Citibank Europe plc
&
Citibank Holdings Ireland Ltd

Pillar 3 Disclosures

31 December 2016

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Forward Looking Statements

This document contains certain forward-looking statements. Citigroup cautions readers that no forward-looking statement is a guarantee of future performance. Citigroup's actual results may differ materially from those included in any forward-looking statements, which are indicated by words such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," and similar expressions, or future or conditional verbs such as "will," "should," "would," and "could."

Any forward-looking statements are based on management's current expectations and involve external risks and uncertainties including, but not limited to: levels of activity and volatility in the capital markets, global economic and business conditions, including the level of interest rates and exchange rates, the credit environment, unemployment rates, and political and regulatory developments in the U.S. and around the world, as well as the outcome of legal, regulatory and other proceedings.

For a more detailed discussion of potential risk factors the reader is directed to Citigroup's 2016 Annual Report. Except as required by any competent regulator or applicable law, Citigroup expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in Citigroup's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Citigroup has made or may make in documents it has filed or may file with the SEC, including Citigroup's 2016 Annual Report and CHIL's 2016 financial statements.

1. Introduction

1.1. Background and context

This document contains the Pillar 3 disclosures for Citibank Europe plc (CEP) and Citibank Holding Ireland Limited (CHIL) (consolidated), collectively "the Companies".

The Capital Requirements Directive (CRD IV) package, which came into effect on 1 January 2014 and implements the provisions of the Basel Capital Accord in the EU, mandates a framework of capital adequacy regulation for banks and investment firms incorporating three distinct pillars:

• Pillar 1 prescribes the minimum capital requirements for such firms;

• Pillar 2 addresses the associated supervisory review process; and

• Pillar 3 specifies further public disclosure requirements in respect of their capital and risk profile.

The disclosures in this document have been made in accordance with the Pillar 3 requirements laid out in the EU prudential rules for banks, building societies and investment firms, as set out in Part 8 of the Capital Requirements Regulations No. 575/2013 (CRR) – Disclosures by Institutions.

The following disclosures have been made purely for explaining the basis on which the Companies have prepared and disclosed information about capital requirements and the management of certain risks and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any investment or judgement on the entity.

1.2. Areas Covered

In accordance with Pillar 3 requirements, the areas covered by the Companies' Pillar 3 disclosures include CRD IV capital requirements and resources, credit risk, market risk, operational risk, liquidity risk, leverage ratio, non-trading book exposures, securitisation activity, encumbered /unencumbered assets and remuneration disclosures. Information on the Companies' CRD IV capital ratios are included also.

Some of the areas covered are also dealt within the Companies' Annual Report 31 December 2016. In other areas more detail is provided in these Pillar 3 disclosures. For instance, the section on capital requirements includes additional information on the amount of capital held against various risks and exposure classes, and the section on capital resources provides details on the composition of the Companies' own funds as well as a reconciliation of accounting equity to regulatory capital.

It should be noted that while some quantitative information in this document is based on financial data contained in the Companies' Annual Report 31 December 2016, other quantitative data is sourced from the Companies' prudential returns and is calculated according to regulatory requirements. The difference between the accounting data and information sourced from the Companies' regulatory reporting platform is most evident for credit risk disclosures. Pillar 3 quantitative data is thus not always directly comparable with the quantitative data contained in the Companies' Annual Report 31 December 2016.

1.3. Basis of Consolidation & Disclosure

Citibank Holdings Ireland Limited ("CHIL") and its sole operating entity Citibank Europe Plc ("CEP") is a global financial services group that strives to provide its client with "best in class" services across a diverse range of products and geographies CEP is a licenced credit institution regulated by the Central Bank of Ireland (CBI). CEP is 100% owned by CHIL, which is subject to consolidated supervision by the CBI.

CEP produce individual (solo) and CHIL produce consolidated regulatory returns for submission to the regulator relating to capital adequacy and balance sheet information.

Both CEP and CHIL's Capital Resources have been disclosed for transparency.

CEP prepares standalone financial statements and CHIL prepares consolidated financial statements under International Financial Reporting Standards (IFRS).

The financial information reported in the consolidated financial statements and consolidated regulatory returns are largely similar, other than presentation.

The disclosures in this document are reported at the consolidated level in accordance with the CRD requirements. These disclosures are updated annually in line with the accounting year end as at 31 December and are supplemented by condensed semi-annual disclosures. Unless otherwise stated, all tables are as at 31 December 2016, with prior year comparatives as at 31 December 2015.

The disclosures are published on the Investor Relations section of Citi's website and complement the group level materials included in the Citigroup 2016 and 2015 Annual Reports.

The Pillar 3 document is subject to a robust governance process and receives final approval by the CEP Audit Committee and subsequently by the Board of Directors.

1.4. Operation, Structure and Organisation

Citigroup Inc. (Citi) is a global diversified financial services holding company incorporated under the laws of the state of Delaware, and whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citi has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions.

Citi currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi's Global Consumer Banking (GCB) and Institutional Clients Group (ICG) businesses; and Citi Holdings, consisting of businesses and portfolios of assets that Citi has determined are not central to its core Citicorp businesses.

Citi's principal banking (depository institution) subsidiary is Citibank, N.A., a national banking association, with offerings encompassing consumer finance, credit cards, mortgage lending and retail banking products and services; investment banking, commercial banking, cash management, trade finance and e-commerce products and services; and private banking products and services.

Significant Citi legal entities other than Citibank N.A. include Citigroup Global Markets Limited (CGML), the primary UK broker dealer (non-banking) subsidiary, and CEP, Citi's pan-European bank.

CEP is headquartered in Dublin, and also has three Citi Service Centres ("CSC") which provide back office services to CEP and other Citigroup affiliates. These service centres are based in CEP's Dublin, Warsaw and Budapest branches.

See Figure 1 below for the Organisation Chart.

CEP merged with Citibank International Limited (CIL – a UK licensed credit institution) on 1 January 2016 under the provisions of the EU merger directive (merger by absorption whereby CEP took on all of the assets, liabilities, rights and obligations of CIL) to create an enlarged combined entity with branches in 21 jurisdictions across EMEA. Accordingly the tables and figures in this document for 2016 reflect the enlarged CEP entity (i.e. post-merger), whereas the 2015 tables reflect the CEP entity pre-merger.

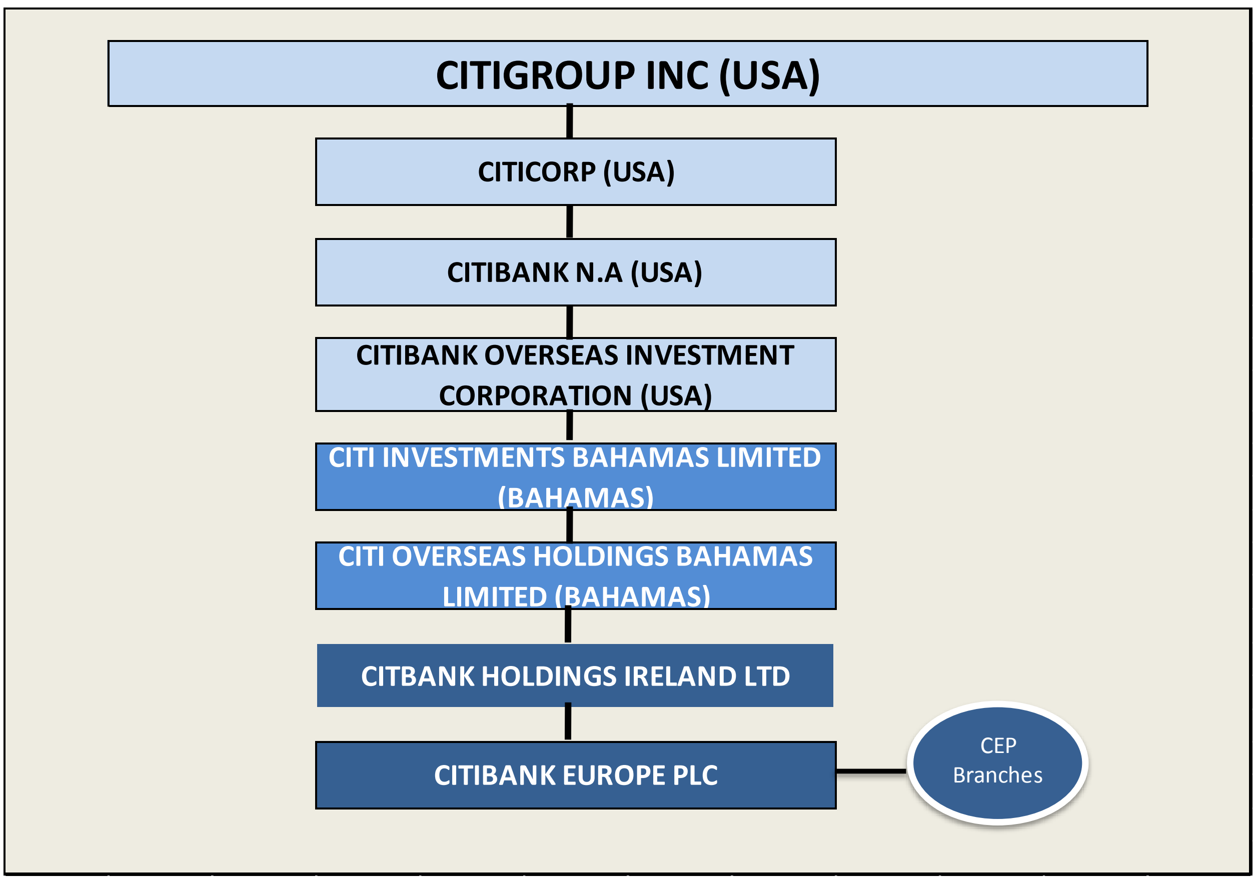
This acquisition was made as part of Citi's continued effort to simplify and rationalise its legal entity structure.

CEP offers a wide range of banking products and services to its Institutional Client Group (ICG) client base, augmented by Global Consumer Bank (GCB) services in the UK Branch.

The principal ICG businesses are Treasury and Trade Services (TTS), Markets and Securities Services and Banking, servicing a wide range of target market clients including Governments, Public Sector clients, Multinational Corporations and their subsidiaries, large Local Corporates, Financial Institutions and Fund Managers.

The principal GCB businesses are UK Consumer Bank and Private Bank which services high net worth clients.

FIGURE 1: HIGH LEVEL ORGANISATION CHART



1.5. <u>CHIL & CEP's Capital Position at 31 December 2016</u>

Figure 2 (a) and (b) illustrates CHIL and CEP's key capital metrics. Both CHIL and CEP's Capital resources consist of Tier 1 capital and continue to maintain capital ratios and resources comfortably in excess of the minimum regulatory requirements.

FIGURE 2A: SUMMARY OF CHIL'S KEY METRICS AS AT 31 DECEMBER 2016 (€BN)

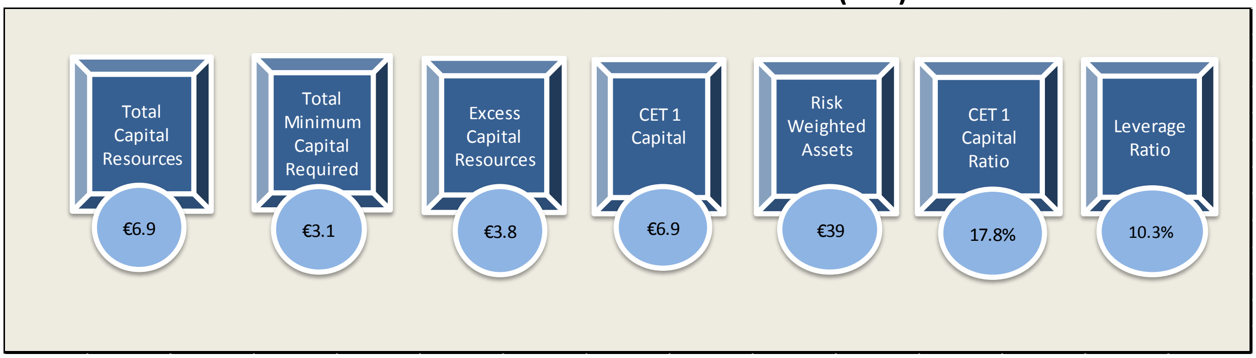
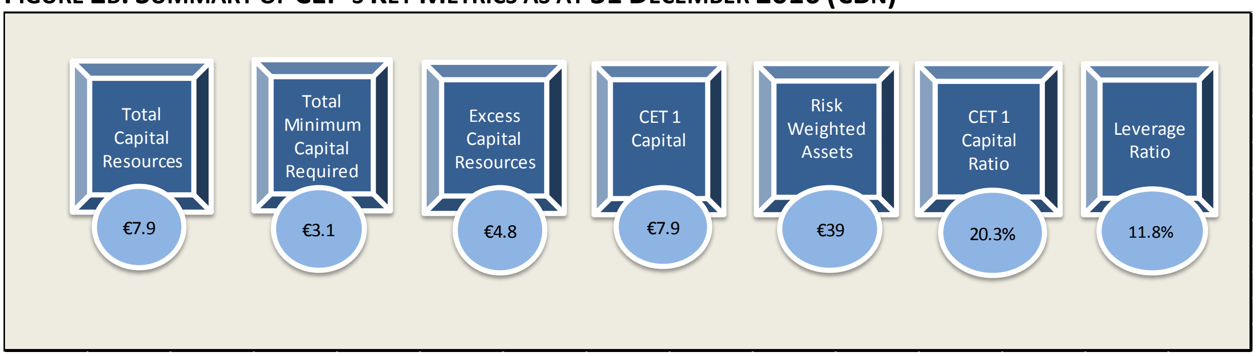


FIGURE 2B: SUMMARY OF CEP'S KEY METRICS AS AT 31 DECEMBER 2016 (€BN)



2. Capital Resources and Minimum Capital Requirement

2.1. Capital Resources

The CRD requires that CHIL and CEP comply with minimum capital standards and maintain a prescribed excess of total capital resources over Pillar I capital requirement.

Capital resources are measured and reported in accordance with the CRD.

CHIL and CEP's regulatory capital resources comprise of the following distinct elements:

- Common Equity Tier 1 Capital, which includes ordinary share capital, share premium, retained earnings and capital reserves;
- Deductions from capital include:
  - Intangible assets, including goodwill
  - Prudent valuation
  - Deferred tax relying of future profitability
  - Significant investments

Table 1 shows the regulatory capital resources of CHIL and CEP as at 31 December 2016 and 31 December 2015. Tables 2 (a) and (b) show the reconciliation between the balance sheet values and the regulatory capital values of the items included in CHIL and CEP's Capital Resources as at 31 December 2016. Further details on the composition of CHIL and CEP's Capital resources are shown in Table 3.

Table 1a: Own Funds CHIL & CEP at 31 December 2016

	At 31 Dec 2016		REGULATION (EU) No 575/2013 ARTICLE
	CHIL	CEP	
Capital instruments and the related share premium accounts	2,089,402	2,324,272	26 (1), 27, 28, 29, EBA list 26 (3)
of which: Share Capital	-	9,554	
of which: Share Premium	652,083	1,511,818	
of which: Capital Reserves	1,453,059	836,449	EBA list 26 (3)
of which: Other Reserves	-15,741	-33,549	
Retained earnings	5,470,078	6,243,817	26 (1) (c)
Accumulated other comprehensive income (and any other reserves)	-	-	26 (1)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	7,559,480	8,568,088	
Additional value adjustments (negative amount)	-8,756	-8,756	34, 105
Intangible assets (net of related tax liability) (negative amount)	-340,273	-340,273	36 (1) (b), 37, 472 (4)
Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-275,141	-275,141	36 (1) (c), 38, 472 (5)
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-14,113	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	-624,171	-638,282	
Common Equity Tier 1 (CET1) capital	6,935,309	7,929,806	
Tier 1 capital (T1 = CET1 + AT1)	6,935,309	7,929,806	
Tier 2 (T2) Capital	-	-	
Total Capital (TC = T1 + T2)	6,935,309	7,929,806	
Total Risk-Weighted Assets	39,009,209	39,009,209	
Common Equity Tier 1 (as a percentage of total risk exposure amount	17.78%	20.33%	92 (2) (a), 465
Tier 1 (as a percentage of total risk exposure amount	17.78%	20.33%	92 (2) (b), 465
Total capital (as a percentage of total risk exposure amount	17.78%	20.33%	92 (2) (c)

Table 1b: Own Funds CHIL & CEP at 31 December 2015

	At 31 Dec 2015		REGULATION (EU) No 575/2013 ARTICLE
	CHIL	CEP	
Capital instruments and the related share premium accounts	1,985,352	2,230,000	26 (1), 27, 28, 29, EBA list 26 (3)
of which: Share Premium	631,359	1,473,021	
of which: Capital Reserves	1,353,993	756,979	EBA list 26 (3)
Retained earnings	4,555,502	5,293,700	26 (1) (c)
Accumulated other comprehensive income (and any other reserves)	-20,825	-38,044	26 (1)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	6,520,029	7,485,656	
Additional value adjustments (negative amount)	-3,667	-3,667	34, 105
Intangible assets (net of related tax liability) (negative amount)	-91,360	-91,360	36 (1) (b), 37, 472 (4)
Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-2,468	-2,468	36 (1) (c), 38, 472 (5)
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-1,266	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	-97,496	-98,761	
Common Equity Tier 1 (CET1) capital	6,422,534	7,386,895	
Tier 1 capital (T1 = CET1 + AT1)	6,422,534	7,386,895	
Tier 2 (T2) Capital	-	-	
Total Capital (TC = T1 + T2)	6,464,930	7,429,291	
Total Risk-Weighted Assets	21,313,907	21,313,907	
Common Equity Tier 1 (as a percentage of total risk exposure amount	30.13%	34.66%	92 (2) (a), 465
Tier 1 (as a percentage of total risk exposure amount	30.13%	34.66%	92 (2) (b), 465
Total capital (as a percentage of total risk exposure amount	30.13%	34.66%	92 (2) (c)

Table 2a: Regulatory Capital Resources Reconciliation to Audited Financial Statements CHIL

EUR Thousands	Balance per Audited Financial Statements	Adj to Balance Sheet Items for Regulatory Capital Resources				Balance per Regulatory Capital Resources
		Intangible Assets	Deferred Tax	Prudent Valuation	Equity Issuance Adjustment	
Tier 1 Capital						
Share Capital	-					-
Share Premium	652,083					652,083
Capital Reserves	1,803,691				(350,631)	1,453,059
Other Reserves	(15,741)					(15,741)
Retained Earnings	5,470,078					5,470,078
Tier 1 Capital Before Deductions	7,910,111				(350,631)	7,559,479
Intangible Assets		(340,273)				(340,273)
Deferred Tax Asset			(275,141)			(275,141)
Prudent Valuation				(8,756)		(8,756)
Tier 1 Capital After Deductions	7,910,111	(340,273)	(275,141)	(8,756)	(350,631)	6,935,309
Total Capital Resources	7,910,111	(340,273)	(275,141)	(8,756)	(350,631)	6,935,309

Table 2b: Regulatory Capital Resources Reconciliation to Audited Financial Statements CEP

EUR Thousands	Balance per Audited Financial Statements	Adj to Balance Sheet Items for Regulatory Capital Resources						Balance per Regulatory Capital Resources
		Intangible Assets	Deferred Tax	Prudent Valuation	Significant Investments	Share Capital Adjustment	Equity Issuance Adjustment	
Tier 1 Capital								
Share Capital	9,991					(437)		9,554
Share Premium	1,862,012						(350,194)	1,511,818
Capital Reserves	836,449							836,449
Other Reserves	(33,549)							(33,549)
Retained Earnings	6,243,817							6,243,817
Tier 1 Capital Before Deductions	8,918,720	0						8,568,088
Intangible Assets		(340,273)						(340,273)
Deferred Tax Asset			(275,141)					(275,141)
Prudent Valuation				(8,756)				(8,756)
Significant Investments					(14,113)			(14,113)
Tier 1 Capital After Deductions	8,918,720	(340,273)	(275,141)	(8,756)	(14,113)	(437)	(350,194)	7,929,806
Total Capital Resources	8,918,720	(340,273)	(275,141)	(8,756)	(14,113)	(437)	(350,194)	7,929,806

Table 3: Capital Instruments Features

Capital Instruments Main Features		CET1	CET1
1	Issuer	Citibank Holdings Ireland Limited	Citibank Europe Plc
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	Private placement	Private placement
3	Governing law (s) of the instrument*	Irish	Irish
	Regulatory treatment		
4	Transitional CCR rules	CET 1	CET 1
5	Post-transitional CRR rules	CET 1	CET 1
6	Eligible at solo/(sub-) consolidated/ solo & (sub-)consolidated	Consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary issued shares with full voting rights	Ordinary issued shares with full voting rights
8	Amount recognised in regulatory capital (as of most recent reporting date)	€652,083,297 comprising nominal and premium	€1,872,003,220 comprising nominal and premium
9	Nominal amount of instrument	€1	€1
9a	Issue price	€2 30/10/2003 €1 31/12/2009	€22,192 15/03/2001 €6,348,689 17/04/2001 €180,703 28/09/2001 €908,846 01/01/2008 €1,857,824 31/12/2009 €423,036 01/01/2016
9b	Redemption price	N/A	N/A
10	Accounting classification	Share holders equity	Share holders equity
11	Original date of issuance	€2 30/10/2003 €1 31/12/2009	€22,192 15/03/2001 €6,348,689 17/04/2001 €180,703 28/09/2001 €908,846 01/01/2008 €1,857,824 31/12/2009 €423,036 01/01/2016
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contigent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	N/A	N/A
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative**	Non comulative	Non comulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	N/A	N/A
31	If write-down, features, write down trigger(s)***	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-down mechanism	N/A	N/A
35	Positionin subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All subordinated liabilities	All subordinated liabilities
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

2.2. Minimum Capital Requirement

CEP complies with the CRR Minimum Capital Requirements, to ensure that sufficient capital is maintained to cover all relevant risks and exposures. For this purpose the firm calculates capital charges for market risk, counterparty risk and operational risk based upon the standardised approach, as well as recognising a number of credit risk mitigation techniques in calculating the charges for credit and counterparty risk. The total Capital Resources must be greater than its Minimum Capital Requirement, allowing for a capital excess to accommodate any additional obligations, such as Pillar 2 charges. CHIL (consolidated) and CEP have the same minimum capital requirement.

CEP uses external ratings from External Credit Assessment Institutions (ECAIs), in the calculation of its credit risk capital requirements.

To assess the adequacy of its capital to support current and expected future activities, CEP produces regular capital forecasts, taking into account both normal business conditions and stress scenarios. As part of this process, CEP maintains an ICAAP (Internal Capital Adequacy Assessment Process) which documents CEP's risk appetite, regulatory capital requirement and associated policies and procedures.

CEP's ICAAP is the result of a detailed assessment of the capital that it considers necessary to cover the risks to which the entity is exposed to. This includes capturing risks which fall outside of the Pillar 1 framework and as well as the risks related to the impact of stress scenarios. To calculate these requirements, CEP has undertaken forecasts of net income, balance sheet and regulatory capital on both a business as usual (base case) basis and downside (stress case) basis to ensure the robustness of its capital adequacy at all times.

The ICAAP document includes the following key elements:

- Summary of Pillar 1 capital requirements
- Summary of Pillar 2 capital requirements
- Capital planning over a 3 year horizon

2.3 Capital Resources vs Minimum Capital Requirement

Table 4 shows CEP's Pillar 1 Minimum Capital Requirements, which as stated above, are the same as the Minimum Capital Requirements for CHIL.

Table 5 was prepared in accordance the early application statement of the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. The table represents disclosure Template 4: EU OV1 of the EBA guidelines, and provides the overview of RWAs and minimum capital requirements as of 31 December 2016.

Tables 6 (a) and (b) illustrates that CHIL and CEP's Total Capital Resources are in excess of its Pillar 1 Total Minimum Capital Requirement.

Capital Resources and Minimum Capital Requirement for CHIL and CEP are monitored and analysed daily. CHIL and CEP continuously maintain a surplus over its Minimum Capital Requirement.

Table 4: CEP & CHIL Minimum Pillar 1 capital requirements

		2016		2015	
EUR Thousands		Capital Requirement	Risk Weighted Assets	Capital Requirement	Risk Weighted Assets
Credit Risk and Counterparty Risk		2,683,526	33,544,077	1,441,141	18,014,257
of which	Central governments or central banks	9,604	120,048	8,109	101,358
	Regional governments or local authorities	17	209	46	569
	Public sector entities	17,208	215,094	3,468	43,346
	Multilateral Development Banks	2,138	26,724	4,240	52,996
	International Organisations	303	3,788	12	152
	Institutions	442,250	5,528,124	462,688	5,783,599
	Corporates	2,065,015	25,812,694	878,710	10,983,876
	Retail	17,222	215,275	29,754	371,921
	Secured by mortgages on immovable property	14,651	183,133	63	792
	Exposures in default	20,468	255,848	11,506	143,822
	Items associated with particular high risk	0	0	-	-
	Covered bonds	-	-	-	-
	Claims on institutions and corporates with a short-term credit assessment	78,236	977,952	39,352	491,902
	Collective investments undertakings (CIU)	183	2,286	123	1,540
	Equity	2,639	32,984	-	-
	Other items	12,573	157,162	3,071	38,383
	Securitisation Positions	526	6,570	-	-
	Default fund contributions	495	6,186	-	-
Market Risk		77,122	964,031	49,158	614,469
of which	Interest Rate Risk	49,113	613,908	34,446	430,573
	FX Risk	28,010	350,123	14,712	183,897
Operational Risk		315,256	3,940,705	214,076	2,675,955
Credit Value Adjustment		44,832	560,396	738	9,225
Total Capital Requirements		3,120,737	39,009,209	1,705,113	21,313,907

Table 5: EU OV1 – Overview of RWAs 31 December 2016

EUR Thousands	RWAs	Minimum capital requirements
	2016	
Credit risk (excluding CCR)	32,489,898	2,599,192
Of which the standardised approach	32,489,898	2,599,192
Of which the foundation IRB (FIRB) approach	-	-
Of which the advanced IRB (AIRB) approach	-	-
Of which equity IRB under the simple risk-weighted approach or the IMA	-	-
CCR	1,041,424	83,314
Of which mark to market	1,952,701	156,216
Of which original exposure	5,052,159	404,173
Of which the standardised approach	1,041,424	83,314
Of which internal model method (IMM)	-	-
Of which risk exposure amount for contributions to the default fund of a CCP	6,186	495
Of which CVA	560,396	44,832
Settlement risk	-	-
Securitisation exposures in the banking book (after the cap)	6,570	526
Of which IRB approach	-	-
Of which IRB supervisory formula approach (SFA)	-	-
Of which internal assessment approach (IAA)	-	-
Of which standardised approach	6,570	526
Market risk	964,031	77,122
Of which the standardised approach	964,031	77,122
Of which IMA	-	-
Large exposures	-	-
Operational risk	3,940,705	315,256
Of which basic indicator approach	-	-
Of which standardised approach	3,940,705	315,256
Of which advanced measurement approach	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-
Floor adjustment	-	-
Total	**39,009,209**	**3,120,737**

Table 6a: Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio CHIL

EUR Thousands	2016	2015
Total Capital Resources	6,935,309	6,422,534
Total Minimum Capital Requirement	3,120,737	1,705,113
Surplus over Requirement	**3,814,573**	**4,717,422**
Tier 1 Capital Resources	6,935,309	6,422,534
Risk Weighted Assets	39,009,209	21,313,907
Tier 1 Capital Ratio	**17.78%**	**30.13%**

Table 6b: Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio CEP

EUR Thousands	2016	2015
Total Capital Resources	7,929,806	7,386,895
Total Minimum Capital Requirement	3,120,737	3,120,541
Surplus over Requirement	**4,809,069**	**4,266,354**
Tier 1 Capital Resources	7,929,806	7,386,895
Risk Weighted Assets	39,009,209	21,313,907
Tier 1 Capital Ratio	**20.33%**	**34.66%**

2.4. Leverage Ratio

Leverage risk is the risk that excessive growth in exposure or a decrease in capital will lead to an entity becoming more vulnerable to leverage or contingent leverage that may require unintended corrective measures, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

In accordance with CRR rules, the leverage ratio for CEP is calculated by dividing Tier 1 capital by a non-risk based measure of an institution's on- and off-balance sheet exposures.

The leverage ratio is a monitoring tool, which allows competent authorities to assess and constrain the risk of building up excessive leverage in their supervised institutions.

The leverage ratio metric has been implemented in the EU for reporting and disclosure purposes. According to the CRDIV this is not a binding requirement currently, and during the transitional phase is set at a minimum level of 3%.

Implementation of the leverage ratio becomes effective from 1 January 2018, with the proceeding years used to refine the requirement.

CHIL (consolidated) and CEP's ratio is in excess of this at 10.3% and 11.79% respectively at 31 December 2016.

The final design and calibration of the proposals will be informed by a comprehensive quantitative impact study and as such no account has been taken of these proposed revisions in these ratios.

2.4.1 Management of Leverage Risk

The following points describe CEP's approach to managing the risk of excessive leverage.

- Daily Capital Monitoring: this is conducted for the Companies capital ratios (Common Equity Tier 1 and Total Capital ratios). The excess capital over Pillar1 and Pillar 2 requirements (including the Individual Capital Guidance and Capital Planning Buffer) and over the internal Capital Action Trigger, are also monitored daily. The latter is an internal trigger set to ensure that the entity holds enough of a capital excess to permit timely management decisions in case of unforeseen short term circumstances.

- Large exposures in line with regulatory requirements are monitored on a daily basis against internal monitoring limits.

- The above are monitored and controlled through the monthly ALCO process. The ALCO is the primary governance committee for the management of CEP's balance sheet. Amongst the responsibilities of the ALCO are the provision of balance sheet oversight of trends and mix, ensuring prudent legal entity balance sheet management and overseeing the local regulatory requirements related to the balance sheet.

  The following disclosure templates provide additional detail on the Leverage Ratio:

Table 7a: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CHIL

	2016
EUR Thousands	Applicable Amounts
Total assets as per published financial statements	46,752,782
Adjustments for derivative financial instruments	(443,927)
Adjustments for securities financing transactions "SFTs"	500,992
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	23,621,437
Other adjustments	(3,134,782)
Leverage Ratio Exposure	67,296,501

Table 7b: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CEP

	2016
Eur Thousands	Applicable Amounts
Total assets as per published financial statements	46,752,664
Adjustments for derivative financial instruments	(443,927)
Adjustments for securities financing transactions "SFTs"	500,992
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	23,621,437
Other adjustments	(3,148,775)
Leverage Ratio Exposure	67,282,389

Table 8: Leverage Ratio Common Disclosure for CHIL & CEP

	2016	
	CHIL	CEP
EUR Thousands	CRR Leverage Ratio Exposures	
On-Balance Sheet Exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	38,955,205	38,955,205
Asset amounts deducted in determining Tier 1 capital	(624,171)	(638,282)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	38,331,034	38,316,922
Derivative Exposures		
Replacement cost associated with derivatives transactions	377,848	377,848
Add-on amounts for PFE associated with derivatives transactions	1,416,484	1,416,484
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(209,120)	(209,120)
Total Derivative Exposures	1,585,212	1,585,212
Securities financing transaction exposures		
SFT Exposure	3,758,819	3,758,819
Total Securities Financing Transaction Exposures	3,758,819	3,758,819
Off-Balance Sheet Exposures		
Off-balance sheet exposures at gross notional amount	34,237,384	34,237,384
Adjustments for conversion to credit equivalent amounts	(10,615,947)	(10,615,947)
Total Off-Balance Sheet Exposures	23,621,437	23,621,437
Capital and Total Exposures		
Tier 1 capital	6,935,309	7,929,806
Total Leverage Ratio Exposures	67,296,501	67,282,389
Leverage ratio		
Leverage ratio	10.31%	11.79%
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure	Fully Phased In	Fully Phased In

Table 9: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CHIL & CEP

Eur Thousands	2016 CRR Leverage Ratio Exposures
Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:	38,955,205
Trading Book Exposures	1,047,562
Banking Book Exposures, of which:	37,907,642
Exposures treated as sovereigns	15,018,072
Exposures to regional governments, MDB, international organisations and PSE NOT treated as	384,498
Institutions	8,383,671
Secured by mortgages of immovable properties	184,783
Retail exposures	219,399
Corporate	13,293,053
Exposures in default	171,885
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	252,282

2.5. Capital Buffers

The CRR requires CEP to hold capital buffers.

The countercyclical capital buffer aims to ensure that capital requirements take into account the macro-financial environment. Its primary objective is to protect the banking sector from periods of excess aggregate credit growth. The designated authorities can set the countercyclical capital buffer rates between 0% and 2.5%.

CEP is required to calculate its institution-specific countercyclical buffer rate as a weighted average of the buffer rates that have been announced for each jurisdiction to which the firm has relevant credit exposures. Relevant credit exposures are as follows;

- credit risk
- specific risk
- securitizations

The institution-specific countercyclical buffer rate consists of the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the relevant credit exposures of the institutions are located.

The following tables set out CEP's countercyclical buffer requirement for 31 December 2016.

Table 10: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 31 December 2016

Eur Thousands	General creditexposures	Trading book exposure		Own funds requirements			Institution specific countercyclical buffer	Countercyclical capital buffer rate
Breakdown by country	Exposure value for SA	Sumof long and short position of trading book	Value of trading book exposure for internal models	Of which: General credit exposures	Of which: Trading book exposures	Total		
Hong Kong	16,453	10	0	451	1	452	0.0001%	0.625%
Norway	239,342	0	0	15,528	0	15,528	0.0104%	1.500%
Sweden	776,522	9,342	0	59,181	1,121	60,302	0.0405%	1.500%
Total	1,032,318	9,352	0	75,160	1,122	76,282	0.0511%	

Table 11: Amount of institution-specific countercyclical buffer 31 December 2016

Eur Thousands	2016
Total Risk exposure amount	27,901,043
Institution specific countercyclical capital buffer rate	0.0511%
Institution specific countercyclical capital buffer requirement	14,254

CEP is also required to hold a capital conservation buffer. The buffer was introduced 1 January 2016 at 0.625% of RWA's. The buffer is scheduled to increase by 0.625% per year until it reaches 2.5% of RWAs on 1 January 2019. The buffer held by CEP as at 31 December 2016 was €244 million.

3. Risk Management Objectives and Policies

3.1. Risk Overview

To achieve its business strategy, CEP selectively takes risks.

For 2016, CEP identified the following risks as being material to its business:

- Credit Risk,
- Market Risk,
- Operational Risk (which includes Legal Risk and Reputational Risk),
- Liquidity Risk, and,
- Pension Risk.

An overview of CEP's capital requirements for Credit Risk, Market Risk and Operational Risk are provided in the following sections.

The CEP Board considers that there is an appropriate risk management infrastructure in place, to identify, quantify, mitigate and monitor the risks taken in pursuit of its strategy.

Risk Governance Framework

There is a robust risk governance framework in place which provides oversight of the internal control environment, which includes identifying, qualifying and quantifying the risk profile of CEP and for ensuring key risks are well documented and managed. Risk management oversight is conducted at both Board and Executive level, supported by the workings of various committees including:

Board Sub-Committees

- CEP Board Risk Committee (BRC)
- Audit Committee
- Remuneration Committee
- Nomination Committee

Executive Committees:

- Management Committee
- Assets & Liability Committee (ALCO)
- Credit Committee
- Operational Risk and Outsourcing Committee
- Financial Crime Governance Committee
- Related Party Lending Committee (RPL)

Sub-Committees:

- Market Risk Committee
- Outsourcing Committee
- Local Regulatory Reporting Governance Committee
- Product Review Committee

The Board Risk Committee (BRC) is governed by Terms of Reference (ToR) approved by the Board. The BRC has responsibility for the oversight and advice to the Board on the current risk exposures of CEP and future risk strategy. The BRC convenes at least quarterly and in 2016 met on six occasions.

Products Overview

CEP is a key hub for the provision of Cash Management, Trade Products and Investor Services to Citi's corporate, public sector and financial institution clients ("ICG clients") across EMEA. CEP also operates Citi Service Centres ("CSCs") in Ireland, Poland and Hungary which provide key operational and technology support services to other Citi affiliates. CEP has a Consumer business and vanilla Markets Trading in its branches (Czech Republic, Hungary, Romania, Slovakia & Bulgaria).

Scope and Nature of Risk Reporting and Measurement Systems (Credit Risk)

CEP uses a global risk reporting system to manage credit exposure to its wholesale obligors and counterparties.

Scope and Nature of Risk Reporting and Measurement Systems (Market Risk)

CEP uses a global risk reporting system to manage market exposure, which aggregates exposure for reporting purposes.

Scope and Nature of Risk Reporting and Measurement Systems (Operational Risk)

CEP uses an Operational Risk Framework which comprises both systems and processes to manage operational risk, the output of which is consolidated to provide an Operational Risk profile.

3.2. Risk Mission

CEP's Risk mission is to take intelligent risk with shared responsibility, without forsaking individual accountability. **The management of risk is the collective responsibility of all CEP employees.**

CEP has policies in place to support effective risk assessment and management, some of which are adopted from its parent. Appropriate controls and tools are in place to manage, measure and actively mitigate risks taken by CEP.

CEP's Risk Appetite

CEP's Risk Appetite is set out in a Board-approved Statement which describes the types and level of risk which the Board is willing to assume in pursuit of its strategy. It aims to manage business growth whilst restricting excessive growth within CEP's risk profile. The Risk Appetite Statement is reviewed in tandem with each Strategy review and is approved by the Board annually or more frequently as required.

Three Lines of Defence

Risk governance in CEP is based on a three lines of defence model:

- Each of CEP's businesses **(First Line of Defence)** owns and manages the risks inherent in, or arising from, the business, and is responsible for establishing and operating controls to mitigate key risks, performing manager assessments of the design and effectiveness of internal controls, and promoting a culture of compliance and control.
- CEP's independent control functions **(Second Line of Defence)**, including Independent Risk Management, Finance, Compliance, Legal, and Human Resources (HR), set standards against which the businesses and functions are required to manage and oversee their risks, including compliance with

applicable laws, regulatory requirements, policies and standards of ethical conduct. These functions are involved in identifying, measuring, monitoring, and controlling aggregate risks, and are independent of front line units.

In pursuit of its mission, CEP Risk Management acts as a strong independent partner of the business to support effective risk management across all risks to which CEP is exposed in a manner consistent with CEP's risk appetite. The Chief Risk Officer reports on the risk profile of the bank on an ongoing basis to the Board Risk Committee and the Board of Directors.

- CEP's Internal Audit function **(Third Line of Defence**) independently reviews the activities of the first two lines of defence. This is undertaken based on a risk-based audit plan and a methodology approved by the Audit Committee. Internal Audit provides objective, reliable, valued and timely assurance to the CEP Board of Directors, senior management and regulators regarding the effectiveness of governance, risk management, and controls which mitigate current and evolving risks and enhance the control culture within CEP.

Risk Management Function Objectives and Policies

CEP Risk Management is an independent function within the CEP legal vehicle. The CEP Chief Risk Officer (CRO) reports directly to both the Citi EMEA Chief Risk Officer and the CEP CEO. The CEP CRO has frequent, direct and independent access to the CEP Board of Directors and the CEP Risk Committee. CEP Risk Management maintains appropriate representation on all CEP management committees and other governance for a as appropriate. Risk Management approval is required for decisions concerning CEP's risk profile. CEP Risk Management aims to:

- Establish clear lines of authority and risk responsibility, including roles and membership of both management and risk committees, with the responsibility to monitor adherence to policies.

- Ensure Risk Management employees possess the appropriate talent, skills, and experience, and are in the right roles to perform the duties required of them.

The CEP CRO leverages the Citi Global Risk Management structure to assist in the effective management of risk across the various CEP business lines and product groups.

The objectives of CEP Risk are fully aligned with those of Citi in that effective risk management is of primary importance to its success. Accordingly, Citi has in place, a comprehensive risk management framework with appropriate policies to monitor, evaluate and manage the risks it assumes in conducting its activities.

CEP Risk Management ensures full identification and transparency of risks, including aggregation, synthesis, and communication across business lines by frequently reviewing, discussing & reporting:

- CEP's Risk Appetite Statement and ensuring CEP risk taking adheres to the limits set by the CEP Board.

- Stress & concentration testing and ensuring appropriate shocks and models are being leveraged to assess the risk to CEP.

- Key exposures, concentrations and positions that are identified as the most significant risks to CEP.

- Major credit, market, liquidity and operational risk exposures and the steps taken to monitor and control such exposures, including risk assessment and Risk Management policies.

- An annual, Board-approved, Independent Risk Management Plan outlining key deliverables which support and enhance risk management, progress against which is tracked and reported to the Board Risk Committee on an ongoing basis.

- CEP's Risk Management Managers' Control Assessment (MCA), to ensure it remains fit for purpose and appropriately captures operational risk within the business.

- The CEP branch network and reporting lines to ensure all branches are operating in line with the CEP Risk Governance Framework.

4. Credit Risk

4.1. Credit Risk Overview

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Credit risk arises in many of CEP's business activities, including:

- Wholesale and retail lending;
- Capital markets derivative transactions;
- Structured finance; and
- Repurchase agreements and reverse repurchase transactions.

The ICG Risk Manual guides credit risk management practices for CEP and Citi globally and has been approved by the CEP Board for the legal entity.

Credit risk also arises from settlement and clearing activities, when CEP transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

4.1.1 Sources of Credit Risk

There are number of credit risk sources throughout CEP, these include Wholesale Credit Risk, Available for Sale (AFS) and Consumer Credit Risk.

Wholesale Credit Risk:

- Direct risk,
- Contingent risk,
- Pre settlement risk (PSR),
- Clearing risk,
- Settlement risk,

Typical financial reporting categories that include wholesale exposures are deposits with banks, debt securities held-to-maturity or available-for-sale, loans and off-balance sheet commitments such as unused commitments to lend and letters of credit.

Available For Sale (AFS)

AFS financial assets are those financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Consumer Credit Risks

Cards & Personal Instalment Loans (PIL):

- Cards: The consumer cards portfolio includes all revolving and non-revolving Citi-branded, Co-branded, Private Label cards issued to consumers.
- PIL: The consumer PIL portfolio includes all types of loans provided to individuals – secured or unsecured, term/instalment or revolving, and direct or indirect.

4.1.2 Counterparty Credit Risk Capital Calculations

Counterparty risk is the risk arising from the possibility that the counterparty could default before the settlement of a transaction, without fulfilling its financial obligation.

For regulatory purposes, CEP uses the standardised approach in determining counterparty credit risk capital requirements. These are based on External Credit Assessment Institutions (“ECAIs”) ratings for calculating Risk Weighted Assets (RWA). The measure of Exposure at Default (EAD) used to determine these requirements is described later in the document.

For OTC (Over-the-Counter) Derivatives, CEP uses the Current Exposure Method (CEM) approach. CEM assigns to each transaction, a regulatory stipulated exposure based on the mark-to-market value and a measure of potential future exposure which is a percentage of notional exposure driven by residual maturity and the type of contract, i.e. interest rate, equities etc.

Netting and margin collateral may be recognised as credit risk mitigants provided that they meet certain eligibility criteria.

The following table was prepared in accordance the early application statement of the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013.

Table 12 represents Template 28: EU CCR3 of the EBA guidelines, and provides the breakdown of Counterparty Credit Risk exposure amounts as of 31 December 2016.

Table 12: EU CCR3 – CRR exposures by regulatory portfolio and risk weight (Standardised approach) 31 December 2016

EAD in EUR Thousands

Exposure classes	Risk weight											Total	Of which
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		unrated
Central governments or central banks	62,606				407,014	480		-	-	-		470,101	407,494
Regional government or local authorities												-	
Public sector entities	-				64,608	-		-	20,009	-		84,617	78,660
Multilateral development banks												-	
International organisations												-	
Institutions	-				4,236	450,964		-	1,239	(0)		456,438	55,662
Corporates	-				198,233	74,164		-	682,672	8,477		963,546	318,335
Retail	-				-	-		448	-	-		448	448
Institutions and corporates with a short-term credit assessment	-				3,430	13,772		-	129	127		17,456	
Other items	-				-	-		-	343	-		343	343
Total	**62,606**				**677,520**	**539,379**		**448**	**704,392**	**8,604**		**1,992,948**	**860,943**

4.1.3 Impairment of Financial Assets

CEP assesses impairment on an individual and collective basis. Financial assets are assessed for the exhibition of objective evidence of impairment whether or not they are individually significant. A financial asset is considered impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the exposure (a ‘loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the firm about the following loss events:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The firm as lender, for economic or legal reasons relating to the borrower’s financial difficulty, grants to the borrower a concession that the firm would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio;
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

4.2. Credit Risk Management

Credit Risk is deemed a material risk to CEP as detailed in the CEP ICAAP and is captured as part of CEP approved Risk Appetite Statement. Credit Risk is also comprehensively assessed from a Risk Capital and Stress perspective.
The CEP ICAAP outlines how all material risks within CEP are measured, managed, mitigated and monitored by CEP Risk.

4.2.1 Methodology Used to Assign Credit Limits

The process for approving a counterparty’s credit risk exposure limit is guided by:

- core credit policies;
- procedures and standards;
- experience and judgment of credit risk professionals; and
- the amount of exposure at risk.

The process applies to all counterparty credit risk products - OTC derivative contracts, repo-style transactions and eligible margin loans. The process includes the determination of maximum potential exposure after recognition of netting agreements and collateral as appropriate.

While internal ratings are the starting point in establishing credit assessments, a range of factors, such as quality of management and strategy, nature of industry, and regulatory environment, among others, are also taken into consideration for obligor limits and approval levels. Exposure to credit risk on derivatives is also impacted by market volatility, which may impair the ability of clients to satisfy their obligations to Citi. Credit risk analysts conduct daily monitoring versus limits and any issues are escalated to credit officers and business management as appropriate. Usage against the credit limits may reflect netting agreements and collateral.

4.2.2 Derivative Master Netting Agreements

Credit risk from derivatives is mitigated where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. Citi policy requires all netting arrangements to be legally documented. ISDA (International Swaps and Derivative Association) master agreements are Citi's preferred manner for documenting OTC derivatives. The agreements provide the contractual framework within which dealing activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

Citi considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process.

Table 13 summarises the counterparty credit risk exposures arising from OTC derivatives held by CEP as at 31 December 2016 and 31 December 2015, after application of legally enforceable netting agreements and collateral arrangements.

Table 13: Derivative financial assets 31 December 2016

EUR thousands	2016	2015
Derivative Financial Assets		
Net credit exposure after application of legally enforceable netting agreements	1,794,332	140,613

4.2.3 Policies for Securing, Valuing and Managing Collateral

Citi's policies and procedures cover management and governance of financial assets (including securing and valuing collateral) utilised for the purpose of mitigating the credit risk of OTC derivatives, repo-style transactions and eligible margin loans. Specifically, businesses are required to establish standard eligibility criteria for collateral usage and review processes for approving non-standard collateral.

Industry standard legal agreements combined with internal reviews for legal enforceability are used to achieve a perfected security interest in the collateral.

4.2.4 Primary Types of Collateral

Cash collateral and security collateral in the form of G10 (Group of Ten) government debt securities are generally posted to secure the net open exposure of OTC derivative transactions, at a counterparty level, whereby the receiving party is free to co-mingle or re-hypothecate such collateral in the ordinary course of business. Non-standard collateral, such as corporate bonds, municipal bonds, U.S. agency securities and mortgage-backed securities, may also be pledged as collateral for OTC derivative transactions. Security collateral posted to open and maintain a master netting agreement with a counterparty in the form of cash and securities may from time to time be segregated in an account at a third-party custodian pursuant to a tri-party account control agreements.

4.2.5 Credit Default Swap Activity

The following table sets out the notional value of CEP's CDS transactions as at 31 December 2016 as per the CRR article 439.

Table 14: Notional value of CEP's CDS transactions 31 December 2016

Eur Thousands	2016	2015
	Protection Bought	**Protection Bought**
Single name CDS	224,849	-

4.3. Credit Risk Exposure

The total and average amounts of exposures as at 31 December 2016, after accounting offsets and without taking into account the effects of credit risk mitigation, are set out below in Table 15. These exposures include both banking book and trading book activities and have been calculated in accordance with the regulatory requirements (CRR).

Table 15: Exposure to Credit risk

		2016		2015	
Gross exposure in Eur Thousands		Total Exposure	Average Exposure*	Total Exposure	Average Exposure
Credit Risk and Counterparty Risk					
of which	Central governments or central banks	14,656,288	10,296,293	4,903,432	4,483,620
	Regional governments or local authorities	111,482	150,643	6,160	38,246
	Public sector entities	439,208	432,660	70,398	76,511
	Multilateral Development Banks	761,277	797,660	64,412	34,761
	International Organisations	73,409	79,957	575	595
	Institutions	13,575,768	16,221,118	11,646,554	8,476,729
	Corporates	45,236,383	44,159,261	22,250,777	21,470,690
	Retail	510,604	540,649	1,191,623	1,215,592
	Secured by mortgages on immovable property	184,783	206,327	2,264	2,448
	Exposures in default	228,392	260,135	120,448	64,718
	Items associated with particular high risk	1	0	-	-
	Covered bonds	-	-	-	-
	Claims on institutions and corporates with a short-term credit assessment	1,189,475	1,176,277	1,361,033	2,016,961
	Collective investments undertakings (CIU)	8,537	7,450	1,027	1,289
	Equity	32,984	8,246	-	-
	Other items	184,567	201,306	63,137	68,063
	Securitisation Positions	32,845	40,178	-	-
Total Standardised Approach		77,226,002	74,578,159	41,681,839	37,950,222

*Average of quarter-end balances for 2016

The following table was prepared in accordance with the early application statement of the EBA Guidelines, showing the breakdown of credit risk EAD amounts under the standardised approach by asset class and risk weight, as set out in Template 20: EU CR5.

Table 16: EU CR5 – Standardised approach 31 December 2016

EAD in EUR Thousands

Exposure classes	Risk weight																Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
Central governments or central banks	13,981,481	-			160	-	105,171		-	67,191	-						14,154,003	11,569,313
Regional government or local authorities	110,438	-			1,044	-	-		-	-	-						111,482	110,451
Public sector entities	-	-			197,525	-	5		-	142,656	-						340,186	32,844
Multilateral development banks	716,554	-			21,969	-	-		-	22,330	-						760,854	88
International organisations	66,066	-			-	-	-		-	3,788	-						69,854	3,788
Institutions	-	329,532			1,022,265	-	6,316,206		-	1,615,133	210,851						9,493,987	1,537,525
Corporates	422	-			1,436,175	-	3,347,498		-	22,238,773	560,547						27,583,415	18,013,785.72
Retail	-	-			-	-	-		286,586	-	-						286,586	286,586
Secured by mortgages on immovable property	-	-			-	2,538	-		-	182,245	-						184,783	184,783
Exposures in default	-	-			-	-	-		-	44,311	141,025						185,336	179,475
Higher-risk categories	-	-			-	-	-		-	-	1						1	1
Covered bonds																	-	
Institutions and corporates with a short-term credit assessment	-	-			47,448	-	349,158		-	486,693	199,533						1,082,832	
Collective investment undertakings	-	-			-	-	-		-	2,003	-						2,003	2,003
Equity	-	-			-	-	-		-	32,984	-						32,984	14,547
Other items	18,155	-			11,731	-	-		-	154,263	328						184,479	184,331
Total	**14,893,117**	**329,532**			**2,738,317**	**2,538**	**10,118,038**		**286,586**	**24,992,370**	**1,112,285**						**54,472,783**	**32,119,519**

Geographic Analysis of Exposures

Under CRD IV, geographical analysis of credit exposures is required based on the exposures in the member states in which the institution has been authorised and member states or third countries in which institutions carry out activities through a branch or subsidiary. The geographical distribution is reported by analysing where the counterparty is based and further analysed to show the breakdown by exposure. The majority of CEP's exposure sits within EMEA and Americas, reflecting its global business activities.

Table 17: Geographical Analysis of Exposures

Gross exposure in EUR Thousands	2016			
Exposure Class	**EMEA**	**The Americas**	**Asia-Pac**	**Total Gross Exposures**
Standardised Approach				
Central governments or central banks	14,313,582	336,323	6,384	14,656,288
Regional governments or local authorities	110,708	773	-	111,482
Administrative bodies and non-commercial undertakings	430,811	8,374	22	439,208
Multilateral Development Banks	760,953	196	129	761,277
International Organisations	72,918	492	-	73,409
Institutions	10,059,525	3,102,926	413,317	13,575,768
Corporates	37,828,560	6,854,188	553,635	45,236,383
Retail	510,603	0	-	510,604
Secured by real estate property	184,783	-	-	184,783
Past due items	166,272	62,120	-	228,392
Items belongning to regulatory high-risk categories	0	1	-	1
Covered bonds				-
Short-term claims on institutions and corporate	1,107,669	67,147	14,659	1,189,475
Equity	8,537	-	-	8,537
Collective investments undertakings (CIU)	15,171	17,812	-	32,984
Other items	184,554	13	1	184,567
Securitisation positions	25,265	7,581	-	32,845
Total	**65,779,909**	**10,457,945**	**988,148**	**77,226,002**

Gross exposure in EUR Thousands	2015			
Exposure Class	**EMEA**	**The Americas**	**Asia-Pac**	**Total Gross Exposures**
Standardised Approach				
Central governments or central banks	4,847,897	55,305	231	4,903,432
Regional governments or local authorities	2,841	3,318	-	6,160
Administrative bodies and non-commercial undertakings	50,148	20,246	5	70,398
Multilateral Development Banks	63,611	514	286	64,412
International Organisations	552	23	-	575
Institutions	10,670,395	792,646	183,513	11,646,554
Corporates	15,785,899	5,930,289	534,589	22,250,777
Retail	1,191,622	-	-	1,191,622
Secured by real estate property	2,264	-	-	2,264
Past due items	120,448	-	-	120,448
Items belongning to regulatory high-risk categories	-	-	-	-
Covered bonds	-	-	-	-
Short-term claims on institutions and corporate	1,192,377	167,739	918	1,361,033
Collective investments undertakings (CIU)	1,027	-	-	1,027
Other items	63,137	-	-	63,137
Total	**33,992,218**	**6,970,079**	**719,542**	**41,681,839**

Industry Analysis of Exposures

Table 18 shows the balances by industry classification and by exposure class as at 31 December 2016 and on the following page as at 31 December 2015.

Table 18: Industry Analysis of Exposures 2016

Gross Exposure in EUR Thousands

Exposure Class	Business and Administrative Services	Construction	Education	Electricity, Gas, Steam and Air Conditioning Supply	Extra-Territorial Organisations and Bodies	Financial Intermediation (Excl. Monetary Financial Institutions)	Hotels and Restaurants	Human Health and Social Work	Information and Communication	Manufacturing	Other Community, Social and Personal Services
Central governments or central banks	-	-		-	2,669	164,554	-		-	-	-
Regional governments or local authorities	-	-		-	-	-	-		-	-	-
Public sector entities	-	111,392		0	0	28	-		4	884	-
Multilateral Development Banks	-	-		-	761,277	-	-		-	-	-
International Organisations	-	-		-	73,409	-	-		-	-	-
Institutions	0	-		-	-	449,421	-		-	-	-
Corporates	2,197,027	299,326		3,525,703	-	14,145,599	220,361		3,281,322	12,999,899	211,954
of which SME	*19,225*	*16,884*		*10,272*		56	*1,422*		*20,085*	*197,820*	*107*
Retail	3,261	5,352		616	-	42	500		3,279	15,037	730
of which SME	*1,469*	*2,665*		*448*		-	*500*		*2,150*	*13,015*	*191*
Secured by mortgages on immovable property	-	-		-	-	40,830	-		-	-	-
Exposures in default	88,873	960		-	-	47,701	-		0	22,985	-
of which SME											
Items associated with particular high risk	-	-		-	-	1	-		-	-	-
Covered bonds	-	-		-	-	-	-		-	-	-
Claims on institutions and corporates with a short-term credit assessment	1,433	-		28,431	-	44,141	-		74,466	467,757	-
Collective investments undertakings (CIU)	-	-		-	-	8,537	-		-	-	-
Equity	221	-		-	-	28,439	-		43	-	-
Other items	666 -	0			3		0			198	0
Securitisation Positions	-	-		-	-	32,845	-		-	-	-
Total	**2,291,480**	**417,029**	**-**	**3,554,749**	**837,359**	**14,962,138**	**220,861**	**-**	**3,359,114**	**13,506,761**	**212,684**

Exposure Class	Personal (Private Households)	Primary Industries	Public Administration and Defence	Transportation and Storage	Water Supply, Sewerage, Waste Management and Remediation Activities	Credit Instituitions	Central Banks	Wholesale /Retail Trade & Repairs	Real Estate, Land and Development Activities	Other	Total
Central governments or central banks	-	-	2,081,948	-	-	1	12,407,117	-	-	-	14,656,288
Regional governments or local authorities	-	-	111,482	-	-	-	-	-	-	-	111,482
Public sector entities	-	-	12,038	99,883	18,298	196,681	-	-	-	-	439,208
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	761,277
International Organisations	-	-	-	-	-	-	-	-	-	-	73,409
Institutions	3	-	-	-	-	12,686,488	-	-	-	439,855	13,575,768
Corporates	992,146	1,584,842	177	1,816,733	209,125	188,290	-	3,177,672	7,854	378,353	45,236,383
of which SME		*7,983*	0	*18,030*	*15*	4,481		*262,098*	*112*		*558,590*
Retail	46,195	0	-	4,833	0	-	-	21,595	-	409,163	510,604
of which SME		*0*	-	*4,800*	-	-		*18,950*	-		*44,189*
Secured by mortgages on immovable property	227	-	-	-	-	-	-	-	141,415	2,311	184,783
Exposures in default		15	-	52,567	3		-	14,479	-	809	228,392
of which SME											-
Items associated with particular high risk	-	-	-	-	-	-	-	-	-	-	1
Covered bonds	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	74,686	-	-	-	498,561	-	-	-	-	1,189,475
Collective investments undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	8,537
Equity	3,657	-	-	-	-	625	-	-	-	-	32,984
Other items	176,532			202	-	295				6,671	184,567
Securitisation Positions	-	-	-	-	-	-	-	-	-	-	32,845
Total	**1,218,761**	**1,659,543**	**2,205,645**	**1,974,219**	**227,426**	**13,570,941**	**12,407,117**	**3,213,747**	**149,269**	**1,237,161**	**77,226,002**

Table 18 Cont'd: Industry Analysis of Exposures 2015

Gross Exposure in EUR Thousands

Exposure Class	Business and Administrative Services	Construction	Education	Electricity, Gas, Steam and Air Conditioning Supply	Extra-Territorial Organisations and Bodies	Financial Intermediation (Excl. Monetary Financial Institutions)	Hotels and Restaurants	Human Health and Social Work	Information and Communication	Manufacturing	Other Community, Social and Personal Services
Central governments or central banks	-	-	-	-	748	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	1	-	-	-	-	-	-	-
Public sector entities	-	50,098	-	20,246	-	-	-	-	5	33	-
Multilateral Development Banks	-	-	-	-	64,412	-	-	-	-	-	-
International Organisations	-	-	-	-	575	-	-	-	-	-	-
Institutions	-	-	-	-	-	12,440	-	-	-	-	-
Corporates	423,653	120,901	55	872,968	3	12,578,142	1,654	47,059	1,374,847	4,284,129	37,711
of which SME	*28,408*	*12,381*	*4*	*2,552*		*77*	*1,265*	*1*	*9,873*	*211,895*	*1,888*
Retail	11,217	5,199	113	803	-	17	500	-	2,437	25,121	708
of which SME	*2,259*	*3,999*	*113*	*321*			*500*		*1,899*	*16,385*	*233*
Secured by mortgages on immovable property	0	-	-	-	-	1	-	-	-	-	-
Exposures in default	76,650	38	-	-	-	33,661	-	-	-	326	12
of which SME		*38*								*307*	*12*
Items associated with particular high risk	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	28	-	352	-	-	62,913	464,587	-
Collective investments undertakings (CIU)	-	-	-	-	-	1,027	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-
Securitisation Positions	-	-	-	-	-	-	-	-	-	-	-
Total	**511,521**	**176,235**	**169**	**894,045**	**65,737**	**12,625,639**	**2,154**	**47,059**	**1,440,202**	**4,774,196**	**38,431**

Exposure Class	Personal (Private Households)	Primary Industries	Public Administration and Defence	Transportation and Storage	Water Supply, Sewerage, Waste Management and Remediation Activities	Credit Instituitions	Central Banks	Wholesale/ Retail Trade & Repairs	Real Estate, Land and Development Activities	Other	Total
Central governments or central banks	-	-	2,330,025	-	-	1	2,572,659	-	-	-	4,903,432
Regional governments or local authorities	-	-	6,158	1	-	-	-	-	-	-	6,160
Public sector entities	-	-	-	17	-	-	-	-	-	-	70,398
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	64,412
International Organisations	-	-	-	-	-	-	-	-	-	-	575
Institutions	-	-	-	-	-	11,633,941	-	-	-	173	11,646,554
Corporates	29	240,109	38	805,232	258	41,897	-	1,385,697	1,874	34,522	22,250,777
of which SME		*11,333*		*15,566*	*43*	68		*220,681*		3,115	*519,150*
Retail	1,106,885	58	-	7,652	-	-	-	30,742	170	0	1,191,623
of which SME	235	58		7,192				*27,545*	170		*60,909*
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	2,263	2,264
Exposures in default	1,320	2	-	-	-	5,557	-	1,599	-	1,283	120,448
of which SME								*1,527*			*1,884*
Items associated with particular high risk	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	833,153	-	-	-	-	1,361,033
Collective investments undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	1,027
Equity	-	-	-	-	-	-	-	-	-	-	-
Other items	1,726	-	-	-	-	-	-	-	-	61,411	63,137
Securitisation Positions	-	-	-	-	-	-	-	-	-	-	-
Total	**1,109,960**	**240,169**	**2,336,220**	**812,902**	**258**	**12,514,548**	**2,572,659**	**1,418,037**	**2,044**	**99,652**	**41,681,839**

Credit exposures by maturity

The residual maturity distribution of credit exposures for CEP is broken down by sector as follows:

Table 19: Residual Maturity of Credit Exposures

Gross exposure in EUR Thousands	2016			
Exposure Class	**< 1 year Total Exposure**	**1-5 years Total Exposure**	**> 5 years Total Exposure**	**Total Exposure**
Central governments or central banks	13,612,354	805,903	238,032	14,656,288
Regional governments or local authorities	10,804	100,678	-	111,482
Public sector entities	275,648	62,602	100,958	439,208
Multilateral Development Banks	58,027	288,124	415,127	761,277
International Organisations	73,043		366	73,409
Institutions	11,544,809	1,986,579	44,381	13,575,768
Corporates	20,532,128	21,171,743	3,532,512	45,236,383
Retail	503,115	5,414	2,075	510,604
Secured by mortgages on immovable property	184,556	36	190	184,783
Exposures in default	225,523	2,868	-	228,392
Short-term claims on institutions and corporate	1,189,475	-	-	1,189,475
Collective investments undertakings (CIU)	8,537	-	-	8,537
Equity	32,984	-	-	32,984
Other items	184,526	41	-	184,567
Securitisation positions	32,845	-	-	32,845
Total	**48,468,374**	**24,423,987**	**4,333,641**	**77,226,002**

Gross exposure in EUR Thousands	2015			
Exposure Class	**< 1 year Total Exposure**	**1-5 years Total Exposure**	**> 5 years Total Exposure**	**Total Exposure**
Central governments or central banks	3,393,539	1,426,005	83,889	4,903,432
Regional governments or local authorities	6,160	-	-	6,160
Public sector entities	55	70,344	-	70,398
Multilateral Development Banks	64,412	-	-	64,412
International Organisations	575	-	-	575
Institutions	7,915,734	3,697,796	33,023	11,646,554
Corporates	8,008,110	12,215,773	2,026,894	22,250,777
Retail	1,174,678	15,998	946	1,191,623
Secured by mortgages on immovable property	2,264	-	-	2,264
Exposures in default	31,639	4,257	84,552	120,448
Short-term claims on institutions and corporate	1,361,033	-	-	1,361,033
Collective investments undertakings (CIU)	1,027	-	-	1,027
Other items	63,082	55	-	63,137
Total	**22,022,307**	**17,430,228**	**2,229,304**	**41,681,839**

4.4. Securitisation activity

Following the merger with Citibank International Limited on 1 January 2016, CEP acquired a small legacy banking book securitisation portfolio which continues to wind down.

The positions subject to the securitisation framework are all banking book positions and of the traditional type. CEP does not originate securitisations, but is an investor in these positions.

There are no re-securitisation exposures and no assets awaiting securitisation. In addition there was no instance of CEP acting as a sponsor for third party securitisation deals.

There are no off balance sheet securitisation exposures in the banking book.

The capital treatment for all securitisation positions held in the banking book follows the standardised approach.

The exposure amount, risk weighted assets and capital treatment applied to the positions held at 31 December 2016 are set out below in table.

Under Accounting Policies for Securitisation Activity in the Banking Book (IFRS), CEP's securitisation positions are accounted for at under both the historical cost and fair value approach.

Table 20: Aggregate amount of non-trading book securitisation positions held 31 December 2016

EUR Thousands		2016		2015	
	Risk weighting	**Exposure**	**Capital Resources Requirement**	**Exposure**	**Capital Resources Requirement**
On Balance Sheet	At 20%	32,845	526	0	0
	At 50%	0	0	0	0
	At 100%	0	0	0	0
	At 350%	0	0	0	0
	Deducted from Capital	0	0	0	0
Total		**32,845**	**526**	**0**	**0**

4.5. Impairment of Financial Assets

CEP assesses whether objective evidence exists, that a financial asset or a portfolio of financial assets is impaired:

- Individually, for financial assets, that are individually significant; and
- Individually or collectively, for financial assets that are not individually significant

on an ongoing basis (at each balance sheet date).

Performing Facilities

Performing facilities are facilities that are:

- deemed not impaired as there is no objective evidence that a loss event has occurred;

- are not more than 90 days past due;
- are assessed on an accrual basis;
- have been assessed with the risk that the debtor is likely to pay in full without collateral realisation

Non-Performing Exposures

Non-Performing Exposures relates to facilities that are:

- deemed impaired as there is objective evidence that a loss event has occurred;
- more than 90 days past due;
- assessed on a non-accrual basis;
- assessed as carrying the risk that the debtor is likely not to pay back in full without collateral realisation

4.5.1 Wholesale Impairment (Individual)

Classifiably-managed (individual) credit portfolios are typically made up of larger exposures, where the underwriting process is more judgmental, rather than score-based or rules- based.
The appropriate level of credit reserves for a classifiably-managed portfolio is estimated based on:

- A statistical incurred loss model on all exposures in the performing portfolio and smaller exposures in the non-performing portfolio; and
- Name-specific loss forecasts for the larger exposures in the non-performing portfolio.

Rather than measuring delinquency for a wholesale customer or for a facility to that customer by the number of days past due, impaired wholesale credit exposures are classified as either substandard or doubtful.

4.5.2 Consumer Impairment (Collective)

Delinquency-managed credit portfolios are typically made up of smaller exposures with homogeneous credit risk characteristics, where the underwriting process is more score-based or rules- based, rather than judgmental.

The appropriate level of credit reserves for a delinquency-managed portfolio is estimated based on:

- A “base case” requirement, generally derived from a “straight-rate-to-zero” (SR-0) annualised calculation;
- Management adjustments to the base case to reflect management’s assessment of conditions or events outside the base case; and
- Portfolio loss forecasts for the troubled debt restructurings.

4.5.3 Recognition in the Financial Statements

For loans and advances and for assets held to maturity the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The amount of loss is recognised using an allowance account and is included in the income statement.

Following impairment, interest income is recognised using the original effective interest rate which is used to discount the future cash flows for the purpose of measuring the impairment loss.

When a loan is uncollectable, it is written off against any related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.
In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as for assets held at amortised cost; however, impairment charges are recorded as the entire cumulative net loss that has previously been recognised directly in equity. Reversals of impairment of debt securities are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement. Increases in the fair value of equity shares after impairment are recognised directly in equity.

Where assets are held at fair value, typically in the trading book, part of the fair value movement relates to credit exposure. It is not always practicable to determine what portion of the fair value movement relates to credit exposures, and hence no such disclosure is provided for these assets.

Exposures are considered to be past due in accordance with their contractual repayment terms.

Table 21: Impaired Exposures and Provisions – Individual & Collective

EUR Thousands	2016					
	Individually Assessed Impaired Exposure On & Off Balance Sheet	Past Due Items	Individually Assessed Impairment Provisions Balance	Collectively Assessed Impairment Provisions Balance	Individually Assessed Impairment Provisions Charge / Release for the Period	Collectively Assessed Impairment Provisions Charge / Release for the Period
Significant Geographical Area - EMEA						
Counterparty Type						
Corporate	117,559	228,392	28,908	99,325	(8,465)	(25,858)
Retail	0	0	0	0	7,633	21,399
TOTAL	**117,559**	**228,392**	**28,908**	**99,325**	**(832)**	**(4,459)**

EUR Thousands	2015					
	Individually Assessed Impaired Exposure On & Off Balance Sheet	Past Due Items	Individually Assessed Impairment Provisions Balance	Collectively Assessed Impairment Provisions Balance	Individually Assessed Impairment Provisions Charges for the Period	Collectively Assessed Impairment Provisions Charge / Release for the Period
Significant Geographical Area - EMEA						
Counterparty Type						
Corporate	85,548	117,468	22,472	42,396	20,225	(3,198)
Retail	-	2,981	-	-	-	(14,111)
TOTAL	**85,548**	**120,449**	**22,472**	**42,396**	**20,225**	**(17,310)**

Table 22: Types of impairment provisions

EUR Thousands	2016			
	Charge and credit card debtors	Commercial loans	Consumer loans	Total
Individually assessed on-balance sheet exposures	-	28,908	-	28,908
Individually assessed off-balance sheet exposures		-		-
Collectively assessed on-balance sheet exposures	-	67,083	-	67,083
Collectively assessed off-balance sheet exposures	-	32,243	-	32,243
Total	**-**	**128,234**	**-**	**128,234**

Table 22 cont'd: Types of impairment provisions

EUR Thousands	2015			
	Charge and credit card debtors	Commercial loans	Consumer loans	Total
Individually assessed on-balance sheet exposures	-	22,472	-	22,472
Individually assessed off-balance sheet exposures		-		-
Collectively assessed on-balance sheet exposures	-	30,526	-	30,526
Collectively assessed off-balance sheet exposures	-	11,870	-	11,870
Total	**-**	**64,868**	**-**	**64,868**

Table 23: Movements in impairments during 2016 and 2015

EUR Thousands	2016		
	Individually assessed	Collectively assessed	Total
Impairments at 1 Jan 2016	(23,209)	(43,788)	(66,997)
Transfer in	(37,809)	(49,677)	(87,486)
Charge for the year	(8,465)	(25,858)	(34,323)
Release	7,633	21,399	29,032
Foreign Exchange Adjustments	2,685	(1,401)	1,284
Write Offs	30,257	0	30,257
Other movements	0	0	0
Impairments at 31 Dec 2016	(28,908)	(99,325)	(128,234)

EUR Thousands	2015			
	Charge and credit card debtors	Commercial loans	Consumer loans	Total
Impairments at 1 Jan 2015	10,745	47,164	1,908	59,817
Increase/(Decrease) in Provisions	(11,983)	19,362	(2,128)	5,251
Write Offs	0	(2,348)	0	(2,348)
Recoveries	0	(648)	0	(648)
Foreign Exchange Adjustments	1,238	3,674	220	5,132
Off Balance Sheet Provisions	0	(2,336)	0	(2,336)
Impairments at 31 Dec 2015	0	64,868	0	64,868

4.6. Credit Quality Analysis

Standardised credit risk exposures

The nominated External Credit Assessment Institutions (ECAIs) used by CEP are Standard & Poor's, Moody's and Fitch. These are used for all credit risk exposure classes. Credit assessments applied to items in the trading book and banking book alike, are assigned in accordance with the requirements laid out in the CRD, including the use of the credit quality assessment scale. The credit quality assessment scale assigns a credit quality step to each rating provided by the ECAIs, as set out in the Table 24 below:

Table 24: Credit Quality Assessment Scale

Credit Quality Step	Standard & Poor's	Moody's	Fitch
Step 1	AAA to AA-	Aaa to Aa3	AAA to AA-
Step 2	A+ to A-	A1 to A3	A+ to A-
Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
Step 5	B+ to B-	B1 to B3	B+ to B-
Step 6	CCC+ and below	Caa1 and below	CCC+ and below

Risk weightings are assigned to each exposure depending on its credit quality step and other factors, including exposure class and maturity. Exposures for which no rating is available receive the rating of the central government where the entity is incorporated or 100% if the central government is unrated. Table 25 below sets out a simplified summary of how credit quality is linked to risk weighting.

Table 25: Simplified Summary of Risk Weightings by Credit Quality Step

Credit Quality Step	Governments and central banks	Corporates	Institutions < 3 months maturity	Institutions > 3 months maturity
Step 1	0%	20%	20%	20%
Step 2	20%	50%	20%	50%
Step 3	50%	100%	20%	50%
Step 4	100%	100%	50%	100%
Step 5	100%	150%	50%	100%
Step 6	150%	150%	150%	150%

The following table sets out, for the bank, the exposure values as at 31 December 2016 and 31 December 2015 (before and after credit risk mitigation) associated with each credit quality step, as well as those exposures deducted from capital resources.

Table 26: CQS analysis of Exposure before and after Credit Risk Mitigation

EUR Thousands		2016		2015	
Exposure Class	**Credit Quality Step**	**Gross Total Exposure**	**Net Total Exposure**	**Gross Total Exposure**	**Net Total Exposure**
Central governments or central banks	1	11,207,221	11,207,221	2,273,315	2,273,315
	2	72,028	72,028	75,906	75,906
	3	1,562,609	1,562,609	1,149,623	1,149,623
	4	44,141	44,141	1,153,786	1,153,786
	5	663	332	47,403	47,403
	6	-	-	6	6
	Unrated	1,769,625	1,737,771	203,395	33,676
		14,656,288	14,624,103	4,903,432	4,733,714
Regional governments or local authorities	1	1,031	1,031	3,567	3,567
	Unrated	110,451	110,451	2,593	2,593
		111,482	111,482	6,160	6,160
Public sector entities	1	17,871	4,654	1	1
	4	1,710	1,710	-	-
	5	111,392	111,392	50,098	50,098
	Unrated	308,235	307,047	20,300	20,300
		439,208	424,802	70,398	70,398
Multilateral Development Banks	1	738,860	738,436	9,979	9,979
	2	-	-	5,497	5,497
	3	-	-	15,592	15,592
	4	22,330	22,330	33,343	33,343
	Unrated	88	88		
		761,277	760,854	64,411	64,411
International Organisations	1	66,066	66,066	575	575
	Unrated	7,344	3,788	-	-
		73,409	69,854	575	575
Institutions	1	531,798	351,319	48,764	48,764
	2	9,275,364	6,403,162	9,132,127	9,132,127
	3	511,899	386,816	514,624	514,624
	4	735,504	713,693	272,370	272,370
	5	313,559	159,683	195,709	176,830
	6	84,693	50,941	4	4
	Unrated	2,122,952	1,884,811	1,482,955	1,467,846
		13,575,768	9,950,425	11,646,554	11,612,565
Corporates	1	4,095,614	1,634,407	2,498,196	660,546
	2	7,308,720	3,414,499	3,995,974	1,539,717
	3	7,075,235	3,990,997	1,414,999	1,309,122
	4	1,398,307	973,300	866,601	866,601
	5	239,128	193,518	99,989	99,989
	6	1,103	1,103	0	0
	Unrated	25,118,276	18,339,136	13,375,018	9,623,488
		45,236,383	28,546,961	22,250,777	14,099,463
Retail	6	0	0	-	-
	Unrated	510,604	287,033	1,191,623	1,191,623
		510,604	287,033	1,191,623	1,191,623
Secured by mortgages on immovable property	Unrated	184,783	184,783	2,264	2,264
		184,783	184,783	2,264	2,264
Exposures in Default	4	-	-	18,011	18,011
	5	-	-	2,502	2,502
	Unrated	228,392	185,336	99,936	99,936
		228,392	185,336	120,448	120,448
Items associated with particular high risk	Unrated	1	1		
		1	1		
Short-term claims on institutions and corporates	1	58,771	50,878	1,030,997	1,030,997
	2	366,250	362,930	159,033	159,033
	3	528,057	486,400	41,028	41,028
	4	236,397	200,082	129,975	127,480
		1,189,475	1,100,289	1,361,033	1,358,538
Collective investments undertakings (CIU)	Unrated	8,537	2,286	1,027	1,027
		8,537	2,286	1,027	1,027
Equity	1	625	625	-	-
	2	17,812	17,812	-	-
	Unrated	14,547	14,547	-	-
		32,984	32,984	-	-
Other items	1	209	209	-	-
	2	70	70	-	-
	Unrated	184,289	184,260	63,137	63,137
		184,567	184,538	63,137	63,137
Securitisation positions	1	7,581	7,581	-	-
	Unrated	25,265	25,265	-	-
		32,845	32,845	-	-
Total		**77,226,002**	**56,498,576**	**41,681,839**	**33,303,159**

4.7. Credit Risk Mitigation

Credit risk mitigation is of vital importance to CEP in the effective management of its counterparty and credit risk exposures. As indicated elsewhere in this disclosure, netting, collateral and other techniques have a material beneficial impact on the level of such risks borne by the organisation. CEP's credit risk mitigation processes are governed by the ICG Risk Management Manual. The following paragraphs contain more information on our policies and procedures in this area.

Generally, in consultation with legal counsel, Citi determines whether collateral documentation is legally enforceable and gives Citi the right to liquidate or take possession of collateral in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor. Also in consultation with legal counsel, Citi approves relevant jurisdictions and counterparty types for netting purposes. Off-balance sheet netting and netting of the collateral against the exposure is permitted under approved circumstances.

Valuation

Collateral haircuts may be applied in the form of instrument margins and foreign exchange margins where appropriate. With regards to instrument margins, the level of haircut is driven by asset type and duration to maturity whereas a foreign exchange margin arises when there is a currency mismatch between the credit exposure and the collateral. CEP has sound and well managed systems and procedures for requesting and promptly receiving additional collateral for transactions whose terms require maintenance of collateral values at specified thresholds as documented in the respective legal agreements.

Reporting

CEP has procedures in place to ensure that appropriate information is available to support the collateral process and that timely and accurate margin calls feed correctly into the margin applications from upstream systems. Key to the process is a daily credit exposure report as well as reports identifying counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is firm wide risk reporting of counterparty exposures at an individual and an aggregated level.

Collateral Concentrations

Apart from the concentration of cash and high grade liquid bonds such as AAA Rated U.S. Treasury, OECD Government or U.S. Agency bonds, there were no other material concentrations of collateral as at 31 December 2016.

Table 26 sets out the exposure value that is covered by eligible financial collateral and guarantees as at 31 December 2016 and 31 December 2015.

Wrong Way Risk

An integral aspect of portfolio management is overseeing concentrations. Portfolio management is further complicated when the assumption of independence between potential exposure and potential default proves not to be true. The interdependence between the exposure and any underlying collateral can exacerbate and magnify the speed in which a portfolio deteriorates. For this reason, a best practice of portfolio management includes an assessment of correlated or “wrong way risks”.

For CEP, primarily the Insurance Letter of Credit (ILOC) product may incur general wrong way risk. Obligors are not permitted to post their own security as collateral, and therefore specific wrong way risk is not applicable. In general, ILOC’s are predominately issued by insurers and reinsurers. The performance of these obligors is not generally linked to capital market factors or in country economic issues.

Should general wrong way risk arise, in a circumstance where there was material correlation between the credit quality of the counterparty and either the value of the collateral or any significant degree of dependence between the risk to the counterparty and that of the collateral, then this aspect of general wrong way risk could be reflected through the acceptable collateral, which ensures that the quality and liquidity value of the collateral received is in excess of the credit extended. Other aspects of wrong way risk are monitored by credit and other analysis, such as the use of stress tests conducted on at least a bi-annual basis for the ILOC product.

General wrong way risk will be applied for pledged securities only within the ILOC portfolio with the collateral comprising of approximately 91% Securities and 9% Cash.

Credit Ratings Downgrade

A downgrade in CEP’s credit rating could have the effect of reducing the market value threshold for margin calls on some of the Credit Support Annexes (CSAs). This would result in a potential increase in the amount of collateral CEP would have to provide against the derivatives within the CSAs. This is currently not deemed a significant risk for CEP, due to the very small number of CSAs with downgrade triggers.

Table 27: Exposure values covered by eligible financial collateral and guarantees

	2016	
EUR Thousands	**Gross Value**	**Exposure covered by eligible collateral**
Central governments or central banks	14,656,288	7,811
Regional governments or local authorities	111,482	-
Public sector entities	439,208	13,217
Multilateral Development Banks	761,277	-
International Organisations	73,409	-
Institutions	13,575,768	2,941,069
Corporates	45,236,383	7,127,811
Retail	510,604	26
Secured by real estate property	184,783	-
Exposures in Default	228,392	-
Items associated with particular high risk	1	-
Short-term claims on institutions and corporates	1,189,475	6,972
Collective investments undertakings (CIU)	8,537	6,250
Equity	32,984	-
Other items	184,567	-
Securitisation positions	32,845	-
Total	**77,226,002**	**10,103,156**

Table 27 cont'd: Exposure values covered by eligible financial collateral and guarantees

	2015	
EUR Thousands	**Gross Value**	**Exposure covered by eligible collateral**
Central governments or central banks	4,903,432	169,718
Regional governments or local authorities	6,160	-
Public sector entities	70,398	-
Multilateral Development Banks	64,412	-
International Organisations	575	-
Institutions	11,646,554	33,988
Corporates	22,250,777	8,150,825
Retail	1,191,623	-
Secured by real estate property	2,264	-
Exposures in Default	120,448	-
Short-term claims on institutions and corporates	1,361,033	2,495
Collective investments undertakings (CIU)	1,027	-
Other items	63,137	-
Total	**41,681,839**	**8,357,027**

5. Market Risk

Market risk relates to adverse movements in market rates or prices, such as interest rates, foreign exchange rates, credit spreads or equity prices.

5.1 Trading Book Risk Management

Price risk in trading portfolios is monitored by Citigroup using a series of measures, including:

- Factor Sensitivities
- VaR
- Stress Testing

Factor sensitivities represent the change in the value of a position for a defined change in a market risk factor, such as a change in the value of a Treasury bill for a one-basis-point change in interest rates. Independent market risk management ensures that factor sensitivities are calculated, monitored and, in most cases, limited, for all relevant risks taken in a trading portfolio.

Value at Risk (VaR) estimates the potential decline in the value of a position or a portfolio under normal market conditions. Citi's VaR methodology incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors and is expressed as the risk to the firm over a one-day holding period, at a 99% confidence level. Citi's VaR is based on the volatilities of, and correlations between, a multitude of market risk factors, as well as factors that track the specific issuer risk in debt and equity securities.

Stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements. It is performed on both individual trading portfolios, as well as on aggregations of portfolios and businesses. Independent market risk management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises and uses the information to make judgements as to the ongoing appropriateness of exposure levels and limits.

Each trading desk has its own market risk limit framework encompassing these measures as well as other controls, including permitted product lists and a new product approval process for complex products.

The VaR model, as described previously, is designed to capture potential market losses at a 99% confidence level over a one day time period. The key components of the VaR model are the variance/covariance matrix of market variables and the sensitivity of Citi's trading portfolio to those variables. The variance/covariance matrix is calibrated using three years of market data, with volatilities adjusted to capture fat tail effects at a 99% confidence level over a one day period. Market variables simulated from the matrix by a Monte Carlo methodology are applied to a set of factor sensitivities to generate a forecast distribution of one day profit or loss, from which the VaR can be computed. The factor sensitivities are designed to capture all material market risks on each trading asset, including the non-linear risks associated with derivative portfolios.

The highest, lowest, mean and year end level of the daily VaR measure during 2016 and 2015 were as follows:

Table 28: Portfolio VaR

EUR Thousands	2016				EUR Thousands	2015			
	Highest	Lowest	Mean	Year end		Highest	Lowest	Mean	Year end
Portfolio VaR	5,201	1,949	3,589	1,656	Portfolio VaR	4,592	1,698	3,346	3,833

CEP employs top-down systemic stresses. Systemic stresses are designed to quantify the potential impact of extreme market movements on a firm-wide basis, and are constructed using both historical periods of market stress and projections of adverse economic scenarios.

CEP maintains the necessary systems, controls and documentation to demonstrate appropriate standards in respect of valuation, reporting, reserving and valuation adjustments.

5.1.1 Trading Book Risk Capital

To assess the trading book from a risk capital perspective, the current risk capital calculation is based on a 60 business day average of the 1 day combined VaR, which estimates the potential decline in the value of a position or a portfolio, under normal market conditions. This is then scaled to a 99.97% confidence level over a 1 year horizon.

5.2 Non-Trading Book Risk Management

One of CEP's primary business functions is providing financial products that meet the needs of its customers. Loans and deposits are tailored to the customer's requirements with regard to tenor, index and rate type.

Net Interest Revenue (NIR) is the difference between the yield earned on the non-trading book portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or company borrowings). The NIR is affected by changes in the level of interest rates. For example:

At any given time, there may be an unequal amount of assets and liabilities which are subject to market rates due to maturity or repricing. Whenever the amount of liabilities subject to repricing exceeds the amount of assets subject to repricing, a company is considered "liability sensitive." In this case, a company's NIR will deteriorate in a rising rate environment.

The assets and liabilities of a company may reprice at different schedules or mature at different times, subjecting both "liability sensitive" and "asset sensitive" companies to NIR sensitivity from changing interest rates. For example, a company may have a large amount of loans that are subject to repricing this period, but the majority of deposits are not scheduled for repricing until the following period. That company would suffer from NIR deterioration if interest rates were to fall.

NIR in the current period is the result of customer transactions and the related contractual rates originated in prior periods as well as new transactions in the current period; those prior period transactions will be impacted by any changes in rates on floating rate assets and liabilities in the current period.

Due to the long-term nature of many of the firm's portfolios, NIR will vary from quarter to quarter even assuming no change in the shape or level of the yield curve as the assets and liabilities re-price.

The following table was prepared in accordance with the early application statement of the EBA Guidelines, showing the components of market risk RWAs and capital requirements under the standardised approach, as set out in Template 34: EU MR1.

Table 29: EU MR1 – Market risk under the standardized approach

EUR Thousands	RWAs	Capital requirements
Outright products		
Interest rate risk (general and specific)	613,908	49,113
Equity risk (general and specific)	-	-
Foreign exchange risk	350,123	28,010
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation (specific risk)	-	-
Total	**964,031**	**77,122**

Interest rate risk governance

The risks in CEP's non-traded portfolios are estimated using a common set of standards that define, measure, limit and report the market risk. Each business is required to establish, with approval from independent market risk management, a market risk limit framework that clearly defines approved risk profiles and is within the parameters of CEP's overall risk appetite. In all cases, the businesses are ultimately responsible for the market risks they take and for remaining within their defined limits. These limits are monitored by independent market risk management and CEP's Asset and Liability Committees (ALCOs).

Interest rate risk measurement

CEP's principal measure of risk to NIR is Interest Rate Exposure (IRE). IRE measures the change in expected NIR in each currency resulting solely from unanticipated changes in forward interest rates. Factors such as changes in volumes, spreads, margins and the impact of prior-period pricing decisions are not captured by IRE. IRE assumes that businesses make no additional changes in pricing or balances in response to rate changes.

The IRE measures the potential change in expected net interest earnings over an accounting horizon of 12 months and 5 years and has been broken down into the main currencies on CEP's balance sheet.

The following table shows the IRE measures at 31 December 2016 and 31 December 2015 assuming a parallel upward shift of interest rates by 100 bps. A positive IRE indicates a potential increase in earnings while a negative IRE indicates a potential decline in earnings. IRE is calculated on a monthly basis.

Table 30: **Sensitivity of net interest income**

EUR thousands	2016		2015	
	12 Months +100 bps	2 Years +100bps	12 Months +100 bps	2 Years +100bps
EUR	(9,949)	(12,696)	(3,665)	(3,940)
USD	(12,050)	(5,375)	(1,680)	(1,381)
GBP	11,308	24,308	(586)	(590)
OTHER	(6,563)	(10,539)	(9,241)	(15,463)

5.2.1 Non Trading Book Risk Capital

CEP calculates risk capital based on a stochastic interest rate simulation for a one year holding period. The model covers essentially all non-traded positions related to interest rate risks in compliance with Citigroup Market Risk Management's Accrual Portfolio Policy

The model generates 100,000 P&L scenarios, and then Risk Capital is estimated as the 99.97% percentile of the one-year P&L distribution.

6. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Group undertakes.

Operational Risk Management

Citi maintains a system of policies to anticipate, mitigate and control operational risk. Furthermore CEP has established an Operational Risk Framework in order monitor, assess and communicate operational risk and the overall effectiveness of the internal control environment. This framework is consistent with Citi's Three Lines of Defence approach to Risk Management.

Operational Risk Management proactively assists the businesses, operations, technology and other functions in enhancing the effectiveness of controls and managing operational risks. Additional, operational risks are considered when new products and business activities are developed and processes are designed or modified.

Measurement

CEP has adopted the "Standardised Approach" for calculating CEP's operational risk capital requirement. Under this approach, CEP's business activities are divided into business lines as prescribed in the CRR and a beta factor (12%, 15% or 18%) is applied to a 3-year rolling average of gross revenues. See Table 31.

Risk Governance and Management

CEP Operational Risk and Outsourcing Committee (OROC) is a sub-committee of the Risk Committee and is responsible for maintaining oversight over the adequacy and effectiveness of the operational risk framework and for the appropriate management of all outsourcing across CEP. It assesses the operational risks and channels relevant information to both the Risk and Audit Committees to which it reports.

Operational Risk Capital

To calculate internal risk capital, CEP leverages a standalone legal entity estimate calibrated at a 99.97% confidence level. The model is based on fitting available internal and external data to generalised Pareto distributions, leading to a capital estimation formula that entails the annual frequency of losses at ≥$1million, the tail (i.e. severity) parameter derived from the fitted distribution and the confidence level.

Table 31: Minimum capital requirements in respect of operational risk by business line

EUR Thousands		2016	2015
Business Lines	Beta Factor Applied	**Capital Requirement**	
Trading and Sales	18%	111,308	92,690
Retail Brokerage	12%	1,332	1,071
Commercial Banking	15%	81,583	42,108
Retail Banking	12%	8,796	12,982
Payment and Settlement	18%	95,995	57,750
Agency Services	15%	26,772	7,476
Total		**325,786**	**214,076**

7. Non-Trading Book Exposures

7.1 Non-trading Book Equity Exposures

CEP has a small number of equity investments which are held outside the trading book. This category includes investments in clearing houses, exchanges and other strategic investments which are required to be held for membership, access or relationship purposes, and which are otherwise not traded. They are carried on the balance sheet at cost.

Table 32: Non-Trading Book Equity Exposures 31 December 2016

EUR Thousands	2016	2015
Investments Held at Cost	32,984	-

8. Liquidity Risk

Liquidity Risk Management

Liquidity risk represents the possibility that a financial institution might not be able to meet its obligations in a timely manner. Management of liquidity risk at the global level is the responsibility of the Citigroup Treasurer with oversight from senior management through Citi's Asset and Liability Committee (ALCO).

Citi operates under a centralised treasury model where the overall balance sheet is managed by Citigroup Treasury through Global Franchise Treasurers and Regional Treasurers.

Day-to-day liquidity and funding are managed by treasurers at the country and business level and are monitored by Citigroup Treasury and Independent Risk Management.

In CEP, Treasury and the ALCO manage the liquidity of CEP, with ultimate responsibility resting with the Board of Directors, by monitoring balance sheet composition, liquidity, funding and capital structure under business as usual and modelled stress conditions.

Key Internal Metrics

Citi uses multiple measures to monitor its liquidity. Key metrics for managing liquidity risk include:

- Stress Testing;
- Liquidity Ratios;
- Concentration Exposures;
- Large Funds Providers;
- Internal and External Market Triggers;
- Cross-Currency Funding Limits; and
- Daily Deposit Reporting.

Liquidity stress testing is used to determine the liquidity risk appetite of each legal entity and is approved by their respective boards of directors. The resulting liquidity risk appetite forms the basis for legal entity and business liquidity limits. Utilisation against those limits is monitored daily. Assumptions used to develop stress testing are reviewed periodically and any changes are approved through the internal governance framework including the ALCO.

Numerous reports on the above mentioned metrics are produced on a regular basis to enable management to monitor the liquidity and funding position of the legal entity. These include management information packs used for the ALCO to monitor liquidity, including under stress conditions.

A number of market indicators are monitored and reported daily to indicate any decline in liquidity conditions across the wider market place. These market indicators are also reviewed in ALCO meetings.

Key External Metrics

The CBI requires minimum liquidity ratios to be maintained. A stock of liquidity assets must be held to meet short term liquidity requirements. Qualifying liquid assets and net cash flows in tenors sight to 8 days and 8 days to one month must be equal to or greater than 100% and 90%. This is being monitored daily.

The CRD IV package requires CEP to report a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR is designed to promote short term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid assets to survive an acute stress scenario lasting 30 days. The Delegated Act which supplements the LCR section of the CRR requires CEP to maintain a 100% LCR from January 2018.The NSFR has a time horizon of one year and has been developed to promote a sustainable maturity structure of assets and liabilities. The Net Stable Funding Ratio (NSFR) is one of the Basel Committee's key reforms to promote bank's long term structural liquidity which requires banks to maintain a stable funding profile in relation to the composition of their on-balance sheet assets and off-balance sheet activities. The measurement aims to limits over-reliance on short-term wholesale funding, encourages better assessment of funding risk across all on and off balance sheet items. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. The ratio should be equal to least 100% on an on-going basis. NSFR is in a monitoring phase and is expected to become binding in the coming years.

Disclosures relating to Asset Encumbrance in CEP can be found in Appendix 2.

Table 33: LCR Breakdown as at 31 December 2016

EUR Thousands	Liquidity Value Weighted
High quality liquid assets	16,286,037
Gross inflows	6,077,172
Gross outflows	21,492,537
Net outflows	15,415,365
LCR ratio in %	**105.65%**

9. 2016 Remuneration Statement

9.1. Citi's Compensation Philosophy

Employee compensation is a critical tool in the successful execution of our corporate goals. As long-term value creation requires balancing strategic goals, so does developing compensation programs that incentivise balanced behaviours. Citi's Compensation Philosophy describes our approach to balancing the five primary objectives that our compensation programs and structures are designed to achieve and is available online at:

http://www.citigroup.com/citi/investor/corporate_governance.html.

9.2. Remuneration Governance

Global Remuneration Committee

The Personnel and Compensation Committee (P&C Committee) of the Board of Directors of Citigroup Inc., oversees Citi's global remuneration policies and practices. It annually reviews the compensation structures for members of senior management and other highly compensated or regulated individuals. The P&C Committee, with the assistance of the Chief Risk Officer, also reviews the design and structure of compensation programs relevant to all employees in the context of risk management.

The P&C Committee's terms of reference are documented in the P&C Committee Charter, which establishes the scope and mandate of the P&C Committee's responsibilities and the general principles governing the remuneration policy of the firm globally. The Charter (updated for 2017) is available online at:

http://www.citigroup.com/citi/investor/data/percompcharter.pdf?ieNocache=248

The P&C Committee members are all independent non-executive directors, selected and appointed on account of their background and experience in business and their capability to fulfil their responsibilities as P&C Committee members. For the performance year 2016, the P&C Committee members were: William S. Thompson, Jr. (Chairman), Dr Judith Rodin, Diana L. Taylor, Duncan P. Hennes, Gary M. Reiner and Michael E. O'Neill. Biographies and details around the compensation paid to P&C Committee members are in the 2016 Proxy Statement. The P&C Committee met 13 times in 2016 and each Director attended at least 75% of all meetings.

The P&C Committee is supported by Human Resources and Citi's control functions, including Independent Risk and Legal.

The P&C Committee also draws on considerable experience of the other non-executive directors of the Board of Citigroup Inc. It is also empowered to draw upon internal and external expertise and advice as it determines appropriate and in its sole discretion and Citi pays the fees of any such external advisors. The Committee appointed Frederic W Cook & Co ("Cook & Co") in 2012 to provide the Committee with independent advice on Citi's compensation programs for senior management. Cook & Co reports solely to the Committee and the Committee has sole authority to retain, terminate, and approve the fees of Cook & Co. Cook & Co does no other work for Citi.

CEP Remuneration Committee

In September 2014, the CEP Remuneration Committee (RemCo) was formed per Regulation 83 (1) of SI 158 European Union (Capital Requirements) Regulations 2014.

The RemCo has responsibility for the preparation of decisions regarding remuneration, including those which have implications for risk and risk management of CEP and which are to be taken by the Board of Directors of CEP (Board). When preparing such decisions, the RemCo shall take into account the long-term interest of CEP's shareholders, investors and other stakeholders in CEP and the public interest. The role and responsibilities of the RemCo are set out in the Terms of Reference for the RemCo as approved by the Board.

As of 31st December 2016 the CEP RemCo comprised the EMEA Head of Operations and Technology and two Independent Non-Executive Directors.

Material Risk Takers

In accordance with the EBA Guidelines on Remuneration Policies and Practices, Citi maintains a record of its Remuneration for Material Risk Takers, which comprises the categories of staff whose professional activities are determined as having a material impact on the firm's risk profile.

For the 2016 performance year, Material Risk Takers were identified principally using Citi's understanding of the European Banking Association's criteria for identifying staff as set out in the Commission Delegated Regulation (EU) No 604/2014.

9.3. Design and Structure of Remuneration

Fixed Remuneration – Salary, Role Based Allowances ("RBAs") and Benefits

Citi's fixed remuneration is set to appropriately attract, retain and motivate employees, in line with market practices, and is benchmarked against market data by role.

RBAs have been assigned to roles, not employees, on the basis of the following, non-exhaustive list of factors: a) the size and complexity of the role, b) the breath of responsibility and territory covered by the role and, c) the strategic importance of the role, territory or market to the business. The decision of whether a particular role is eligible for an RBA will be made by the CEP Remuneration Committee as appropriate. The rationale for granting an RBA must be clearly articulated by reference to the eligibility criteria, including specific details on the duties and responsibilities of the role.

Pension and other non-cash benefits are offered to Citi CEP employees as part of an overall reward package which is designed to be sufficiently competitive to attract, retain and motivate employees. Citi CEP aims to provide pension and other benefits across all units/business groups, which are competitive against the external market.

Variable Compensation

Discretionary Incentive and Retention Award Plan

Citi's Discretionary Incentive and Retention Award Plan (DIRAP) is Citi's main discretionary variable compensation plan, and applies globally. It is designed to incentivise, reward and retain employees based on their current and prospective performance and contribution. Awards made under the DIRAP are typically awarded in the form of cash and/or Citi stock.

Immediate Cash awarded for the 2016 performance year to Material Risk Takers under DIRAP is included under “2016 Cash” in Table 34.

Use of Stock and Deferred Cash as Deferred Compensation

Citi operates a mandatory deferral policy, where total annual variable compensation of an individual awarded under DIRAP exceeds globally set thresholds. For Material Risk Takers, 2016 variable compensation subject to deferral was typically awarded in the form of Citi stock and deferred cash. Citi believes that awarding deferred stock and deferred cash are effective means of aligning employee interests with those of stockholders and other stakeholders.

Deferred Equity Awards

The Capital Accumulation Program (CAP) is the main programme under which Citi may make awards of deferred Citi stock to selected employees. Deferred stock awards are subject to the terms of the CAP plan.

Deferred equity awarded under CAP to Material Risk Takers for the 2016 performance year is included in “2016 Equity” Prior years unvested CAP awards are included in the “Outstanding Deferred – Unvested” amounts in Table 34**.**

Short Term Equity Awards

Material Risk Takers receive a portion of their “immediate” variable incentive compensation in the form of an immediately vesting stock award (EU Short Term Award or “EUSTA”), which is subject to a 6-month retention period on vesting. EUSTA awarded for the 2016 performance year to Material Risk Takers under DIRAP is included under “2016 Vested Outstanding” in Table 34.

Deferred Cash Awards

A portion of 2016 deferred remuneration was awarded to Material Risk Takers in the form of a deferred cash award. Deferred Cash awarded for the 2016 performance year to Material Risk Takers is outlined in Table 34 as ‘2016 Deferred Cash’.

Deferrals and Retention Periods

Citi CEP operates a standard or “default” deferral policy period of four years for non-Material Risk Takers, which it considers captures the duration of most risks in a proportionate manner.

Deferred variable compensation awarded to Material Risk Takers is awarded in the form of deferred stock and deferred cash. Material Risk Takers were subject to deferral rates of 40% to 100% depending on their level of total variable compensation. Deferred awards for Material Risk Takers vest over at least three years, subject to a further minimum six-month retention period once vested. In regards to the remaining portion of variable compensation, 10-30% is paid as immediately vesting stock (EUSTA) subject to a minimum six-month sales restriction and the remainder is paid in immediate cash.

Claw-back

At Citi’s discretion, for Material Risk Takers, the unvested deferred portion of the 2016 awards may be subject to adjustment based on the following:

- There is reasonable evidence of employee misbehaviour or material error; or
- There is reasonable evidence that an employee was involved with or responsible for conduct, which resulted in significant losses in connection with their employment or failed to meet appropriate standards of fitness and probity; or
- The firm or the relevant business unit suffers a material downturn in its financial performance; or
- The firm or the relevant business unit suffers a material failure of risk management; or
- The participant received the award based on materially inaccurate audited publicly reported financial statements; or
- The participant knowingly engaged in providing materially inaccurate information relating to audited publicly reported financial statements; or
- The participant materially violated any risk limits established or revised by senior management and/or risk management; or
- The participant engaged in gross misconduct.

Performance Based Vesting Condition

Deferred equity awards made to Material Risk Takers are subject to a formulaic performance based vesting condition that may result in the cancellation of all or part of unvested amounts in the event of losses in their relevant business.

Deferred cash awards made to Material Risk Takers are subject to discretionary performance based vesting, which may result in cancellation of unvested awards where an employee has significant responsibility for a material adverse outcome, such as events which lead to serious financial or reputational harm to Citi.

9.4. Key Remuneration Policies

Guarantees, Buyouts and Retention Payments

Citi has guidelines in place with respect to guarantees that apply to all employees across the CEP region, including employees of all CBI regulated entities. Citi's guidelines on guarantees provides that guaranteed incentive and retention awards for employees can only be made in exceptional circumstances, in the context of recruitment and by reference to the first year of service. HR Regularly monitors the number of guarantees that are awarded by the business to new hires.

Guaranteed awards which buy out equity or similar instruments which are forfeited as a result of resigning employment with another employer and joining Citi CEP are generally permitted but must not be more generous in either amount or terms than that provided by the former employer. Table 34 includes 2016 guaranteed and buy out awards made to Material Risk Taker hires.

Guaranteed awards made for the purposes of retaining employees can only generally be made in exceptional circumstances, for example, during major restructuring, during a merger process; or where a business is winding down, such that particular staff need to be retained on business grounds.

No guaranteed retention awards were made to Material Risk Takers in 2016.

Severance

Severance pay is generally discretionary unless otherwise required by local law or workplace agreements. Payments related to the termination of employment are designed in a way that does not reward failure.

Ratio of Fixed to Variable Remuneration

Citi seeks to balance the components of reward between fixed and variable, and between short term and long-term components. Annual fixed remuneration for senior employees is regularly reviewed by the P&C Committee. Citi operates a fully flexible remuneration policy, including the possibility to pay zero variable remuneration. For relevant employees, an annual review of the balance between fixed and variable compensation takes place and, where required, adjustments are made to the fixed element of pay to ensure that an appropriate balance of fixed versus variable continues to be maintained on an ongoing basis. The aggregate of fixed remuneration paid to Material Risk Takers for 2016 is set out in Table 34.

Following the introduction of CRD IV, Citi has obtained shareholder approval to apply a fixed to variable ratio of 1:2 for Material Risk Takers in 2016.

Personal Hedging

Employees subject to the EBA Guidelines on Remuneration Policies and Practices are prohibited from engaging in personal hedging strategies or taking out remuneration or liability related contracts of insurance that undermine or may undermine any risk alignment effects of their remuneration arrangements.

In addition, Citi's Corporate Personal Trading Policy and Standards prohibits “Covered Employees” (separately defined for this purpose) and related persons from hedging in any manner (other than currency hedges) unvested restricted stock or deferred stock awarded under CAP or restricted shares, or otherwise having a financial interest in having Citi securities decline in value.

Certain “Covered Employees” are subject to restrictions on specific types of trading in Citi shares. The following transactions in Citi securities are prohibited:

- Short sales
- Sales of naked calls
- Purchases of puts for speculative purposes
- Speculative option strategies (i.e. straddles, combinations and spreads) when the Covered Employee does not have an underlying position in Citigroup securities that would permit the Covered Employee to make delivery if the options were to be exercised; and
- Any transactions related to the hedging of unvested CAP or Restricted shares

9.5. Link between Pay and Performance

Citi is committed to responsible compensation practices and structures. Citi seeks to balance the need to compensate its employees fairly and competitively based on their performance, while assuring that their compensation reflects principles of risk management and performance metrics that reward long-term contributions to sustained profitability.

Exceptional employees, and exceptional efforts by those employees, have been required to implement Citi's strategy where there continues, despite the downturn in certain businesses, to be worldwide competition for proven talent in many parts of the financial services industry and a difficult global economic climate.

Citi's compensation practices are constantly evolving to ensure that our discretionary incentive and retention compensation programmes reduce the potential for imprudent risk-taking that may undermine Citi's business objectives and the franchise. Risk continues to be a primary consideration in designing Citi's compensation programmes. Further, Citi's performance management processes for all Citi employees is designed to ensure that discretionary pay decisions incorporate considerations of risk, as well as individual, business unit and overall Citi performance.

Citi's programmes incorporate both ex-ante and ex-post features to adjust for risk and current and future performance:

- At the Citi level, management has developed a robust process for risk-adjusting the annual discretionary incentive and retention compensation pools for which annual incentive and retention awards are made.

- Citi enhanced its performance evaluation process to formally integrate opinions of personnel from the independent control functions in the performance evaluations of Material Risk Takers.

- As noted above, deferred awards made to Material Risk Takers include a performance-based vesting (PBV) features and claw-back provisions which may result in cancellation of unvested awards.

- A significant proportion of deferred awards is made in the form of Citi common stock and is therefore inherently performance-based. Citi has trading policies that limit hedging strategies that might otherwise undermine the risk alignment effects of their remuneration arrangements.

- Vesting of the deferred awards does not accelerate upon termination of employment except in the case of death, so an employee's interest remains aligned with those of stockholders even after termination of employment.

Individual Performance

One of Citi's key compensation principles is to "promote meritocracy by recognising employee contributions".

The performance assessment of all Material Risk Takers is based on individually tailored goals, and an assessment against Citi's Leadership Standards:

Develops our people:

- Builds talent and teams for Citi by creating a culture of meritocracy and transparency, and celebrating excellence, initiative and courage

- Inspires and empowers the team to work collaboratively to achieve superior results

- Creates an environment where people hold themselves to the highest ethical standards

- Models personal growth and consistently provides coaching and feedback in support of ongoing development and retention

- Attracts great talent, builds a diverse talent pipeline, and recognizes, rewards, promotes based on performance

Drives value for clients:

- Enables economic value and positive social impact for clients, companies, governments, and communities
- Puts clients first by anticipating, understanding, and exceeding their expectations and needs
- Acts as a trusted partner to clients by delivering superior advice, products and services
- Brings the best of Citi and knowledge of global issues and market trends to create value and good will with clients
- Drives innovation, competitive differentiation and speed to market by actively learning from others

Works as a partner:

- Works collaboratively across the firm and encourages others to achieve the best results for Citi and our clients
- Exemplifies global leadership by embracing unique perspectives from across Citi to achieve the best solutions
- Challenges self and colleagues to higher levels of performance by actively listening and engaging in constructive dialogue
- Treats people with respect and assumes the intentions of others are based on common goals and shared purpose

Champions progress:

- Champions a culture of high standards, pushes for progress, embraces change and challenges the status quo in support of Citi's vision and global strategy
- Communicates a vision that is forward looking and responsive to changes in the environment
- Inspires enthusiasm and mobilizes resources for productive and innovative change
- Exhibits confidence and agility in challenging times
- Sets a positive tone when implementing Citi-wide change initiatives

Lives our values:

- Ensures systemically responsible outcomes while driving performance and balancing short and long term risks
- Sets the standard for the highest integrity in every decision
- Leads by example; willing to make difficult choices in support of Citi and our stakeholders
- Makes Citi better for all by putting the clients' and Citi's interests ahead of individual or team interests
- Has the courage to always do what's right and the humility to learn from mistakes

Delivers results:

- Sets high standards and achieves performance objectives by creating a clear path toward ethical and sustainable results
- Translates Citi's strategy into effective business plans while proactively overcoming obstacles
- Prioritizes and provides a clear line of sight to the most critical work
- Sets goals and measures progress to ensure the organization is focused on ethics, execution, and results
- Expects self and team to consistently meet/exceed expectations

Citi conducts an annual independent review process pursuant to which the control functions: Compliance, Finance, Independent Risk, Internal Audit and Legal, provide an evaluation of risk behaviours of Material Risk Takers. The risk behaviour rating from the independent review process is included in the performance evaluation system to inform the performance review conducted by the individual's manager. The performance evaluation system includes formal risk goals for all Material Risk Takers as well as a formal manager-provided risk rating.

Whilst the appraisal system reflects performance in the current year, any compliance or risk related breach in the previous performance period that is discovered in the current performance period will be taken into account when determining the individual's rating. For Material Risk Takers material errors which occur in a previous performance period but are discovered in the current performance period may result in an adjustment of unvested deferred compensation (i.e. claw-back) and/or current year end variable compensation.

Remuneration of Control Function Employees

In terms of remuneration for employees in control functions, whilst remuneration levels are influenced by Citi's overall performance, individual compensation is determined within the function and pay decisions are based on assessments against measurable goals and targets which are set by each function. Compensation of control function employees is regularly benchmarked against external market data.

Citi maintains the independence of key control functions (e.g. Compliance and Risk) to minimise any scope for potential conflicts of interests. Accordingly, there should be no conflict of interest on account of any business' potential to influence individual awards in the control function. Citi ensures performance management and compensation decisions for function personnel are directed by function management, and not the business unit.

Table 34: Fixed & Variable Compensation for Material Risk Takers in CEP 2016

Fixed & Variable Compensation for Material Risk Takers in Citibank Europe PLC. (CEP)

2016 Performance Year

		2016 FIXED [i]	2016 VARIABLE COMPENSATION AWARDED IN 2017 [i]				OTHER VARIABLE COMPENSATION [i) x)]			
	Employees [ii]	Fixed Remuneration [iii] (MM EUR)	2016 Cash [iv] (MM EUR)	2016 Vested Outstanding [v] (MM EUR)	2016 Equity (MM EUR)	2016 Deferred Cash (MM EUR)	Outstanding Deferred - Unvested [vi] (MM EUR)	Outstanding Deferred - Vested [vi] (MM EUR)	Buy-Out of Forfeited Deferrals from Prior Employer [viii] (MM EUR)	Severance [ii) ix)] (MM EUR)
Citibank Europe PLC										
Other MRT	70	€ 20.49	€ 3.39	€ 3.25	€ 2.96	€ 2.97	€ 8.75	€ 4.96	€ 0.06	€ 1.55
Senior Management [vii]	18	€ 6.68	€ 1.44	€ 1.07	€ 1.25	€ 1.23	€ 3.19	€ 2.22	€ -	€ 1.58
Grand Total	**88**	**€ 27.17**	**€ 4.83**	**€ 4.32**	**€ 4.21**	**€ 4.20**	**€ 11.94**	**€ 7.19**	**€ 0.06**	**€ 3.13**

NOTES:

__i)__ All non EUR payments converted to EUR using December 2016 European Comission FX Rates

__ii)__ Employees figure reflects 88 active MRTs as at 31st December 2016, reflected in fixed and variable compensation. Five additional 2016 MRT severances included severance figures.

__iii)__ Fixed Remuneration consists of base salary, fixed benefits and pension

__iv)__ 2016 Cash includes severance payments to MRTs active as at 31st December 2016

__v)__ 2016 vested outstanding is as of 28th February 2017

__vi)__ Outstanding Deferred - consists of:

__a). Options -__ However no outstanding options to report for 2016

__b). Shares -__ valued using closing price 28th Feb 2017 ($59.81)

__vii)__ Senior Management defined as members of Citibank Europe PLC Management Committee

__viii)__ Buy-Out's relate to amounts awarded in 2016

__ix)__ Severance refers to amounts made to six employees who terminated over the course of 2016. The highest award to a single individual was (MM EUR) €1.26

__x)__ To ensure consistency of reporting year on year the as at date has been extended to 28th February 2017 to include the later grant date of variable deferred compensation

Table 34: Fixed & Variable Compensation for Material Risk Takers in CEP 2015

Fixed & Variable Compensation for Material Risk Takers in Citibank Europe PLC. (CEP)

2015 Performance Year

		2015 FIXED [i]	2015 VARIABLE COMPENSATION AWARDED IN 2016 [i]					OTHER VARIABLE COMPENSATION [i]			
	Employees [ii]	Fixed Remuneration [iii] (MM EUR)	2015 Cash [iv] (MM EUR)	2015 Vested Outstanding [v] (MM EUR)	2015 Equity (MM EUR)	2015 Deferred Cash (MM EUR)	Guarantees - Recruitment [vii] (MM EUR)	Outstanding Deferred - Unvested [vi] (MM EUR)	Outstanding Deferred - Vested [vi] (MM EUR)	Buy-Out of Forfeited Deferrals from Prior Employer [ix] (MM EUR)	Severance [ii] [x] (MM EUR)
Citibank Europe PLC	**44**	**€ 9.52**	**€ 1.72**	**€ 1.31**	**€ 1.12**	**€ 1.09**	**€ -**	**€ 2.34**	**€ 1.76**	**€ 0.06**	**€ 1.17**
Other MRT	30	€ 5.59	€ 1.06	€ 0.80	€ 0.65	€ 0.62	€ -	€ 1.60	€ 1.10	€ 0.06	€ 1.02 [xii]
Senior Management [viii]	14	€ 3.93	€ 0.66	€ 0.50	€ 0.46	€ 0.46	€ -	€ 0.74	€ 0.65	€ -	€ 0.16
Grand Total	**44**	**€ 9.52**	**€ 1.72**	**€ 1.31**	**€ 1.12**	**€ 1.09**	**€ -**	**€ 2.34**	**€ 1.76**	**€ 0.06**	**€ 1.17**

NOTES:

i) *All non EUR payments converted to EUR using December 2015 European Comission FX Rates*
ii) *Employees figure reflects 42 active MRTs as at 31st December 2015, reflected in fixed and variable compensation. Two additional 2015 MRT severances included in headcount and severance figures.*
iii) *Fixed Remuneration consists of base salary, fixed benefits and pension*
iv) *2015 Cash includes severance payments to MRTs active as at 31st December 2015*
v) *2015 vested outstanding is as of 29th February 2016*
vi) *Outstanding Deferred - consists of:*
*a). **Options** - However no outstanding options to report for 2015*
*b). **Shares** - valued using closing price 29th Feb 2016 ($38.85)*
vii) *Guaranteed Amounts are included within Variable Compensation*
viii) *Senior Management defined as members of Citibank Europe PLC Management Committee*
ix) *Buy-Out's relate to amounts awarded in 2015*
x) *Severance payment was made to four employees in 2015. The highest award to a single individual was (MM EUR) €0.6*
xi) *To ensure consistency of reporting year on year the as at date has been extended to 29th February 2016 to include the later grant date of variable deferred compensation*
xii) *Please note, the severance amount reported in previously filed table under 'Other MRT' was reported as 1.01*

Table 35: 2016 Remuneration Banding for Annual Compensation of Individuals Earning at Least EUR 1 Million

Remuneration Banding for Annual Compensation of Individuals Earning at Least EUR 1 Million	
Citibank Europe PLC Performance Year 2016	
Total Compensation EUR	**Number of Individuals (i)**
1,000,000 to 1,500,000	3
1,500,000 to 2,000,000	1
2,000,000 to 2,500,000	2
2,500,000 to 3,000,000	0
3,000,000 to 3,500,000	0
3,500,000 to 4,000,000	0
4,000,000 to 4,500,000	0
4,500,000 to 5,000,000	0
5,000,000 to 6,000,000	0
6,000,000 to 7,000,000	0
7,000,000 to 8,000,000	0
8,000,000 to 9,000,000	0
9,000,000 to 10,000,000	0
> 10,000,000	0
Total	6

(i) Individuals included in above count are located across a number of European countries i.e. Ireland, Spain, Sweden, UK

Appendix 1: CEP Senior Management and Board Disclosures

The following senior management disclosures are made in accordance with CRR Article 435.2 and pertain to the regulated operating company, CEP.

Board Composition

The CEP Board of Directors (Board) is comprised of fifteen directors as follows:

Four Independent non-executive directors, meaning that they are considered to meet the criteria for independence.

Eight Non-executive directors, being directors without executive management responsibility in CEP but who have executive management responsibilities within the Group.

Three Executive directors, being directors employed by CEP, with executive day to day management responsibilities.

The CEP Board is committed to identifying and appointing the best qualified people to serve on the Board. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. The selection criteria for Non-executive directors of CEP are designed to ensure that they bring an independent view point to the deliberations of the Board that is objective and independent of the activities of management and CEP. A key responsibility of the CEP Nomination Committee is to lead the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The Board's breath of expertise is outlined in further detail in the biographical summaries later in this appendix.

All newly appointed Directors receive induction training which includes training on directors' duties under Irish law (Companies Act 2014, relevant governance provisions of Statutory Instrument No. 158 of 2014 and the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2015).

The Board is responsible for the appointment of the Chief Executive Officer and Senior Management (i.e. Pre-Approved Control Functions per the Fitness & Probity Standards issued by the Central Bank of Ireland (Standards)) with appropriate integrity and adequate knowledge, experience, skill and competence. Candidates are recruited and selected in accordance with Citi Human Resources standard recruitment policy and procedures and relevant CEP policies.

The Nomination Committee is mandated to consider the appointment of Senior Management. All Senior Management appointments are required to comply with the Standards.

Distinction between the Roles of Executive and Non-Executive Directors

A fundamental distinction is drawn between the roles of executive and Non-executive directors.

The Non-executive directors must have a knowledge and understanding of the business, risks and material activities of CEP to enable them to contribute effectively. The Independent non-executive directors must comprise individuals with relevant skills, experience and knowledge (such as accounting, auditing and risk management knowledge) that provide an independent challenge to the Executive directors of the Board.

CEP's Audit Committee is comprised of four Independent non-executive directors. CEP's Risk Committee is comprised of a majority of Independent non-executive directors. The Chairperson of these committees set the agenda for the committee meetings. Dedicated support is available to Independent non-executive directors on any matter requiring additional and/or separate advice to that available in the normal Board process, including:

- Full and unhindered access to the business, which involves the receipt of detailed presentations given by business or control functions;

- Technical training in the form of Board tutorials. These regular tutorials cover a wide range of subjects including: capital and liquidity requirements, anti-money laundering rules and recovery and resolution planning.

Table 36: Directorships held by Citibank Europe plc Board of Directors as of 31 December 2016 (including CEP)

Name	Total number of Directorships
Professor Mary Lambkin (resigned 29 March 2017)	1
Susan Dean	3
Barry O'Leary	4
Jim Farrell	2
Breffni Byrne	5
Francesco Vanni d'Archirafi (resigned 31 December 2016)	11
Zdenek Turek	1
Rajesh Mehta (resigned 31 December 2016)	3
Bo Hammerich	2
Christopher Teano (resigned 31 December 2016)	4
Patrick Scally (resigned 31 December 2016)	2
Marc Luet (resigned 31 December 2016)	3
Deepak Jain	1
Tony Woods (resigned 31 December 2016)	4

Name	Total number of Directorships
Cecilia Ronan	4
Total	**50**

Directors' Board Membership and Experience at 31 December 2016

Executive Directors

Zdenek Turek

Zdenek Turek oversees all of Citi's franchises in Europe and during early 2016 took over the role of Chief Executive Officer of Citibank Europe Plc (CEP). Based in Dublin, Zdenek holds the position of Citi Country Officer for Ireland, which employs 2,500 people, as well as Europe Cluster Head, which includes 25 countries across the region.
Zdenek joined Citi in his native Czech Republic in 1991 where he held a number of banking and corporate finance management roles, before moving to Citi Romania in 1998 as Citi Country Officer. In 2002, Zdenek became Citi Country Officer of Hungary while also overseeing the Central European Cluster of five countries including Hungary, Czech Republic, Romania, Slovakia and Bulgaria. In 2005, Zdenek was appointed Citi Country Officer for South Africa and Division Head for Africa with responsibility for the bank's business in the 16 countries of Citi operations in this region, based in Johannesburg.

In 2008, Zdenek joined Citi Russia as Citi Country Officer and served as CEO of Central and Eastern Europe, which included eight countries across the region. Zdenek moved from Moscow to London in 2013, where he took on the role of Western Europe Cluster Head and subsequently EMEA Corporate Banking Head.

Cecilia Ronan

In her role as Chief Administrative Officer for Citibank Europe Plc, Cecilia is responsible for all of Operations and Technology, and oversees strategic priorities, business performance, expense management, outsourcing oversight, mergers, acquisitions and divestments, stakeholder interaction, government relations and site management, including Continuity of Business, General Services, Technology, Legal, HR and Public Affairs.

In her role as Executive Director of the Board of Citibank Europe Plc, Cecilia is responsible for legal entity management, strategy and governance, product review, outsourcing, operational risk and related party lending which requires frequent interaction with the Irish Regulator and the OCC

Cecilia is also responsible for the Citi Service Centres in Poland and Hungary, and, including her role as Site Head for the Dublin Service Centre, leads a team of 6,000 Operations and Technology professionals. With an Irish expense base of US$200 million, the CSCs provide 40 services to 20 countries with approximately 800 clients. Cecilia is responsible for governance, risk and controls, client interaction, efficiency and productivity, cost optimisation, fraud management, migration over-sight, talent and culture, as well as innovation and FinTech.

Tony Woods

Tony joined Citi in June 1997. Prior joining to Citi, Tony worked with the Central Bank of Ireland for 18 years. During this time Tony also lectured extensively on the subject of Management Accounting and Business Finance.

Tony is a Chartered Accountant and a member of the Institute of Bankers in Ireland. He also holds directorships with the following Citi entities: Citibank Holdings Ireland Limited, Citibank Employee Benefit Plan Trustees Ireland Limited and Citibank Pensions Trustees Ireland Limited, Tony is also on the Board of the International Financial Services Institute and is also a member of the Chartered Accountants in Banking Advisory Group.

Tony is the Head of Compliance for Citi Ireland and Chief Compliance Officer for Citibank Europe Plc. Prior to his current position, Tony was Head of Legal & Compliance for Citi Ireland from 2001 – 2007 and Head of Risk & Compliance from 2007 – 2015.

Independent Non-Executive Directors

Breffni Byrne

Breffni Byrne is a non-executive director of CPL plc and Tedcastles Holdings and is Chairman of Labatec SA.

He is a former Chairman of Aviva's General and Life Insurance businesses in Ireland, of NCB Stockbrokers and of Tedcastles Holdings. He is a former Non-executive Director and Audit Committee Chairman of Irish Life & Permanent Plc, Hikma Pharmaceutical Plc, Coillte Teoranta , Ark Life and Investec Capital & Investments Ireland.

Prior to becoming a non-executive director, he was Managing Partner of the Audit & Business Advisory Practice Arthur Andersen in Ireland and Director of Risk Management for the Andersen practices in the Middle East, India, Africa and the Nordic countries.

Breffni holds a Bachelor of Commerce & Master of Economic Science degrees from UCD and is a fellow of the Institute of Chartered Accountants.

Jim Farrell

Jim Farrell is an Independent Non-Executive Director of Citibank Europe plc and an Independent Non-Executive Director of Hewlett Packard International Bank. Jim was Chairman for the Irish Financial Services Regulatory Authority and a Board Member of the Central Bank of Ireland from 2008-2010. Jim was also a board member of the Irish Financial Services Regulatory Authority of Ireland from 2003-2008.

Prior to this Jim was Chief Executive of the National Development Finance Agency (NDFA) from 2002-2004 and a Director of the National Treasury Management Agency (NTMA) from 1991-2004. At the NTMA, Jim held two positions there as Director National Debt Management and Director of Operations.

Jim started his career with Citi in 1960. He held positions in the Accounting and Foreign Departments in New York and Jersey and the Channel Islands. During this period of time, he spent two years in the US Army. In 1969 Jim joined Citi in Ireland where he held a number of positions including Head of Corporate Banking. In 1986, he was appointed Country Corporate Officer for Citi in Ireland.

Jim studied Business Administration at City College New York and was drafted into the US army prior to graduation. He holds a Diploma in International Business Management from Columbia University and is also a Fellow of the Institute of Bankers in Ireland.

Mary Lambkin

Mary Lambkin is Professor of Marketing in the UCD School of Business where she teaches courses to undergraduate and postgraduate students and is involved in a range of research projects under the general heading of marketing strategy. Mary has written extensively on this subject in academic journals, and also writes commentaries on marketing topics of contemporary interest for professional publications.

Professor Lambkin has served as Head of the Marketing Group, as Dean of the UCD Business School and as a member of the Governing Authority of the university, and also holds a number of positions in companies and professional organisations outside the university.

Barry O'Leary

Barry O'Leary is the former CEO of IDA Ireland, a role he held from 2008 to 2014. During his 30 year tenure with the IDA (Industry Development Authority), Mr. O'Leary led IDA teams in winning significant investments from a number of key clients, including Lilly, Pfizer, Centocor, Boston Scientific, Cordis, IBM, Kelloggs, Merck, Citi, Cisco Systems, and Facebook.
Under his leadership, the IDA launched its strategy blueprint, Horizon 2020, which laid out a ten year plan to attract foreign direct investment into the country, focusing on the importance of global mega-trends, economic geopolitical changes and technology roadmaps which will influence where the IDA can capitalise on opportunities they present.

Prior to the IDA, Barry held a number of positions in organisations such as Nestle and the Smurfit Group. He is also a member of Forfas.

Non-Executive Directors

Susan Dean

Susan H. Dean was appointed Non-Executive Director of Citigroup's UK Regulated entities (Citigroup Global Markets Limited and Citigroup International Limited) in 2012.
In January 2016, Citigroup International Limited merged with Citibank Europe plc to become Citigroup's pan European bank with branches in 27 countries. Susan joined the board of Citibank Europe plc in March 2016. In September 2016, Susan was appointed Chairman of Citibank Europe plc. Susan is also on the Board of Citigroup Global Markets Limited and

chairs the Citigroup Global Markets Limited Audit Committee.

Before leaving Citigroup in 2011, Susan was the Chief Financial Officer of Citi's Institutional Clients (ICG) businesses globally. Susan joined Salomon Brothers in 1987. Other, previous roles included: Chief Financial Officer for the Citigroup franchise in EMEA; head of ICG Operations and Technology.

Susan qualified as an accountant with PriceWaterhouseCoopers. She sits on the Advisory Board for Women in Banking and Finance, a not for profit organisation which seeks; to provide training and development for women in the finance industry to develop and retain talent in the industry; opportunities to network; and showcase skills.

Francesco Vanni d'Archirafi

Francesco Vanni d'Archirafi is the Chief Executive Officer of Citi Holdings, which comprises Citi's non-core assets and businesses. Prior to running Citi Holdings, he served as the Chief Executive Officer of Citi Transaction Services (CTS) since April 2009. Prior to being promoted to CEO of CTS, Francesco was the Global Head for Treasury and Trade Solutions (TTS), a major business division of Citi Transaction Services. He joined CTS in 2003 as the Region Head for Europe, Middle East and Africa.

Francesco began his career with Citi in 1983 as a Management Associate in New York before moving to the Corporate Bank in 1984, as a Relationship Manager in Lima, Peru, where he later took on the role of Treasury Marketing Manager. In 1986, he was appointed Country Treasurer for Peru, before moving to London in 1987 to launch Citibank's Southern Europe Structured Finance business. In 1993, he was appointed Corporate Finance Head for Italy, based in Milan. Three years later, he returned to London as the Global Co-Head for Mergers and Acquisitions. In 1998, Francesco was appointed the Market Manager for Iberia responsible for the Corporate Bank and customer relationships in Spain and Portugal. He was also appointed the Country Corporate Officer of Citigroup for Spain, based in Madrid. In 2001, he was named Chairman and CEO of Citibank International plc and the European Customer Group Executive for Citigroup's Corporate Bank headquartered in London; two years later he was asked to join CTS.

Francesco is the Chairman of Citibank Holdings Ireland Ltd and Chair of Citibank Europe plc. He serves on the Boards of the Citi Foundation, CitiFinancial Credit Company, Associates First Capital Corporation, PEFCO (Private Export Funding Corporation), Mapfre America S.A. and Business in the Community (BiTC), where he is the Vice Chair of BiTC's International Leadership Team. In addition, Francesco serves on the International Advisory Board of IESE and the Advisory Council for The Kogod School of Business at American University. He is the Chairman of Junior Achievement Worldwide, a member of its Board of Governors, and a Board member of Junior Achievement-Young Enterprise Europe.

Francesco is a Finance graduate of the American University in Washington DC where he received the Stanley I. Posner Award as the graduating senior with the highest overall academic average. He obtained his MBA in Finance and International Business from Columbia University in 1983.

Bo J Hammerich

Bo J Hammerich is the Portfolio Head for Global Public Sector. He is a Level 1 Senior Credit Officer and a Senior Securities Officer of the Bank. During his over 40 years with Citi he has held various management positions split equally between business/industry/marketing and risk responsibilities. In addition to his present London location, he has been based in New York, Paris, Rio de Janeiro, Stockholm, Riyadh and Tokyo. He is a Board Member of Citibank Europe Plc and Citibank Turkey. He is also a member of Citi's Climate Council.

The Public Sector Risk Group is responsible for credit and market risk exposures to Governments, Central Banks, Ministries of Finance, Ministries of Infrastructure, Government Banks and other sovereign owned enterprises, as well as supranational entities and Export Credit Finance Agencies.

Mr. Hammerich is a native of Sweden and graduated from the University of Lund (Sweden) School of Economics with a Master of Business Administration in 1970. He attended Harvard Business School.

Deepak Jain

In February 2014, Deepak was appointed as the Head of Operations and Technology for Citi's businesses in the Europe, Middle East and Africa Region representing approximately 18,000 direct staff in 55 countries. The O&T function incorporates operations units across the Corporate and Consumer businesses, technology including data centres, development and support, and enterprise infrastructure services such as real estate, procurement and employee services. Deepak is also the Chief Information Officer for the EMEA Region, where he is responsible for providing oversight for the delivery of technology in the Region, including application development, architecture, engineering, and infrastructure. He also represents the EMEA Region at the Citi CIO Council and works across the Region to ensure alignment with our Global Technology Strategy. He also has direct management of the EMEA CSC Networks and is in acting interim Head of O&T for the UK.

Prior to this in September 2011, Deepak moved to Australia as Head of Operations and Technology (O&T) for Citi Australia and New Zealand where his scope covered both corporate and consumer businesses. Deepak joined Citigroup Japan in 2004 as Senior Manager in Technology Infrastructure and over a period of eight years he progressed into a number of roles including CIO for Citigroup Global Markets, Country Technology Head, Co-Head of Operations & Technology and Head of Operations & Technology whilst also serving on the boards of Citigroup Services Japan and Citibank Japan.

Marc Luet

Marc Luet is the Cluster Head for Russia, Ukraine and Kazakhstan and Country Officer for Russia, based in Moscow. From 2014 until recently, Marc Luet was Citi Division Head for Central and Eastern Europe. He took this role after 3.5 years serving as a head of Citicorp Consumer and Commercial Banking for Europe, Middle East and Africa (EMEA) and an Interim Head for GCMIO when he re-joined Citi back in June 2010.

Marc has over 20 years of retail and cards experience. He was previously at Visa, where he served as President for CEMEA, an area covering 80 geographies, from 2008 to 2010. Marc was responsible for Strategy, Marketing, Sales, Finance, Legal, Corporate Communications, and Regulatory Affairs for the region. He was also a member of the Operating Committee of Visa Inc.

Prior to Visa, Marc was CEO of Consumer Finance and Retail International for Fortis Group from 2005 to 2008 and CEO of Egg France from 2002 to 2005. Prior to 2002, he spent 12 years at Citi where he held several Marketing, Risk and Operations positions in Europe and North America before becoming the Consumer Business Manager in Hungary and then Belgium.

Marc has a BSc in Economics from the Panthéon Sorbonne University and is a graduate of Institut d'Etudes Politiques de Paris. He also holds an MBA from the Tuck School of Business Administration at Dartmouth College.

Rajesh Mehta

Rajesh Mehta is Regional Head of Treasury and Trade Solutions for Citi in Europe, Middle East & Africa (EMEA). He leads a team responsible for the provision of cash management and trade solutions to a broad range of customers including multinational corporations, top local companies, small and medium enterprises, governments and financial institutions.

Rajesh has been with Citi for 30 years and has held numerous roles across the globe throughout his career. He began working for Citi in India and then moved to Audit & Risk Review in Singapore, before moving on to become Cash Management and Trade Head for Indonesia, Global Transaction Services Head for Mexico and later Regional Cash Management and Trade Head for Latin America, based in Buenos Aires. In 2002, he was appointed Global Transaction Services Head for Sub Saharan Africa, based in Johannesburg. In January 2007, Rajesh moved to London to assume the role of Regional Payments Head for EMEA assuming responsibility for Cash Management products in October 2007 and additionally Trade products in 2008. He has been in his current role since May 2013.

Rajesh sits on Citi's Operating Committee for Europe, Middle East and Africa and on the Boards of Polaris Financial Technology Limited as well as Citibank A.S, Turkey and Citibank Europe Plc.

Rajesh holds a Bachelors (Hons) degree in Economics from St. Stephen's College, Delhi University and an MBA from the Indian Institute of Management, Ahmedabad.

Patrick Scally

Patrick Scally is the Franchise Controller for Europe, the Middle East and Africa (EMEA).This role's responsibilities include Corporate/ and Local regulatory reporting, Management reporting, Product Control, Balance sheet integrity and ensuring that franchise needs remain in focus. The Controller's discipline also focuses on strengthening the independent controls and the control environment throughout the Region to support the businesses in their efforts to grow responsibly

Patrick has held numerous previous roles including, Head of EMEA Equity Product Control, Head of FXLM Product Control and CEEMEA Controller as well as short term secondments to Operations and Internal Audit. He joined the Trade Support function in Salomon Brother in London in 1992, which subsequently became part of Citi.

Patrick holds a Bachelor of Science Degree and a Post Graduate Diploma in Business Studies, both from the national University of Ireland (Galway). He is a fellow of the Chartered Association of Certified Accountants (FCCA).

He has been a member of the Board of Directors of CEP since 2010 and is also a member of the Board of Directors of Citi's Turkish subsidiary Citibank AS.

Chris Teano

Chris Teano manages a team consisting of more than 130 country counsel located in 33 countries, (excluding the United Kingdom) supporting Citi's businesses in Europe, the Middle East and Africa. The country counsels advise the business on local legal issues relevant to the products and services that are provided to Citi's customers in EMEA. The country counsels are also responsible for corporate governance, relations with local regulators, and compliance with local and U.S. banking laws and regulations.

Prior to his current assignment, from 1998 through 2003, Chris managed a team of lawyers located in New York who supported Global Loans Capital Markets; Project and Structured Trade Finance, Asset Finance; Asset Based Finance; Capital Structuring; Securitization; the Global Relationship Bank; and Institutional Recovery Management. Chris supported IRM and Global Loans directly. In this period, Chris played a key role in the development and dissemination of the CMB Anti-tying Policy and the Structured Finance Policy.

Chris joined Citigroup in 1993 as the deputy to the Regional Counsel for Central and Eastern Europe, Middle East and Africa. From 1984 through 1993, he was an associate with Milbank, Tweed, Hadley & McCloy. Chris is a graduate of Stanford Law School (J.D.) and Brown University (A.B. in History and International Relations).

Appendix 2: 2016 Asset Encumbrance Disclosures

Asset encumbrance is a claim against a property by another party, in the context of finance such claims have traditionally taken the form of security interests. In essence, asset encumbrance measures the level of available assets which could be used as collateral - collateral given The EBA definition of Asset Encumbrance is:

"An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn"

The asset encumbrance disclosure has been produced in line with CEP's

encumbered assets. The main regulatory concern around asset encumbrance is the impact on credit risk for unsecured depositors; encumbrance reduces the level of assets available in the event of a default by a bank.

interpretation of the 2014 European Banking Authority ("EBA") Guidelines on disclosure of encumbered and unencumbered assets and the tables below are based on the official EBA reporting templates pertaining to Asset Encumbrance under CRD IV.

Both CHIL and CEP had an encumbrance ratio of 8.35% as at 31 December 2016.

Table 37: Asset Encumbrance – Analysis of Assets

	2016			
	Encumbered Assets		Unencumbered Assets	
Eur Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets of the Reporting Institution				
Loans on Demand	1,183,764	-	8,907,707	-
Equity Instruments	-	-	42,308	-
Debt Securities	579,881	579,881	4,254,169	3,511,820
Loans and Advances other than Loans on Demand	229,848	-	23,205,054	-
Other Assets	1,185,224	-	6,728,007	-
Total	**3,178,717**	**579,881**	**43,137,246**	**3,511,820**

Table 37 cont'd: Asset Encumbrance – Analysis of Assets

	2015				
	Encumbered Assets			Unencumbered Assets	
Eur Thousands	Carrying Amount	Fair Value		Carrying Amount	Fair Value
Assets of the Reporting Institution					
Loans on Demand	357,735	-	-	4,120,519	-
Equity Instruments	-	-	-	-	-
Debt Securities	1,219	1,219	-	2,808,743	2,808,743
Loans and Advances other than Loans on Demand	154,200	-	-	14,271,034	-
Other Assets	310,100	-	-	758,484	-
Total	**823,253**	**-**		**21,958,780**	**2,808,743**

Table 38: Asset Encumbrance – Analysis of Collateral Received

	2016	
Eur Thousands	**Fair value of encumbered collateral received or own debt securities issued**	**Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance**
Collateral Received by the Reporting Institution		
Loans on Demand	0	0
Equity Instruments	0	0
Debt Securities	1,119,672	3,658,185
Loans and Advances other than Loans on Demar	0	0
Other Collateral Received	0	370,517
Own Debt Securities Issued Other than Own Covered Bonds or ABSs	0	0
Total	**1,119,672**	**4,028,702**

	2015	
Eur Thousands	**Fair value of encumbered collateral received or own debt securities issued**	**Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance**
Collateral Received by the Reporting Institution		
Loans on Demand		
Equity Instruments		
Debt Securities	163,568	209,162
Loans and Advances other than Loans on Demand		
Other Collateral Received		
Own Debt Securities Issued Other than Own Covered Bonds or ABSs		
Total	**163,568**	**209,162**

Table 39: Asset Encumbrance – Encumbered Assets/Collateral Received and Associated Liabilities

	2016	
Eur Thousands	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered
Carrying Amount of Selected Financial Liabilities	**4,041,184**	**3,837,144**

	2015	
Eur Thousands	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered
Carrying Amount of Selected Financial Liabilities	**1,043,045**	**668,883**

CEP EUR 31 December 2016
Encumbrance details

As at 31 December 2016, the carrying value of assets on the CEP balance sheet and eligible collateral received were €47bn approximately. This can be broken down as; 8% debt securities, 34% loans on demand, 45% term loans and 13% of other assets. Of the €51bn of assets and collateral received, approximately €4.2bn or 8.4% were considered encumbered.

CEP's encumbered balance sheet €3.2bn can be broken down as follows:

- derivative assets with CSA agreements in place €1.1bn
- CEP Greece cash booked as loans on demand is treated as encumbered due to country specific capital restrictions €1.1bn
- amounts placed with Central Banks related to Minimum Reserve Requirements €374mm
- any assets reported as discontinued operations €184mm
- inventory pledged to fund short sales in the trading desks 181mm
- any impaired or past due loans €164mm

CEP's encumbered off balance sheet or collateral received €1bn comprises of reverse repos, these have been pledged to European Central Banks for intraday liquidity requirements €826mm, and €198mm to fund short sales in the trading desks of CEP.

Asset encumbrance is not significant for CEP. CEP's primary source of funding is retail/corporate deposits and unsecured borrowings from other Group entities. CEP primarily used standard collateral agreements such as Credit Support Annexes ("CSAs") and Global Master Repurchase Agreements ("GMRAs") and collateralised at appropriate levels in line with industry standards.

*The data provided represents balances at 31 December 2016. The amount reported in the quantitative tables above are median values for the reporting periods during 2016.