Citibank Europe plc
&
Citibank Holdings Ireland Ltd

Pillar 3 Disclosures

31 December 2017

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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 2017 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 2017 Annual Report and CHIL & CEP's 2017 financial statements.

1. Introduction

1.1. Background and context

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

The disclosures are 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 Regulation within the Capital Requirements Directive (CRD IV) package. In addition, the Companies have implemented the European Banking Authority (EBA) final guidelines on revised Pillar 3 disclosures (EBA/GL/2016/11), issued in December 2016, which bring into force the disclosure of new quantitative tables to further enhance comparability and consistency across the industry.

The 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 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. Scope

In accordance with Pillar 3 requirements, the scope 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 is also included.

Some of the areas covered are also dealt within the Companies’ Annual Report 31 December 2017. 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 2017, other quantitative data is sourced from the Companies' prudential returns and is calculated according to regulatory requirements

1.3. Pillar 3 Policy

In accordance with Article 431 (3) of the CRR, the Companies have adopted the Citi EMEA Pillar 3 Disclosures Policy to support compliance with Part Eight of the CRR and associated EBA guidelines. The firm operates within a framework of internal controls and procedures for assessing the completeness of public disclosures.

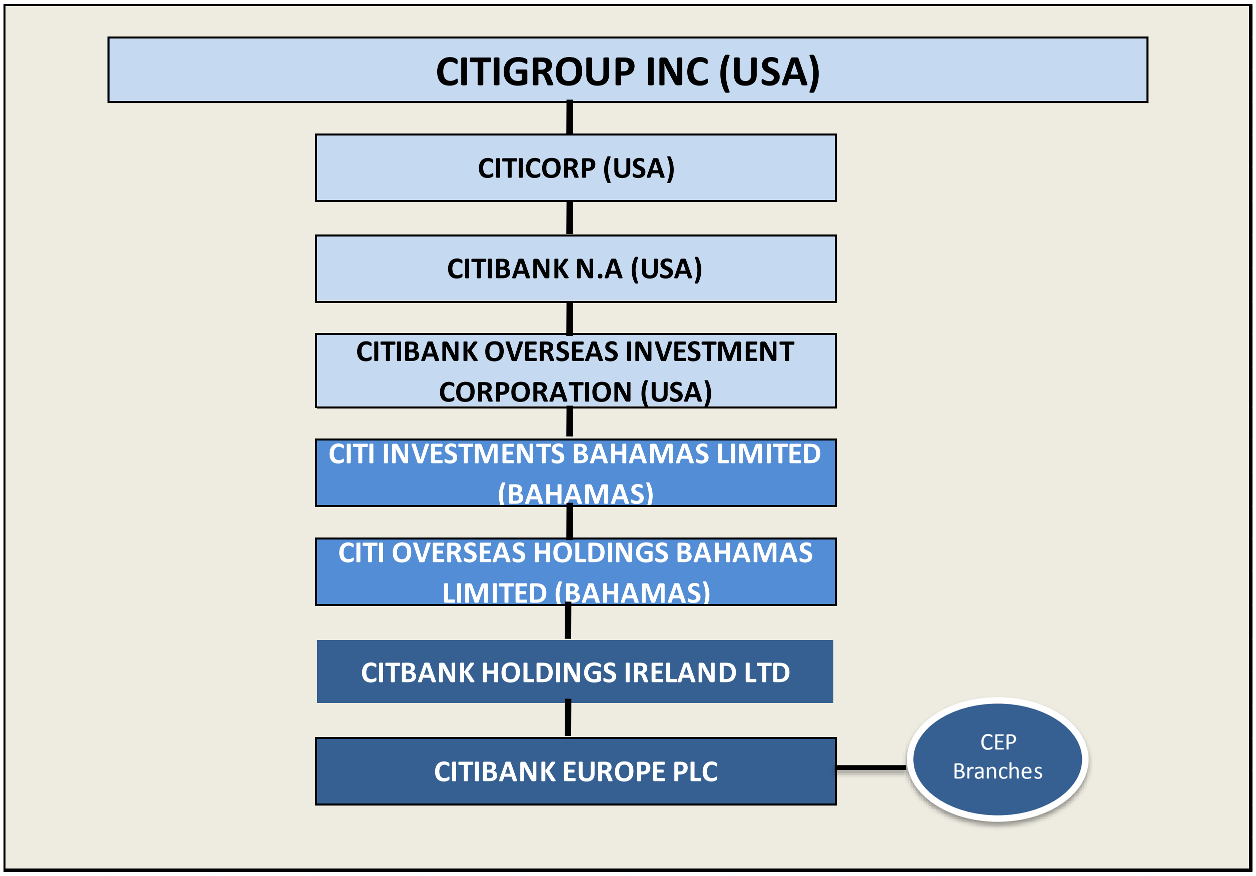
The Companies Pillar 3 document is subject to a formal governance process and has been reviewed by appropriate senior management within the Finance, Risk and HR functions. The document was reviewed by the CEP Audit Committee and recommended for approval by the CEP & CHIL Board of Directors.

1.4. Overview of Citi Organisation Structure

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'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.

FIGURE 1: HIGH LEVEL ORGANISATION CHART



CHIL is a direct subsidiary of Citibank Overseas Holdings Bahamas Limited (COHBL), which is an indirect subsidiary of the banking entity Citibank N.A. (CBNA), a direct subsidiary of Citigroup, Inc. (Citi).

CHIL and its sole operating entity CEP is a financial services group that strives to provide its client with "best in class" services across a diverse range of products and geographies. In doing so, it aims to best serve its core target market client needs while adhering to Citi's overall mission statement and values.

CEP is the only subsidiary of CHIL, which is a wholly-owned subsidiary of Citigroup Inc., headquartered in Dublin, Ireland. CEP is recognised as being an integral part of the Citi network, both regionally and globally. CEP is authorised by the CBI and as a systematically important European financial institution, falls under the Single Supervisory Mechanism as overseen by the ECB. CEP has a long term single "A" rating or equivalent assigned by all three primary Rating Agencies.

CEP has over 9,000 employees across 22 European jurisdictions and is now Citi's principal European banking subsidiary, providing services to Citi's clients who require or wish to transact via an EU licensed bank. The businesses covered by CEP include Markets and Securities Services, Corporate Banking, Treasury and Trade Solutions (TTS), Private Banking and Consumer.

CEP's principal activities are the provision of core banking services to Citi's Institutional Client Group (ICG) target market clients including governments, public sector, multinational corporations and their subsidiaries, large local corporates, financial institutions, and fund managers.

The principal ICG businesses are 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 main ICG banking services offered to CEP's clients include trade and cash management activities, vanilla foreign exchange and interest rate products, corporate banking, and security services (fund management and custody).

Consumer and private banking products and services are also offered, principally to high net worth and ultra-high net worth customers through the UK branch of CEP.

CEP has three Citi Service Centres (CSC), which provide select middle and back office services to CEP and other Citigroup affiliates. These service centres are based in CEP's Ireland, Poland and Hungary branches, and account for around 78% of CEP's employees across the region.

CEP operates a stable business model, which is capital generating, with income derived principally from annuity-style businesses. The balance sheet is stable, with good credit quality assets and low price volatility. CEP maintains a strong capital and liquidity position.

The table below provides an overview of CEP's and CHIL's capital, leverage and liquidity regulatory metrics during the year.

Table 1: KM1- Key Metrics for CHIL as at 31 December 2017

CHIL				
EUR Thousands	**Dec-17**	**Sep-17**	**Jun-17**	**Mar-17**
Available capital (amounts)				
Common Equity Tier 1 (CET1)	7,084,173	6,200,123	6,392,338	6,817,576
Tier 1	7,084,173	6,200,123	6,392,338	6,817,576
Total capital	7,084,173	6,200,123	6,392,338	6,817,576
Risk-weighted assets (amounts)				
Total risk-weighted assets (RWA)	37,783,477	37,903,525	37,307,017	38,136,795
Risk-based capital ratios as a percentage of RWA				
Common Equity Tier 1 ratio (%)	18.75%	16.36%	17.13%	17.88%
Tier 1 ratio (%)	18.75%	16.36%	17.13%	17.88%
Total capital ratio (%)	18.75%	16.36%	17.13%	17.88%
Additional CET1 buffer requirements as a percentage of RWA				
Capital conservation buffer requirement (2.5% from 2019) (%)	1.25%	1.25%	1.25%	1.25%
Countercyclical buffer requirement (%)	0.06%	0.06%	0.05%	0.06%
Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%
Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.31%	1.31%	1.30%	1.31%
CET1 available after meeting the bank's minimum capital requirements (%)	10.75%	8.36%	9.13%	9.88%
Basel III leverage ratio				
Total Basel III leverage ratio exposure measure	64,141,231	66,475,923	68,257,718	75,401,162
Basel III leverage ratio (%) (row 2 / row 13)	11.04%	9.33%	9.37%	9.04%
Liquidity Coverage Ratio				
Total HQLA	14,212,000	15,660,000	16,369,000	15,419,000
Total net cash outflow	11,727,000	13,412,000	13,963,000	13,485,000
LCR ratio (%)	121.20%	116.80%	117.20%	114.30%
Net Stable Funding Ratio				
Total available stable funding	18,557,000	19,424,000	20,780,000	21,441,000
Total required stable funding	16,846,000	17,796,000	18,785,000	20,298,000
NSFR ratio (%)	110.20%	109.10%	110.60%	105.60%

1.5. Basis of Consolidation & Disclosure

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

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

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 2017, with prior year comparatives as at 31 December 2016.

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

The disclosures are published on the Investor Relations section of Citi's website and complement the group level materials included in the Citigroup 2017 and 2016 Annual Reports.

2. CEP Independent Risk Management Objectives and Policies

2.1. Risk Overview

To achieve its business strategy, CEP selectively takes risks.

The objective of CEP's risk management system is to ensure that the risks associated with CEP's strategy are identified, understood, quantified, mitigated, communicated and are consistent with CEP's commitment to the principle of Responsible Finance in accordance with Citi standards.

The CEP Board of Directors (Board) considers that the risk management systems in place, briefly outlined in the sections following, are adequate with regard to CEP's profile and strategy.

2.2. Risk Governance

CEP has a robust risk governance framework in place to provide oversight of CEP's monitoring and management of risks, ensuring that the risk profile of CEP is well documented and managed.

Risk governance at CEP is cascaded through risk frameworks and risk policies, which describe how CEP identifies, analyses, evaluates, manages and monitors risk. This ensures transparent lines of responsibility and accountability for the core governance processes performed by CEP.

Risk management oversight is conducted at both Board and executive level, supported by the workings of various committees including Board Sub-Committees, namely the Board Risk Committee (BRC), Board Audit Committee (BAC), Remuneration Committee and Nomination Committee, and Management Committees including the Executive Committee, Asset & Liability Committee (ALCO), Credit Committee, Operating Committee, Operational Risk Committee and Product Review Committee (PRC).

Enhancements in good governance are monitored on an ongoing basis via interaction with peer institutions and benchmarking surveys, reviewing emerging guidance from regulators and supervisory bodies and reviewing Citigroup developments.

The Board has overall responsibility for CEP's risk strategy. The BRC is a sub-committee of the Board and is governed by Terms of Reference 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 monitors risk trends and reviews the level of resourcing and capabilities required to ensure governance standards are met. The BRC oversees

Independent Risk Management and provides recommendations to the Board on risk related matters. The BRC convenes at least quarterly and in 2017 met on seven occasions.

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.**

The Board and senior management set the tone from the top and cascade accountability and responsibility for risk management throughout CEP. This ensures comprehensive risk dialogue among senior management and provides crucial leadership and guidance which enables senior management to make better risk and reward trade-off decisions.

CEP has in addition a robust and sound remuneration strategy in place, supported by effective employee compensation structures balancing strategic goals and behaviour. The CEP remuneration strategy promotes sound and effective risk management, and supports CEP's strategy, objectives and the long term interests of the organisation.

Three Lines of Defence

Risk management in CEP follows the principle of the 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, Independent Compliance Risk Management, 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;

- 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 Board, 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.

Independent Risk Management

In pursuit of its mission, CEP Independent 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.

CEP Independent Risk Management is an independent function within the CEP legal vehicle. The CEP Chief Risk Officer (CRO) reports directly to both the Citi EMEA CRO and the CEP CEO. The CEP CRO has frequent, direct and independent access to the Board and the BRC. CEP Independent Risk Management maintains appropriate representation on all CEP management committees and other governance fora as appropriate. The CRO reports on the risk profile of the bank on an ongoing basis to the BRC and Board.

CEP aims to ensure that CEP Independent Risk Management employees possess the appropriate expertise, stature, authority and independence and are empowered to make decisions and escalate issues.

Risk Frameworks and Risk Policies

CEP has in place comprehensive, documented risk management frameworks and policies to support the effective risk assessment and management of the risks it assumes in conducting its activities, and ensure accountability through a common framework to manage risks.

CEP's Enterprise Risk Governance Framework articulates CEP's overarching approach to risk governance.

Formalised risk management frameworks by material risk type codify the processes and practices involved in the management of risk in CEP. The purpose of these risk frameworks is to clearly set out:

- the principles of sound risk management for each material risk type;
- clear lines of authority and risk responsibility, including roles and membership of both management and risk committees, with the responsibility to monitor adherence to frameworks and policies;
- how the risk is governed under the three lines of defence approach;
- supporting policies and processes.

Core Risk Controls and Reporting

Appropriate controls and tools are in place to manage, measure and actively mitigate risks taken by CEP.

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

- CEP's Material Risk Identification and Assessment Process which assesses risk exposures, concentrations and positions, both quantitative and qualitative, identified as the most significant risks to CEP, and how these risks are monitored and mitigated;

- Adherence to CEP's defined risk appetite to ensure that CEP risk taking remains consistent with the limits set by the CEP Board;

- Transparent, accurate and rigorous reporting on exposures and concentrations by risk area;

- Stress testing and ensuring appropriate shocks and models are used to assess CEP's material risks;

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

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

Stress Testing

In CEP, stress testing is integrated into CEP's risk management processes and supports business decisions and processes including strategic decisions.

The stress test programme:

- Supports bottom-up and top-down stress testing, including reverse stress-testing;

- Is a flexible platform that enables modelling of a wide variety of stress tests across business lines and risk types;

- Draws data from across the organisation, as needed;

- Enables intervention to adjust assumptions.

Sensitivity analysis supports ongoing risk monitoring by risk teams as appropriate. It is performed at regular intervals dependant on internal and regulatory requirements.

CEP utilises scenario analyses, which are both dynamic and forward looking. Scenarios appropriately impact all material risk types and risk factors and specific vulnerabilities relevant to CEP.

Reverse stress testing is used by CEP to assess its business model vulnerabilities and is appropriate to the nature, size and complexity of its business and the risks it bears.

Scope and Nature of Risk Reporting and Measurement Systems

CEP uses a global Citi risk reporting system to manage credit and market risk exposure. CEP uses both systems and processes to manage operational risk, the output of which is consolidated to provide an operational risk profile. Further information on the scope and nature of risk reporting and measurement systems is provided in the following sections dedicated to individual risk areas.

2.3. Risk Profile and Risk Appetite

Risk Profile

For 2017, CEP identified the following risks as being material to its business: Credit Risk, Operational Risk, Liquidity Risk, Market Risk, Strategic Risk, Inter-Affiliate Risk, and Pension Risk.

CEP's strategy, approved annually by the Board, is articulated with respect to target markets and clients and includes an outlook on the global economy, an overview of the evolving regulatory environment, and a view on the competitive landscape. The overall strategic objective of CEP is to generate sustainable earnings while protecting its capital and liquidity, proactively managing product positioning and driving client led innovation. CEP's strategy is therefore focused on optimising returns within a targeted Board-approved Risk Appetite Statement to maintain its strong capital and funding position.

An overview of CEP's regulatory capital requirements for Credit Risk, Operational Risk and Market Risk is provided in the following sections on these individual risk areas.

Risk Appetite

CEP has a defined Risk Appetite, aligned to business strategy. The Risk Appetite Statement formally articulates the levels and types of risk that the Board is willing to accept, or avoid, in order to achieve CEP's strategic objectives. It includes qualitative statements with associated Risk Review Thresholds, and quantitative statements with associated Risk Limits. It aims to support business growth whilst restricting any excessive accumulation of risk in CEP's risk profile.

The Risk Appetite Statement is the cornerstone in CEP's Risk Strategy and is core in aligning overall corporate strategy, capital allocation, and risk. It is embedded in CEP's corporate strategy and risk culture, and continuously monitored and revised, with Board approval at least annually or more frequently as required.

In line with CEP's stable business model, with a balance sheet that is relatively stable, diversified and of high credit quality, key prudential and risk profile metrics remain within limits set by the Board in the Risk Appetite Statement. These key risk metrics associated with the risk profile are provided in Table 1: KM1 for CHIL under section 1.4.

3. Credit Risk

3.1. Credit and Counterparty Risk Overview

Credit Risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

Credit risk in CEP arises from on-balance sheet and off-balance sheet items, mainly through exposures to large corporates, financial institutions, and governments along with inter-company affiliates, and predominantly through Wholesale Credit Risk and Available for Sale (AFS) exposure. CEP has limited retail exposure through Consumer and Private Banking.

Wholesale Credit Risk exposure is comprised of direct risk, contingent risk and clearing risk. Typical financial reporting categories that include wholesale exposures are deposits with banks, debt securities held-to-maturity, loans and off-balance sheet commitments such as unused commitments to lend and letters of credit.

Available For Sale (AFS) 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 and Private Banking is comprised of Cards & Personal Instalment Loans (PIL). The consumer PIL portfolio includes all types of loans provided to individuals – secured or unsecured, term/instalment or revolving, and direct or indirect.

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.

Counterparty Risk

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.

Counterparty credit risk for CEP is limited. It arises as a result of sales and trading business activities including:

- Capital Markets OTC (Over-the-Counter) Derivatives;

- Securities Financing Transactions (SFT) such as repurchase agreements and reverse repurchase transactions;

- Settlement Exposure.

Quantitative Credit, Credit Concentration and Counterparty Risk related disclosures made in accordance with the CRR requirement and the EBA final guidelines on revised Pillar 3 disclosures are provided in section 12.

3.2. Credit Risk Governance Structure

Credit risk management oversight is conducted at both Board and executive level, supported by a Board approved CEP Credit Risk Management Framework, CEP credit risk governance structures, credit policies, resources and processes.

The Board sets the overall level of credit risk appetite in pursuit of its strategy and reviews and approves the overall approach to credit risk. The BRC monitors credit risk trends and reviews the level of resourcing and capabilities required to ensure governance standards are met. The CEP Credit Committee monitors credit risks and trends, and reviews the CEP Credit Risk Management Framework and Credit Risk Policy documents on an annual basis.

The CRO is responsible for ensuring that there is an appropriate credit risk governance framework in place, commensurate with the credit risk appetite of the board. The Head of Credit Risk reports to the CRO and is responsible for managing credit risk on a day to day basis in line with CEP's Framework and policies.

The Credit Risk Management function reports to the Head of Credit Risk and is responsible for approving credit lines and exposures in line with delegated approval authority limits set out in the CEP Credit Management Policy, and for ongoing monitoring and reporting on credit risk exposures and trends including portfolio and delinquency based monitoring and management.

The Remedial Management function, which reports to the Head of Credit Risk, evaluates and determines obligors deemed non-performing in line with CEP's Remedial Management Policy. It assesses higher risk and non-performing cases on a quarterly basis for loan loss provisioning on a discounted cash flow basis, and takes the necessary remedial actions to manage clients or exposures in financial difficulty where possible and otherwise minimise losses to CEP.

CEP has a dedicated Fundamental Credit Risk function which reports to the CRO and which is responsible for providing independent assurance on credit risk by monitoring adherence to the CEP Credit Risk Management Framework, associated credit policies and applicable regulations.

3.3. Credit and Counterparty Risk Management

CEP has adopted sound principles for the management of credit risk informed by regulatory guidance and Group practices. These key principles on which CEP bases its Credit Risk Management Framework are:

- CEP has an appropriate credit risk management environment;
- CEP operates sound credit granting, credit measurement, and credit monitoring processes;
- CEP monitors asset quality and maintains appropriate provisions for bad and doubtful debts;
- CEP maintains adequate controls over credit risk and appropriate disclosures;
- Credit risk is also comprehensively assessed from a Risk Capital and Stress Loss perspective.

Credit risk is deemed a material risk to CEP and is captured as part of CEP's approved Risk Appetite Statement.

CEP uses the global *CitiRisk* transaction and exposure processing system to manage credit exposure to its wholesale obligors and counterparties such as:

- Extension of Credit;
- Collateral Management;
- Exposure Monitoring.

Methodology Used to Assign Credit Limits

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

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

The process also 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 CEP. Credit risk analysts conduct daily monitoring versus limits and any issues are escalated to credit officers and business management as appropriate.

Stress Testing

Stress Testing is performed on expected credit losses conditional on a given macroeconomic scenario, and includes the projection of credit losses for all facilities in the credit risk portfolio and all businesses. CEP Independent 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.

3.4. Credit and Counterparty Risk Measurement

Credit Risk Regulatory Capital Requirement

CEP has adopted the Standardised Approach for calculating credit risk and counterparty risk capital requirements, which is based on ratings from External Credit Assessment Institutions. Credit exposures are assigned a risk weighting based on the external credit rating of the counterparty to arrive at a risk adjusted or Risk Weighted Asset (RWA). Risk weights reduce with increasing credit quality of the obligor.

For off-balance sheet items, a Credit Conversion Factor (CRR, Art 111) is used to transform the nominal value into an exposure-at-default.

For all on-balance sheet items, the exposure value is measured as the on-balance sheet carrying, or accounting value.

For OTC Derivatives, CEP uses the Current Exposure Method (CEM) approach to measure the replacement cost within a derivative contract in the case of a counterparty default. 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.

CEP leverages the Financial Collateral Comprehensive Method (CRR[1], Article 223) to determine the appropriate haircuts for liquid and marketable collateral, and in doing so, calculate a net exposure-at-default (e.g. for SFTs).

Where appropriate for SFT and OTC derivatives, netting and collateral may be recognised as credit risk mitigants provided that they meet certain eligibility criteria.

For clarity, sovereign bond holdings in AFS are risk-weighted per CRR, Art 114(2).

Internal Credit Risk Capital Assessment

Wholesale Credit Risk is assessed using a Monte Carlo simulation model that estimates defaults and economic losses during a 1-year time horizon. The model estimates a range of loss scenarios based on simulated distributions for Probabilities of Default (PD), Loss Given Defaults (LGD), facility usage/Exposure at Default (EAD) and credit rating migration loss estimates. The model also captures correlated movements in credit spreads to infer price movements on AFS holdings from downgrades. The internal risk capital assessment for credit risk also considers both Single Name and Sectorial Credit Concentration risk.

From an internal risk capital perspective, counterparty exposures that do not require Credit Valuation Adjustment (CVA) treatment are included in the wholesale credit risk capital model.

3.5. Credit and Counterparty Risk Mitigation

Credit risk mitigation is of vital importance to CEP in the effective management of its counterparty and credit risk exposures. Netting agreements, 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 CEP credit risk management policies.

Five types of collateral are recognized within CEP: cash, securities, financial assets, real estate and physical assets.

CEP's core principles of collateral management are:

- Documentation;
- Legal enforceability;
- Valuation;
- Collateral control.

[1] Capital Requirements Regulation

These core principles are designed to ensure that the risks associated with the value and liquidity of collateral being held in support of a facility are fully understood and documented and that they form part of the approval of the facility.

Collateral received is subject to continuous monitoring. This includes establishing the legal enforceability of the collateral and ensuring it is valued regularly.

CEP has processes and procedures in place to ensure that appropriate information is available to support the collateral process, including timely and accurate information relating to margin calls, though this process is required for only a very limited number of customers. 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.

Quantitative collateral related disclosures in line with the CRR requirements and the EBA Guidelines (EBA/GL/2016/11) are provided in section 12.

3.5.1. Credit Risk

Generally, in consultation with legal counsel, CEP determines whether collateral documentation is legally enforceable and gives CEP 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.

Collateral mainly takes the form of Cash, Securities, Real Estate, Financial Assets and Physical Assets. Collateral is defined as pledged, transferred, and other secured assets that achieve enforceable security interests. For all collateral, CEP will have a perfected lien and the legal ability to gain possession of collateral if required.

In addition, CEP leverages from legal guarantee(s) provided by an affiliate of the obligor that will cover commercial risk and be legally enforceable. It constitutes one of the primary sources of repayment, or one of the principal considerations in the decision to extend credit if the support provider has the financial ability and willingness to meet the obligations of the supported obligor without harming its own credit ratings.

Valuation

Each CEP business sets appropriate loan-to-value ratios, loanable values, or haircuts for each appropriate type of collateral involved, as applicable:

- Loan-to-value ratio: the ratio of a loan to the value of posted collateral;
- Loanable value: the most likely recovery value of the collateral considering all potential resolution;

- Haircut: the amount by which the market value of posted collateral must exceed the cash advance or associated exposure against the collateral.

The value of collateral is generally determined at inception and on an ongoing basis per agreed methodology. In the case of the Insurance Letters of Credit business ("ILOCS") where daily margining exists, the pricing for securities is generated on an automated daily basis based upon publically available sources. The recoverability of collateral instruments is reviewed on a regular basis during the term of a loan as part of the credit review.

Collateral Concentrations

Apart from a 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 2017.

3.5.2. Counterparty Risk

CEP adopts Citi policies and procedures in respect of the management and governance of financial assets, including those relating to the securing and valuing of collateral, utilised for the purpose of mitigating the credit risk of OTC derivatives, repo-style transactions and eligible margin loans.

Credit Reserve

Prior to quoting a price to a client for a derivatives transaction, CEP checks with the relevant Credit Valuation Adjustment (CVA) desk for a credit reserve charge which is offset against the profit and loss account for the transaction.

Derivative Master Netting Agreements

Counterparty credit risk from derivatives is mitigated where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. Off-balance sheet netting and netting of collateral against exposure is permitted under approved circumstances. CEP policy requires all netting arrangements to be legally documented. ISDA (International Swaps and Derivative Association) master agreements are CEP'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.

CEP 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.

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

Primary Types of Collateral

Where CEP uses margining, 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 agreement.

Valuation

Collateral valuations are performed daily for SFTs and OTC derivatives. 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.

3.5.3. Wrong Way Risk and Rating Downgrades

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, where there is a material correlation between the credit quality of the counterparty and 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 definition of 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 92% Securities and 8% Cash.

Credit Rating Downgrade

A downgrade in CEP's credit rating could have the effect of reducing the market value threshold for margin calls on select Credit Support Annexes (CSAs), resulting in a potential increase in the amount of collateral CEP would have to provide against the derivatives within the CSAs. As of 31st December 2017, a downgrade in CEP's rating would not have resulted in a change in the amount of collateral CEP was required to provide.

A downgrade in CEP's credit rating could also result in an increase in costs for CEP through 'Termination Event' clauses written into CSAs. As of 31st December 2017, a three notch downgrade in CEP's rating would have resulted in an additional collateral requirement of less than $0.5mm.

3.6. Impairment of Financial Assets

CEP assesses impairment on an individual and collective basis. Financial assets are assessed for the 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;

- 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.

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.

Individual Impairment

Classifiably-managed (individually rated) credit exposures 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;
- 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.

Collective Impairment

Delinquency-managed credit portfolios are typically made up of smaller exposures with homogeneous credit risk characteristics (e.g. Consumer Banking), 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;
- Portfolio loss forecasts for the troubled debt restructurings.

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 2: Impaired Exposures and Provisions – Individual & Collective as at 31 December 2017

EUR Thousands	2017					
	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	853,872	1,497,177	78,598	129,977	(108,091)	(16,406)
Retail	0	0	0	0	1,350	6,279
TOTAL	**853,872**	**1,497,177**	**78,598**	**129,977**	**(106,741)**	**(10,128)**

Table 3: Types of impairment provisions as at 31 December 2017

EUR Thousands	2017			
	Charge and credit card debtors	**Commercial loans**	**Consumer loans**	**Total**
Individually assessed on-balance sheet exposures	-	78,598	-	78,598
Individually assessed off-balance sheet exposures		-		-
Collectively assessed on-balance sheet exposures	-	65,409	-	65,409
Collectively assessed off-balance sheet exposures	-	64,568	-	64,568
Total	**-**	**208,576**	**-**	**208,576**

3.7. IFRS 9

IFRS9 – Financial instruments introduces a new model for classification and measurement of financial assets, a forward-looking 'expected loss' impairment model for debt instruments and a substantially reformed approach to hedge accounting. The standard replaces the existing guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective from 1 January 2018. Refer to the Companies' annual Financial Statements for further detail.

4. Market Risk

4.1. Market Risk Overview

Market risk is the risk to earnings or capital from adverse changes in market factors, such as interest rates, foreign exchange rates, credit spreads or equity prices. CEP is exposed to market risk through both its trading book and non-trading book activities.

The trading portfolio comprises positions held for short term trading intent, where the business looks for short-term price differences between buying and selling. CEP is not a trading entity or broker dealer business and as such these market risk exposures are small relative to the size of the balance sheet.

The non-trading portfolio primarily comprises loans held at amortised cost, deposits, Available for Sale (AFS) securities and held to maturity portfolios.

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 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.

4.2. Market Risk Governance

CEP manages market risk including Interest Rate Risk in the Banking Book (IRRBB) on a day-to-day basis through a three lines of defence approach.

The Markets business forms the first line of defence for market risk, with CEP's Head of Markets having primary responsibility for trading related risk in CEP, whilst CEP's Corporate Treasury forms the first line of defence for all IRRBB in CEP.

Responsibility for oversight and challenge of these risks sits with Independent Risk Management led by the CRO. CEP's Head of Market and Liquidity Risk reports directly to the CEP CRO and is responsible for the independent assessment of market risk in CEP.

The CEP Board has the ultimate responsibility for ensuring that there is an appropriate market risk management framework in place, including in respect of IRRBB. Market risk governance is provided by the Board, BRC, Executive Committee, ALCO, Market Risk Sub-Committee and Product Review Committee.

The Board is also responsible for articulating CEP's risk appetite for market risk. Market risk limits for CEP are governed by CEP's Risk Appetite Framework. CEP's ALCO sets more granular level VaR, sensitivity and other limits in the context of Board Risk Appetite Statement limits. In the case of the trading book, additional limits and triggers are then set for individual trading desks. Triggers are an important mechanism to signal increased risk taking and if exceeded they prompt a discussion between CEP Independent Risk Management and front line businesses.

Trading book market risk in CEP is governed by the CEP Market Risk Management Framework and the Citi Mark-To-Market Risk Policy. Non-trading book market risk in CEP is also governed by the CEP Market Risk Management Framework, and by the Citi Market Risk Management for Accrual Portfolios Policy.

4.3. Trading Book Risk Management

Market risk in trading portfolios is monitored by CEP 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 Risk Management ensure 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 at a 99% confidence level over a one-day time period. Citi's VaR methodology, adopted by CEP, incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors. The VaR model is based on the volatilities of, and correlations between, a comprehensive set of market risk factors, including factors that track the specific issuer risk in debt and equity securities. 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 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.

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

CEP employs top-down systemic stresses to monitor risks in its portfolio. Systemic stresses are designed to quantify the potential impact of extreme market movements 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.

CEP Independent Risk Management monitors limit utilisation on a daily basis and in addition limit utilisation is reviewed by the ALCO and the Market Risk Sub-Committee. Additional controls on trading book activity include permitted product lists and a new product approval process.

The highest, lowest, mean and year end level of the daily VaR measure during 2017 and 2016 were as follows:

Table 4: Portfolio VaR

EUR Thousands	2017				*EUR Thousands*	2016			
	Highest	**Lowest**	**Mean**	**Year end**		**Highest**	**Lowest**	**Mean**	**Year end**
Portfolio VaR	3,339	1,186	1,932	1,763	**Portfolio VaR**	4,681	1,754	3,230	1,490

4.4. Trading Book Risk Measurement

Trading Book Regulatory Capital Requirement

CEP has adopted the standardised approach to calculate its market risk capital requirement, capturing specific risk, general market risk and foreign exchange position risk. Specific risk and general market risk is calculated on trading book exposures and foreign exchange risk is calculated on both trading and banking book exposures.

CEP applies the standardised approach for credit valuation adjustment (CRR, Art 384), and incorporates an exemption for inter-affiliate exposures within that charge, pursuant to CRR, Art 382(4)(b).

Quantitative disclosures on market risk capital requirements made in accordance with the CRR requirement and the EBA final guidelines on revised Pillar 3 disclosures are provided in section 14.

Internal Trading Book Risk Capital Assessment

To assess the trading book from an economic risk capital perspective, the risk capital calculation is based on a 60 business day average of the 1 day combined VaR. This is then scaled to a 99.97% confidence level over a 1-year horizon.

4.5. Non-Trading Book Risk Management and Measurement

The risks arising through 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 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. Limit utilisation is monitored by Independent Risk Management and by CEP's ALCO.

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.

IRE measures the potential change in expected net interest earnings over an accounting horizon of 12 months and 2 years and has been broken down into the main currencies on CEP's balance sheet.

The following table shows the IRE measure 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 5: Sensitivity of net interest income

EUR thousands	2017		2016	
	12 Months +100 bps	2 Years +100bps	12 Months +100 bps	2 Years +100bps
EUR	(3,303)	374	(8,954)	(11,426)
USD	1,919	8,296	(10,845)	(4,837)
GBP	8,454	19,150	10,177	21,876
OTHER	(5,102)	(7,356)	(5,906)	(9,485)

Stress testing is performed for interest rate risk in the non-trading portfolios on a monthly basis. Systemic stresses are designed to quantify the potential impact of extreme market movements and are constructed using both historical periods of market stress and projections of adverse economic scenarios.

CEP rolled out a new cashflow-based application for the management of interest rate risk in the non-trading portfolio in the course of 2017, which supports both earnings and economic value risk metrics. This application will become the primary risk management tool for interest rate risk in the non-trading books in the course of 2018.

4.6. Non-Trading Book Risk Measurement

Non Trading Book Risk Capital Assessment

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

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

5. Liquidity Risk

5.1. Liquidity Risk Overview

CEP defines liquidity risk as the risk that it will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or its financial condition. CEP recognises liquidity risk as a material risk.

A significant amount of CEP's liquidity is sourced from operational deposits from third-party clients, CEP's own equity, as well as intercompany funding. As at end of 2017, approximately 35% of the assets on CEP's Balance Sheet of USD 48Bn were deemed to be high quality and liquid (e.g. cash at central bank).

CEP is a direct participant in Settlement Systems where it offers General Clearing Member (GCM) services across EMEA and Settlement Agent services in multiple European markets through CEP's branches and the centralised Target 2 Securities clearing platform.

5.2. Liquidity Risk Governance

CEP has an overarching risk governance framework in place, which articulates how risk should be managed and controlled on behalf of shareholders, customers, depositors, and in accordance with regulatory requirements. Liquidity risk is part of the Risk Appetite Framework that defines the main risk appetite principles, governance and methodologies that ensure that CEP's activities and culture are aligned to the Board-approved Risk Appetite limits.

CEP operates a three lines of defence system in respect of liquidity risk management; Corporate Treasury/Business, Independent Risk Management and Internal Audit.

Oversight is provided by the CEP Board, which retains ultimate responsibility for Liquidity Risk in CEP. The primary forum for senior management review and oversight of liquidity risk is the ALCO.

Liquidity and the overall balance sheet is managed by CEP Corporate Treasury. The CEP Corporate Treasurer is responsible for the CEP balance sheet and liquidity profile. CEP Independent Risk provides review and challenge together with the CEP ALCO, BRC and Board.

The CHIL / CEP Liquidity Risk Management Policy Statement establishes the standards for defining, measuring, limiting and reporting liquidity risk. This ensures the transparency and comparability of liquidity risk taking activities and the establishment of an appropriate risk appetite. In addition, CEP ensures at all times that it adheres to external regulatory requirements and guidelines in relation to liquidity, including the LCR Delegated Act and Net Stable Funding Ratio.

The liquidity position for CEP is calculated and reported to senior management and reviewed by the CEP ALCO, BRC and Board. CEP's Board reviews and approves CEP's Liquidity Management Policy, the Internal Liquidity Adequacy Assessment Process (ILAAP), the Liquidity Risk Management Framework, the Funding and Liquidity Plan, and the Contingency Funding Plan.

5.3. Liquidity Risk Management and Measurement

Liquidity risk is measured and managed in CEP by using metrics for monitoring, limiting, and reserving against adverse scenarios or conditions in relation to liquidity risks. The Liquidity Risk Management Framework employed by CEP for managing liquidity risk measures the potential impacts of these liquidity risks and establishes a target for reserve sufficiency across these risks. Further, CEP employs a suite of limits to manage and appropriately restrict liquidity risks on the CEP balance sheet.

The LCR Delegated Act is calculated and reported on a consolidated basis and in the significant currencies, USD, EUR, GBP, CZK, HUF and RON. In accordance with the HQLA Operational Requirements in the LCR Delegated Act, CEP ensures that the currency denomination of its liquid assets are consistent with the distribution by significant currency of its net liquidity outflows. Implemented as part of the CEP HQLA Limit Framework, currency limits are monitored daily at a consolidated level.

Annually CEP prepares a detailed plan of its liquidity position which also considers a forecast of future business activities. This plan is called the Funding and Liquidity Plan and it addresses strategic liquidity issues and establishes the parameters for identifying, measuring, monitoring and limiting liquidity risk and sets forth key assumptions for liquidity risk management.

Stress testing is conducted on a daily basis with both a short term and medium term test applied. Liquidity stress testing is also used to help derive the liquidity risk appetite and is subject to approval by the Board. 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.

In the ordinary course of business, CEP enters into various types of derivative transactions, including bilateral transactions that are over-the-counter (OTC) and transactions settled via exchanges with central counterparties. CEP maintains liquidity reserves to counter potential liquidity outflows from derivatives activities under various stress scenarios.

To support direct clearing activity CEP must post cash and securities collateral in order to access credit lines and fund payment obligations. To ensure there is sufficient liquidity to meet CEP’s intraday liquidity needs, any cash amount regularly used for intraday payments and any collateral pledged for intraday credit are regarded as encumbered for CEP’s regulatory liquidity stress reporting.

The management and control of CEP’s liquidity buffer to ensure holdings of liquid assets comply with regulatory operational requirements is documented in the CEP High Quality Liquid Assets (HQLA) Framework. As at month-end Dec 2017, HQLA, as per CRDIV eligibility criteria, equated to US$17 billion (split between cash of US$10.7billion and bonds of US$6.4 billion).

6. Operational Risk

6.1. Operational Risk Overview

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

Operational Risk Management (ORM), operating within the second line of defence, proactively assists the businesses, operations, technology and other functions in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions. Furthermore, operational risks are considered as new products and business activities are developed and processes are designed, modified or sourced through alternative means. The objective is to keep operational risk at appropriate levels relative to the characteristics of CEP businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

The following sub-categories are considered the Key Operational Risks for CEP:

- Operational Risk: the risk of loss resulting from inadequate or failed internal processes human factors or from external events;
- Reputational Risk;
- Information Security and Communication Risk / Cyber;
- IT Risk: The risk of technology management / inadequate systems, change management and end user computing that may result in regulatory, reputational and/or financial damage to CEP;
- Outsourcing Risk;
- Model Risk;
- Conduct Risk;
- Legal Risk;
- Compliance Risk.

6.2. Operational Risk Strategy

ORM seeks to create lasting solutions for minimising losses from failed internal processes, inadequate controls, and emerging risks, and drive actions to address the root causes that persistently lead to operational risk losses. ORM executes against these objectives by:

- Independently assessing risk, challenging both our historical and proposed practices and working as independent partners with the business to improve processes;
- Establishing and overseeing the application of operational risk policies and standards, technology and tools, and governance processes;
- Monitoring and assessing the effectiveness of risk mitigation tools including internal controls;
- Maintaining an enterprise-wide assessment of the most significant, current, and emerging operational risks to business activities, and ensuring appropriate actions are in place to mitigate these risks; and
- Identifying, assessing, anticipating, measuring, reporting and mitigating CEP's operational risk exposure.

6.3. Operational Risk Governance

The Board sets the overall level of operational risk appetite in pursuit of its strategy, and reviews and approves the overall approach to operational risk governance. CEP Operational Risk reports to the CEP Risk and Audit Committees on a quarterly basis, providing key updates and metrics on CEP's operational risk environment, forward looking, proactive operational risk identification activities, and outsourcing governance.

The Operational Risk Committee (ORC) is responsible for maintaining oversight over the adequacy and effectiveness of the Operational Risk Management Framework and associated policies, to anticipate and mitigate operational risk for CEP and ensure consistent implementation across CEP and its branch operations. The ORC receives reports from CEP's Outsourcing Sub-Committee and Technology Oversight Working Group.

6.4. Operational Risk Management

Citi maintains a system of policies to anticipate, mitigate and control operational risk. Furthermore, CEP has established an Operational Risk Management Framework to 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.

The CEP ORM Framework establishes minimum standards for consistent identification, measurement, monitoring, reporting, and management of operational risk across CEP. Operational risk management proactively assists the businesses, operations, technology and other functions in enhancing the effectiveness of controls and managing operational risks. This is achieved through the application of various components of the Operational Risk Management Framework:

- Annual Risk Assessment in respect of internal controls within the entity;
- MCA Cycled Challenges to help managers to self-assess key operational risks;
- Capture of Operational Risk Event Data to support advanced capital modelling and management;
- Formal Assurance Programme in respect of the design and operating effectiveness of CEP's key internal controls and systems deployed across the business;
- Issue/Corrective Action Plans in respect of control effectiveness;
- CEP Management Control Assessment (MCA), a key component of the Business Environment and Internal Control Factors (BEICFs) required under Basel Capital Standards;
- Operational Risk Scenario Analysis to identify and quantify emerging operational risks.

The process established by the ORM Framework is expected to lead to effective anticipation and mitigation of operational risk and improved operational risk loss experience and includes the following steps:

- Identify and assess Key Operational Risks;
- Design controls to mitigate identified risks;
- Establish Key Risk Indicators (KRIs);
- Implement a process for early problem recognition and timely escalation;
- Produce comprehensive operational risk reporting; and
- Ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

6.5. Operational Risk Measurement

Operational Risk Regulatory Capital Requirement

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. CEP uses audited financial statements as the basis for the input of the calculation.

Given the sustained high level of revenues in CEP over the three-year period 2015 to 2017, the level of operational risk capital computed under Pillar 1 is likely to be higher than other institutions which apply the Standardised Approach to operational risk capital which have suffered losses and/or generated low profits in recent years. The Pillar 1 operational risk capital requirement for CEP as at 31 December 2017 was $374mm.

CEP's assessment of its Pillar 2 internal risk capital requirement for operational risk originates from the Citigroup Advanced Method Approach (AMA) Operational Risk Model. This quantitative assessment is complemented by a qualitative assessment of the potential requirement for an additional capital overlay for key operational risks e.g. Model Risk and Brexit-related risks.

7. Securitisation

7.1. Securitisation activity

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 2017 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 6a: Securitisation as of 31st Dec 2017

EUR Thousands	2017		
	Risk weighting	**Exposure**	**Capital Resources Requirement**
On Balance Sheet	At 20%	5,571	89

Table 6b: Securitisation as of 31st Dec 2016

EUR Thousands	2016		
	Risk weighting	**Exposure**	**Capital Resources Requirement**
On Balance Sheet	At 20%	32,845	526

8. Regulatory Framework for Disclosures

This section enables users to compare the scope of accounting consolidation and the scope of regulatory consolidation and the allocation of the regulatory scope of consolidation into the different risk frameworks laid out in Part Three of the CRR.

8.1. Differences between Accounting and Regulatory Exposure Amounts

Table 7: LI1 - Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories as of 2017

There are no material differences between the accounting and regulatory scopes of consolidation.

			Carrying values of items				
EUR Thousands	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from
Assets							
Cash and balances at central banks	12,165,051	12,165,051	12,165,051	-	-	-	-
Items in the course of collection from other banks	-	-	-	-	-	-	-
Trading portfolio assets	806,649	806,649	-	-	-	806,649	-
Financial assets designated at fair value	269,208	269,208	-	-	-	269,208	-
Derivative financial instruments	1,337,114	1,337,114	-	-	-	1,337,114	-
Loans and advances to banks	6,057,338	6,057,338	6,057,338	-	-	-	-
Loans and advances to customers	14,738,743	14,738,743	14,738,743	-	-	-	-
Reverse repurchase agreements and other similar secured lendin	-	-	-	-	-	-	-
Available-for-sale financial investments	2,407,514	2,407,514	-	-	-	2,407,514	-
Other	3,590,820	3,590,820	-	-	-	-	3,590,820
Total assets	41,372,436	41,372,436	-	-	-	-	-
Liabilities							
Deposits from banks	5,948,989	5,948,989	-	-	-	-	5,948,989
Items in the course of collection due to other banks	-	-	-	-	-	-	-
Customer accounts	21,839,615	21,839,615	-	-	-	-	21,839,615
Repurchase agreements and other similar secured borrowings	-	-	-	-	-	-	-
Trading portfolio liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-	-
Derivative financial instruments	1,389,982	1,389,982	-	-	-	1,389,982	-
Other	4,758,997	4,758,997	-	-	-	-	4,758,997
Total liabilities	**33,937,583**	**33,937,583**	**-**	**-**	**-**	**-**	**33,937,583**

Table 8: LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Template EU LI2 is not provided as CEP does not have any differences between the regulatory exposure amounts and carrying values in financial statements.

Table 9: LI3– Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation	Description of the entity			
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Citibank Europe plc	Solo		x			Credit institution
Citibank Holdings Ireland Limited	Full consolidation	x				Hold Company

9. Capital Resources and Minimum Capital Requirement

9.1. 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 on future profitability
  - Significant investments

Table 10 shows the regulatory capital resources of CHIL and CEP as at 31 December 2017 and 31 December 2016. Tables 11 (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 2017. Further details on the composition of CHIL and CEP’s Capital resources are shown in Table 12.

Table 10a: Own Funds CHIL & CEP at 31 December 2017

EUR thoudands	At 31 Dec 2017 CHIL	At 31 Dec 2017 CEP	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Capital instruments and the related share premium accounts	2,141,532	2,349,003	26 (1), 27, 28, 29, EBA list 26 (3)
of which: Share Capital	-	8,782	
of which: Share Premium	573,135	1,636,577	
of which: Capital Reserves	1,585,317	687,170	EBA list 26 (3)
of which: Other Reserves	-16,921	16,474	
Retained earnings	5,288,982	5,085,851	26 (1) (c)
Accumulated other comprehensive income (and any other reserves)	-	-	26 (1)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	7,430,514	7,434,854	
Additional value adjustments (negative amount)	-6,447	-6,446	34, 105
Intangible assets (net of related tax liability) (negative amount)	-85,756	-85,756	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)	-253,935	-253,935	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)	-	-11,820	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)	-346,138	-357,956	
Common Equity Tier 1 (CET1) capital	7,084,173	7,076,898	
Tier 1 capital (T1 = CET1 + AT1)	7,084,173	7,076,898	
Tier 2 (T2) Capital	-	-	
Total Capital (TC = T1 + T2)	7,084,173	7,076,898	
Total Risk-Weighted Assets	37,783,477	37,783,477	
Common Equity Tier 1 (as a percentage of total risk exposure amount	18.75%	18.73%	92 (2) (a), 465
Tier 1 (as a percentage of total risk exposure amount	18.75%	18.73%	92 (2) (b), 465
Total capital (as a percentage of total risk exposure amount	18.75%	18.73%	92 (2) (c)

Table 10b: 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 11a: 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: Intangible Assets	Deferred Tax	Prudent Valuation	Balance per Regulatory Capital Resources
Tier 1 Capital					
Share Capital	-				-
Share Premium	573,135				573,135
Capital Reserves	1,585,317				1,585,317
Other Reserves	(16,921)				(16,921)
Retained Earnings	5,288,982				5,288,982
Tier 1 Capital Before Deductions	7,430,514				7,430,514
Intangible Assets		(85,756)			(85,756)
Deferred Tax Asset			(253,935)		(253,935)
Prudent Valuation				(6,447)	(6,447)
Tier 1 Capital After Deductions	7,430,514	(85,756)	(253,935)	(6,447)	7,084,173
Total Capital Resources	7,430,514	(85,756)	(253,935)	(6,447)	7,084,173

Table 11b: 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: Intangible Assets	Deferred Tax	Prudent Valuation	Significant Investments	Balance per Regulatory Capital Resources
Tier 1 Capital						
Share Capital	8,782					8,782
Share Premium	1,636,577					1,636,577
Capital Reserves	687,170					687,170
Other Reserves	16,474					16,474
Retained Earnings	5,085,851					5,085,851
Tier 1 Capital Before Deductions	7,434,854	0				7,434,854
Intangible Assets		(85,756)				(85,756)
Deferred Tax Asset			(253,935)			(253,935)
Prudent Valuation				(6,446)		(6,446)
Significant Investments					(11,820)	(11,820)
Tier 1 Capital After Deductions	7,434,854	(85,756)	(253,935)	(6,446)	(11,820)	7,076,898
Total Capital Resources	7,434,854	(85,756)	(253,935)	(6,446)	(11,820)	7,076,898

Table 12: 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

9.2. 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. 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

9.3. Minimum Capital Requirement

Table 14 provides the overview of RWAs and minimum capital requirements as of 31 December 2017, which as stated above, is the same as the Minimum Capital Requirements for CHIL.

Table 13: EU OV1 – Overview of RWAs as at 30 September & 31 December 2017

EUR Thousands	RWAs		Minimum capital requirements	
	2017 Q4	2017 Q3	2017 Q4	2017 Q3
Credit risk (excluding CCR)	30,722,562	30,586,303	2,457,805	2,446,904
Of which the standardised approach	30,722,562	30,586,303	2,457,805	2,446,904
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	1,847,088	1,633,133	147,767	130,651
Of which mark to market	998,264	881,849	79,861	70,548
Of which original exposure	-	-	-	-
Of which the standardised approach	-	-	-	-
Of which internal model method (IMM)	-	-	-	-
Of which risk exposure amount for contributions to the default fund of a CCP	19,938	18,353	1,595	1,468
Of which CVA	828,886	732,932	66,311	58,635
Settlement risk	-	-	-	-
Securitisation exposures in the banking book (after the cap)	1,114	6,201	89	496
Of which IRB approach	-	-	-	-
Of which IRB supervisory formula approach (SFA)	-	-	-	-
Of which internal assessment approach (IAA)	-	-	-	-
Of which standardised approach	1,114	6,201	89	496
Market risk	1,310,409	1,713,773	104,833	137,102
Of which the standardised approach	1,310,409	1,713,773	104,833	137,102
Of which IMA	-	-	-	-
Large exposures	-	-	-	-
Operational risk	3,902,304	3,964,114	312,184	317,129
Of which basic indicator approach	-	-	-	-
Of which standardised approach	3,902,304	3,964,114	312,184	317,129
Of which advanced measurement approach	-	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-
Floor adjustment	-	-	-	-
Total	**37,783,477**	**37,903,525**	**3,022,678**	**3,032,282**

9.4. Capital Buffers

The CRR requires CEP to hold capital buffers.

Countercyclical Buffer

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 2017.

Table 14: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 31 December 2017

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	56,306	2,810	0	3,124	225	3,349	0.0019%	1.250%
Norway	250,155	0	0	16,053	0	16,053	0.0144%	2.000%
Sweden	597,313	15,464	0	46,416	1,237	47,653	0.0426%	2.000%
Checz Republic	1,256,213	4,125	0	96,876	330	97,206	0.0217%	0.500%
Iceland	11	0	0	1	0	1	0.0000%	1.250%
Slovakia	340,963	0	0	27,227	0	0	0.0061%	0.500%
Total	2,500,961	22,400	0	189,697	1,792	164,263	0.0867%	

Table 15: Amount of institution-specific countercyclical buffer 31 December 2017

Eur Thousands	2017
Total Risk exposure amount	27,932,846
Institution specific countercyclical capital buffer rate	0.0867%
Institution specific countercyclical capital buffer requirement	24,204

Capital Conservation Buffer

CEP is also required to hold a capital conservation buffer. The buffer was introduced 1 January 2016 at 0.625% of RWAs. 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 2017 was €472 million and 31 December 2016 was €244 million.

10. Leverage

10.1. 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 10.21% and 11.04% respectively at 31 December 2017.

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.

10.2. Management of Excessive Leverage Risk

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

- **Daily capital monitoring**: for both CHIL and CEP, capital ratios (CET1, Tier 1 and total capital ratio) are monitored on a daily basis. The excess capital over Pillar 1 requirements, over the ICG and over the capital action trigger are also monitored daily. The latter is an internal trigger set to ensure we manage the entities with enough of a capital 'buffer' to permit timely management decisions in case of a capital shortfall. This report is sent out to senior management every day.
- **Daily large exposure monitoring**: this shows the concentration to our largest counterparties (those to whom we have exposure equal to 10% or more of our eligible capital).
- **Leverage ratio/Risk Appetite limit**: the leverage ratio under CRR IV will be disclosed from 2015 and it becomes binding from 1 Jan 2016. CEP and CHIL's Risk Appetite limit is set at 5%, and it is being monitored and reported on a quarterly basis

- **New Products Approval Committee**: new products, new activities or complex transactions are reviewed in this forum which has representatives from the relevant business area and each support function in the firm.
- **Regulatory advisory pre-notification process**: the regulatory advisory team provide regular feedback to the businesses on the regulatory capital needed to support any new trade.
- **Product Control daily P&L meeting**: this meeting allows each product control team to highlight the P&L of their desk and this information is widely shared amongst the finance management team. This allows all the finance areas to be alerted if an expected or realised loss is incurred.
- **Liquidity monitoring/stresses/mismatch between assets and liabilities**: Citi employs multiple daily liquidity stress tests which measure Citi's ability to survive a range of potential stress environments. In doing this Citi's liquidity resources are measured against potential stressed liquidity outflows that may result as a consequence of liquidity mismatches, among other considerations. The requirement to cover these projected losses on a standalone basis acts as a governor against excessive leverage through overuse of maturity transformation or maturity gaps.
- **Forward-looking leverage ratio forecasts** are being produced as part of CHIL & CEP's ICAAP process

The following disclosure templates provide additional details on the Leverage Ratio.

Table 16a: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CHIL

This table summarises the total leverage exposure, comprising of the total assets in the statutory financial statement and other regulatory adjustments for leverage purposes.

	2017
EUR Thousands	**Applicable Amounts**
Total assets as per published financial statements	41,371,399
Adjustments for derivative financial instruments	(442,662)
Adjustments for securities financing transactions "SFTs"	1,078,846
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	21,592,619
Other adjustments	(344,296)
Leverage Ratio Exposure	64,141,231

Table 16b: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CEP

EUR Thousands	2017
Total assets as per published financial statements	41,372,436
Adjustments for derivative financial instruments	(442,662)
Adjustments for securities financing transactions "SFTs"	1,078,846
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	21,592,619
Other adjustments	(355,878)
Leverage Ratio Exposure	64,130,686

Table 17: Leverage Ratio Common Disclosure for CHIL & CEP

This table shows the breakdown of the Leverage exposure disclosed in Table 17a and 17b.

	2017	
	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)	35,983,506	35,984,579
Asset amounts deducted in determining Tier 1 capital	(339,893)	(351,511)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	35,643,613	35,633,068
Derivative Exposures		
Replacement cost associated with derivatives transactions	763,502	763,502
Add-on amounts for PFE associated with derivatives transactions	1,323,889	1,323,889
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(311,423)	(311,423)
Total Derivative Exposures	1,775,967	1,775,967
Securities financing transaction exposures		
SFT Exposure	5,129,031	5,129,031
Total Securities Financing Transaction Exposures	5,129,031	5,129,031
Off-Balance Sheet Exposures		
Off-balance sheet exposures at gross notional amount	21,592,619	21,592,619
Adjustments for conversion to credit equivalent amounts	(000)	(000)
Total Off-Balance Sheet Exposures	21,592,619	21,592,619
Capital and Total Exposures		
Tier 1 capital	7,084,173	7,076,898
Total Leverage Ratio Exposures	64,141,231	64,130,686
Leverage ratio		
Leverage ratio	11.04%	11.04%
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 18a: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CHIL

	2017
EUR Thousands	CRR Leverage Ratio Exposures
Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:	35,983,506
Trading Book Exposures	807,332
Banking Book Exposures, of which:	35,176,174
Exposures treated as sovereigns	12,415,443
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	315,609
Institutions	5,654,586
Secured by mortgages of immovable properties	227,695
Retail exposures	14,357
Corporate	13,521,214
Exposures in default	975,107
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,052,163

Table 18b: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CEP

EUR Thousands	2017 CRR Leverage Ratio Exposures
Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:	35,984,579
Trading Book Exposures	807,332
Banking Book Exposures, of which:	35,177,247
Exposures treated as sovereigns	12,415,443
Exposures to regional governments, MDB, international organisations and PSE NOT treated as	315,609
Institutions	5,654,586
Secured by mortgages of immovable properties	227,695
Retail exposures	14,357
Corporate	13,521,214
Exposures in default	975,107
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	2,053,236

There was no material change to the leverage ratio of CHIL and CEP versus the prior period (CHIL 2017 – 11.04% vs 2016 – 10.31%, CEP 2017 – 11.04% vs 2016 – 11.79%).

11. Non-Trading Book Exposures

11.1. 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 19: Non-Trading Book Equity Exposures 31 December 2017

EUR Thousands	2017	2016
Investments Held at Cost	31,715	32,984

12. Quantitative Disclosures on Credit Risk Profile and Credit Risk Mitigation (CRM)

12.1. Credit Risk disclosures on Off- and On-Balance Sheet exposures

The tables in this section detail CEP's credit risk profile focusing on on-balance sheet and off-balance sheet regulatory exposures.

The risk profile is further analysed into exposure classes, industry, regions, maturities and defaulted exposures.

Table 20a: CRB-B - Total and average net amount of exposures as of 2017

The table below provide a breakdown of credit risk exposures pre CCF and CRM by exposure class and average over four quarters.

EUR Thousands	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	-	-
Institutions	-	-
Corporates	-	-
Of which: Specialised lending	-	-
Of which: SMEs	-	-
Retail	-	-
Secured by real estate property	-	-
SMEs	-	-
Non-SMEs	-	-
Qualifying revolving	-	-
Other retail	-	-
SMEs	-	-
Non-SMEs	-	-
Equity	-	-
Total IRB approach	**-**	**-**
Central governments or central banks	11,935,982	13,571,419
Regional governments or local authorities	110,239	111,225
Public sector entities	414,612	508,698
Multilateral development banks	400,107	416,734
International organisations	7,255	61,258
Institutions	6,675,968	7,650,034
Corporates	42,019,037	42,271,486
Of which: SMEs	619,151	4,840
Retail	16,944	12,363
Of which: SMEs	4,018	633,877
Secured by mortgages on immovable property	227,695	191,628
Of which: SMEs	-	-
Exposures in default	1,476,897	586,979
Items associated with particularly high risk	334	278
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	1,656,017	1,426,199
Collective investments undertakings	4,153	5,452
Equity exposures	31,715	32,006
Other exposures	93,484	230,410
Total standardised approach	65,070,440	67,076,170
Total	**65,070,440**	**67,076,170**

Table 20b: CRB-B - Total and average net amount of exposures as of 2016

EUR Thousands	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	-	-
Institutions	-	-
Corporates	-	-
Of which: Specialised lending	-	-
Of which: SMEs	-	-
Retail	-	-
Secured by real estate property	-	-
SMEs	-	-
Non-SMEs	-	-
Qualifying revolving	-	-
Other retail	-	-
SMEs	-	-
Non-SMEs	-	-
Equity	-	-
Total IRB approach	**-**	**-**
Central governments or central banks	14,180,505	9,833,927
Regional governments or local authorities	111,482	149,356
Public sector entities	341,374	330,828
Multilateral development banks	761,277	797,660
International organisations	73,409	79,957
Institutions	10,239,054	11,307,852
Corporates	44,119,078	43,240,608
Of which: SMEs	554,025	536,118
Retail	510,130	539,964
Of which: SMEs	597,789	51,195
Secured by mortgages on immovable property	184,783	206,327
Of which: SMEs	-	0
Exposures in default	228,392	260,135
Items associated with particularly high risk	1	1
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	1,172,019	1,146,750
Collective investments undertakings	2,003	1,469
Equity exposures	32,984	32,984
Other exposures	184,508	201,217
Total standardised approach	72,140,998	68,129,034
Total	**72,140,998**	**68,129,034**

Credit risk exposure decreased by €7.1bn. Details of key movements are explained in further breakdown of exposure classes below.

Table 21a: CRB-C – Geographical breakdown of exposures as of 2017

This table provide a breakdown of credit risk exposures pre CCF and CRM by geographical areas and exposure classes.

	Net value								
EUR Thousands	Switzerland	Checz Republic	Germany	Spain	France	UK	Hungary	Ireland	Luxembourg
Central governments or central banks	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	1,353,167	147,526	17,356	701,147	1,253,168	826,416	2,437	28,962
Regional governments or local authorities	-	-	-	109,471	-	278	-	-	-
Public sector entities	2	-	-	1	76,214	378	-	4	0
Multilateral development banks	-	-	-	-	-	1,854	-	-	368,132
International organisations	4,873	-	5	-	-	-	-	-	-
Institutions	45,605	12,716	147,626	54,220	404,533	2,368,114	1,710	37,947	11,208
Corporates	2,082,305	1,430,373	3,765,701	3,255,789	9,610,381	4,380,723	922,407	1,567,529	644,787
Retail	0	3,162	-	-	0	8,344	3,310	0	0
Secured by mortgages on immovable property	-	-	-	173,185	72	-	-	-	54,438
Exposures in default	19,844	8,006	2,989	71,645	110,565	7,681	61,154	67,418	31,950
Items associated with particularly high risk	-	-	131	0	0	138	-	0	0
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	68,294	6,377	102,843	585	95,942	375,488	4,027	12,631	2,188
Collective investments undertakings	-	-	-	-	-	5	-	646	3,302
Equity exposures	-	-	-	-	-	12,192	32	-	-
Other exposures	0	7,599	0	0	4,035	25,588	33,929	7,053	111
Total standardised approach	**2,220,924**	**2,821,400**	**4,166,822**	**3,682,253**	**11,002,890**	**8,433,951**	**1,852,984**	**1,695,665**	**1,145,077**
Total	**2,220,924**	**2,821,400**	**4,166,822**	**3,682,253**	**11,002,890**	**8,433,951**	**1,852,984**	**1,695,665**	**1,145,077**

Table 21a: CRB-C – Geographical breakdown of exposures as of 2017 (continued)

	Net value							
EUR Thousands	Netherlands	Romania	Sweden	Rest of EMEA	USA	Rest of Americas	APAC	Total
Central governments or central banks	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	5,423,655	590,160	561,953	737,075	195,957	92,450	4,553	11,935,982
Regional governments or local authorities	-	-	-	-	490	-	-	110,239
Public sector entities	193,676	37	903	62,560	80,820	-	16	414,612
Multilateral development banks	-	-	-	1,092	2,216	-	26,813	400,107
International organisations	-	-	-	1,843	534	-	-	7,255
Institutions	67,097	926	2,117	2,321,817	710,209	136,517	353,606	6,675,968
Corporates	1,532,237	818,996	899,080	4,389,422	2,086,551	3,586,059	1,046,696	42,019,037
Retail	1	916	0	1,209	0	-	-	16,944
Secured by mortgages on immovable property	-	-	-	-	-	-	-	227,695
Exposures in default	529,200	23,765	-	394,968	116,478	31,235	0	1,476,897
Items associated with particularly high risk	50	-	0	14	1	0	-	334
Covered bonds	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	74,321	1,028	15,355	705,037	125,960	23,489	42,451	1,656,017
Collective investments undertakings	0	200	-	-	-	-	0	4,153
Equity exposures	-	34	-	1,596	17,861	-	-	31,715
Other exposures	158	5,543	994	8,427	45	1	0	93,484
Total standardised approach	**7,820,396**	**1,441,606**	**1,480,403**	**8,625,059**	**3,337,123**	**3,869,752**	**1,474,136**	**65,070,440**
Total	**7,820,396**	**1,441,606**	**1,480,403**	**8,625,059**	**3,337,123**	**3,869,752**	**1,474,136**	**65,070,440**

Table 21b: CRB-C – Geographical breakdown of exposures as of 2016

	Net value								
EUR Thousands	Switzerland	Checz Republic	Germany	Spain	France	UK	Hungary	Ireland	Luxembourg
Central governments or central banks	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	2,440,454	159,481	7,946	1,808,730	287,943	1,254,817	2,432	28,840
Regional governments or local authorities	-	-	-	110,438	-	257	-	-	13
Public sector entities	14	-	127	0	111,398	391	-	5	0
Multilateral development banks	-	-	-	-	-	713	-	-	715,940
International organisations	5,425	-	3	-	0	-	-	-	66,066
Institutions	43,573	882	100,332	77,321	303,430	5,541,704	259	54,332	102,363
Corporates	2,691,811	1,284,294	3,921,749	3,045,886	9,378,358	4,496,752	913,437	1,827,337	670,325
Retail	0	4,208	0	-	13	8,504	496,127	0	0
Secured by mortgages on immovable property	-	-	-	-	227	-	2,311	-	141,415
Exposures in default	-	43,427	-	13,808	-	14,564	1,618	47,106	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	104,456	-	131,026	498,756	26,402	-	-
Collective investments undertakings	-	-	-	-	-	22	-	1,264	717
Equity exposures	-	-	-	-	-	13,266	32	-	-
Other exposures	0	3,393	87	2,120	4,745	108,878	9,325	7,926	197
Total standardised approach	**2,740,823**	**3,776,659**	**4,286,235**	**3,257,519**	**11,737,926**	**10,971,750**	**2,704,328**	**1,940,403**	**1,725,875**
Total	**2,740,823**	**3,776,659**	**4,286,235**	**3,257,519**	**11,737,926**	**10,971,750**	**2,704,328**	**1,940,403**	**1,725,875**

Table 21b: CRB-C – Geographical breakdown of exposures as of 2016 (continued)

	Net value							
EUR Thousands	Netherlands	Romania	Sweden	Rest of EMEA	USA	Rest of Americas	APAC	Total
Central governments or central banks	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	5,830,981	565,717	841,970	608,486	218,753	117,570	6,384	14,180,505
Regional governments or local authorities	-	-	-	-	773	-	-	111,482
Public sector entities	195,929	61	0	25,053	-	8,374	22	341,374
Multilateral development banks	-	-	-	44,300	196	-	129	761,277
International organisations	-	-	-	1,424	492	-	-	73,409
Institutions	74,456	5,808	4,175	2,789,430	573,646	175,233	392,111	10,239,054
Corporates	2,066,810	626,289	1,235,697	4,588,373	2,617,244	4,201,232	553,634	44,119,226
Retail	508	615	0	154	0	0	-	510,130
Secured by mortgages on immovable property	40,830	-	-	-	-	-	-	184,783
Exposures in default	0	698	-	45,050	-	62,120	-	228,392
Items associated with particularly high risk	0	-	-	-	0	0	-	1
Covered bonds	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	1,500	666	329,367	63,959	1,227	14,659	1,172,019
Collective investments undertakings	0	0	-	-	-	-	-	2,003
Equity exposures	-	35	-	1,838	17,812	-	-	32,984
Other exposures	762	32,837	1,432	12,643	11	1	1	184,360
Total standardised approach	**8,210,276**	**1,233,560**	**2,083,940**	**8,446,120**	**3,492,886**	**4,565,758**	**966,941**	**72,140,998**
Total	**8,210,276**	**1,233,560**	**2,083,940**	**8,446,120**	**3,492,886**	**4,565,758**	**966,941**	**72,140,998**

Credit risk exposure decreased by €7.1bn mainly due to the following key geographical areas:

- UK decreased by €2.5bn due to a decrease on CBNA London branch as a result of a decrease in placements
- Czech Republic, France and Hungary decreased by €2.5bn due to a decrease in exposures to central governments.

Table 22a: CRB-D – Concentration of exposures by industry as of 2017

This table provide a breakdown of exposures pre CCF and CRM by industry or counterparty types and exposure classes

EUR Thousands	Business Administrative Services	Credit Instituitions	Electricity, Gas, Steam and Air Conditioning Supply	Financial Intermediation (Excl. Monetary Financial Institutions)	Information and Communication	Manufacturing	Personal (Private Households)	Primary Industries
Central governments or central banks	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	-	-	177,670	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-
Public sector entities	-	195,235	45,264	4	3	32	-	14
Multilateral development banks	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-
Institutions	45	5,709,109	-	422,808	0	0	-	-
Corporates	2,428,650	74,345	3,152,256	12,050,799	3,568,848	11,981,203	1,567,607	1,000,629
Retail	1,673	-	1,908	0	1,924	590	127	-
Secured by mortgages on immovable property	-	-	-	54,438	-	-	72	-
Exposures in default	302,000	60	99,776	38,138	7,513	601,203	-	14,150
Items associated with particularly high risk	-	-	-	334	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	3,009	692,509	57,693	84,096	72,088	652,599	-	12,000
Collective investments undertakings	-	-	-	4,153	-	-	-	-
Equity exposures	-	603	-	28,137	43	-	2,932	-
Other exposures	515	172	(1,654)	(1,550)	(37)	(1,042)	82,814	-
Total standardised approach	**2,735,892**	**6,672,031**	**3,355,244**	**12,859,028**	**3,650,382**	**13,234,586**	**1,653,552**	**1,026,793**
Total	**2,735,892**	**6,672,031**	**3,355,244**	**12,859,028**	**3,650,382**	**13,234,586**	**1,653,552**	**1,026,793**

Table 22a: CRB-D – Concentration of exposures by industry as of 2017 (continued)

EUR Thousands	Public Administration and Defence	Transportation and Storage	Wholesale/Retail Trade & Repairs	Central Banks	Other	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	1,965,341	-	-	9,784,893	8,078	11,935,982
Regional governments or local authorities	110,239	-	-	-	-	110,239
Public sector entities	2,026	91,209	-	-	80,824	414,612
Multilateral development banks	-	-	-	-	400,107	400,107
International organisations	-	-	-	-	7,255	7,255
Institutions	-	-	-	-	544,006	6,675,968
Corporates	36	1,906,139	3,101,674	-	1,186,851	42,019,037
Retail	-	274	4,005	-	6,443	16,944
Secured by mortgages on immovable property	-	-	-	-	173,185	227,695
Exposures in default	-	41,300	296,741	-	76,016	1,476,897
Items associated with particularly high risk	-	-	-	-	-	334
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	402	-	-	81,620	1,656,017
Collective investments undertakings	-	-	-	-	-	4,153
Equity exposures	-	-	-	-	-	31,715
Other exposures	(2,044)	130	(54)	(0)	16,235	93,484
Total standardised approach	**2,075,598**	**2,039,453**	**3,402,366**	**9,784,893**	**2,580,621**	**65,070,440**
Total	**2,075,598**	**2,039,453**	**3,402,366**	**9,784,893**	**2,580,621**	**65,070,440**

Table 22b: CRB-D – Concentration of exposures by industry as of 2016

EUR Thousands	Business Administrative Services	Credit Instituitions	Electricity, Gas, Steam and Air Conditioning Supply	Financial Intermediation (Excl. Monetary Financial Institutions)	Information and Communication	Manufacturing	Personal (Private Households)
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	1	-	164,554	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-
Public sector entities	-	196,681	0	28	4	884	-
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	0	9,386,937	-	412,259	-	-	3
Corporates	2,113,389	188,290	3,433,687	14,021,388	3,275,721	12,499,369	948,526
Retail	3,242	-	616	2	3,279	14,901	46,195
Secured by mortgages on immovable property	-	-	-	40,830	-	-	227
Exposures in default	88,873	(19)	-	47,701	0	22,985	(33)
Items associated with particularly high risk	-	-	-	1	-	-	-
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	495,931	28,431	31,251	74,466	467,257	-
Collective investments undertakings	-	-	-	2,003	-	-	-
Equity exposures	221	625	-	28,439	43	-	3,657
Other exposures	666	295	-	-	-	198	187,278
Total standardised approach	**2,206,391**	**10,268,740**	**3,462,734**	**14,748,453**	**3,353,513**	**13,005,594**	**1,185,852**
Total	**2,206,391**	**10,268,740**	**3,462,734**	**14,748,453**	**3,353,513**	**13,005,594**	**1,185,852**

Table 22b: CRB-D – Concentration of exposures by industry as of 2016 (continued)

EUR Thousands	Primary Industries	Public Administration and Defence	Transportation and Storage	Wholesale/Retail Trade & Repairs	Central Banks	Other	Total
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	2,005,071	-	-	11,998,642	2,669	14,170,936
Regional governments or local authorities	-	111,482	-	-	-	-	111,482
Public sector entities	-	10,328	22,058	-	-	111,392	341,374
Multilateral development banks	-	-	-	-	-	761,277	761,277
International organisations	-	-	-	-	-	73,409	73,409
Institutions	-	-	-	-	-	439,855	10,239,054
Corporates	1,338,318	177	1,815,583	3,165,118	-	1,318,502	44,118,068
Retail	0	-	4,794	21,361	-	415,740	510,130
Secured by mortgages on immovable property	-	-	-	-	-	143,726	184,783
Exposures in default	67	-	52,567	14,479	-	1,772	228,392
Items associated with particularly high risk	-	-	-	-	-	-	1
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	74,684	-	-	-	-	-	1,172,019
Collective investments undertakings	-	-	-	-	-	-	2,003
Equity exposures	-	-	-	-	-	-	32,984
Other exposures	-	-	202	-	-	6,446	195,085
Total standardised approach	**1,413,069**	**2,127,057**	**1,895,204**	**3,200,959**	**11,998,642**	**3,274,787**	**72,140,995**
Total	**1,413,069**	**2,127,057**	**1,895,204**	**3,200,959**	**11,998,642**	**3,274,787**	**72,140,995**

Credit risk exposure decreased by €7.1bn mainly driven by activities in the Credit Institutions, Financial Intermediation and Central Banks sectors.

Table 23a: CRB-E – Maturity of exposures as of 2017

The table below provide a breakdown of net exposures pre CCF and CRM by residual maturity and exposure classes.

	Net exposure value					
EUR Thousands	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	10,967,469	828,276	140,238	-	11,935,982
Regional governments or local authorities	-	110,239	-	-	-	110,239
Public sector entities	-	122,589	202,919	89,103	-	414,612
Multilateral development banks	-	84,707	278,162	37,238	-	400,107
International organisations	-	7,255	-	-	-	7,255
Institutions	-	6,327,095	345,764	3,108	-	6,675,968
Corporates	-	22,398,109	17,001,918	2,619,010	-	42,019,037
Retail	-	16,179	578	187	-	16,944
Secured by mortgages on immovable property	-	227,623	72	-	-	227,695
Exposures in default	-	969,667	149,509	357,721	-	1,476,897
Items associated with particularly high risk	-	203	131	-	-	334
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	1,656,017	-	-	-	1,656,017
Collective investments undertakings	-	4,153	-	-	-	4,153
Equity exposures	-	31,715	-	-	-	31,715
Other exposures	-	93,484	0	-	-	93,484
Total standardised approach	**-**	**43,016,505**	**18,807,329**	**3,246,606**	**-**	**65,070,440**
Total	**-**	**43,016,505**	**18,807,329**	**3,246,606**	**-**	**65,070,440**

Table 23b: CRB-E – Maturity of exposures as of 2016

	Net exposure value					
EUR Thousands	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Total IRB approach	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	13,199,177	743,297	238,032	-	14,180,505
Regional governments or local authorities	-	10,804	100,678	-	-	111,482
Public sector entities	-	258,184	60,892	22,298	-	341,374
Multilateral development banks	-	58,027	288,124	415,127	-	761,277
International organisations	-	75,344	(2,301)	366	-	73,409
Institutions	-	8,283,541	1,949,993	5,519	-	10,239,054
Corporates	-	19,910,388	20,808,912	3,399,926	-	44,119,226
Retail	-	502,641	5,414	2,075	-	510,130
Secured by mortgages on immovable property	-	184,556	36	190	-	184,783
Exposures in default	-	225,523	2,868	-	-	228,392
Items associated with particularly high risk	-	1	-	-	-	1
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	1,172,019	-	-	-	1,172,019
Collective investments undertakings	-	2,003	-	-	-	2,003
Equity exposures	-	32,984	-	-	-	32,984
Other exposures	-	184,360	-	-	-	184,360
Total standardised approach	**-**	**44,099,553**	**23,957,912**	**4,083,533**	**-**	**72,140,998**
Total	**-**	**44,099,553**	**23,957,912**	**4,083,533**	**-**	**72,140,998**

Table 24a: CR1-A – Credit quality of exposures by exposures class and instrument as of 2017

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the	Net values
EUR Thousands	Defaulted exposures	Non-defaulted exposures					
Total IRB approach	-	-	-		-	-	-
Central governments or central banks	-	13,190,395	-	3,229	-	-	13,187,166
Regional governments or local authorities	-	110,239	-	158	-	-	110,081
Public sector entities	49,362	509,117	1,574	294	-	-	556,611
Multilateral development banks	-	400,107	-	11	-	-	400,096
International organisations	-	7,255	-	4	0	-	7,251
Institutions	60	10,203,161	-	16,778	166	-	10,186,277
Corporates	1,465,774	42,878,559	109,899	72,125	57,538	-	44,104,771
Of which: SMEs	7,383	622,677	-	4,174	-	-	625,885
Retail	-	16,964	-	37	0	-	16,927
Of which: SMEs	-	4,038	-	20	-	-	4,018
Secured by mortgages on immovable property	-	227,695	-	987	-	-	226,708
Of which: SMEs	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-
Items associated with particularly high risk	-	334	-	3	-	-	331
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	1,725,752	-	2,812	60	-	1,722,880
Collective investments undertakings	-	19,445	-	98	-	-	19,347
Equity exposures	-	31,715	-	-	-	-	31,715
Other exposures	-	93,526	-	571	428	-	92,527
Total standardised approach	**1,515,196**	**69,414,267**	**111,473**	**97,107**	**58,192**	**-**	**70,662,691**
Total	**1,515,196**	**69,414,267**	**111,473**	**97,107**	**58,192**	**-**	**70,662,691**

Table 24b: CR1-A – Credit quality of exposures by exposures class and instrument as of 2016

EUR Thousands	Gross carrying values of: Defaulted exposures	Gross carrying values of: Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the	Net values
Total IRB approach	-	-	-	-	-	-	-
Central governments or central banks	-	14,656,288	-	5,125	-	-	14,651,163
Regional governments or local authorities	-	111,482	-	262	-	-	111,220
Public sector entities	0	439,208	-	14,727	2	-	424,479
Multilateral development banks	-	761,277	-	116	-	-	761,162
International organisations	-	73,409	-	11	264	-	73,135
Institutions	1	13,575,768	-	10,068	1,376	-	13,564,325
Corporates	147,015	45,236,383	28,817	72,612	30,959	-	45,251,010
Of which: SMEs	7,164	556,932	-	3,188	-	-	560,907
Retail	101	510,604	-	365	0	-	510,340
Of which: SMEs	-	44,189	-	286	-	-	43,902
Secured by mortgages on immovable property	-	184,783	-	298	-	-	184,485
Of which: SMEs	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-
Items associated with particularly high risk	-	1	-	3	-	-	(3)
Covered bonds	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	1,189,475	-	76	-	-	1,189,399
Collective investments undertakings	-	8,537	-	9	-	-	8,527
Equity exposures	-	32,984	-	1	-	-	32,983
Other exposures	81,275	184,567	-	286	-	-	265,556
Total standardised approach	**228,392**	**76,964,765**	**28,817**	**103,959**	**32,601**	**-**	**77,027,780**
Total	**228,392**	**76,964,765**	**28,817**	**103,959**	**32,601**	**-**	**77,027,780**

Table 25a: CR1-B – Credit quality of exposures by industry or counterparty types as of 2017

The table provide a picture of the credit quality of CEP's on-balance-sheet and off-balance sheet exposures by industry or counterparty types.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
EUR Thousands	Defaulted exposures	Non-defaulted exposures					
Business Administrative Services	313,764	2,520,513	16,389	6,382	25,000	-	2,786,505
Credit Instituitions	60	9,915,174	-	17,905	204	-	9,897,125
Electricity, Gas, Steam and Air Conditioning Supply	104,701	3,446,852	9,980	2,295	0	-	3,539,277
Financial Intermediation (Excl. Monetary Financial Institutions)	38,596	13,362,884	458	5,760	1,719	-	13,393,543
Information and Communication	7,515	3,722,279	67	8,194	72	-	3,721,461
Manufacturing	618,624	12,789,738	29,016	29,981	1,728	-	13,347,637
Personal (Private Households)	-	1,743,119	-	574	431	-	1,742,114
Primary Industries	14,150	1,064,708	-	1,042	-	-	1,077,816
Public Administration and Defence	-	2,454,568	-	2,537	-	-	2,452,032
Transportation and Storage	41,994	2,095,473	2,291	3,759	6,708	-	2,124,709
Wholesale/Retail Trade & Repairs	297,507	3,126,339	49,428	10,952	11,562	-	3,351,905
Central Banks	-	10,660,678	-	996	-	-	10,659,682
Other	78,287	2,511,942	3,844	6,729	10,768	-	2,568,886
Total	**1,515,196**	**69,414,267**	**111,473**	**97,107**	**58,192**	**-**	**70,662,691**

Table 25b: CR1-B – Credit quality of exposures by industry or counterparty types as of 2016

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
EUR Thousands	Defaulted exposures	Non-defaulted exposures					
Business Administrative Services	88,854	2,202,607	16,254	5,285	13,585	-	2,256,338
Credit Instituitions	-	13,570,941	-	10,184	1,423	-	13,559,334
Electricity, Gas, Steam and Air Conditioning Supply	-	3,554,749	-	2,292	6	-	3,552,452
Financial Intermediation (Excl. Monetary Financial Institutions)	47,701	14,880,738	-	3,571	122	-	14,924,747
Information and Communication	-	3,358,847	-	6,161	53	-	3,352,633
Manufacturing	22,985	13,483,776	1,994	22,091	1,795	-	13,480,881
Personal (Private Households)	-	1,229,566	-	238	1,347	-	1,227,981
Primary Industries	67	1,659,528	-	1,358	9	-	1,658,227
Public Administration and Defence	-	2,197,537	-	2,762	-	-	2,194,775
Transportation and Storage	52,534	1,921,651	9,994	14,896	6,466	-	1,942,830
Wholesale/Retail Trade & Repairs	14,479	3,199,231	575	7,047	7,613	-	3,198,475
Central Banks	-	12,405,657	-	2,804	-	-	12,402,852
Other	1,772	3,299,938	-	25,271	182	-	3,276,256
Total	**228,392**	**76,964,765**	**28,817**	**103,959**	**32,601**	**-**	**77,027,780**

Table 26a: CR1-C - Credit quality of exposures by geography as of 2017

This table provide a picture of the credit quality of CEP's on-balance-sheet and off-balance-sheet exposures by geography.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
EUR Thousands	Defaulted exposures	Non-defaulted					
Switzerland	20,885	2,207,776	1,971	-	159	-	2,226,531
Checz Republic	8,006	3,898,561	221	7,024	17,447	-	3,881,874
Germany	2,989	4,273,690	332	-	117	-	4,276,230
Spain	74,429	3,743,087	7,391	4,174	2,727	-	3,803,224
France	116,122	11,131,088	7,132	3,907	10,880	-	11,225,291
UK	7,681	9,911,506	1,597	22,441	7,462	-	9,887,687
Hungary	61,154	1,883,400	7,471	3,587	385	-	1,933,110
Ireland	69,722	1,637,834	3,317	44,681	1,733	-	1,657,825
Luxembourg	34,851	1,165,333	2,901	33	20	-	1,197,230
Netherlands	539,464	7,361,461	6,817	300	158	-	7,893,649
Romania	23,765	1,524,885	2,023	3,776	32	-	1,542,819
Sweden	-	1,495,692	-	36	66	-	1,495,589
Rest of EMEA	404,862	8,513,255	57,799	7,148	11,972	-	8,841,198
USA	119,337	5,333,537	11,806	-	4,980	-	5,436,088
Rest of Americas	31,929	3,847,023	694	-	23	-	3,878,235
APAC	0	1,486,141	-	-	31	-	1,486,110
Total	**1,515,196**	**69,414,267**	**111,473**	**97,107**	**58,192**	**-**	**70,662,691**

Table 26b: CR1-C - Credit quality of exposures by geography as of 2016

EUR Thousands	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
	Defaulted exposures	Non-defaulted exposures					
Switzerland	-	2,748,460	-	1,478	491	-	2,746,492
Checz Republic	43,427	4,172,467	-	4,351	13,561	-	4,197,982
Germany	-	4,633,621	-	2,290	132	-	4,631,199
Spain	13,808	3,384,630	4,064	5,522	4,815	-	3,384,038
France	-	11,816,491	-	33,930	104	-	11,782,457
UK	14,564	12,071,546	-	7,602	1,483	-	12,077,025
Hungary	1,618	2,722,616	-	-	573	-	2,723,661
Ireland	47,106	1,894,639	-	2,083	14	-	1,939,648
Luxembourg	-	1,733,506	-	-	23	-	1,733,482
Netherlands	0	8,417,872	-	4,485	190	-	8,413,197
Romania	698	1,283,154	-	-	425	-	1,283,427
Sweden	-	2,086,498	-	-	38	-	2,086,461
Rest of EMEA	45,050	8,622,873	24,511	39,801	7,286	-	8,596,325
USA	-	5,409,040	-	2,100	637	-	5,406,303
Rest of Americas	62,120	4,979,205	242	318	2,777	-	5,037,987
APAC	-	988,148	-	-	52	-	988,096
Total	**228,392**	**76,964,765**	**28,817**	**103,959**	**32,601**	**-**	**77,027,780**

Table 27: CR1-D – Ageing of past-due exposures as at 31 December 2017

EUR Thousands	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	931,284	13,600	-	-	7,380	22,843
Debt securities	-	-	-	-	-	-
Total exposures	931,284	13,600	-	-	7,380	22,843

Table 28: CR1-E – Non-performing and forborne exposures as at 31 December 2017

	Gross carrying amount of performing and non-performing exposures						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Of which performing but past	Of which performing	Of which non-performing				On performing exposures		On non-performing exposures		On non- performing exposures	Of which forborne exposures
EUR Thousands				Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	975,107	302,132	975,107	31,249	-	-	144,009	364	36,469	18,512
Off-balance-sheet exposures	-	-	534,661	-	-	-	-	-	-	-	-	-

Table 29: CR2-A – Changes in the stock of general and specific credit risk adjustments as at 31 December 2017

EUR Thousands	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	**(25)**	**(87)**
Increases due to amounts set aside for estimated loan losses during the period	(108)	(16)
Decreases due to amounts reversed for estimated loan losses during the period	1	6
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	**(132)**	**(97)**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	10	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	(86)	-

Table 30: CR2-B – Changes in the stock of defaulted and impaired loans and debt securities as at 31 December 2017

EUR Thousands	Gross carrying value defaulted exposures
Opening balance	**216,862**
Loans and debt securities that have defaulted or impaired since the last reporting period	237,116
Returned to non-defaulted status	-
Amounts written off	(58,192)
Other changes	(93,655)
Closing balance	**302,132**

12.2. Credit Risk Mitigation (CRM)

The table below shows the extent of the use of CRM techniques used in total credit risk exposures.

Table 31a: CR3 - CRM techniques – Overview as of 2017

EUR Thousands	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	14,677,713	-	272	-	-
Total debt securities	2,345,522	-	-	-	-
Total exposures	**17,023,234**	**-**	**272**	**-**	**-**
Of which defaulted	881,495	-	-	-	-

Table 31b: CR3 - CRM techniques – Overview as of 2016

EUR Thousands	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	12,587,594	-	-	-	-
Total debt securities	2,842,966	-	-	-	-
Total exposures	**15,430,560**	**-**	**-**	**-**	**-**
Of which defaulted	116,901	-	-	-	-

Counterparty Credit Risk

The following table provides a comprehensive view of the methods used by CEP to calculate Counterparty Credit Risk (CCR) regulatory requirements and the main parameters used within each method. This excludes CVA charges or exposures cleared through a CCP.

Table 32a: CCR1: Analysis of CCR exposure by approach as of 2017

The table below provides the regulatory calculations for CVA under the standardised and advanced method approaches.

EUR Thousands	Notional	Replacement cost/current market value	Potential futurecredit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market	-	140,656	1,323,889	-	-	1,464,544	970,036
Original exposure	-	-	-	-	-	-	-
Standardised approach	-	-	-	-	-	-	-
IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
Of which securities financing transactions	-	-	-	-	-	-	-
Of which derivatives and long settlement transactions	-	-	-	-	-	-	-
Of which from contractual cross- product netting	-	-	-	-	-	-	-
Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-
Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	989,918	28,229
VaR for SFTs	-	-	-	-	-	-	-
Total	**-**	-	-	-	-	-	**998,264**

Table 32b: CCR1: Analysis of CCR exposure by approach as of 2016

EUR Thousands	Notional	Replacement cost/current market value	Potential futurecredit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market	-	168,727	1,585,212	-	-	1,585,212	1,040,941
Original exposure	-	-	-	-	-	-	-
Standardised approach	-	-	-	-	-	-	-
IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
Of which securities financing transactions	-	-	-	-	-	-	-
Of which derivatives and long settlement transactions	-	-	-	-	-	-	-
Of which from contractual cross- product netting	-	-	-	-	-	-	-
Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-
Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	407,737	482
VaR for SFTs	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	**1,041,424**

Table 33a: CCR2 - Credit valuation adjustment (CVA) capital charge as of 2017

The following table provides a comprehensive picture of the institution's exposures to CCPs. In particular, the template includes all types of exposures (due to operations, margins, and contributions to default funds) and related capital requirements.

EUR Thousands	Exposure value	RWAs
Total portfolios subject to the advanced method	-	-
(i) VaR component (including the 3× multiplier)	-	-
(ii) SVaR component (including the 3× multiplier)	-	-
All portfolios subject to the standardised method	668,211	828,886
Based on the original exposure method	-	-
Total subject to the CVA capital charge	668,211	828,886

Table 13b: CCR2 - Credit valuation adjustment (CVA) capital charge as of 2016

EUR Thousands	Exposure value	RWAs
Total portfolios subject to the advanced method	-	-
(i) VaR component (including the 3× multiplier)	-	-
(ii) SVaR component (including the 3× multiplier)	-	-
All portfolios subject to the standardised method	1,124,432	560,396
Based on the original exposure method	-	-
Total subject to the CVA capital charge	1,124,432	560,396

Table 34: CCR8 - Exposures to CCPs as of 2017

The table below provides a breakdown of Counterparty Credit Risk exposures and risk-weighted by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardised approach).

EUR Thousands	EAD post CRM	RWAs
Exposures to QCCPs (total)	-	-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Prefunded default fund contributions	140,290	19,938
Alternative calculation of own funds requirements for exposures	-	-
Exposures to non-QCCPs (total)	-	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

Table 35a: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk as of 2017

The following table provides an overview of the impact of netting and collateral held on exposures for SFT and derivatives, including exposures arising from transactions cleared through a CCP.

Exposure classes	Risk weight											Total	Of which unrated
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
Central governments or central banks	1,008,631	-	-	-	-	-	-	-	-	-	-	1,008,631	960,411
Regional government or local authorities	-	-	-	-			-				-	-	-
Public sector entities	-	-	-	-	80,464	-	-	-	342	-	-	80,806	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	
Institutions	-	-	-	-	107	696,085	-	-	21,971	(0)	-	718,162	49,775
Corporates	-	-	-	-	18,486	23,885	-	-	484,439	44,533	-	571,343	258,744
Retail	-	-	-	-	-	-	-	20	-	-	-	20	20
Institutions and corporates with a short-term credit assessment	-	-	-	-	4,499	59,426	-	-	5,811	-	-	69,736	-
Other items	-	-	-	-	-	-	-	-	335	5,428	-	5,763	615
Total	**1,008,631**	-	-	-	**103,555**	**779,396**	-	**20**	**512,898**	**49,962**	-	**2,454,462**	**1,269,566**

Table 35b: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk as of 2016b

Exposure classes	Risk weight											Total	Of which unrated
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
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	-	-	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**

Table 36a: CCR5-A - Impact of netting and collateral held on exposure values as of 2017

The following table shows the breakdown of all types of posted or received by CEP to support or reduce Counterparty Credit Risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

EUR Thousands	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	1,280,824	828,745	452,079	311,423	140,656
SFTs	4,050,185	-	4,050,185	3,060,267	989,918
Cross-product netting	-	-	-	-	-
Total	**5,331,009**	**828,745**	**4,502,264**	**3,371,690**	**1,130,573**

Table 36b: CCR5-A - Impact of netting and collateral held on exposure values as of 2016

EUR Thousands	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	1,952,059	1,574,211	377,848	209,120	168,727
SFTs	3,257,827	-	3,257,827	2,850,091	407,737
Cross-product netting	-	-	-	-	-
Total	**5,209,886**	**1,574,211**	**3,635,675**	**3,059,211**	**576,464**

Table 37: CCR5-B - Composition of collateral for exposures to CCR as of 2017

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of collateral posted
EUR Thousands	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	-	382,188	-	545,056	-	101,260
Debt	-	-	-	-	3,522,837	-
Total	**-**	**382,188**	**-**	**545,056**	**3,522,837**	**101,260**

The table below illustrates the extent of CEP's exposures to credit derivative transactions broken down between derivatives bought or sold.

Table 38a: CCR6: Credit derivatives exposures as of 2017

EUR Thousands	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals	-	-	-
Single-name credit default swaps	170,267	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
Total notionals	**170,267**	**-**	**-**
Fair values	**-**	**-**	**-**
Positive fair value (asset)	**-**	**-**	**-**
Negative fair value (liability)	**(7,275)**	**-**	**-**

Table 38b: CCR6: Credit derivatives exposures as of 2016

EUR Thousands	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals	-	-	-
Single-name credit default swaps	224,849	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
Total notionals	**224,849**	**-**	**-**
Fair values	-	**-**	**-**
Positive fair value (asset)	**83**	**-**	**-**
Negative fair value (liability)	**(7,705)**	**-**	**-**

13. Credit Risk and CRM in the Standardised Approach

13.1. 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 39: 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 40: 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%

Table 41a: CR4 - Standardised approach – Credit risk exposure and CRM effects as of 2017

This table shows the effect of CCF and CRM techniques applied on total on-balance sheet and off-balance sheet credit risk exposures, across exposure classes.

EUR Thousands	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes	**On-balance-sheet amount**	**Off-balance-sheet amount**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**RWAs**	**RWA density**
Central governments or central banks	11,909,475	26,507	11,909,475	15,565	112,665	1%
Regional government or local authorities	110,239	-	110,239	-	154	0%
Public sector entities	314,356	100,256	314,356	50,217	112,788	31%
Multilateral development banks	396,497	3,611	396,497	1,772	546	0%
International organisations	486	6,770	486	3,385	3,871	100%
Institutions	5,179,358	1,496,610	5,179,100	977,212	3,640,480	59%
Corporates	12,879,745	29,139,292	12,879,745	12,653,600	23,319,095	91%
Retail	14,357	2,587	14,357	1,151	11,631	75%
Secured by mortgages on immovable property	227,695	0	227,695	0	227,649	100%
Exposures in default	896,504	501,790	896,504	284,012	1,765,567	150%
Higher-risk categories	67	267	67	224	437	150%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	1,116,697	539,320	1,116,458	322,092	1,410,483	98%
Collective investment undertakings	4,153	-	4,153	-	4,153	100%
Equity	31,715	-	31,715	-	31,715	100%
Other items	93,364	120	93,364	60	81,330	87%
Total	**33,174,708**	**31,817,129**	**33,174,211**	**14,309,289**	**30,722,562**	**65%**

Table 41b: CR4 - Standardised approach – Credit risk exposure and CRM effects as of 2016

EUR Thousands	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes	**On-balance-sheet amount**	**Off-balance-sheet amount**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**RWAs**	**RWA density**
Central governments or central banks	14,125,415	55,090	14,125,415	28,588	119,808	1%
Regional government or local authorities	111,482	-	111,482	-	209	0%
Public sector entities	338,833	2,541	338,833	1,353	182,164	54%
Multilateral development banks	760,541	737	760,541	313	26,724	4%
International organisations	66,299	7,111	66,299	3,555	3,788	5%
Institutions	8,007,069	2,231,984	7,989,878	1,504,109	5,300,556	56%
Corporates	12,701,961	31,417,265	12,701,961	14,881,601	25,040,725	91%
Retail	219,399	290,731	219,399	67,187	214,939	75%
Secured by mortgages on immovable property	184,783	0	184,783	-	183,133	99%
Exposures in default	171,885	27,690	171,885	13,451	255,848	138%
Higher-risk categories	1	-	1	-	1	150%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	967,841	204,178	966,764	116,068	970,062	90%
Collective investment undertakings	2,003	-	2,003	-	2,003	100%
Equity	32,984	-	32,984	-	32,984	100%
Other items	184,302	58	184,302	29	156,955	85%
Total	**37,874,797**	**34,237,384**	**37,856,528**	**16,616,254**	**32,489,898**	**60%**

The decrease in RWA in 2017 was mainly due to a decrease in placements.

Table 42a: CR5 - Standardised approach - Risk Weighted as of 2017

This table provides the breakdown of exposures under the standardised approach by asset class and risk weight.

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	11,785,013	-			274	-	54,287		-	85,467	-						11,925,041	9,256,046
Regional government or local authorities	109,471	-			768	-	-		-	-	-						110,239	109,471
Public sector entities	-	-			314,728	-	4		-	49,840	-						364,572	832
Multilateral development banks	397,722	-			-	-	-		-	546	-						398,268	546
International organisations	-	-			-	-	-		-	3,871	-						3,871	3,871
Institutions	-	357,413			524,203	-	3,639,826		-	1,487,452	147,418						6,156,311	864,931
Corporates	322	-			1,144,107	-	2,752,697		-	21,480,806	155,413						25,533,345	16,780,903
Retail	-	-			-	-	-		15,508	-	-						15,508	13,605
	-	-			-	72	-		-	227,623	-						227,695	227,695
Secured by mortgages on immovable property																		
Exposures in default	-	-			-	-	-		-	10,416	1,170,101						1,180,516	1,001,797
Higher-risk categories	-	-			-	-	-		-	-	291						291	291
Covered bonds																	-	
Institutions and corporates with a short-term credit assessment	-	-			131,792	-	232,256		-	687,514	386,988						1,438,550	
Collective investment undertakings	-	-			-	-	-		-	4,153	-						4,153	4,153
Equity	-	-			-	-	-		-	31,715	-						31,715	3,599
Other items	10,232	-			4,170	-	-		-	76,077	2,946						93,424	95,874
Total	**12,302,760**	**357,413**			**2,120,042**	**72**	**6,679,070**		**15,508**	**24,145,480**	**1,863,157**						**47,483,500**	**28,363,614**

Table 42b: CR5 - Standardised approach - Risk Weighted as of 2016

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	-	-	22,238,921	560,547	-	-	-	-	-	27,583,562	18,013,786
Retail	-	-	-	-	-	-	-	-	286,586	-	-	-	-	-	-	-	286,586	286,586
	-	-	-	-	-	2,538	-	-	-	182,245	-	-	-	-	-	-	184,783	184,783
Secured by mortgages on immovable property																		
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	-	-	-	-	154,116	328	-	-	-	-	-	184,331	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**

14. Market Risk

Table 43: MR1 - Market risk under the standardised approach as of 2017

The table display the components of own funds requirements under the standardised approach for market risk.

EUR Thousands	RWAs	Capital requirements
Outright products		
Interest rate risk (general and specific)	1,041,513	83,321
Equity risk (general and specific)	-	-
Foreign exchange risk	268,896	21,512
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation (specific risk)	-	-
Total	**1,310,409**	**104,833**

15. Liquidity Risk

15.1. LCR Disclosure

The amounts reported in each quarter below, are the average of the previous 12-month end amounts preceding that particular quarter. The below table shows an upward trend in the CEP LCR from 103 to 118%.

Table 44: LIQ1 – LCR disclosure

	Amounts in Euro million	Total unweighted value				Total weighted value			
	Quarter ending on*	Mar-17	Jun-17	Sep-17	Dec-17	Mar-17	Jun-17	Sep-17	Dec-17
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					13,869	14,729	15,476	15,208
	CASH-OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	4,436	4,263	4,042	3,897	887	853	808	779
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	4,436	4,263	4,042	3,897	887	853	808	779
5	Unsecured wholesale funding	22,621	23,225	23,265	22,087	11,938	12,342	12,608	11,797
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	11,497	11,619	10,715	9,663	2,780	2,812	2,594	2,338
7	*Non-operational deposits (all counterparties)*	11,123	11,606	12,550	12,424	9,157	9,530	10,014	9,458
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
1	Additional requirements	16,215	16,436	16,534	16,405	3,004	3,082	3,154	3,091
1 1	*Outflows related to derivative exposures and other collateral requirements*	598	668	742	807	598	668	742	807
1 -	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
1 3	*Credit and liquidity facilities*	15,618	15,768	15,792	15,598	2,407	2,414	2,412	2,284
1 4	Other contractual funding obligations	3,717	4,430	3,978	3,706	3,645	4,357	3,907	3,639
1 5	Other contingent funding obligations	15,991	16,288	16,337	16,020	1,514	1,083	904	892
1 6	TOTAL CASH OUTFLOWS					20,988	21,716	21,381	20,198
	CASH-INFLOWS								
1 -	Secured lending (e.g. reverse repos)	1,446	1,315	1,115	1,233				
1 8	Inflows from fully performing exposures	5,014	5,297	5,513	5,370	3,553	3,775	3,850	3,709
1	Other cash inflows	3,988	4,545	3,922	3,575	3,988	4,554	3,922	3,575
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)						-	-	-
EU	(Excess inflows from a related specialised credit institution)						-	-	-
2 0	TOTAL CASH INFLOWS	10,448	11,156	10,550	10,178	7,541	8,329	7,773	7,284
E	*Fully exempt inflows*							-	
E	*Inflows Subject to 90% Cap*							-	
E	*Inflows Subject to 75% Cap*	10,448	11,156	10,550	10,178	7,541	8,329	7,773	7,284
2 1	LIQUIDITY BUFFER					13,869	14,729	15,476	15,208
2 2	TOTAL NET CASH OUTFLOWS					13,447	13,387	13,608	12,914
2 3	LIQUIDITY COVERAGE RATIO (%)					103%	110%	114%	118%

CEP monitors its LCR daily against internal triggers designed to ensure that all times a sufficient surplus in maintained above regulatory requirements. CEP has maintained an LCR DA in excess of 100% all times in 2017, the average LCR DA for CEP in 2017 was 121%.

CEP’s CRD IV LCR was 121% as of 31 December 2017 with a surplus of USD 2.7bn above the 100% requirement.

15.2. Asset encumbrance

Asset Encumbrance ("AE") in CEP has historically been low (single digit percentage), and may reasonably be expected to remain low relative to peers, although the ratio is expected to increase due to Brexit in 2018. The ratio of encumbered assets to total assets, computed for 2017 year-end, stands at 9.4%. As at 31 December 2017, the carrying value of assets on CEP's consolidated IFRS balance sheet was €41,359mm. Of the total amount, approximately 7.75% or €3,207mm relates to encumbered assets, with the remainder comprised of off-balance sheet collateral. Assets or collateral are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction, which impacts their transferability and free use. Items which have been reported as encumbered are listed below:

- Pledged for intraday liquidity requirements;
- derivative assets (loans placed with counterparties to cover negative net mark to market derivative balances);
- amounts placed with the Central Bank, which are part of the minimum or required reserves has been conservatively assigned as encumbered on the basis that they cannot be "freely withdrawn";
- cash placed with clearing houses;
- collateral pledged in repurchase agreements;
- encumbered cash from deposits in Greece, that is then placed with another Citi entity;
- past due exposure from loans.

CEP primarily uses standard collateral agreements such as Credit Support Annexes ("CSA") and Global Master Repurchase Agreements ("GMRAs") and collateralises at appropriate levels in line with industry standards.

Table 45: Asset encumbrance

Template A - Encumbered and unencumbered assets		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Median values for 2017		EUR mm	EUR mm	EUR mm	EUR mm
010	**Assets of the reporting institution**	3,060		42,546	
020	Loans on demand	1,776		11,894	
030	Equity instruments	0	0	38	0
040	Debt securities	192	192	3,156	3,157
100	Loans and advances other than loans on demand	285		21,012	
120	Other assets	634		6,161	

Template A - Encumbered and unencumbered assets		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Median values for 2016		EUR mm	EUR mm	EUR mm	EUR mm
010	**Assets of the reporting institution**	3,179		43,137	
020	Loans on demand	1,184		8,908	
030	Equity instruments	0	0	42	0
040	Debt securities	580	580	4,254	3,512
100	Loans and advances other than loans on demand	230		23,205	
120	Other assets	1,185		6,728	

Template B - Collateral received		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Median values for 2017		EUR mm	EUR mm
130	Collateral received by the reporting institution	840	3,121
150	Equity instruments	0	0
160	Debt securities	840	2,505
230	Other collateral received	0	616
240	Own debt securities issued other than own covered bonds or asset-backed securities	0	0

Template B - Collateral received		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Median values for 2016		EUR mm	EUR mm
130	Collateral received by the reporting institution	1,120	4,029
150	Equity instruments	0	0
160	Debt securities	1,120	3,658
230	Other collateral received	0	371
240	Own debt securities issued other than own covered bonds or asset-backed securities	0	0

Template C - Sources of encumbrance		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Median values for 2017		EUR mm	EUR mm
010	Carrying amount of selected financial liabilities	1,327	3,899

Template C - Sources of encumbrance		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Median values for 2016		EUR mm	EUR mm
010	Carrying amount of selected financial liabilities	1,009	3,837

16. 2017 CEP Remuneration Statement

16.1. Introduction

The remuneration disclosures are applicable to Citibank Holdings Ireland Limited (CHIL) and its operating entity Citibank Europe plc (CEP). As CEP is the sole operating and employing entity of CHIL, the remuneration section of the disclosure is prepared at the CEP level.

16.2. Remuneration Governance

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 by CEP regarding remuneration of CEP employees, including CEP Material Risk Takers. This includes decisions 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 CEP RemCo acts as the Remuneration Committee of CEP, whereas the P&C Committee fulfils the same role at the group level. The role and responsibilities of the RemCo are set out in the Terms of Reference for the RemCo as approved by the Board.

For the 2017 performance year, the CEP RemCo comprised of one Non-Executive Director, Deepak Jain (Chair) and two Independent Non-Executive Directors, Breffni Byrne and Barry O'Leary, both of whom also served on the CEP Risk Committee during 2017. The CEP RemCo met 6 times in 2017.

Global Remuneration Committee

The Personnel and Compensation Committee (P&C Committee)[2], oversees Citi's[3] 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.

[2] The Personnel and Compensation Committee (P&C Committee) of the Board of Directors of Citigroup Inc.

[3] Citigroup Inc.

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 2018) is available online at: http://www.citigroup.com/citi/investor/data/percompcharter.pdf?ieNocache=157

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.

Material Risk Takers

In accordance with the EBA Guidelines on Sound Remuneration Policies, CEP maintains a record of its 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 2017 performance year, Material Risk Takers were identified principally using CEP's understanding of the criteria for identifying staff as set out in the Commission Delegated Regulation (EU) No 604/2014. There have been no material changes for this year.

16.3. Compensation Philosophy

CEP's Compensation Philosophy is consistent with Citi's Compensation Philosophy which is available online at: http://www.citigroup.com/citi/investor/corporate_governance.html.

Employee compensation is a critical tool in the successful execution of Citi's corporate goals.

As long-term value creation requires balancing strategic goals, so does developing compensation programs that incentivise balanced behaviours.

The Compensation Philosophy describes Citi's approach to balancing the five primary objectives that Citi's compensation programs and structures are designed to achieve.

The Compensation Philosophy also sets out Citi's commitment to managing risk, and management has received clear direction from the Personnel and Compensation Committee (P&C Committee) to use discretion in awarding incentive compensation consistently with risk mitigation principles.

There were no significant changes introduced to Citi's Compensation Philosophy in 2017. Minor changes to CEP's compensation practices and processes were introduced in order to align with the EBA Guidelines on Sound Remuneration Policies that came into force on January 1, 2017 (the "EBA Guidelines").

16.4. Design and Structure of Remuneration

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

CEP'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. Fixed remuneration primarily reflects an employee's professional experience and organisational responsibilities as set out in the employee's job description and terms of employment, and includes the following elements:

- Salary
- Standard benefits including pension
- Role Based Allowances (RBA) for a limited number of roles

All of these elements are classified as fixed remuneration on the basis of the EBA Guidelines (including that they are permanent and do not depend on performance).

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

RBAs have been assigned to a limited number of roles to reflect organisational responsibilities. Whether a particular role is eligible for an RBA is subject to the approval of the relevant RemCo (i.e. for CEP employees the CEP RemCo). The rationale for granting an RBA is clearly articulated by reference to the eligibility criteria, including specific details on the duties and responsibilities of the role.

Variable Compensation

Discretionary Incentive and Retention Award Plan

Discretionary Incentive and Retention Award Plan (DIRAP) is Citi's main discretionary variable compensation plan[4], and applies globally. It is designed to incentivise, reward and retain employees based on their current and prospective performance and contribution. Citi operates a fully flexible remuneration policy, including the possibility to pay zero variable remuneration.

Awards made under the DIRAP are typically awarded in the form of cash and/or Citi stock. Cash awarded for the 2017 performance year to Material Risk Takers under DIRAP is included in the "Remuneration awarded to CEP MRTs for 2017 performance year" Table 46.

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 in

[4] From 2017, MRTs are also eligible for a supplemental cash award. This has been included in the "Remuneration awarded to CEP MRTs for 2017 performance year" Table 46.

CEP 2017 variable compensation subject to deferral was 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 2017 performance year is included in the "Remuneration awarded to CEP MRTs for 2017 performance year" Table 46. Prior years unvested CAP awards are included in the "MRT Deferred remuneration" Table 48.

In line with the EBA Guidelines, Citi has discontinued payment of dividends on deferred equity.

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 12-month retention period. EUSTA awarded for the 2017 performance year to Material Risk Takers under DIRAP is included in the "Remuneration awarded to CEP MRTs for 2017 performance year" Table 46.

Deferred Cash Awards

A portion of 2017 deferred remuneration was awarded to Material Risk Takers in the form of a deferred cash award. Deferred Cash awarded for the 2017 performance year to Material Risk Takers is outlined in the "Remuneration awarded to CEP MRTs for 2017 performance year" Table 46. Similarly to dividends on deferred equity, CEP has discontinued payment of interest on deferred cash awards in line with the EBA Guidelines.

Deferrals and Retention Periods

Citi 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.

Material Risk Takers are subject to deferral rates of 40% to 100% of variable compensation, which is delivered in the form of deferred stock and deferred cash. These awards vest over at least three years and are subject to a further six to twelve months retention period.

Deferred Awards for CEP Senior Management[5] Material Risk Takers (identified by reference to particular qualitative criteria in Commission Delegated Regulation (EU) No604/2014) or Material Risk Takers employed by CEP Austria, as per local requirements, vest over five years. Deferred awards for CEP Material Risk Takers performing as Senior Managers under the UK Prudential Regulation Authority (PRA) or Financial Conduct Authority (FCA) vest over 7 years.

The remaining portion of variable compensation is split equally between immediate cash and immediately vesting stock (EUSTA) which is subject to a twelve-month retention period.

Malus / Clawback

Deferred remuneration awarded to Material Risk Takers is subject to pre-vesting adjustment ("malus") including in the circumstances envisaged in the EBA Guidelines.

These provisions apply if an MRT was responsible for, or participated in; (1) conduct that resulted in significant losses to Citigroup or (2) Citigroup or the business unit has a material failure of risk management.

Performance Based Vesting Condition

The entire deferral for MRTs is subject to Performance Based Vesting (PBV) conditions as an additional ex-post adjustment mechanism. This structure further balances for risk and aligns the actual pay-out to employees with business performance.

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. The trigger for application of a pay-out reduction is the emergence of pre-tax losses in the "reference business" for the calendar year ending immediately prior to the vesting date of a given tranche of deferred equity.

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.

16.5. <u>Other Remuneration Policies</u>

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

[5] Senior Management as defined under articles 3(1) and 3(3) of the EBA regulatory technical standards on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.

provide that guaranteed incentive awards for employees can only be made in exceptional circumstances, in the context of recruitment and by reference to the first year of service and provided the legal entity has a sound and strong capital base.

As part of the governance framework, HR regularly monitors the number of guarantees that are awarded by the business to new hires and the award of guarantees requires CEP RemCo review and approval.

Guaranteed awards which buy out equity or similar instruments which are forfeited as a result of resigning employment with another employer and joining CEP are generally permitted but must not be more generous in either amount or terms than that provided by the former employer. The “Guaranteed bonus, sign-on and severance payments made to MRTs in 2017” Table 47 includes 2017 guaranteed and awards made to Material Risk Taker hires.

Retention Awards 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 needs to be retained on business grounds.

Severance

Severance payments are subject to appropriate governance and approvals. CEP’s severance payment guidelines are in line with the EBA Guidelines and provide that severance:

- Should not provide for a disproportionate reward but should represent appropriate compensation for early termination of employment.
- Should not reward failure, misconduct or be paid where immediate termination of the employment contract is permitted.
- Are not paid to employees transferring between legal entities, unless required by law.

The “Guaranteed bonus, sign-on and severance payments made to MRTs in 2017” Table 47 includes severance payments made to Material Risk Takers, whose employment terminated in 2017.

Ratio of Fixed to Variable Remuneration

CEP seeks to balance the components of reward between fixed and variable, and between short term and long-term components. 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 on-going basis. The aggregate of fixed remuneration paid to Material Risk Takers for 2017 is set out in the “Remuneration awarded to CEP MRTs for 2017 performance year” Table 46.

Following the introduction of CRD IV, CEP has obtained formal shareholder approval to apply a fixed to variable ratio of 1:2 for Material Risk Takers in CEP. In October 2017 for the 2017 performance year approval of the ratio was sought from P&C Committee, which is the Board Committee of the ultimate parent company as well as from Citibank Holdings Ireland Limited as shareholder of CEP.

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.

16.6. Link between Pay and Performance

Bonus pool decisions are based on many factors including, but not limited to:

- Year over year business performance
- Performance compared with plan for the current year
- Performance against key risks (including conduct risk, operational risk) and controls objectives
- Performance relative to peers.

CEP’s programmes incorporate both ex-ante and ex-post features to adjust for risk and current and future performance. There is a process for risk-adjusting the annual discretionary incentive and retention compensation pools from which annual incentive and retention awards are made.

- Citi has enhanced its performance evaluation process to formally integrate opinions of personnel from the independent control functions in the performance evaluations of Material Risk Takers. Further details of Citi’s individual performance evaluation process is set out below.
- As noted above, deferred awards made to Material Risk Takers also include a (PBV) feature and malus and clawback provisions which may result in cancellation of unvested awards.
- At least 50% of deferred awards are made in the form of Citi common stock and are therefore inherently performance-based. Citi has trading policies that limit hedging

strategies that might otherwise undermine the risk alignment effects of their remuneration arrangements.

Individual Performance

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

The performance assessment of Material Risk Takers is based on individually tailored goals (the "what" element) and an assessment against Citi's Leadership Standards (the "how" element):

<u>Citi's Leadership Standards:</u>

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

CEP conducts an annual independent review process pursuant to which the control functions (Compliance, AML, Finance, Independent Risk, Internal Audit, CASS 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 a previous performance period that is discovered in the current performance period may 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 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.

CEP maintains the independence of key control functions (Compliance, Internal Audit 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. CEP ensures performance management and compensation decisions for function personnel are directed by function management, and not the business unit.

Table 46: Remuneration Awarded to CEP MRTs for 2017 Performance Year

EUR millions [i]	Management Body [ii]	Senior Management [iii]	All Other MRTs		
			Investment Banking	Independent Control Functions	Other [iv]
Number of employees [v]	10	17	49	15	13
Total fixed remuneration [vi]	**2.2**	**4.8**	**14.3**	**2.6**	**3.4**
Total variable remuneration [vii]	**1.4**	**3.0**	**9.9**	**0.8**	**1.9**
Of which: cash-based	0.7	1.4	4.8	0.4	0.9
Of which: deferred	0.6	0.6	2.4	0.1	0.4
Of which: shares or other share-linked instruments [viii]	0.8	1.5	5.1	0.4	1.0
Of which: deferred	0.7	0.6	2.8	0.2	0.4
Of which: other forms	-	-	-	-	-
Of which: deferred	-	-	-	-	-
Total Remuneration	**3.6**	**7.7**	**24.2**	**3.4**	**5.3**

Additional Notes

i) All non-EUR payments are converted using the European Commission exchange rate for financial programming and the budget for December 2017.

ii) Management Body as defined under articles 3(1) and 3(2) of the EBA regulatory technical standard on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.

iii) Senior Management as defined under article 3(3) of the EBA regulatory technical standard on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.

iv) Other includes all other employees e.g. Treasury and Trade Solutions, Retail Banking and Corporate Functions.

v) Number of employees reflects CEP MRTs as at 31st December 2017. Remuneration figures includes all MRTs employed by CEP.

vi) Fixed remuneration includes salary, role based allowance and the value of pension and benefits.

vii) Variable remuneration awarded in respect of 2017 performance year. In accordance with the shareholder approval obtained in 2016 and subsequently in 2017, variable component of remuneration of an MRT for any one year can be set up to a maximum of 200% of the fixed remuneration.

viii) Share-based awards are made in Citi shares and represent value at grant.

Table 47: Guaranteed bonus, sign-on and severance payments made to MRTs in 2017

EUR millions [i]	Guaranteed bonuses		Sign-on awards		Severance payments [ii]	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount [iii]
Management Body	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-
All other MRTs	-	-	-	-	-	-
Investment Banking	-	-	-	-	1	0.2
Independent Control Functions	-	-	-	-	-	-
Other	-	-	-	-	1	0.2

Additional Notes

i) All non-EUR payments are converted using the European Commission exchange rate for financial programming and the budget for December 2017.

ii) Severance payments allocated to MRTs terminated during 2017, which include redundancy payments and statutory severance. None of these severance payments were included in the ratio of variable to fixed remuneration for 2017 performance year in line with the EBA Guidelines (paragraph 154 (a) – (c)).

iii) The highest severance in 2017 was a redundancy payment made to an employee for the amount of EUR 0.18m.

Table 48: MRT Deferred Remuneration

EUR millions	Outstanding deferred and retained remuneration as at December 29, 2017 (i), of which:		Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year (iii)	Total amount of deferred remuneration awarded in the financial year (iv)
	Unvested	Vested (ii)					
Management Body	**2.5**	**-**	**2.5**	**-**	**-**	**1.4**	**1.2**
Of which: cash-based	1.0	-	1.0	-	-	0.5	0.6
Of which: shares or other share-linked instruments	1.5	-	1.5	-	-	0.9	0.6
Of which: other forms	-	-	-	-	-	-	-
Senior Management	**2.7**	**-**	**2.7**	**-**	**-**	**1.9**	**1.2**
Of which: cash-based	1.0	-	1.0	-	-	0.4	0.5
Of which: shares or other share-linked instruments	1.7	-	1.7	-	-	1.5	0.7
Of which: other forms	-	-	-	-	-	-	-
All other MRTs							
Investment Banking	**24.6**	**-**	**24.6**	**0.1**	**-**	**26.4**	**11.1**
Of which: cash-based	16.8	-	16.8	-	-	20.5	8.4
Of which: shares or other share-linked instruments	7.8	-	7.8	-	-	5.9	2.7
Of which: other forms	-	-	-	-	-	-	-
Independent Control Functions	**0.5**	**-**	**0.5**	**-**	**-**	**0.4**	**0.2**
Of which: cash-based	0.2	-	0.2	-	-	0.0	0.1
Of which: shares or other share-linked instruments	0.4	-	0.4	-	-	0.3	0.1
Of which: other forms	-	-	-	-	-	-	-
Other	**1.9**	**-**	**1.9**	**-**	**-**	**1.3**	**0.7**
Of which: cash-based	0.6	-	0.6	-	-	0.2	0.3
Of which: shares or other share-linked instruments	1.3	-	1.3	-	-	1.1	0.4
Of which: other forms	-	-	-	-	-	-	-

Additional Notes
i) Value of outstanding share awards is calculated using Citi closing share price and the EURUSD FX rate as at December 29, 2017. Value of outstanding non-EUR cash awards is converted into EUR using the FX rate for the relevant currency as at December 29, 2017.
ii) Total outstanding deferred remuneration that has vested but is under restriction as at December 29, 2017
iii) Shares are considered paid when vested. Average of the opening and closing price on the vesting date is used to calculate the value of an award at vest. Value of non-EUR cash awards is converted into EUR using the FX rate for the relevant currency at payment date.
iv) Value of share-based awards made in 2017 represents value at grant. Value of non-EUR deferred cash awards is converted into EUR using the FX rate for the relevant currency at grant date.

Table 49: 2017 Remuneration Banding for Annual Compensation of Individuals Earning at least EUR 1 million

Total Compensation	Number of individuals (ii)
EUR 1 million to below EUR 1.5 million	3
EUR 1.5 million to below EUR 2 million	1
EUR 2 million to below EUR 2.5 million	-
EUR 2.5 million to below EUR 3 million	1
EUR 3 million to below EUR 3.5 million	-
EUR 3.5 million to below EUR 4 million	-
EUR 4 million to below EUR 4.5 million	-
EUR 4.5 million to below EUR 5 million	-
EUR 5 million to below EUR 6 million	-
EUR 6 million to below EUR 7 million	-
EUR 7 million to below EUR 8 million	-
EUR 8 million to below EUR 9 million	-
EUR 9 million to below EUR 10 million	-
EUR 10 million to below EUR 11 million	-
EUR 11 million to below EUR 12 million	-
EUR 12 million to below EUR 13 million	-
EUR 13 million to below EUR 14 million	-
Total	**5**

Additional Notes
i) All non-EUR payments are converted using the European Commission exchange rate for financial programming and the budget for December 2017.
ii) 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 ten directors as follows:

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

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

Two 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 Board 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 50: Directorships held by Citibank Europe plc Board of Directors as of 31 December 2017 (including CEP)

Name	Total number of Directorships
Susan Dean	3
Barry O'Leary	6
Jim Farrell	3
Breffni Byrne	6
Zdenek Turek	2
Jeanne Short	1
Bo Hammerich	2
Deepak Jain	1
Cecilia Ronan	4
Ebru Packan	1
Total	**29**

Directors' Board Membership and Experience at 31 December 2017

Executive Directors

Zdenek Turek

Based in Dublin, Zdenek is the CEO of Citibank Europe Plc, which employs 9,000 people across 22 countries, 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.

Prior to joining Citi, Zdenek worked for the Central Bank of Czechoslovakia and A.I.C., a management consulting company.

Zdenek was born in Kolin, Czech Republic. He graduated with an MA in Finance and Banking from University of Economics, Prague in 1986. His further studies included the Advanced Management Development Program at the Wharton School of the University of Pennsylvania in 1997 and the Executive MBA program at INSEAD, from which he graduated in 2010.

Cecilia Ronan

Cecilia Ronan is the Citi Country Officer (CCO) for Citi Ireland, Chief Administrative Officer (CAO) for the Europe cluster, and CAO and Executive Director for Citibank Europe Plc (CEP).

Appointed CCO in 2018, Cecilia leads the Citi franchise in Ireland, overseeing 2,500 people. As CCO, Cecilia works with Product and Function Heads to design, execute and embed the business strategy in Ireland. She leads and is accountable for the management of risk and controls and protecting and enhancing Citi's brand in the Irish market. In addition, she is responsible for the attraction, development and retention of the outstanding people that

Citi's values, business and strategy require.

In addition to responsibilities as CCO, Cecilia is also CAO for Citibank Europe Plc (CEP) a position she has held since 2012, providing strategic and operational leadership for the European legal vehicle, which employs over 9,000 people across 22 countries. Cecilia also serves as Executive Director for CEP.

Cecilia joined Citi in 2000 as a Senior HR Business Partner, before becoming Head of HR for the Irish Franchise and Citibank Europe Plc. Prior to that, Cecilia worked in Microsoft Ireland and across a range of roles in Government and NGOs in Africa where she grew up.

Cecilia has a Bachelor of Civil Law from University College Dublin and a Masters in HR from Leicester University. Cecilia is a member of the Board of the National College of Ireland, a Fellow of the Institute of Bankers and a member of the FSI Executive Board.

Independent Non-Executive Directors

Breffni Byrne

Breffni Byrne is a Non-Executive Director and Audit Committee Chairman of Hikma Pharmaceuticals PLC, a FTSE 100 UK listed company and CPL PLC, listed on the Irish Stock Exchange. He is also Chairman of Tedcastle Holdings Ltd, an oil distribution company.

He is a former chairman of Aviva's General Insurance and Life Insurance operations in Ireland and of NCB Stockbrokers. He is also a former Non-Executive Director and Audit Committee Chairman of Irish Life and Permanent PLC, Ark Life and Coillte Teoranta Ltd.

A chartered accountant, he was formerly Managing Partner of the Audit and Business Advisory practice of Arthur Andersen in Ireland and Risk Management Director of Andersen's audit practices in the Middle East, India, Africa and the Nordic countries.

Jim Farrell

Jim Farrell is an Independent Non-Executive Director of Citibank Europe plc and Chairman of the Audit Committee of the Courts Service.

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.

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 started his career with Citi in 1960. He held positions in the accounting and foreign departments in the New York and Jersey and the Channel Islands. During this period of time, he spent two years in the US Army.

Jim studied Business Administration at City College New York and was drafted into 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.

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.

Jeanne Short

Jeanne Short is the former CRO of UBS APAC region, a role she held from 2012 to 2016. Jeanne has over 40 years' experience in the banking industry, broad sector and geographical knowledge. In her role, Jeanne was part of the senior management team of Risk Control and of APAC at UBS, reporting to a UBS Group Executive Board Member.

Prior to UBS, Jeanne held a number of positions at Charterhouse Bank and Hambros Bank.

Jeanne was previously a Director of Charterhouse Bank, UBS Limited and a member of the Board of Governors of the Bridge Academy.

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; past sponsor of CitiWomen.

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. In addition to some local volunteering efforts Susan is an Alzheimer's Friend.

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 will also represent 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.

Deepak has a first class degree and doctorate in theoretical physics (computational quantum mechanics) at the University of Newcastle-on-Tyne in the UK in 1996. Deepak began his career in the financial industry working for the Union Bank of Switzerland (UBS) in Fixed Income Quantitative Architecture in London and New York. In 1998, he joined Dresdner Bank initially working in equities portfolio trading development before taking on the role of Chief Information Officer for Asia Pacific in 2000, covering application development, support and infrastructure based in Hong Kong then Japan.

Ebru Packan

Ebru Pakcan is the Head of Treasury and Trade Solutions business for Europe, Middle East and Africa (EMEA) based in London. Ms Pakcan is actively engaged with Citi's clients across Corporate, Financials Institutions and Public Sector entities, developing payment, cash management and trade financing solutions to meet their evolving requirements. She leads a team of business managers, product and sales specialists across a set of diverse markets and disciplines.

Prior to her current role, Ebru managed the Global Payments and Receivables business for the Treasury and Trade Solutions (TTS) based in New York until Nov 2016 and held the same position for EMEA region based in London between 2008 and 2012.

Ebru joined Citibank in Turkey in 1997 as a Project Manager in Technology department and later expanded responsibilities in Operation and Technology division in various management positions. She held numerous roles across multiple countries including the position of the Securities Country Manager (SCM) in Turkey, managing the custody and clearing business.

In 2004, she moved to London to lead the Transaction Services EMEA Implementation team, responsible for the end-to-end delivery of new business mandated by Citi’s institutional clients in the EMEA region.

Ebru holds a degree in Computer Engineering from Bogazici University in Istanbul, Turkey. Ebru has been actively engaged with the Payments industry, having served on the Board of CHAPS Clearing Company in UK until 2012 and the Board of The Clearing House Payments Company L.L.C. in the United States until 2016. She currently sits on Citi's Operating Committee for Europe, Middle East and Africa and she is a Director of the Board of Citibank Europe Plc in Ireland.