Pillar 3 Disclosures

31 December 2018

Citibank Holdings Ireland Limited and its Operating Entity, Citibank Europe Plc

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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 2018 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 2018 Annual Report and CHIL & CEP's 2018 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 2018. 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 2018, 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 EU Pillar 3 Standard, which outlines the disclosures policy requirements 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 Executive Committee and the CEP Audit Committee; and was approved 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 Ownership Structure as at 31 December 2018

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 9,440 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.

Under the Single Supervisory Mechanism (SSM), CEP is designated as an Other Systemically Important Institution (O-SII) and is under direct ECB supervision. Supervision is performed by a Joint Supervisory Team (JST), comprised of both the European Central Bank (ECB) and the Central Bank of Ireland (CBI).

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 CEP as at 31 December 2018

CEP		
EUR Thousands	Sep-18	Dec-18
Available capital (amounts)		
Common Equity Tier 1 (CET1)	6,828,003	7,745,719
Tier 1	6,828,003	7,745,719
Total capital	6,828,003	7,745,719
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	38,247,693	39,474,731
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 ratio (%)	17.85%	19.62%
Tier 1 ratio (%)	17.85%	19.62%
Total capital ratio (%)	17.85%	19.62%
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.875%
Countercyclical buffer requirement (%)	0.16%	0.26%
Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%
Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.04%	2.13%
CET1 available after meeting the bank's minimum capital requirements (%)	9.85%	11.62%
Basel III leverage ratio		
Total Basel III leverage ratio exposure measure	70,779,467	76,301,532
Basel III leverage ratio (%) (row 2 / row 13)	9.65%	10.15%
Liquidity Coverage Ratio		
Total HQLA	17,383,072	19,380,808
Total net cash outflow	14,316,034	16,605,052
LCR ratio (%)	121.40%	116.70%
Net Stable Funding Ratio		
Total available stable funding	21,579,000	25,443,000
Total required stable funding	18,850,000	22,428,000
NSFR ratio (%)	115%	113%

Table 2: KM1- Key Metrics for CHIL as at 31 December 2018

CHIL		
EUR Thousands	Sep-18	Dec-18
Available capital (amounts)		
Common Equity Tier 1 (CET1)	6,839,205	7,756,349
Tier 1	6,839,205	7,756,349
Total capital	6,839,205	7,756,349
Risk-weighted assets (amounts)		
Total risk-weighted assets (RWA)	38,247,693	39,479,415
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 ratio (%)	17.88%	19.65%
Tier 1 ratio (%)	17.88%	19.65%
Total capital ratio (%)	17.88%	19.65%
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.875%
Countercyclical buffer requirement (%)	0.16%	0.26%
Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%
Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.04%	2.13%
CET1 available after meeting the bank's minimum capital requirements (%)	9.88%	11.65%
Basel III leverage ratio		
Total Basel III leverage ratio exposure measure	70,790,247	76,312,147
Basel III leverage ratio (%) (row 2 / row 13)	9.66%	10.16%
Liquidity Coverage Ratio		
Total HQLA	17,383,072	19,380,808
Total net cash outflow	14,316,034	16,605,052
LCR ratio (%)	121.40%	116.70%
Net Stable Funding Ratio		
Total available stable funding	21,579,000	25,443,000
Total required stable funding	18,850,000	22,428,000
NSFR ratio (%)	115%	113%

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 2018, with prior year comparatives as at 31 December 2017.

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 2018 and 2017 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 comprehensive 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. This includes the Board Risk Committee (BRC), Board Audit Committee (BAC), Remuneration Committee and Nomination Committee. It also includes the Management Committees such as the Executive Committee, Asset & Liability Committee (ALCO), Credit Committee, Operating Committee, Operational Risk Committee, Outsourcing Committee, Financial Crime Governance 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, including Risk Appetite Limits. 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 2018 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 management of the material risks identifying for its activities, and ensure accountability through three lines of defence model.

CEP's Enterprise Risk Governance Framework is an overarching risk governance framework, based on sound principles of good risk governance and management and on guidance issued by regulatory authorities. The Framework outlines the risk governance structure in CEP, the core governance processes of the bank and the roles and responsibilities.

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 that key risks are identified, managed, reported and monitored effectively by:

- 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 dependent 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 monitor credit and market risk exposure. CEP uses both systems and processes to monitor 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 2018, CEP identified the following risks as being material to its business: Credit Risk, Operational Risk, Liquidity Risk, Market Risk, Strategic Risk, Inter-Affiliate Risk, IRRBB Risk Integration and Execution Risk, Regulatory Risk, Capital Risk – Structural FX 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 small. 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.

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 small 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.

1 Capital Requirements Regulation

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 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 2018.

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 2018, 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 2018, a three notch downgrade in CEP's rating would have resulted in an additional collateral requirement of less than $0.5mm.

3.6 Credit Risk Adjustments

From 1 January 2018, the IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees. The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition of the asset. The measurement of an ECL is primarily determined by an assessment of the financial asset's probability of default (PD), loss given default (LGD) and exposure at default (EAD) where the cash shortfalls are discounted to the reporting date.

The ECL model is a three-Stage model under which financial assets are classified in 3 stages depending on the extent of credit deterioration. Stage 1 includes assets with no significant increase in credit risk (SICR) since initial recognition. ECL is estimated over the next 12 months of the asset; Stage 2 includes assets that have experienced SICR since initial recognition, but the exposure is not yet defaulted. ECL is estimated over the lifetime; and Stage 3 includes assets deemed to be credit-impaired for which a credit loss has already been suffered. ECL is estimated over the lifetime.

For a detailed description of CEP's accounting policies and risk management practices, please refer to Note 1J, "Impairment of financial assets" in the CEP Annual Report and Financial Statements 2018.

3.7 Definitions of Past Due and Impairment

Definitions of past due and impairment

Exposures are considered to be past due if contractually agreed payments of principal and/or interest remain unpaid by due date.

CEP recognises exposures as being past due in accordance with section 4 of the EBA Guidelines on the application of the definition of default and Commission Delegated Regulation (EU) 2018/171 on the materiality threshold for credit obligations past due. An exposure can only be past due if there is a legal obligation to make a payment and the payment is compulsory. In the event there is no legal obligation or payment is not compulsory, non-payment does not constitute a breach. Once the legal obligation for a mandatory payment has been established, the counting of days past due starts as soon as any amount of principal, interest or fee has not been paid at the date when it was due.

In line with the default definition under Article 178 of the Capital Requirements Regulation (CRR), exposures which are 90 days past due are treated as defaulted, and classified Stage 3 from an IFRS9 perspective.

Financial assets are deemed to be credit-impaired when a credit loss event has occurred. Credit-impaired assets are classified Stage 3 and in default. A loss allowance equal to the full lifetime expected credit losses is recognised. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

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 with trading intent, where the business looks for short-term price differences between buying and selling prices. CEP is not a material 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. The principal risk on the non-trading portfolio is Interest Rate Risk in the Banking Book (IRRBB).

4.2 Market Risk Governance

CEP manages market risk including 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 bond 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 weekly 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 weekly 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 2018 and 2017 were as follows:

Table 3: Portfolio VaR

EUR Thousands	2018				*EUR Thousands*	2017			
	Highest	**Lowest**	**Mean**	**Year end**		**Highest**	**Lowest**	**Mean**	**Year end**
Portfolio VaR	2,168	1,118	1,524	1,291	**Portfolio VaR**	3,339	1,186	1,932	1,763

4.4 Trading Book Risk Measurement

Trading Book Regulatory Capital

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 are 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

CEP uses the Citi iVAST (Integrated VaR and Stress Testing) model aligned to the Global Citi risk capital methodology to determine economic risk capital for the trading book. The model combines a scenario-based approach (stress P&Ls) with a simulation-based approach (VaR P&L) to calculate risk capital over a one year time horizon at a 99.97% confidence level.

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. As previously noted the principal risk in CEP's non-trading book is interest rate risk in the banking book (IRRBB). In 2018 CEP implemented a cashflow-based approach to the measurement, management and monitoring of IRRBB in line with industry best practice.

CEP's principal measure of IRRBB is Interest Rate Exposure (IRE). IRE measures the potential pre-tax impact on NIR for non-trading book positions due to defined shifts in interest rates over a specified reporting period. 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).

In addition CEP measures Economic Value Sensitivity (EVS) for its non-trading book. EVS captures the impact of interest rate changes on CEP's Economic Value of Equity (EVE) and is calculated by discounting all interest rate sensitive instruments on the balance sheet using a base and stressed interest rate curve and calculating the difference.

The following table shows the IRE and EVS measure at 31 December 2018 and 31 December 2017 assuming a parallel upward shift of interest rates by 100 bps. A positive IRE/EVS indicates a potential increase in earning/economic value while a negative IRE indicates a potential decline in earning/economic value. IRE and EVS are calculated on a monthly basis.

Table 4: Sensitivity of Economic Value and Net Interest Revenue

EUR thousands	Economic Value Sensitivity			
	December 2018	December 2017	December 2018	December 2017
	+100bps	+100bps	-100bps	-100bps
EUR	11,354	31,685	(13,974)	(35,854)
USD	234,061	216,793	(13,100)	(17,510)
GBP	20,961	11,673	(24,454)	(7,504)
CZK	11,354	42,525	(19,214)	(50,863)
Total	278,603	302,677	(70,742)	(112,566)

EUR thousands	Interest Rate Exposure			
	December 2018	December 2017	December 2018	December 2017
	+100bps	+100bps	-100bps	-100bps
EUR	9,607	13,341	(11,354)	(13,341)
USD	75,983	68,373	(5,240)	(5,003)
GBP	17,467	17,510	(16,594)	(11,673)
CZK	47,162	43,359	(48,908)	(45,026)
Total	150,218	142,583	(82,096)	(75,878)

Stress testing is performed for IRRBB 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.

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 200,000 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.

The CEP Liquidity Risk Management Framework and accompanying CEP liquidity policy, establish the standards for defining, measuring, limiting and reporting liquidity risk. This is in order to ensure the transparency and comparability of liquidity risk taking activities and the establishment of an appropriate risk appetite. In addition, CEP ensures at all times, it adheres to external Regulatory requirements and guidelines in relation to liquidity, including the LCR Delegated Act established through CRDIV.

5.2 Liquidity Risk Governance

Citibank Europe plc (CEP) has an Enterprise 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 (RAF) 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 defense system in respect of liquidity risk management; Corporate Treasury/Business, Independent Risk Management and Internal Audit.

CEP Corporate Treasury, are responsible for managing CEP's liquidity on a day to day basis and ensuring liquidity management strategies and processes adhere to regulatory requirements and CEP's Liquidity Risk Management Framework and Policy. Review, challenge and oversight is provided by Independent Risk and Internal Audit. The CEP Asset and Liability Committee (ALCO) is the primary committee for liquidity management, which reports to the Executive Committee (EXCO). Review, challenge and oversight is also provided by the CEP Board and the CEP Board Risk Committee. Ultimate responsibility for liquidity risk management in CEP rests with the Board.

A combination of metric monitoring, triggers, limits, and stress testing are utilized to identify and measure liquidity risk arising from various sources.

5.3 Liquidity Risk Management and Measurement

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 2018, approximately 37% of the assets on CEP Balance Sheet of USD 60.6Bn were deemed to be high quality and liquid (e.g. cash at central bank). CEP has a track record of consistent profitability with low credit loss history.

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 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.

As part of the ILAAP (Internal Liquidity Adequacy Assessment Process) and FLP (Funding Liquidity Plan), CEP prepares a detailed plan of its liquidity position, which also considers a forecast of future business activities over the next three-year period. Through these processes, CEP identifies strategic liquidity issues, establishes the parameters for identifying, measuring, monitoring and limiting liquidity risk, and sets forth key assumptions for liquidity risk management. Liquidity stress testing results assist in deriving the liquidity risk appetite, which is ultimately approved by the CEP Board. The resulting liquidity risk appetite forms the basis for legal entity and business liquidity limits. Assumptions used to develop stress testing are reviewed periodically through the internal governance framework including the ALCO.

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 Procedure, currency limits are monitored daily at a consolidated level.

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.

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. 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 reported as encumbered for CEP's regulatory liquidity stress reporting. The Intraday and Collateral Management Sub-Committee of ALCO, serves as the supporting committee for the monitor and review of intraday and collateral related.

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

To provide for resilience under stress, CEP holds a buffer of High Quality Liquid Assets (HQLA), which is comprised of cash (held at central banks), as well as high quality securities, mainly EU and US government bonds. As at month-end December 2018, this HQLA, as per CRDIV eligibility criteria, equated to US$22.2 billion (this HQLA split between cash of US$14.8 billion and bonds of US$7.4 billion).

CEP's CRD IV LCR was 116.7% as of 31 December 2018 with a surplus of USD 3.2bn above the minimum 100% requirement; the average LCR DA for CEP in 2018 was 123%.

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:

- Processing Risk including Execution & Integration Risk, Data Management Risk, Reporting Risk;
- Human Capital Risk;
- Compliance Risk including Money Laundering Risk, Bribery risk & Sanctions Risk;
- Markets Conduct Risk;
- Legal Risk;
- Fraud Risk including Internal & External Fraud;
- Third Party Risk;
- Information Security and Communication including Cyber Risk;
- Information Technology Risk;
- Model Risk;
- Physical Damage Risk;
- Reputational 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

CEP Operational Risk governance is supported by CEP specific governance structures, Operational Risk frameworks, resources and processes.

The Board approves the strategy and the outcome of the Material Risk Assessment and the overall level of Operational risk appetite in pursuit of its strategy. The Board also reviews and approves the overall approach to operational risk governance. The CEP Risk and Audit Committees receive CEP Operational Risk on a quarterly basis, which provide 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;

- 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 2016 to 2018, 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 2018 was $352mm. This represents a decrease of 6% compared to the 31 December 2017 result of $374mm due to the inclusion of 2017 revenues in the 3 year average calculation.

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 on an entity stand-alone basis. Stress testing is also performed periodically with CEP independent Risk Management, in conjunction with the businesses, developing stress scenarios and using these loss estimates to assess CEP's ability to absorb potential operational losses.

7 Securitisation

7.1 Securitisation activity

As at 31 December 2018, CEP does not have any securitization positions (originations or investments) on its books.

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

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 5: LI1 - Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories as of 2018

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

EUR Thousands	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items: 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	14,849,986	14,849,986	14,849,986	-	-	-	-
Items in the course of collection from other banks	-	-	-	-	-	-	-
Trading portfolio assets	874,661	874,661	-	-	-	874,661	-
Financial assets designated at fair value	77,224	77,224	-	-	-	77,224	-
Derivative financial instruments	1,299,056	1,299,056	-	-	-	1,299,056	-
Loans and advances to banks	11,572,127	11,572,127	11,572,127	-	-	-	-
Loans and advances to customers	16,376,016	16,376,016	16,376,016	-	-	-	-
Reverse repurchase agreements and other similar secured lending	-	-	-	-	-	-	-
Available-for-sale financial investments	3,479,191	3,479,191	-	-	-	3,479,191	-
Other	4,431,146	4,431,146	-	-	-	-	4,431,146
Total assets	52,959,408	52,959,408	-	-	-	-	-
Liabilities							
Deposits from banks	12,490,046	12,490,046	-	-	-	-	12,490,046
Items in the course of collection due to other banks	-	-	-	-	-	-	-
Customer accounts	21,984,909	21,984,909	-	-	-	-	21,984,909
Repurchase agreements and other similar secured borrowings	-	-	-	-	-	-	-
Trading portfolio liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-	-
Derivative financial instruments	1,312,619	1,312,619	-	-	-	1,312,619	-
Other	9,102,006	9,102,006	-	-	-	-	9,102,006
Total liabilities	**44,889,580**	**44,889,580**	**-**	**-**	**-**	**-**	**-**

Table 6: 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 7: 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 Requirements

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 8 and 9 shows the regulatory capital resources of CHIL and CEP as at 31 December 2018 and 31 December 2017. Tables 10 and 11 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 2018. Further details on the composition of CHIL and CEP's Capital resources are shown in Table 12.

Table 8: Own Funds CHIL & CEP at 31 December 2018

EUR thoudands	At 31 Dec 2018 CHIL	At 31 Dec 2018 CEP	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
Capital instruments and the related share premium accounts	2,201,200	2,419,173	26 (1), 27, 28, 29, EBA list 26 (3)
of which: Share Capital	-	9,198	
of which: Share Premium	600,315	1,714,190	
of which: Capital Reserves	1,662,739	721,998	EBA list 26 (3)
of which: Other Reserves	-61,854	-26,213	
Retained earnings	5,866,894	5,650,655	26 (1) (c)
Accumulated other comprehensive income (and any other reserves)	-	-	26 (1)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,068,094	8,069,828	
Additional value adjustments (negative amount)	-7,598	-7,611	34, 105
Intangible assets (net of related tax liability) (negative amount)	-81,958	-81,958	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)	-222,188	-222,161	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)	-	-12,380	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)	-311,745	-324,109	
Common Equity Tier 1 (CET1) capital	7,756,349	7,745,719	
Tier 1 capital (T1 = CET1 + AT1)	7,756,349	7,745,719	
Tier 2 (T2) Capital	-	-	
Total Capital (TC = T1 + T2)	7,756,349	7,745,719	
Total Risk-Weighted Assets	39,479,415	39,474,731	
Common Equity Tier 1 (as a percentage of total risk exposure amount	19.65%	19.62%	92 (2) (a), 465
Tier 1 (as a percentage of total risk exposure amount	19.65%	19.62%	92 (2) (b), 465
Total capital (as a percentage of total risk exposure amount	19.65%	19.62%	92 (2) (c)

Table 9: 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 10: Regulatory Capital Resources Reconciliation to Audited Financial Statements CHIL

EUR Thousands	Balance per Audited Financial Statements	Adj to Balance Sheet Items for Regulatory Capital Resources			Balance per Regulatory Capital Resources
		Intangible Assets	Deferred Tax	Prudent Valuation	
Tier 1 Capital					
Share Capital	-				-
Share Premium	600,315				600,315
Capital Reserves	1,662,739				1,662,739
Other Reserves	(61,854)				(61,854)
Retained Earnings	5,866,894				5,866,894
Tier 1 Capital Before Deductions	8,068,094				8,068,094
Intangible Assets		(81,958)			(81,958)
Deferred Tax Asset			(222,188)		(222,188)
Prudent Valuation				(7,598)	(7,598)
Tier 1 Capital After Deductions	8,068,094	(81,958)	(222,188)	(7,598)	7,756,349
Total Capital Resources	8,068,094	(81,958)	(222,188)	(7,598)	7,756,349

Table 11: Regulatory Capital Resources Reconciliation to Audited Financial Statements CEP

EUR Thousands	Balance per Audited Financial Statements	Adj to Balance Sheet Items for Regulatory Capital Resources				Balance per Regulatory Capital Resources
		Intangible Assets	Deferred Tax	Prudent Valuation	Significant Investments	
Tier 1 Capital						
Share Capital	9,198					9,198
Share Premium	1,714,190					1,714,190
Capital Reserves	721,998					721,998
Other Reserves	(26,213)					(26,213)
Retained Earnings	5,650,655					5,650,655
Tier 1 Capital Before Deductions	8,069,828	0				8,069,828
Intangible Assets		(81,958)				(81,958)
Deferred Tax Asset			(222,161)			(222,161)
Prudent Valuation				(7,611)		(7,611)
Significant Investments					(12,380)	(12,380)
Tier 1 Capital After Deductions	8,069,828	(81,958)	(222,161)	(7,611)	(12,380)	7,745,719
Total Capital Resources	8,069,828	(81,958)	(222,161)	(7,611)	(12,380)	7,745,719

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 Overview of Risk-Weighted Assets

Table 13 provides the overview of RWAs and minimum capital requirements as of 31 December 2018, 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 2018

EUR Thousands	RWAs		Minimum capital requirements	
	2018 Q4	2018 Q3	2018 Q4	2018 Q3
Credit risk (excluding CCR)	32,969,596	31,751,337	2,637,568	2,540,107
Of which the standardised approach	32,969,596	31,751,337	2,637,568	2,540,107
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	1,257,864	1,346,117	100,629	107,689
Of which mark to market	1,173,013	1,286,075	93,841	102,886
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	7,951	13,245	636	1,060
Of which CVA	76,901	46,797	6,152	3,744
Settlement risk	86	120	7	10
Securitisation exposures in the banking book (after the cap)	-	-	-	-
Of which IRB approach	-	-	-	-
Of which IRB supervisory formula approach (SFA)	-	-	-	-
Of which internal assessment approach (IAA)	-	-	-	-
Of which standardised approach	-	-	-	-
Market risk	1,403,811	1,348,579	112,305	107,886
Of which the standardised approach	1,403,811	1,348,579	112,305	107,886
Of which IMA	-	-	-	-
Large exposures	-	-	-	-
Operational risk	3,843,374	3,801,540	307,470	304,123
Of which basic indicator approach	-	-	-	-
Of which standardised approach	3,843,374	3,801,540	307,470	304,123
Of which advanced measurement approach	-	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-
Floor adjustment	-	-	-	-
Total	**39,474,731**	**38,247,693**	**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 2018.

Table 14: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 31 December 2018

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	65,347	0	0	5,182	0	5,182	0.0038%	1.880%
Norway	314,454	102	0	20,667	8	20,676	0.0161%	2.000%
Sweden	549,408	17,929	0	41,699	1,434	43,133	0.0336%	2.000%
Czech Republic	1,346,572	0	0	106,132	0	106,132	0.0413%	1.000%
Iceland	21	0	0	2	0	2	0.0000%	1.250%
Slovakia	282,530	0	0	22,964	0	22,964	0.0112%	1.250%
Lithuania	22,540	0	0	1,803	0	1,803	0.0004%	0.500%
United Kingdom	5,060,903	122,274	0	378,895	9,782	388,677	0.1513%	1.000%
Total	7,641,774	140,306	0	577,344	11,224	588,568	0.2576%	

Table 15: Amount of institution-specific countercyclical buffer 31 December 2018

Eur Thousands	2018
Total Risk exposure amount	39,474,731
Institution specific countercyclical capital buffer rate	0.2577%
Institution specific countercyclical capital buffer requirement	101,724

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 2018 was €740 million and 31 December 2017 was €472 million.

Other Systemically Important Buffers

Represents a capital buffer requirement on institutions deemed systemically important to the local domestic economy.
The Central Bank of Ireland has set a rare of 1.0% for CHIL, beginning in 2019 at 0.25% and increasing up to 1.0% by 2021.

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 European Supervisory Authority (European Banking Authority (EBA), established by Regulation (EU) No 1093/2010 of the European Parliament of the Council, concluded in its report on the leverage ratio requirement that the leverage ratio requirement should be calibrated at 3%. As per the CRR II (Capital Requirements Regulation) document, the leverage ratio requirements take effect from 28 June 2021.

CHIL (consolidated) and CEP's ratio is in excess of this at 10.16% and 10.15% respectively at 31 December 2018.

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

EUR Thousands	**2018** **Applicable Amounts**
Total assets as per published financial statements	52,957,674
Adjustments for derivative financial instruments	267,109
Adjustments for securities financing transactions "SFTs"	0
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	23,279,567
Other adjustments	(212,119)
Leverage Ratio Exposure	76,312,147

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

Table 17: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CEP

EUR Thousands	**2018**
Total assets as per published financial statements	52,959,408
Adjustments for derivative financial instruments	267,109
Adjustments for securities financing transactions "SFTs"	0
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet	23,279,567
Other adjustments	(204,551)
Leverage Ratio Exposure	76,301,532

Table 18: Leverage Ratio Common Disclosure for CHIL & CEP

	2018	
	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)	42,140,293	42,142,030
Asset amounts deducted in determining Tier 1 capital	(304,146)	(316,499)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	41,836,146	41,825,531
Derivative Exposures		
Replacement cost associated with derivatives transactions	383,863	383,863
Add-on amounts for PFE associated with derivatives transactions	1,295,585	1,295,585
Deductions of receivables assets for cash variation margin provided in derivatives transactions	(108,934)	(108,934)
Total Derivative Exposures	1,570,514	1,570,514
Securities financing transaction exposures		
SFT Exposure	9,625,921	9,625,921
Total Securities Financing Transaction Exposures	9,625,921	9,625,921
Off-Balance Sheet Exposures		
Off-balance sheet exposures at gross notional amount	23,279,567	23,279,567
Adjustments for conversion to credit equivalent amounts	(000)	(000)
Total Off-Balance Sheet Exposures	23,279,567	23,279,567
Capital and Total Exposures		
Tier 1 capital	7,756,349	7,745,719
Total Leverage Ratio Exposures	76,312,147	76,301,532
Leverage ratio		
Leverage ratio	10.16%	10.15%
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

This table shows the breakdown of the Leverage exposure disclosed in Table 19 and 20.

Table 19: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CHIL

	2018
EUR Thousands	CRR Leverage Ratio Exposures
Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:	42,140,293
Trading Book Exposures	930,799
Banking Book Exposures, of which:	41,209,494
Exposures treated as sovereigns	17,110,226
Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	168,997
Institutions	3,446,203
Secured by mortgages of immovable properties	161,129
Retail exposures	16,869
Corporate	15,796,401
Exposures in default	752,333
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,757,334

Table 20: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CEP

EUR Thousands	2018 CRR Leverage Ratio Exposures
Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:	42,142,030
Trading Book Exposures	930,799
Banking Book Exposures, of which:	41,211,231
Exposures treated as sovereigns	17,110,226
Exposures to regional governments, MDB, international organisations and PSE NOT treated as	168,997
Institutions	3,446,203
Secured by mortgages of immovable properties	161,129
Retail exposures	16,869
Corporate	15,796,401
Exposures in default	752,333
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,759,071

There was no material change to the leverage ratio of CHIL and CEP versus the prior year (CHIL 2018 – 10.16% vs 2017 – 11.04%, CEP 2018 – 10.15% vs 2017 – 11.04%).

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 21: Non-Trading Book Equity Exposures 31 December 2018

EUR Thousands	2018	2017
Investments Held at Cost	57	31,715

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 22: CRB-B - Total and average net amount of exposures as of 2018

The table below provide a breakdown of credit risk exposures pre CCF (Credit Conversion Factor) 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	17,968,584	15,571,558
Regional governments or local authorities	106,118	107,789
Public sector entities	220,077	363,083
Multilateral development banks	379,744	380,550
International organisations	1,586	3,730
Institutions	5,195,210	5,984,700
Corporates	48,468,785	46,839,794
Of which: SMEs	537,377	570,166
Retail	19,021	18,015
Of which: SMEs	6,457	4,506
Secured by mortgages on immovable property	174,331	626,143
Of which: SMEs	-	-
Exposures in default	1,071,387	1,081,113
Items associated with particularly high risk	823,321	576,881
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings	7,297	4,564
Equity exposures	57	4,226
Other exposures	40,929	98,813
Total standardised approach	74,476,446	71,660,959
Total	**74,476,446**	**71,660,959**

Table 23: CRB-B - Total and average net amount of exposures as of 2017

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 24: CRB-C – Geographical breakdown of exposures as of 2018

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

	Net value								
EUR Thousands	Switzerland	Czech 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	-	365,565	3,662,024	6,264	1,987,895	1,491,357	865,024	2,426	25,957
Regional governments or local authorities	-	-	-	105,231	-	-	-	-	-
Public sector entities	2	-	0	1	90,585	29	0	5	587
Multilateral development banks	-	-	-	-	-	2,095	-	-	291,110
International organisations	494	-	-	-	1,092	-	-	-	-
Institutions	28,129	7,503	90,200	59,052	411,597	1,782,381	1,826	53,115	10,330
Corporates	1,995,190	1,510,083	4,547,509	3,408,395	9,748,001	6,217,913	897,165	1,892,224	945,264
Retail	0	2,999	0	-	1	6,082	8,874	0	3
Secured by mortgages on immovable property	-	-	-	162,424	56	-	-	-	11,852
Exposures in default	13,443	7,236	32,570	25,794	7,279	4,381	23,432	60,729	35,243
Items associated with particularly high risk	-	51,110	161	62,979	163,615	45,871	16,807	261	44
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	1	-	1,910	5,386
Equity exposures	1	-	-	-	-	-	-	-	-
Other exposures	2	525	113	3	5,187	13,777	6,699	2,843	9
Total standardised approach	**2,037,261**	**1,945,021**	**8,332,577**	**3,830,143**	**12,415,309**	**9,563,886**	**1,819,827**	**2,013,514**	**1,325,785**
Total	**2,037,261**	**1,945,021**	**8,332,577**	**3,830,143**	**12,415,309**	**9,563,886**	**1,819,827**	**2,013,514**	**1,325,785**

Table 25: CRB-C – Geographical breakdown of exposures as of 2018 (continued)

EUR Thousands	Net value							
	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	5,841,894	1,039,274	713,829	852,841	929,238	78,339	106,655	17,968,584
Regional governments or local authorities	-	-	-	-	887	-	-	106,118
Public sector entities	66,575	36	746	32,296	29,206	0	7	220,077
Multilateral development banks	-	-	-	40,940	37,375	-	8,224	379,744
International organisations	-	-	-	-	-	-	-	1,586
Institutions	118,800	1,827	1,624	1,390,016	767,860	84,564	386,386	5,195,210
Corporates	1,582,721	648,908	805,791	6,168,943	2,166,358	4,386,081	1,548,239	48,468,785
Retail	0	312	-	748	0	-	0	19,021
Secured by mortgages on immovable property	-	-	-	-	-	-	-	174,331
Exposures in default	557,806	20,998	-	163,510	105,612	13,354	-	1,071,387
Items associated with particularly high risk	66,699	9,382	33	388,550	3,298	12,762	1,749	823,321
Covered bonds	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
Collective investments undertakings	0	-	-	-	-	-	0	7,297
Equity exposures	-	-	-	56	-	-	-	57
Other exposures	418	4,068	1,862	5,355	67	-	1	40,929
Total standardised approach	**8,234,913**	**1,724,806**	**1,523,886**	**9,043,256**	**4,039,901**	**4,575,100**	**2,051,261**	**74,476,446**
Total	**8,234,913**	**1,724,806**	**1,523,886**	**9,043,256**	**4,039,901**	**4,575,100**	**2,051,261**	**74,476,446**

Table 26: CRB-C – Geographical breakdown of exposures as of 2017

	Net value								
EUR Thousands	Switzerland	Czech 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 27: 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 28: CRB-D – Concentration of exposures by industry as of 2018

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	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-
Public sector entities	-	66,578	20,730	587	3	32	-	0
Multilateral development banks	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-
Institutions	292	4,584,736	-	0	0	1	19	-
Corporates	3,963,905	1,294,612	4,242,314	139,361	3,592,748	14,071,000	1,205,291	375,514
Retail	286	-	5	-	5,586	891	6,239	0
Secured by mortgages on immovable property	95,050	-	-	-	-	-	56	-
Exposures in default	264,309	1,070	88,622	-	51,971	541,891	-	12,480
Items associated with particularly high risk	75,909	264,274	10,639	220	22,193	174,538	-	2
Covered bonds	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	6,789	-	-	-	-
Equity exposures	-	-	-	-	-	-	12	-
Other exposures	-	2,553	98	25,829	2,058	-	29,391	-
Total standardised approach	**4,399,751**	**6,213,823**	**4,362,407**	**172,787**	**3,674,559**	**14,788,353**	**1,241,009**	**387,996**
Total	**4,399,751**	**6,213,823**	**4,362,407**	**172,787**	**3,674,559**	**14,788,353**	**1,241,009**	**387,996**

Table 29: CRB-D – Concentration of exposures by industry as of 2018 (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	4,502,492	-	-	13,444,824	21,268	17,968,584
Regional governments or local authorities	106,118	-	-	-	-	106,118
Public sector entities	1,834	99,677	-	-	30,635	220,077
Multilateral development banks	-	-	-	-	379,744	379,744
International organisations	-	-	-	494	1,092	1,586
Institutions	-	-	-	-	610,162	5,195,210
Corporates	24	2,035,029	3,411,471	-	14,137,517	48,468,785
Retail	-	3,055	2,958	-	0	19,021
Secured by mortgages on immovable property	-	-	-	-	79,225	174,331
Exposures in default	-	50,010	37,975	-	23,060	1,071,387
Items associated with particularly high risk	1	41,607	161,660	12,747	59,532	823,321
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	508	7,297
Equity exposures	-	-	-	1	43	57
Other exposures	0	-	-	999	-	60,928
Total standardised approach	**4,610,469**	**2,229,379**	**3,614,063**	**13,459,065**	**15,342,785**	**74,496,446**
Total	**4,610,469**	**2,229,379**	**3,614,063**	**13,459,065**	**15,342,785**	**74,496,446**

Table 30: CRB-D – Concentration of exposures by industry as of 2017

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 31: 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 32: CRB-E – Maturity of exposures as of 2018

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	-	16,128,717	1,622,994	216,872	-	17,968,584
Regional governments or local authorities	-	5,537	100,581	-	-	106,118
Public sector entities	-	47,440	84,982	87,655	-	220,077
Multilateral development banks	-	88,634	254,642	36,468	-	379,744
International organisations	-	495	1,091	-	-	1,586
Institutions	-	4,885,356	308,783	1,072	-	5,195,210
Corporates	-	27,331,619	18,261,067	2,876,099	-	48,468,785
Retail	-	14,461	1,893	2,667	-	19,021
Secured by mortgages on immovable property	-	91,077	83,254	-	-	174,331
Exposures in default	-	813,784	145,456	112,147	-	1,071,387
Items associated with particularly high risk	-	347,581	352,036	123,705	-	823,321
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	-	-	-	-	-
Collective investments undertakings	-	7,297	-	-	-	7,297
Equity exposures	-	57	-	-	-	57
Other exposures	-	40,929	-	-	-	40,929
Total standardised approach	**-**	**49,802,982**	**21,216,779**	**3,456,685**	**-**	**74,476,446**
Total	**-**	**49,802,982**	**21,216,779**	**3,456,685**	**-**	**74,476,446**

Table 33: CRB-E – Maturity of exposures as of 2017

	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 34: CR1-A – Credit quality of exposures by exposures class and instrument as of 2018

	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	-	17,968,703	(1,302)		-	-	17,967,401
Regional governments or local authorities	-	106,118	(0)		-	-	106,118
Public sector entities	7,280	220,082	(4,868)		-	-	222,494
Multilateral development banks	-	379,756	(130)		-	-	379,626
International organisations	-	1,586	(0)		-	-	1,586
Institutions	1,070	5,220,868	(1,080)		(490)	-	5,220,368
Corporates	1,090,071	48,512,531	(88,398)		(12,838)	-	49,501,366
Of which: SMEs	-	537,490	-		-	-	537,490
Retail	-	19,024	(22)		(0)	-	19,002
Of which: SMEs	-	6,458	-		-	-	6,458
Secured by mortgages on immovable property	-	174,331	(141)		-	-	174,190
Of which: SMEs	-	-	-		-	-	-
Exposures in default	-	-	-			-	-
Items associated with particularly high risk	-	778,203	(18,588)		(67,295)	-	692,320
Covered bonds	-	-	-		-	-	-
Claims on institutions and corporates with a short- term credit assessment	-	-	-		-	-	-
Collective investments undertakings	-	7,297	(0)		-	-	7,297
Equity exposures	-	57	-		-	-	57
Other exposures	-	40,929	(0)		(1,081)	-	39,847
Total standardised approach	**1,098,422**	**73,429,485**	**(114,529)**	**-**	**(81,704)**	**-**	**74,331,673**
Total	**1,098,422**	**73,429,485**	**(114,529)**	**-**	**(81,704)**	**-**	**74,331,673**

Table 35: CR1-A – Credit quality of exposures by exposures class and instrument as of 2017

EUR Thousands	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the	Net values
	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 36: CR1-B – Credit quality of exposures by industry or counterparty types as of 2018

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.

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					
Business Administrative Services	277,855	4,136,487	(21,362)	-	(584)	-	4,392,395
Credit Instituitions	1,070	6,214,761	(3,246)	-	-	-	6,212,585
Electricity, Gas, Steam and Air Conditioning Supply	91,500	4,275,235	(11,198)	-	(385)	-	4,355,151
Financial Intermediation (Excl. Monetary Financial Institutions)	3	2,457,742	(1,088)	-	(79)	-	2,456,577
Information and Communication	51,971	3,623,602	(2,379)	-	(120)	-	3,673,075
Manufacturing	550,385	14,251,150	(29,852)	-	(2,890)	-	14,768,793
Personal (Private Households)	-	1,245,093	(4,461)	-	(1,073)	-	1,239,559
Primary Industries	12,480	375,568	(270)	-	(1)	-	387,777
Public Administration and Defence	-	4,610,469	(1,080)	-	-	-	4,609,389
Transportation and Storage	50,757	2,180,299	(7,009)	-	(3,020)	-	2,221,027
Wholesale/Retail Trade & Repairs	37,990	3,582,892	(23,729)	-	(69,442)	-	3,527,711
Central Banks	-	13,459,185	(221)	-	-	-	13,458,963
Other	24,411	13,017,001	(8,633)	-	(4,109)	-	13,028,670
Total	**1,098,422**	**73,429,485**	**(114,529)**	**-**	**(81,704)**	**-**	**74,331,673**

Table 37: CR1-B – Credit quality of exposures by industry or counterparty types as of 2017

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					
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 38: CR1-C - Credit quality of exposures by geography as of 2018

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	14,551	2,024,274	(1,742)		(335)	-	2,036,747
Checz Republic	7,243	1,939,816	(9,658)		(1,730)	-	1,935,671
Germany	32,662	8,300,794	(4,582)		(107)	-	8,328,767
Spain	28,131	3,805,069	(4,107)		(17)	-	3,829,076
France	7,279	12,415,973	(13,448)		(3,155)	-	12,406,649
UK	4,381	9,561,393	(5,247)		(1,869)	-	9,558,658
Hungary	23,435	1,796,600	(12,255)		(2,898)	-	1,804,882
Ireland	63,263	1,953,310	(6,517)		(70)	-	2,009,986
Luxembourg	38,443	1,290,652	(3,521)		(16)	-	1,325,558
Netherlands	562,254	7,678,406	(10,186)		(282)	-	8,230,193
Romania	21,033	1,704,416	(4,706)		(3)	-	1,720,740
Sweden	-	1,524,691	(910)		(73)	-	1,523,708
Rest of EMEA	173,024	8,884,731	(23,472)		(70,405)	-	8,963,878
USA	109,367	3,934,719	(11,234)		(645)	-	4,032,207
Rest of Americas	13,354	4,562,678	(1,560)		(55)	-	4,574,418
APAC	-	2,051,964	(1,384)		(43)	-	2,050,536
Total	**1,098,422**	**73,429,485**	**(114,529)**		**(81,704)**	**-**	**74,331,673**

Table 39: CR1-C - Credit quality of exposures by geography as of 2017

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					
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 40: CR1-D – Ageing of past-due exposures as at 31 December 2018

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	709,082	12,282	-	-	506	26,811
Debt securities	-	-	-	-	-	-
Total exposures	709,082	12,282	-	-	506	26,811

Table 41: CR1-E – Non-performing and forborne exposures as at 31 December 2018

EUR Thousands	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 due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non- performing exposures	Of which forborne exposures
				Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Debt securities	3,491,109	-	-	-	-	-	1,111	-	-	-	-	-
Loans and advances	42,689,405	52,183	748,681	107,330	108,912	62,302	20,025	1,882	41,903	19,247	17,656	65,847
Off-balance-sheet exposures	34,211,804	-	344,979	1,693	-	-	51,486	-	27,034	-	-	-

Table 42: CR2-A – Changes in the stock of general and specific credit risk adjustments as at 31 December 2018

EUR Thousands	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	**118,989**	**103,658**
Increases due to amounts set aside for estimated loan losses during the period	21,410	98,545
Decreases due to amounts reversed for estimated loan losses during the period	(2,556)	(104,300)
Decreases due to amounts taken against accumulated credit risk adjustments	(51,379)	(556)
Transfers between credit risk adjustments	(6,578)	6,578
Impact of exchange rate differences	0	(0)
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	(67,116)
Closing balance	**86,464**	**30,231**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	15,051	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	(61,953)	-

Table 43: CR2-B – Changes in the stock of defaulted and impaired loans and debt securities as at 31 December 2018

EUR Thousands	Gross carrying value defaulted exposures
Opening balance	**316,011**
Loans and debt securities that have defaulted or impaired since the last reporting period	(9,083)
Returned to non-defaulted status	-
Amounts written off	(61,953)
Other changes	(133,979)
Closing balance	**110,996**

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 44: CR3 - CRM techniques – Overview as of 2018

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	16,002,420	-	38,088	-	-
Total debt securities	-	-	-	-	-
Total exposures	**16,002,420**	**-**	**38,088**	**-**	**-**
Of which defaulted	715,882	-	-	-	-

Table 45: 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	-	-	-	-

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 46: CCR1: Analysis of CCR exposure by approach as of 2018

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	-	108,934	2,187,119	-	-	1,570,514	1,163,055
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)	-	-	-	-	-	1,035,543	9,959
VaR for SFTs	-	-	-	-	-	-	-
Total	**-**	-	-	-	-	-	**1,173,013**

Table 47: CCR1: Analysis of CCR exposure by approach as of 2017

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**

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.

Table 48: CCR2 - Credit valuation adjustment (CVA) capital charge as of 2018

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	264,918	76,901
Based on the original exposure method	-	-
Total subject to the CVA capital charge	264,918	76,901

Table 49: CCR2 - Credit valuation adjustment (CVA) capital charge as of 2017

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 50: CCR8 - Exposures to CCPs as of 2018

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*	325,078	6,502
Prefunded default fund contributions	92,299	12,635
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	-	-

*Comprises initial and variation margin posted in relation to client clearing.

Table 51: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk as of 2018

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

Exposure classes	Risk weight						Total	Of which unrated
	0%	20%	50%	75%	100%	150%		
Central governments or central banks	1,021,529	-	907	-	-	-	1,022,436	1,015,626
Regional government or local authorities							-	
Public sector entities	-	55,345	-	-	-	-	55,345	
Multilateral development banks							-	-
International organisations							-	
Institutions	-	12,040	610,477	-	1,181	-	623,698	104,120
Corporates	-	65,513	37,435	-	759,120	32,554	894,622	491,854
Retail	-	-	-	62	-	-	62	62
Institutions and corporates with a short-term credit assessment							-	
Other items	-	-	-	-	3,991	5,903	9,894	5,574
Total	**1,021,529**	**132,897**	**648,819**	**62**	**764,292**	**38,457**	**2,606,057**	**1,617,236**

Table 52: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk as of 2017

EUR Thousands

Exposure classes	Risk weight						Total	Of which unrated
	0%	20%	50%	75%	100%	150%		
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 53: CCR5-A - Impact of netting and collateral held on exposure values as of 2018

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.

EUR Thousands	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	1,679,447	-	1,679,447	108,934	1,570,514
SFTs	9,606,004	-	9,606,004	8,570,461	1,035,543
Cross-product netting	-	-	-	-	-
Total	**11,285,451**	**-**	**11,285,451**	**8,679,394**	**2,606,057**

Table 54: CCR5-A - Impact of netting and collateral held on exposure values as of 2017

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 55: CCR5-B - Composition of collateral for exposures to CCR as of 2018

	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	-	121,788	-	202,797	-	-
Debt	-	-	-	-	10,423,441	-
Total	**-**	**121,788**	**-**	**202,797**	**10,423,441**	**-**

Table 56: CCR6: Credit derivatives exposures as of 2018

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

EUR Thousands	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals			-
Single-name credit default swaps	231,572	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
Total notionals	**231,572**	**-**	**-**
Fair values			**-**
Positive fair value (asset)	**-**		**-**
Negative fair value (liability)	**(8,514)**		**-**

Table 57: 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)**	**-**	**-**

13 Credit Risk Profile 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 58 below:

Table 58: 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 39 below sets out a simplified summary of how credit quality is linked to risk weighting.

Table 59: 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 60: CR4 - Standardised approach – Credit risk exposure and CRM effects as of 2018

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	17,747,106	220,295	17,664,145	111,806	119,612	1%
Regional government or local authorities	106,118	-	106,118	-	177	0%
Public sector entities	142,374	77,670	113,860	38,938	32,457	21%
Multilateral development banks	359,577	20,049	359,577	10,025	33,262	9%
International organisations	497	1,089	497	1,089	-	0%
Institutions	4,049,937	1,144,563	4,042,661	729,027	2,872,887	60%
Corporates	16,555,773	31,957,799	15,580,820	14,185,073	27,387,423	92%
Retail	16,851	2,151	16,851	650	13,126	75%
Secured by mortgages on immovable property	160,988	13,202	160,988	6,601	167,553	100%
Exposures in default	710,385	319,054	681,211	191,633	1,300,898	149%
Higher-risk categories	207,693	551,922	202,386	437,040	1,002,639	150%
Covered bonds	-	-	-	-	-	0%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
Collective investment undertakings	7,297	-	7,297	-	7,297	100%
Equity	57	-	57	-	57	100%
Other items	40,929	-	40,929	-	32,209	79%
Total	**40,105,581**	**34,307,796**	**38,977,396**	**15,711,883**	**32,969,596**	**60%**

Table 61: CR4 - Standardised approach – Credit risk exposure and CRM effects as of 2017

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 62: CR5 - Standardised approach - Risk Weighted as of 2018

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

Exposure classes	Risk weight									Total	Of which unrated
	0%	2%	10%	20%	35%	50%	75%	100%	150%		
Central governments or central banks	17,443,560	-	169,485	22,191	-	84,980	-	55,735	-	17,775,951	13,761,687
Regional government or local authorities	105,231	-	-	887	-	-	-	-	-	106,118	105,231
Public sector entities	-	-	-	150,423	-	5	-	2,370	-	152,799	1,606
Multilateral development banks	336,340	-	-	0	-	-	-	33,262	-	369,601	33,204
International organisations	1,586	-	-	-	-	-	-	-	-	1,586	494
Institutions	-	325,078	-	530,174	-	2,786,662	-	655,285	474,490	4,771,688	886,096
Corporates	-	-	-	1,352,336	-	3,087,986	-	24,743,790	552,782	29,736,895	18,749,482
Retail	-	-	-	-	-	-	17,501	-	-	17,501	17,501
	-	-	-	-	56	-	-	167,533	-	167,589	167,589
Secured by mortgages on immovable property											
Exposures in default	-	-	-	-	-	-	-	16,736	856,108	872,844	851,881
Higher-risk categories	-	-	-	-	-	-	-	-	668,425	668,425	294,453
Covered bonds										-	
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
Collective investment undertakings	-	-	-	-	-	-	-	7,297	-	7,297	7,297
Equity	-	-	-	-	-	-	-	57	-	57	57
Other items	5,512	-	-	4,009	-	-	-	31,408	-	40,929	39,756
Total	**17,892,228**	**325,078**	**169,485**	**2,060,021**	**56**	**5,959,633**	**17,501**	**25,713,472**	**2,551,805**	**54,689,279**	**34,916,333**

Table 63: CR5 - Standardised approach - Risk Weighted as of 2017

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**

14 Market Risk

Table 64: MR1 - Market risk under the standardised approach as of 2018

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)	854,820	68,386
Equity risk (general and specific)		
Foreign exchange risk	548,990	43,919
Commodity risk		
Options		
Simplified approach		
Delta-plus method		
Scenario approach		
Securitisation (specific risk)		
Total	**1,403,811**	**112,305**

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 a stable trend for the CEP LCR throughout 2018.

Table 65: LIQ1 – LCR disclosure

Currency and units (EUR)		Total unweighted value				Total weighted value			
Quarter ending on (DD Month YYY)		**31/03/2018**	**29/06/2018**	**28/09/2018**	**31/12/2018**	**31/03/2018**	**29/06/2018**	**28/09/2018**	**31/12/2018**
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)					14,908	15,463	15,887	17,121
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	3,847	3,848	3,839	3,800	769	782	829	871
3	*Stable deposits*	0	0	0	0	0	0	0	0
4	*Less stable deposits*	3,847	3,848	3,839	3,800	769	770	768	760
5	Unsecured wholesale funding	20,994	20,864	21,033	22,378	11,109	11,004	10,808	11,578
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	8,708	7,981	8,190	8,527	2,106	1,930	1,994	2,094
7	*Non-operational deposits (all counterparties)*	12,285	12,884	12,844	13,851	9,003	9,073	8,814	9,484
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	Secured wholesale funding								0
10	Additional requirements	16,344	16,626	17,179	17,727	3,090	3,183	3,260	3,311
11	*Outflows related to derivative exposures and other collateral requirements*	842	873	889	904	842	873	876	891
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	15,502	15,753	16,290	16,823	2,247	2,310	2,384	2,420
14	Other contractual funding obligations	2,946	2,579	2,423	2,400	2,881	2,516	2,357	2,332
15	Other contingent funding obligations	15,734	15,688	16,020	16,312	877	875	894	907
16	**TOTAL CASH OUTFLOWS**					18,726	18,359	18,147	19,000
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	1,349	1,506	1,618	1,827	0	1	1	163
18	Inflows from fully performing exposures	5,067	4,756	4,683	4,628	3,523	3,323	3,375	3,353
19	Other cash inflows	2,612	1,965	1,505	1,138	2,612	1,965	1,505	1,138
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)	0	0	0	0	0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)	0	0	0	0	0	0	0	0
20	**TOTAL CASH INFLOWS**	9,028	8,227	7,806	7,593	6,135	5,289	4,881	4,654

EU-20a	***Fully exempt inflows***	0	0	0	0	0	0	0	0
EU-20b	***Inflows Subject to 90% Cap***	0	0	0	0	0	0	0	0
EU-20c	***Inflows Subject to 75% Cap***	9,028	8,227	7,806	7,593	6,135	5,289	4,881	4,654
21	**LIQUIDITY BUFFER**					14,908	15,463	15,887	17,121
22	**TOTAL NET CASH OUTFLOWS**					12,591	13,070	13,266	14,346
23	**LIQUIDITY COVERAGE RATIO (%)**					118.40%	118.31%	119.76%	119.35%

15.2 Asset encumbrance

Asset Encumbrance (“AE”) in CEP has historically been low, reflecting a funding approach that does not rely on secured financing. In 2018, the AE ratio increased mainly due to migration of clearing activity into CEP. CEP’s level of encumbered assets increased in 2018, mainly related to the increase in intraday clearing in CEP, the ratio of encumbered assets in total assets, computed for 2018 year-end, stands at 14.27%.

As at 31 December 2018, the carrying value of assets on CEP consolidated IFRS balance sheet was €53,065mm. Of the total amount, approximately 14.27% or €2,845mm relates to encumbered assets, with the remainder off-balance sheet collateral. Assets or collateral are considered encumbered when they have been pledged or used to secure, collateralize 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 66: Asset encumbrance

The values shown below represent the median values of the quarter-end numbers in 2018.

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
		EUR mm	EUR mm	EUR mm	EUR mm
010	**Assets of the reporting institution**	2,995	0	44,570	0
020	**Loans on demand**	794	0	13,154	0
030	Equity instruments	0	0	67	0
040	Debt securities	227	227	3,389	3,389
070	of which: issued by general governments	212	212	2,614	2,614
080	of which: issued by financial corporations	30	30	330	330
090	of which: issued by non-financial corporations	0	0	2	2
100	Loans and advances other than loans on demand	735	0	23,481	0
110	of which: mortgage loans	0	0	1,080	0
120	Other assets	1,127	0	4,600	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
		EUR mm	EUR mm
130	**Collateral received by the reporting institution**	2,716	3,463
160	**Debt securities**	2,716	2,858
190	of which: issued by general governments	2,716	2,858
200	of which: issued by financial corporations	50	0
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	5,590	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
		EUR mm	EUR mm
010	**Carrying amount of selected financial liabilities**	**215**	**240**
020	Derivatives	215	156
030	of which: Over-The-Counter	215	156
040	Deposits	0	7
050	Repurchase agreements	0	7
120	Other sources of encumbrance	273	5,266
170	TOTAL SOURCES OF ENCUMBRANCE	**431**	**5,590**

16 2018 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 subsidiary and employing entity of CHIL, the remuneration section of the disclosure is prepared at the CEP level and covers all jurisdictions CEP operates within.

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 review and approval of decisions by CEP regarding remuneration of CEP employees, including CEP Material Risk Takers (MRTs). 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 reviewing such decisions, to ensure compliance by CEP with its obligations under the EBA Guidelines on Sound Remuneration Policies, the RemCo shall take into account, where appropriate, relvant guidance and 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 Personnel and Compensation[2] 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 2018 performance year, the RemCo comprised of one Non-Executive Director: Deepak Jain (Chair) and three Independent Non-Executive Directors, Breffni Byrne, Barry O'Leary and Jeanne Short (appointed June 2018 All Independent Non-Executive Directors also served on the CEP Risk Committee during 2018. The CEP RemCo met 8 times in 2018.

Global Remuneration Committee

The Personnel and Compensation Committee (P&C Committee), 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.

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

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

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 and EBA Regulatory Technical Standards (RTS), 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 CEP's risk profile.

For the 2018 performance year, MRTs 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 2018.

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 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 Remuneration

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 2018 performance year to MRTs under DIRAP is included in the "Remuneration awarded to CEP MRTs for 2018 performance year" Table 67.

Citi operates a mandatory deferral policy, where total annual variable compensation of an individual awarded under DIRAP exceeds globally set thresholds. For MRTs in CEP 2018 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 prospectus.

Deferred equity awarded under CAP to MRTs for the 2018 performance year is included in the "Remuneration awarded to CEP MRTs for 2018 performance year" Table 67. Prior years unvested CAP awards are included in the "MRT Deferred remuneration" Table 69.

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

Short Term Equity Awards

MRTs 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 2018 performance year toMRTs under DIRAP is included in the "Remuneration awarded to CEP MRTs for 2018 performance year" Table 67.

Deferred Cash Awards

A portion of 2018 deferred remuneration was awarded to MRTs in the form of a deferred cash award. Deferred Cash awarded for the 2018 performance year to MRTs is outlined in the "Remuneration awarded to CEP MRTs for 2018 performance year" Table 67.

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 (pro-rated) for non-MRTs, which it considers captures the duration of most risks in a proportionate manner.

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

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

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.

MRTs who fall within the 2018 approved CEP *de-minimis* thresholds were subject to Citi’s mandatory deferrals.

Malus / Clawback

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

Deferred remuneration awarded to CEP MRTs is subject to pre-vesting adjustment (malus) including in the circumstances envisaged in the EBA Guidelines. For CEP MRTs who are also subject to UK PRA and FCA MRT rules, Citi can also require the vested portion of awards made to MRTs to be repaid or otherwise recover an amount corresponding to some or all of awards received.

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 MRTs 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 MRTs 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 Other Remuneration Policies

Guarantees, Buyouts and Retention Payments

Citi has guidelines in place with respect to guarantees that apply to all employees across the CEP region, including employees of CEP. Citi's guidelines on guarantees 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 for MRts requires RemCo review and approval. The "Guaranteed bonus, sign-on and severance payments made to MRTs in 2018" Table 68 includes 2018 guaranteed awards made to MRT hires.

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. These awards are included in "MRT Deferred Remuneration" Table 69.

Retention payments 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 2018" Table 68 includes severance payments made to MRTs, whose employment terminated in 2018.

Ratio of Fixed to Variable Remuneration

CEP seeks to balance the components of reward between fixed and variable remuneration, and between short term and long-term components. For relevant employees, an annual review of the balance between fixed and variable remuneration 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 MRTs for 2018 is set out in the "Remuneration awarded to CEP MRTs for 2018 performance year" Table 67.

Following the introduction of CRD IV, CEP obtains formal shareholder approval to apply a fixed to variable ratio of 1:2 for MRTs in CEP annually, with the most recent approval being granted in the fourth quarter of 2018 for the 2018 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, following recommendation from the Board of Directors for CEP.

Personal Hedging

Employees subject to the EBA Guidelines on Remuneration Policies 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 MRTs. Further details of Citi’s individual performance evaluation process is set out below.

As noted above, deferred awards made MRTs 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 remuneration arrangements.

Individual Performance

One of Citi’s key compensation principles is to “promote meritocracy by recognising employee contributions”.

The performance assessment of all CEP employees is based on individually tailored goals (the “what” element) and an assessment against Citi’s Leadership Standards (the “how” element):

Citi’s Leadership Standards:

Develops our people:

- Builds talent and teams for Citi by creating a culture of meritocracy and transparency, and celebrating excellence, initiative and courage
- Inspires and empowers the team to work collaboratively to achieve superior results

- Creates an environment where people hold themselves to the highest ethical standards
- Models personal growth and consistently provides coaching and feedback in support of ongoing development and retention
- Attracts great talent, builds a diverse talent pipeline, and recognizes, rewards, promotes based on performance

Drives value for clients:

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

Works as a partner

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

Champions progress:

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

Lives our values:

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

Delivers results:

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

CEP conducts an annual independent review process pursuant to which the control functions provide an evaluation of risk behaviours of MRTs. 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 MRTs 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 MRTs 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 67: Remuneration Awarded to CEP MRTs for 2018 Performance Year

EUR millions [i]	Management Body [ii]	Senior Management [iii]	All other MRTs		
			Investment Banking	Independent Control Functions	All Other [iv]
Number of employees [v]	9	17	58	12	12
Total fixed remuneration [vi]	**2.4**	**5.2**	**17.0**	**2.5**	**3.4**
Total variable remuneration [vii]	**1.6**	**3.1**	**12.4**	**0.8**	**1.8**
Of which: cash-based	0.8	1.5	6.1	0.5	0.9
Of which: deferred	0.7	0.6	2.8	0.1	0.3
Of which: shares or other share-linked instruments [viii]	0.8	1.5	6.2	0.3	0.9
Of which: deferred	0.8	0.7	3.2	0.1	0.4
Of which: other forms	-	-	-	-	-
Of which: deferred	-	-	-	-	-
Total remuneration	**4.0**	**8.2**	**29.3**	**3.3**	**5.2**

Additional Notes
i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2018.
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. All Other category includes all other employees who cannot be mapped into one of the other categories e.g. Operations & Technology, Retail Banking and Corporate Functions.
v. Number of employees reflects CEP MRTs as at 31st December 2018. Remuneration data excludes individuals where figures are already captured in PRA regulatory returns.
vi. Fixed remuneration includes salary, role based allowance and the value of pension and benefits.
vii. Variable remuneration awarded in respect of 2018 performance year. In accordance with the shareholder approval obtained in 2018, 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 68: Guaranteed bonus, sign-on and severance payments made to MRTs in 2018

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	-	-	-	-	-	-
Other MRTs	**-**	**-**	**-**	**-**	**4**	**1.5**
Investment Banking	-	-	-	-	4	1.5
Independent Control Functions	-	-	-	-	-	-
All Other	-	-	-	-	-	-

Additional Notes
i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2018.
ii. Severance payments allocated to MRTs terminated during 2018, which include redundancy payments and statutory severance. None of these severance payments were included in the ratio of variable to fixed remuneration for 2018 performance year in line with the EBA Guidelines (paragraph 154 (a) – (c)).
iii. The highest severance in 2018 was a redundancy payment of EUR 1.2m.

Table 69: MRT Deferred Remuneration

EUR millions [i]	Outstanding deferred and retained remuneration as at December 31, 2018 [ii], of which: Unvested	Outstanding deferred and retained remuneration as at December 31, 2018 [ii], of which: Vested [iii]	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 [v]	Total amount of deferred remuneration awarded in the financial year [vi]
Management Body	**2.2**	**-**	**2.2**	**-**	**-**	**1.3**	**1.4**
Of which: cash-based	1.2	-	1.2	-	-	0.5	0.6
Of which: shares or other share-linked instruments	1.1	-	1.1	-	-	0.8	0.7
Of which: other forms	-	-	-	-	-	-	-
Senior Management	**2.2**	**-**	**2.2**	**-**	**-**	**1.3**	**0.7**
Of which: cash-based	1.1	-	1.1	-	-	0.4	0.1
Of which: shares or other share-linked instruments [iv]	1.1	-	1.1	-	-	0.8	0.7
Of which: other forms	-	-	-	-	-	-	-
All other MRTs	**12.5**	**-**	**12.5**	**-**	**-**	**7.5**	**7.5**
Investment Banking	**10.7**	**-**	**10.7**	**-**	**-**	**7.0**	**6.6**
Of which: cash-based	5.3	-	5.3	-	-	2.5	2.9
Of which: shares or other share-linked instruments	5.4	-	5.4	-	-	4.5	3.7
Of which: other forms	-	-	-	-	-	-	-
Independent Control Functions	**0.4**	**-**	**0.4**	**-**	**-**	**0.2**	**0.2**
Of which: cash-based	0.2	-	0.2	-	-	0.1	0.1
Of which: shares or other share-linked instruments	0.2	-	0.2	-	-	0.1	0.1
Of which: other forms	-	-	-	-	-	-	-
All Other	**1.4**	**-**	**1.4**	**-**	**-**	**0.3**	**0.7**
Of which: cash-based	0.6	-	0.6	-	-	0.2	0.3
Of which: shares or other share-linked instruments	0.8	-	0.8	-	-	0.1	0.4
Of which: other forms	-	-	-	-	-	-	-

Additional Notes

i. Value of all non-EUR cash and share awards are converted using the European Commission exchange rate for financial programming and the budget for December 2018.

ii. Value of outstanding share awards is calculated using Citi closing share price as at December 31, 2018.

iii. Total outstanding deferred remuneration that has vested but is under restriction as at December 31, 2018. Value of shares has been calculated as of vest date.

iv. Includes both shares and any stock units granted

v. 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.

vi. Value of share-based awards made in 2018 represents value at grant.

Table 70: 2018 Remuneration Banding for Annual Compensation of Individuals Earning at least EUR 1 million

Total Remuneration (in EUR)	Number of individuals
1,000,000 to 1,500,000	5
1,500,000 to 2,000,000	1
2,000,000 to 2,500,000	-
2,500,000 to 3,000,000	1
3,000,000 to 3,500,000	-
3,500,000 to 4,000,000	-
4,000,000 to 4,500,000	-
4,500,000 to 5,000,000	-
5,000,000 to 6,000,000	-
6,000,000 to 7,000,000	-
7,000,000 to 8,000,000	-
8,000,000 to 9,000,000	-
9,000,000 to 10,000,000	-
Greater than 10,000,000	-
TOTAL	**7**

Additional Notes
i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2018.
ii. Individuals included in above count are located across a number of European countries i.e. Ireland, Portugal, Spain, Sweden, UK

Table 71: 2017: MRT Deferred Remuneration (vii)

EUR millions (i)	Outstanding deferred and retained remuneration as at December 29, 2017 (ii), 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 (v)	Total amount of deferred remuneration awarded in the financial year (vi)
	Unvested	Vested (iii)					
Management Body	**2.5**	**-**	**2.5**	**-**	**-**	**1.3**	**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	-	-	0.8	0.6
Of which: other forms	-	-	-	-	-	-	-
Senior Management	**2.7**	**-**	**2.7**	**-**	**-**	**1.7**	**1.2**
Of which: cash-based	1.0	-	1.0	-	-	0.4	0.5
Of which: shares or other share-linked instruments (iv)	1.7	-	1.7	-	-	1.4	0.7
Of which: other forms	-	-	-	-	-	-	-
All other MRTs	**15.0**	**-**	**15.0**	**0.1**	**-**	**8.8**	**6.0**
Investment Banking	**12.6**	**-**	**12.6**	**0.1**	**-**	**7.3**	**5.0**
Of which: cash-based	4.8	-	4.8	-	-	2.1	2.3
Of which: shares or other share-linked instruments	7.8	-	7.8	-	-	5.3	2.7
Of which: other forms	-	-	-	-	-	-	-
Independent Control Functions	**0.5**	**-**	**0.5**	**-**	**-**	**0.3**	**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**	**-**	**-**	**1.2**	**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	-	-	1.0	0.4
Of which: other forms	-	-	-	-	-	-	-

Additional Notes

i. Value of all non-EUR cash and share awards are converted using the European Commission exchange rate for financial programming and the budget for December 2017.
ii. Value of outstanding share awards is calculated using Citi closing share price as at December 31, 2017.
iii. Total outstanding deferred remuneration that has vested but is under restriction as at December 29, 2017. Value of shares has been calculated as of vest date.
iv. Includes both shares and any stock units granted
v. 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.
vi. Value of share-based awards made in 2017 represents value at grant.
vii. The table reflects updated deferred remuneration data with respect to the 31 December 2017 disclosure.

17 CEP & CHIL Board and Senior Management 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 nine directors as follows:

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

Three 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 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 72: Directorships held by Citibank Europe plc Board of Directors as of 31 December 2018

Name	Total number of Directorships
Susan Dean	2
Barry O'Leary	6
Jim Farrell	3
Breffni Byrne	5
Zdenek Turek	2
Jeanne Short	1
Deepak Jain	1
Cecilia Ronan	4
Ebru Packan	1
Total	**25**

Please note that the full biographies of CEP's Board of Directors members are available in the Appendix.

Table 73: Memberships of the CEP Board of Directors as at 31 December 2018

Membership as at 31 December 2018

Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Non-Executive Director – Chair	2 yrs 9 mths
Jim Farrell	Male	Independent Non-Executive Director	7 yrs 9 mths
Breffni Byrne	Male	Independent Non-Executive Director	5 yrs 8 mths
Jeanne Short	Female	Independent Non-Executive Director	1 yr 6 mths
Barry O'Leary	Male	Independent Non-Executive Director	2 yrs 6 mths
Deepak Jain	Male	Non-Executive Director	4 yrs 1 mths
Ebru Pakcan	Female	Non-Executive Director	1 yr 10 mths
Zdenek Turek	Male	Executive – Chief Executive Officer	5 yrs 1 mth
Cecilia Ronan	Female	Executive – Chief Administrative Officer and Citi Country Officer	8 yrs 5 mth

CHIL Board Composition

The CHIL Board reviews and approves the Pillar 3 Disclosures. There are currently no committees in CHIL other than the Board.

Table 74: Directorships held by CHIL Board of Directors as at 31 December 2018

Name	Total number of Directorships
Susan Dean	2
Zdenek Turek	2
Jim Farrell	3
Tony Woods	3
Ross Callan	3
Total	**13**

Table 75: Memberships of the CHIL Board as at 31 December 2018

Membership as at 30 June 2018

Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Non-Executive Director – Chair	2 yr 2 mths
Zdenek Turek	Male	Executive – Chief Executive Officer	3 yrs
Tony Woods	Male	Executive – Head of Compliance	15 yrs 4 mths
Jim Farrell	Male	Independent Non-Executive Director	2 yrs 2 mths
Ross Callan	Male	Executive –Chief Finance Officer	3 yrs

18 CEP Committees

Board Risk Committee

The Board Risk Committee (BRC) is a Committee of the Board and is governed by Terms of Reference (ToR) approved by the Board. The BRC has responsibility for the oversight and advice to the Board on the current risk exposures of CEP and future risk strategy taking account of the overall risk appetite of the Board and the current financial position of CEP, whilst ensuring the development and on-going maintenance of an effective risk management system.

The BRC plays an active role in the development of CEP's ICAAP and ILAAP along with reviewing and recommending the ICAAP and ILAAP for approval by the Board. In particular, the BRC reviews the ICAAP Hard BREXIT Scenario.

On an ongoing basis, the BRC is responsible for advising the Board on the effectiveness of the strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of CEP.

The BRC must also advise the Board of its recommendations on necessary adjustments of the risk strategy resulting from changes in the CEP business model or market developments, or from recommendations made by the risk function. The BRC is furthermore tasked with overseeing the implementation of strategies for capital and liquidity management as well as for all the remaining relevant risks applicable to CEP, including market, credit, operational, reputational and IT risks.

The BRC's annual review of the CEP Recovery Plan prior to submission to the Board ensures that a comprehensive view of capital and liquidity risk is considered in this analysis.

The current composition of the BRC is set out below:

Table 76: CEP Board Risk Committee Composition

Membership as at 31 December 2018
Chair – Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director

To fulfil its risk monitoring responsibilities, the BRC relies on a number of management committees to ensure all material risks are being appropriately identified, measured, managed and where possible and appropriate, mitigated. The Executive Committee is the delegated committee of the Board with responsibility for overseeing the risk management committees, as described in Figure 3-1. In addition, the Chief Risk Officer (CRO) reports to the BRC on material risks and how these are being managed at each scheduled meeting.

Audit Committee

The Audit Committee is a Committee of the Board and is governed by its Terms of Reference approved by the Board. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibility for the integrity of CEP's consolidated financial statements, financial reporting process, CEP's systems of internal accounting and financial controls, and the performance of Internal Audit.

The Committee has a responsibility to raise any concerns regarding the audit of CEP's consolidated financial statements or the effectiveness of the CEP's internal control over financial reporting to Citigroup's Audit Committee. It also has oversight responsibility for policy standards, guidelines for risk assessment and compliance by CEP with local legal and regulatory requirements.

The current composition of the Board Audit Committee is set out below.

Table 77: CEP Audit Committee Composition

Membership as at 31 December 2018
Chair – Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

Remuneration Committee

The Remuneration Committee is a Committee of the Board. It has responsibility for decisions regarding remuneration, including those that have implications for Risk and CEP Risk Management, which are to be taken by the Board. When preparing such decisions, the Remuneration Committee takes into account the long-term interest of its shareholders, investors and other stakeholders in CEP and the public interest.

The current composition of the Remuneration Committee is set out below:

Table 78: CEP Remuneration Committee Composition

Membership as at 31 December 2018
Chair - Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director

Nomination Committee

The Nomination Committee is a Committee of the Board responsible for assessing the structure, size and composition of the Board, in particular as compared to relevant EBA Guidelines, and make recommendations to the Board with regard to any changes, and succession planning for Board members taking into account the future demands on the business and the existing level of skills

The Committee also ensures members of the Board receive comprehensive and tailored induction training to enable their effective contribution on appointment to the Committee, and that all members of the board receive appropriate training in a timely manner on an ongoing basis.

The current composition of the Nomination Committee is set out below.

Table 79: CEP Nomination Committee Composition

Membership as at 31 December 2018
Chair – Independent Non-Executive Director
Non-Executive Director
Independent Non-Executive Director

Related Party Lending Committee

The Related Party Lending (RPL) Committee, under delegated authority from the CEP Board, is responsible for ensuring policies and procedures are in place to identify individual loans to a related party as defined in, and per the requirements of, the Code of Practice on Lending to Related Parties 2013 as issued by the Central Bank. The Committee ensures Central Bank reporting requirements in respect of related party exposures on a quarterly basis are fulfilled, and reports to the Board on any and all material matters relating to the RPL code and otherwise as the Committee considers necessary for the purpose of ensuring the proper discharge by the Board of its obligations under the RPL code.

The membership of the Related Party Lending Committee is set out below

Table 80: CEP Related Party Lending Committee Composition

Membership as at 31 December 2018
Chief Administrative Officer and Citi Country Officer – Chair
Chief Financial Officer
Head of Human Resources
Chief Risk Officer
Head of Compliance
CEP Treasurer
Head of Credit
Head of Consumer Banking
General Counsel
Head of Private Banking
Ireland Country Counsel
CEP Controller

Management Committees

Executive Committee

The CEP Board has delegated authority to the Executive Committee to take key decisions regarding the management of, and set the direction for, CEP, in line with Board-approved Strategic Plan and the recommendations and decisions of the Board.

The Executive Committee is responsible for the day-to-day running of CEP and for the management of CEP's relationship with regulatory authorities. It manages and oversees the ongoing business activities of CEP in accordance with the business model, strategic plan, risk appetite, policies, instructions and guidelines established by the Board, and applicable legislation and regulatory requirements.

The Executive Committee reports to the Board as required, which may be upon request from the Board, and acts as the primary forum for ensuring the CEP's business goals and client service and leadership standards are embedded throughout CEP.

Key responsibilities of the Executive Committee with respect to finance, capital, liquidity and risk include:

- Monitoring CEP's overall financial and business performance against key objectives
- Reviewing, prior to Board approval, CEP's financial plan for the forthcoming financial year including a profit and loss statement, balance sheet, funding structure, capital structure, liquidity, solvency and rating targets.
- Monitoring on a continuous basis the internal operations of CEP against the financial plan set for each financial year, including financial plans relating to operations, liquidity, capital resources and investments and report regularly to the Board the outcome of such monitoring.
- Either directly or in conjunction with the ALCO, reviewing and recommending to the Board proposals for the allocation of capital within CEP
- Taking decisions regarding material matters escalated to it for decision by the ALCO in the discharge of its responsibilities relating to the capital, liquidity and balance sheet position of CEP.
- Receiving updates on the overall risk profile of CEP along with key risk issues from the Chief Risk Officer and taking such action as may be required in the light of those updates
- Ensuring that all appropriate risk considerations are incorporated within the strategic planning and budgeting process, risk appetite setting, recovery planning and capital and liquidity planning processes on an ongoing basis

- Taking decisions regarding material matters escalated to it for decision by the Credit Committee in the discharge of its responsibilities relating to the monitoring, oversight and control of CEP's credit portfolios
- Taking decisions regarding material matters escalated to it for decision by the Operational Risk Committee, including relating to outsourcing activities.

The current composition of the Executive Committee is set out below:

Table 81: CEP Executive Committee Composition

Membership as at 31 December 2018
Chief Executive Officer
Chief Administrative Officer and Citi Country Officer
Chief Financial Officer
Head of Compliance
Chief Risk Officer
General Counsel
Head of TTS
Head of Markets
Head of Banking

Credit Committee

The Credit Committee is the sub-committee of the Executive Committee responsible for monitoring, overseeing and controlling the credit portfolios of CEP and its branches.

The Executive Committee has delegated authority to the Credit Committee to:

- Monitor and develop as appropriate CEP's Credit Risk Management Framework (Framework) and any associated policies
- Monitor and review credit risk exposure, profile and adherence to credit risk appetite and approval in line with the Credit Risk Management Framework, Credit Policies and the Risk Appetite Statement
- Approve large credit facilities in line with the threshold set out as part of CEP's credit approval authorities
- Adhere to relevant credit risk principles, procedures and ICAAP processes in accordance with the CEP Risk Management Framework and applicable regulatory guidance documentation
- Review the portfolio and any concentrations therein from numerous perspectives including, but not limited to, single name obligors, industry, country and sovereign risk.
- Review the non-performing exposures and their level of provision.
- Receive regular reports from the Credit Risk Management Function and branches in relation to credit risk assessment and credit risk management.

The current membership of the Credit Committee is set out below:

Table 82: CEP Credit Committee Composition

Membership as at 31 December 2018
Chief Risk Officer – Chair
Chief Executive Officer
Chief Financial Officer
Head of Credit Risk
CEP Treasurer
Head of Trade
Head of Banking

Product Review Committee

The Product Review Committee (PRC) is a subcommittee of the Executive Committee. The purpose of the Committee is to consider and approve proposals for the development of new markets, products and services and/or significant changes to existing markets, products and services, in CEP.

The Executive Committee has delegated authority to the Product Review Committee to review, assess and challenge proposals for new products or services, changes to existing products or services or entering new markets proposed by the business unit. In reviewing such proposals, the Committee takes into account the impact of the new activities and the specific associated risks, including the impact on regulatory compliance, risk profile, capital, liquidity, market, credit, operational and reputational risk, taking into account any applicable EBA or other guidelines on product oversight and governance.

The Committee meets at least quarterly and prior to entering new markets, offering any new products or services or making significant changes to existing markets, products or services and as otherwise additionally required.

The current membership of the Product Review Committee is set out below:

Table 83: CEP Product Review Committee Composition

Membership as at 31 December 2018
Chief Risk Officer – Chair
Chief Executive Officer
Chief Administrative Officer and Citi Country Officer
Chief Financial Officer
General Counsel
Treasurer
Chief Compliance Officer
Head of Credit Risk
Head of Market and Liquidity Risk
Head of Operational Risk
Head of Enterprise Risk
Head of O&T

Operational Risk Committee

The Operational Risk Committee (ORC) is responsible for maintaining oversight over the adequacy and effectiveness of the operational risk framework and associated policies, to anticipate and mitigate operational risk for CEP and ensure consistent implementation across CEP and its branch operations.

This Committee's remit is to:

- Assess the operational risks of CEP, monitor changes in the operational risk profile of CEP, material exposures of CEP to losses and emerging risks and escalate matters requiring attention to the Risk and Audit Committee, in a timely manner
- Review CEP's Operational Risk Management Framework, sub-frameworks (and associated frameworks, which set out the principles of good operational risk management, roles and responsibilities and applicable regulatory guidance on an annual basis and recommend any changes to the Executive Committee
- Identification and assessment of the operational risk inherent in all material products, activities, process and systems to ensure that the inherent risks and incentives are understood
- Ongoing monitoring of CEP's operational risks, changes in the operational risk profile, adherence with the operational risk appetite approved by the Board in CEP's Risk Appetite Statement, potential exposures to material losses and emerging risks and escalate matters requiring attention to the Executive, Risk and/or Audit Committees, in a timely manner
- Review CEP's Business Continuity Plans on an ongoing basis, assess the outcome of business continuity tests and recommend actions, if any, to the Executive Committee
- Consider significant control issues that do or may impact CEP's business activities and escalate as appropriate, review and approve remedial action plans, oversee implementation of remedial action plans within agreed timeframes and monitor closure
- Review the results of the annual risk and controls assessments process performed by CEP as part of the Manager's Control Assessment and the results of regular risk and control assessments of CEP
- Monitor the level of operational risk training undertaken at all levels throughout CEP to assist in ensuring a strong and proactive risk management culture in CEP
- The Committee has delegated oversight of day to day outsourcing activities to the Outsourcing Sub-Committee but retains overall responsibility for, and oversight of, outsourcing within CEP, which includes inter-affiliate and third party outsourcing
- Matters requiring attention and operational losses over the threshold agreed by the Board Risk Committee shall be escalated to the Committee immediately, at the time of occurrence.

The current composition of the table is set out below.

Table 84: CEP Operational Risk Committee Composition

Membership as at 31 December 2018
Chief Risk Officer – Chair
Head of Operational Risk
Chief Executive Officer
Chief Administrative Officer and Citi Country Officer
Head of Compliance
Chief Financial Officer
General Counsel
Head of TTS
Head of Markets
Head of Consumer and Private Banking

Operating Committee

The Operating Committee is a sub-committee of the Executive Committee. The Executive Committee has delegated authority to the Operating Committee to oversee the implementation of the strategic objectives, business strategy, financial plan and operating plan set by the Board and the ongoing business activities of the branches.

The Committee reviews the performance of the business across CEP, particularly in the branches and Citi Service Centres, and also by product and by function, and report on such performance to the Executive Committee and any other Board Committees which may be relevant. This includes oversight of business risks and controls of relevance to the branches, oversight of product review issues identified by the Product Review Committee and relevant to products available through the branches.

The current composition of the Operating Committee is set out below:

Table 85: CEP Operating Committee Composition

Membership as at 31 December 2018
Chief Executive Officer – Chair
Chief Administrative Officer and Citi Country Officer
Chief Financial Officer
Head of Compliance
Head of Human Resources
CEP Treasurer
Chief Risk Officer
General Counsel
Business Head: TTS
Business Head: Investor Services
Business Head: DCC
Business Head: Markets
Business Head: Issuer Services
Business Head: Banking & Cluster Head: Benelux and Austria
Cluster Head: CEE
Cluster Head: Nordics
Cluster Head: Southern Europe
Cluster Head: UK Branch
Head of O&T for Europe Cluster and for CEP
Chief Information Officer

Financial Crime Governance Committee

The Financial Crime Governance Committee is a sub-committee of the Executive Committee. The primary purpose of the Financial Crime Governance Committee is to oversee the Anti-Money Laundering (AML), Sanctions, and Anti-Bribery and Corruption (AB&C) programmes across CEP and its branches. The Committee also considers fraud and cyber-security related matters that may increase the risk of money laundering or terrorist financing. It escalates material issues to the Audit Committee in a timely manner where appropriate.

The membership of the Committee is set out below:

Table 86: Financial Crime Governance Committee

Membership as at 31 December 2018
Chief Country Compliance Officer – Chair
EMEA AML, Sanctions and AB&C Head
Chief Administrative Officer and Citi Country Officer
Ireland AML Head/AML Compliance Officer
Ireland AML Compliance Officer
Continental Europe AML Cluster Head
EMEA Regional FIU Oversight & Governance Head
EMEA Sanctions Head
CEP Fraud Oversight (GIFR)
Ireland Sanctions and AB&C Compliance Officer

AML Compliance Assurance Officer
Funds Transfer Agency Compliance Officer
EMEA Head of Transfer Agency
Dublin KYC Business Support Unit Head
Fraud Management Officer
Head of Information Security

Asset and Liability Committee

The ALCO is a sub-committee of the Executive Committee. The ALCO provides oversight and governance of CEP's Balance Sheet including capital, funding, liquidity and market risk. In this regard, the ALCO is an integral part of the overall risk management framework and functions as a forum for senior management to ensure adherence to corporate-wide policies and procedures, regulatory requirements, rating agency commitments and, as necessary, to recommend and implement appropriate funding plans.

The Executive Committee has delegated authority to ALCO to:

Capital and Dividends

- Review and recommend ICAAP, capital plan and contingent capital plan to the Executive Committee for onward approval by the Risk Committee/Board.
- Ensure adherence to minimum capital standards consistent with regulatory requirements, rating agency parameters and Citigroup policy.
- Monitor the overall level of capital within CEP and ensure that the level of capital is satisfactory for both current and future business and regulatory requirements.
- Monitor the capital management process.
- Review and recommend to the Executive Committee, for onward approval by the Board, annual dividend remittance, subject to tax, regulatory and other considerations.
- If requested by the Executive Committee, review and recommend to the Board proposals for the allocation of capital within CEP, in conjunction with the Executive Committee.

Funding and Liquidity

- Monitor CEP's liquidity and ensure that acceptable liquidity levels are maintained. Approve the annual funding and liquidity plans and associated limits, targets for structural liquidity ratios, market triggers and assumptions. Review any proposed changes in these parameters.
- Review and recommend the ILAAP to the Executive Committee for onward approval by the BRC.
- Review CEP 's implementation of the annual funding plan on at least a quarterly basis, to include a comparison of outcome to target, and report to the Executive Committee accordingly.
- Monitor intercompany exposures and ensure adherence to Board-approved Inter-Affiliate Risk Appetite.
- Review the assumptions used in the monitoring of CEP's liquidity on an annual basis.
- Review liquidity limits and liquidity contingency plans at least annually to ensure that they are consistent with CEP's tolerance for liquidity risk.
- Regularly review liquidity and risk reports.
- Review the effectiveness of the liquidity management process including the organisational structure, lines of authorities and internal controls.
- Monitor utilisation against limits and targets for structural liquidity ratios and market triggers. Establish and enforce plans to rectify breaches. Establish a significant funding source threshold and review exposure reports.

- Review results of periodic stress testing at least annually and establish plans to rectify liquidity shortfalls.
- Work with local treasurers in determining whether a local contingency should be invoked and establish specific action plan/responsibilities to address local contingency if invoked.
- Ensure that any ALCO-determined liquidity assumptions remain valid, and highlight to Corporate Treasury any issues related to levels of exposure or concentrations of risk.
- Ensure appropriate limits are set over liquidity risk in foreign currencies that CEP has a material exposure to on an ongoing basis.
- Ensure a set of procedures are in place whereby the impact of any new products on the CEP's liquidity is assessed by the Committee.
- Monitor collateral levels in respect of the collateral management process for clearing and ensure maintenance of appropriate levels and quality of collateral.

Market Risk

- Ensure adherence to the relevant market risk governance, principles, policies and procedures as well as ICAAP and applicable regulatory guidance documentation.
- Monitor and review market risk exposure (both trading book and banking book) in line with CEP's Enterprise Risk Governance Framework.
- Review, monitor and approve market risk limit proposals and usage in line with the CEP approved limit structure as detailed in the CEP Enterprise Risk Governance Framework.
- Review Market Risk Pillar 1 Capital and Internal Risk Capital results in line with the CEP ICAAP to ensure all material market related risks are captured
- Endorse business transfer pricing processes and ensure they adhere to Citigroup's global and regional policies.

Recovery Plan

- Review risk indicators and recovery triggers as set out in CEP's Recovery Plan.
- Assess the recovery triggers as set out in the Recovery Plan and make recommendations to the Executive Committee on the execution of the Recovery Plan and monitoring the Recovery Plan on an ongoing basis.
- Perform further functions as prescribed in the Recovery Plan during a recovery situation.

The current composition of the ALCO is set out below:

Table 87: CEP Asset and Liability Committee Composition

Membership as at 31 December 2018
Chief Executive Officer – Chair
Chief Financial Officer
CEP Treasurer
European Bank Treasurer
Chief Risk Officer
Head of Compliance
Chief Administration Officer and Citi Country Officer
Treasurer Hungary
CEP Head of TTS
CEP Head of Markets
Treasurer Bulgaria and Romania
Treasurer Czech and Slovakia
Head of Market & Liquidity Risk

19 Conflict of interest policy

In line with the requirements of the EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2017/11), the following section provides an overview of the conflict of interest policy applicable to CEP and to the management body.

As CEP is a significant European financial services provider and part of a global banking group, its Board of Directors seeks to operate to the highest ethical standards in compliance with all relevant laws, regulations, codes and guidance in each of the jurisdictions in which the Company conducts business.

The Board has responsibility for approving and overseeing the implementation of the Citigroup Code of Conduct which includes the conflicts of interest policy for the Company and its staff. The Board also approves a Board conflicts of interest policy on an annual basis. A copy of the Citigroup Code of Conduct, is available on the Citigroup Investor Relations website.

The Board must also be in a position to identify actual or potential conflicts of interest affecting Board members, and manage them fairly and appropriately, so as to ensure objective decision-making, oversight and compliance with external and internal requirements. Accordingly the Board has established a separate CEP Board Conflicts of Interest Policy relating solely to the Board.

The policy sets out the principles and requirements applicable to the Directors who have or may have personal interests or duties that conflict with the interests of, or their duties to, the Company. The policy, together with any applicable terms of a Director's letter of appointment, reflects and supplements the applicable requirements in that regard contained in:

- Irish Companies Act 2014
- Central Bank of Ireland Corporate Governance Requirements for Credit Institutions 2015
- European Union (Capital Requirements) Regulations 2014 (S.I. 158/2014) relating to EU Directive 2013/36/EU (CRD)
- Guidelines on internal governance under CRD issued by the European Banking Authority on 26 September 2017 (EBA/GL/2017/11)
- Basel Committee on Banking Supervision – Guidelines – Corporate Governance Principles for Banks July 2015

20 Business Continuity Management

20.1 Governance and Oversight

2013/36/EU (EBA/GL/2017/11), the following section provides an overview of CEP's business continuity management framework.

Citi's global, enterprise level Continuity of Business (CoB) Program provides a framework for Citi's business and technology organizations to recover their processes in the event of a business interruption or technology service disruption.

CoB planning and testing across CEP is aligned with Citi's CoB Policy and CoB Standards. Citi's CoB Policy and Standards collectively define the minimum control requirements with which all CEP businesses are required to comply, including location and proximity risk assessment, business continuity and crisis management plan documentation, testing methodologies, quality reviews, and risk reporting.

A governance framework, supported by dedicated CoB resource, is in place to ensure all Citi Businesses, including CEP, implement and adhere with Citi's CoB Program.

To provide CEP Management with a holistic CoB view of program compliance and CoB risks a CoB Monthly Operating Report ('MOR') has been implemented within CEP. This provides a comprehensive CEP view on all CoB Key Risk Indicators ('KRI's') covering all elements of Citi's CoB Program; CEP's CoB Coordinator and/or Regional CoB Head attend the CEP Technology Oversight Working Group ('TOWG') to provide an update on CEP's CoB and to review KRIs. The CEP TOWG, with representation from CEP CoB, identifies and defines the CEP IT Risk Management Framework.

Each country in which CEP has a presence has a Country CoB Coordinator supported by a Regional CoB Team and Regional CoB Head.

Additionally, CEP has appointed a CEP CoB Coordinator to support the consistent execution of Citi's CoB Policy and Standards across CEP in conjunction with the Regional CoB Team.

CEP CoB Coordinator:

- Attends CEP TOWG; reviews KRIs and updates TOWG on CEP CoB program
- Identifies and validates the CoB Trac entities within Europe which are relevant for inclusion in the CoB Monthly Operating Report for Citibank Europe Plc
- Provides direction and support regards CoB to the CEP Management
- Provides status updates to the CEP Management team in the event of an incident/ crisis management/CoB invocation within the CEP
- Each business has assigned Business Recovery Coordinators ('BRCs') and Business Unit Heads ('BUHs') who are responsible for recovery practices.

Country CoB Coordinator

- Manages implementation of the CoB Policy and Standards requirements and other CoB Program elements, including documentation of BIAs, BRPs, and CMPs, testing of BRPs and CMPs, management reporting, training and awareness for all business units in the Country

- Oversees business unit compliance with local and regional Business Continuity-related regulations in conjunction with the local compliance officer and the regional Business Continuity Management Team(s)
- Serves as Country Infectious Disease Coordinator responsible for delivering all requirements as outlined in the Infectious Disease Operating Plan ('IDOP')
- Provides direction and support to all Business Recovery Coordinators ('BRCs') within the Country
- Responsible for ensuring the Country Crisis Management Plan is complete, compliant, and maintained according to CoB Standards
- Provides status updates to the Regional BCM team in the event of an incident/crisis management/CoB invocation within the Country

CITI Country Officer (covering all legal entities including CEP)

- Responsible for ensuring that an effective CoB Program is in place in the country
- Invokes Country CMP or BRP
- Final responsibility for coordinating and approving Country CMP
- Responsible for ensuring compliance with all CoB legal requirements and required supporting documentation from local compliance officer within the country
- Acts as the lead contact with regulators for all businesses in country
- May designate the Country CoB Coordinator
- Works in partnership with all local Citi executives, including CSC Site Heads where applicable, in the planning and execution of BRP and CMP

20.2 Risk Assessment

Risk assessment is mandated by Citi COB Policy for all CEP Products/Functions. It takes the form of a corporate standard Business Impact Analysis (BIA) at the individual business entities level, and a Proximity Risk Assessment undertaken only for the highest risk locations.

Business Impact Analysis is conducted on an annual basis. The goals of risk assessment include:

- Identification of the potential impact of uncontrolled, non-specific events
- Consideration of adverse events along a broad scale including major operational disruptions
- Analysis of all business departments, not just information technology
- Estimation of the allowable downtime and acceptable levels of data, operations and financial losses

Planning

Business units and technology organizations must document and maintain plans for the recovery of their processes in the event of a business interruption or technology service disruption.

Each CoB Entity must create and maintain a Business Recovery Plan ('BRP') specific to that CoB Entity.

Risks

Citi's CoB Program supports the safety and soundness of Citi's businesses through consistent enterprise-wide Continuity of Business risk management practices, including risk assessment, recovery planning, testing, and crisis management. The scope of the program includes planning for and testing of business process and technology recovery capabilities, as well as crisis management communication channels. The overall effectiveness of the program is determined by the ability to maintain operations and technology availability in line with business objectives.

To this end, as defined in Citi CoB Policy and Standards all Citi Businesses are required to implement a CoB Program that includes: Assessment processes; Crisis Management Plans; Recovery Planning; Testing; Maintenance; Independent Review; Monitoring and Reporting; and Training and Awareness.

20.3 Key Controls

Citi CoB entities within the geographical footprint of Citibank Europe Plc ('CEP') have been established in accordance with Citi's CoB Policy and Standards. Citi's global CoB Program – defined in Citi's CoB Policy and Standards - provides a framework for Citi's business and technology organizations to recover their processes in the event of a business interruption or technology service disruption.

Each CoB entity includes Business Functions and associated CoB Processes. A CoB Entity, Business Function and/or CoB Process can support more than one Legal Entity as CoB planning is based around a Process performed (irrespective of Legal Entity).

Testing

Business and technology testing must verify that processes can be recovered in line with the Business's continuity objectives, as defined by the Business Impact Analysis process. Business Recovery Coordinators are responsible for ensuring that test objectives are met. Business recovery teams, crisis management teams, infrastructure teams, and application teams must participate in CoB testing, as appropriate. Detailed requirements for testing are defined in the CoB Testing Standards.

CoB Monthly Operating Report ('MOR')

Report stating the Monthly Executive Summary, Key Risk Indicator, CoB Assessment/Validation, CoB Planning, CoB Testing, CoB Technology Invocation Performance, Audit and Regulatory issues, Crisis Management, Risk Exception and Training, ARP and TRP Compliance.

Monitoring & Reporting (M&R) Survey

On an annual basis, Business Recovery Coordinators for CoB Entities that were created at least 120 days prior to the end of the annual CoB reporting/ testing period must complete the Monitoring and Reporting (M&R) survey and attest to the completeness and adequacy of their CoB program. The Business Unit Heads must approve the survey, thereby attesting to the adequacy of their CoB program.

Appendix 1: CEP Senior Management Biographies

Directors' Board Membership and Experience at 31 December 2018

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.

Zdenek moved to Dublin in early 2016 to assume his current responsibilities.

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 an Independent Non-Executive Director of Citibank Europe plc and Chairman of the Nomination Committee. He is a Non-Executive Director for Zurich Insurance plc and CPL plc, a company listed on the Irish Stock Exchange.

He is a former chairman of Aviva's General Insurance and Life Insurance operations in Ireland and of NCB Stockbrokers and Tedcastle Holdings. He is also a former Non-Executive Director and Audit Committee Chairman of Irish Life and Permanent PLC, Ark Life, Hikma Pharmaceuticals Plc 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. He is a Non-Executive Director for Hewlett Packard International Bank DAC.

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 an Independent Non-Executive Director of Citibank Europe plc and 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 is a member of a number of Government Advisory Groups and was previously a Board member of the Dublin Molecular Medicine Centre (MMI), the Trinity College Institute of Neuroscience and Forfás, Ireland's policy advisory board for enterprise and science. He is currently a non-executive Board member of Zurich Insurance Plc.

Jeanne Short

Jeanne Short is an Independent Non-Executive Director of Citibank Europe plc and Chair of the Risk Committee. She 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

In January 2016, Citigroup International Limited merged with Citibank Europe plc to become Citigroup's pan European bank, headquartered in Dublin with branches in 21 countries. Susan joined the board of Citibank Europe plc in March 2016 andin September 2016, she was appointed as Chair.

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.

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. The O&T function incorporates operations units across all 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 represents the EMEA Region at the Citi CIO Council and works across the Region to ensure alignment with our Global Technology Strategy. He also has direct management of the EMEA CSC Networks and is the UK O&T Head. Deepak is on the Board of Citibank Europe PLC and is acting head of the UK Consumer business from a legal vehicle and UK accountability regime perspective.

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) from 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 Pakcan

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.