&A, Global Wealth & Investment Management, pp. 39-40. [SEC filing](#).
- **A1.** Christoph Basten and Ragnar Juelsrud, “Cross-Selling in Bank-Household Relationships: Mechanisms and Implications for Pricing,” *Review of Financial Studies*, advance online publication, August 11, 2023. [Full text / DOI](#).
- **A2.** Robert DeYoung and Karin P. Roland, “Product Mix and Earnings Volatility at Commercial Banks: Evidence from a Degree of Leverage Model,” *Journal of Financial Intermediation* 10(1) (2001), 54-84. [Federal Reserve Bank of Chicago working paper](#); [journal DOI](#).

All company facts above were public by March 9, 2026. No later events or outcomes are included.