Citibank Holdings Ireland Limited and its Operating Entity, Citibank Europe Plc Pillar 3 Disclosures

31 December 2021

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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 2021 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 2021 Annual Report and CHIL & CEP's 2021 financial statements.

Introduction

Citibank Holdings Ireland Limited (CHIL), which is a wholly-owned subsidiary of Citigroup Inc., is the parent of Citi's principal European banking entity, Citibank Europe Plc (CEP), together "CEP" unless otherwise specified. CEP is recognised as being an integral part of the Citi network, both regionally and globally as a Material Legal Entity. The core activities of CEP comprise the Institutional Clients Group (ICG) with Markets and Securities Services and Banking businesses. The activities in Banking comprise Treasury and Trade Solutions (TTS), corporate and commercial lending and private banking services.

CEP is authorised by the Central Bank of Ireland (CBI) and, as a significant European financial institution, is supervised under the Single Supervisory Mechanism (SSM) by the European Central Bank (ECB). CEP is designated as an Other Systemically Important Institutions (O-SII).

CEP is Citi's only EU-passported bank, headquartered in Ireland, with a physical presence in 22 European countries, giving clients a single point of entry to access banking products and services. CEP's strategy is to maintain a well-diversified, income generating business model with a strong capital and liquidity position.

Over 2021, CEP's total assets increased to €79.7 billion from €60.9 billion (as at 31 December 2020). This was driven by growth in Markets business activities including the introduction of a European Government Bond business. Also, cash placements with central banks increased driven by higher TTS customer deposits. CEP plans to grow the European Government Bond business further over the coming year.

CEP's primary activities continue to be the provision of core banking services to Citigroup's ICG target market clients including governments, public sector bodies, multinational corporations and their subsidiaries, large local corporates, financial institutions, and fund managers. Private banking products and services are also offered, principally to high net worth and ultra-high net worth clients primarily through CEP's Luxembourg branch.

CEP's principal business activities are:

Markets

CEP's Markets business activities consist of Foreign Exchange Sales and Trading, Interest Rate products, Markets Treasury, Spread Products and Margin Lending businesses.

Custody and Funds Services

CEP's Custody and Funds Services business has the following offerings:

- **Global Fund Services (GFS)**: provides valuation, fund accounting, investment administration and transfer agency services to asset managers and operators or promoters of Collective Investment Schemes (CIS).
- **CEP GFS:** provides Fund Services in Ireland and Luxembourg to funds predominantly domiciled within the EU.
- **Depositary Services:** provides Trustee, Custodial and Depositary services to operators or promoters of EU-regulated / domiciled Collective Investment Schemes.
- **Global Custody:** provides settlement, safekeeping, and asset servicing to Luxembourg based funds as well as asset owners/ managers based in other jurisdictions.

Direct Custody and Clearing (DCC)

DCC provides asset servicing and transaction functions primarily to intermediaries such as broker-dealers, banks, fund managers, insurance companies and global custodians (including Citi) through the proprietary network in over 60 markets globally. DCC provides securities settlement, clearing, custody and asset servicing to these clients and International Central Securities Depositories (ICSDs).

Issuer Services

Issuer Services, Agency & Trust (A&T), is a global Corporate Trust provider, offering agency, fiduciary and depository services. A&T provides services to institutional clients who are raising, deploying or mobilising capital. Typical Corporate Trust clients include major international and national-level corporations, financial institutions and public sector / sovereign debt issuers, as well as the ICSDs, investment banks, asset managers, and stand-alone collateral managers.

Corporate and Commercial Banking (CCP)

CCP supports ICG client financing and other activities across Europe as part of Citi's global network. Local bankers provide comprehensive relationship coverage to ensure the best possible service and responsiveness to clients. CEP is the primary bank for clients based in EEA. In certain countries tax and/or regulatory reasons are an additional factor that drives clients to be booked on CEP.

CEP's corporate banking business broadly operates with Corporates, Public Sector and Financial Institutions spanning across all Industries. The primary focus is to cover the largest European Multinational and Regional Clients, offering Citi's global network and the full suite of financial products.

CEP's commercial banking business operates mainly from the Central and Eastern European cluster (CE5) and services Small to Medium sized Enterprises (SME) and Middle Market Enterprises (MME) clients.

Treasury and Trade Solutions

TTS business provides integrated Treasury (primarily Cash Management) Solutions and Trade Solutions to multinational corporations, Financial Institutions and Public Sector organizations across the globe. With the industry's most comprehensive suite of digital and mobile enabled platforms, tools and analytics, and its global network reach.

Private Bank

Private Bank provides an extensive range of services from banking, custody and cash management to investment finance, investment strategies, trust and specialized services to clients.

Overview of Pillar 3 Disclosures

Amending the Capital Requirements Directive (CRD IV), the Capital Requirements Directive (CRD V) package, transposed into Irish law on 22 December 2020, implements the provisions of the Basel Capital Accord in the European Union (EU) and 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.

Basis of Preparation

The Pillar 3 Disclosures complement both the group level information included in the Citigroup Annual Report, and CHIL's and CEP's own 2021 financial statements. The basis of the disclosure for CHIL and CEP is on a consolidated basis.

These disclosures are made in accordance with Part Eight of Regulation (EU) No 575/2013 of the Capital Requirements Regulation (CRR), as amended under Capital Requirements Regulation II (CRR II). CRR II entered into force in June 2019, with most provisions effective from 28 June 2021.

CEP has implemented the European Banking Authority's (EBA) final Implementing Technical Standards (ITS) on public disclosures which was published in June 2022 and brings into force the disclosure of new quantitative tables to further enhance comparability and consistency across the industry.

The following disclosures explain the basis on which CEP has 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 legal entity

Scope

In accordance with Pillar 3 requirements, the scope covered by CEP's Pillar 3 Disclosures include CRD V capital requirements and resources, capital ratios, credit risk, market risk, operational risk, liquidity risk, leverage ratio, securitisation activity, encumbered and unencumbered assets and remuneration disclosures.

Some of the areas covered are also addressed in CHIL's and CEP's Annual Financial Statements for the year ended 31 December 2021. In some areas, more detail is provided in these Pillar 3 Disclosures.

It should be noted that while some quantitative information in this document is based on financial data contained in CHIL's and CEP's Annual Report for the year ended 31 December 2021, other quantitative data is sourced from prudential returns and is calculated according to regulatory requirements.

Frequency of disclosure

In accordance with Article 433 of the CRR, as amended by CRR II, CEP publishes disclosures in the manner set out in Article 433a (2), which specifies disclosure requirements for non-listed large Institutions as defined by Article 4(146 and 148). CEP publishes Pillar 3 Disclosures semi-annually, with a more comprehensive disclosure on an annual basis.

CEP publishes the annual Pillar 3 Disclosures in conjunction with the date of publication of the financial statements. All disclosures are made in EUR, unless otherwise stated. CEP publishes its Pillar 3 Disclosures at: **https://www.citigroup.com/citi/investor/reg.htm.**

Quantitative Disclosure

Where disclosures are not relevant or deemed immaterial to the activities of CEP, these have been omitted and detailed in Appendix 4. In addition, those rows and columns not relevant or reportable as nil have been omitted from prescribed tables.

Where applicable, prior period comparatives are provided based on CRD IV rules.

Covid-19 Moratoria

On 2 April 2020, the EBA issued guidelines on legislative and non-legislative moratoria on loan repayment applied owing to the COVID-19 crisis. Member States introduced legislative moratoria on loan repayments and various forms of public guarantees to be applied to new lending, amongst other measures. CEP's loans and advances subject to these moratoria are not material and are detailed in these disclosures.

Policy and Verification

In accordance with Article 431 (3) of the CRR II, CEP's Pillar 3 Disclosures are covered under the Citi EU Pillar 3 Standard, which outlines the principles and minimum standards to be applied for preparing CEP's Pillar 3 Disclosures. The firm operates within a framework of internal controls and procedures for assessing the appropriateness of this disclosure.

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

Attestation by a Board Member

"I confirm that Citibank Europe Plc Pillar 3 Disclosures for December 2021, to the best of my knowledge, comply with Part Eight of the CRR and have been prepared in accordance with the Citi EU Pillar 3 Standard."

Silvia Carpitella
CEP CFO

Regulatory Outlook

Basel Reforms

CEP is subject to the regulatory rule changes introduced by the Basel Committee on Banking Supervision (BCBS) and other standard setters that have been legislated for in Europe by CRR II / CRD V.

Key elements in CRR II include changes to Counterparty Credit Risk (SA-CCR), the Large Exposures framework, the Leverage Ratio, Net Stable Funding Ratio (NSFR), Minimum Requirements for Own Funds and Eligible Liabilities (MREL) and the Fundamental Review of the Trading Book (FRTB).

The final phase of the Basel III reforms was agreed in December 2017. Some of the key topics covered include the Standardised Approach to Credit Risk (SA-CR), the Standardised Approach to Operational Risk and the Standardised Approach to Credit Valuation Adjustment (SA-CVA). In addition, the new Output Floor will be based on the revised Basel III standardised approaches. The European Commission published their proposal to implement these Basel rules in October 2021.

Intermediate Parent Undertaking

CRD V imposes an obligation on non-EU financial institution groups with a substantial presence in the EU to establish one intermediate parent undertaking (IPU).

The group must establish an IPU, authorised and established in, and subject to the supervision of, an EU member state. Political agreement permitting two IPUs, where structural reform within the head office jurisdiction would not enable a single IPU to operate, was agreed in December 2018.

CEP is in scope and currently implementing a strategy to comply with the IPU requirements by end 2023.

Key Metrics

CEP's capital resources consist predominately of Common Equity Tier 1 (CET1) capital. As at December 2021, CEP's CET1 ratio was 21.43%, which significantly exceeds the regulatory Pillar 1 Minimum CET1 Requirement of 4.50%, and the leverage ratio of 9.91% is significantly in excess of the 3.0% regulatory requirement effective from 28 June 2021.

Table 1: EU KM1 - Key Metrics template for - CEP

		31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
	Available own funds	**€ million**	€ million	€ million	€ million	€ million
1	Common Equity Tier 1 (CET1) capital	**9,887**	8,916	8,693	8,827	8,435
2	Tier 1 capital	**9,887**	8,916	8,693	8,827	8,435
3	Total capital	**9,887**	8,916	8,693	8,827	8,435
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**46,136**	45,758	42,482	41,960	42,028
	Capital ratios					
5	Common Equity Tier 1 ratio (%)	**21.43%**	19.48%	20.46%	21.04%	20.07%
6	Tier 1 ratio (%)	**21.43%**	19.48%	20.46%	21.04%	20.07%
7	Total capital ratio (%)	**21.43%**	19.48%	20.46%	21.04%	20.07%
	Additional own funds requirements to address risks other than the risk of excessive leverage					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	**2.70%**	2.70%	2.70%	2.70%	2.70%
EU 7b	of which: to be made up of CET1 capital (percentage points)	**1.52%**	1.52%	1.52%	1.52%	1.52%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	**2.03%**	2.03%	2.03%	2.03%	2.03%
EU 7d	Total SREP own funds requirements (%)	**10.70%**	10.70%	10.70%	10.70%	10.70%
	Combined buffer requirement					
8	Capital conservation buffer (%)	**2.50%**	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	**0.05%**	0.05%	0.05%	0.05%	0.04%
EU 9a	Systemic risk buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	**1.00%**	1.00%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	**3.55%**	3.55%	3.05%	3.05%	3.04%
EU 11a	Overall capital requirements (%)	**14.25%**	14.25%	13.75%	13.75%	13.74%
12	CET1 available after meeting the total SREP own funds requirements (%)	**15.41%**	13.47%	14.44%	15.02%	14.05%
	Leverage Ratio					
13	Total exposure measure	**99,803**	95,935	92,069	92,183	84,213
14	Leverage ratio (%)	**9.91%**	9.29%	9.44%	9.58%	10.02%
	Additional own funds requirements to address the risk of excessive leverage					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement					
EU 14d	Leverage ratio buffer requirement (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	**24,660**	24,270	23,318	22,410	21,370
EU 16a	Cash outflows - Total weighted value	**26,281**	25,177	23,979	22,860	21,916
EU 16b	Cash inflows - Total weighted value	**8,319**	7,763	7,096	6,679	6,495
16	Total net cash outflows (adjusted value)	**17,962**	17,414	16,883	16,180	15,421
17	Liquidity coverage ratio (%)	**137.43%**	139.61%	138.28%	138.56%	138.51%
	Net Stable Funding Ratio					
18	Total available stable funding	**29,736**	25,982	25,050	24,323	23,015
19	Total required stable funding	**22,718**	21,938	20,960	21,123	20,246
20	NSFR ratio (%)	**130.89%**	118.43%	119.51%	115.15%	113.68%

Table 2: EU KM1 - Key Metrics template - CHIL

		31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
	Available own funds	**€ million**	€ million	€ million	€ million	€ million
1	Common Equity Tier 1 (CET1) capital	**9,899**	8,927	8,704	8,838	8,445
2	Tier 1 capital	**9,899**	8,927	8,704	8,838	8,445
3	Total capital	**9,899**	8,927	8,704	8,838	8,445
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**46,212**	45,825	42,553	42,023	42,106
	Capital ratios					
5	Common Equity Tier 1 ratio (%)	**21.42%**	19.48%	20.45%	21.03%	20.06%
6	Tier 1 ratio (%)	**21.42%**	19.48%	20.45%	21.03%	20.06%
7	Total capital ratio (%)	**21.42%**	19.48%	20.45%	21.03%	20.06%
	Additional own funds requirements to address risks other than the risk of excessive leverage					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	**2.70%**	2.70%	2.70%	2.70%	2.70%
EU 7b	of which: to be made up of CET1 capital (percentage points)	**1.52%**	1.52%	1.52%	1.52%	1.52%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	**2.03%**	2.03%	2.03%	2.03%	2.03%
EU 7d	Total SREP own funds requirements (%)	**10.70%**	10.70%	10.70%	10.70%	10.70%
	Combined buffer requirement					
8	Capital conservation buffer (%)	**2.50%**	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	**0.05%**	0.05%	0.05%	0.05%	0.04%
EU 9a	Systemic risk buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	**1.00%**	1.00%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	**3.55%**	3.55%	3.05%	3.05%	3.04%
EU 11a	Overall capital requirements (%)	**14.25%**	14.25%	13.75%	13.75%	13.74%
12	CET1 available after meeting the total SREP own funds requirements (%)	**15.40%**	13.46%	14.44%	15.01%	14.04%
	Leverage Ratio					
13	Total exposure measure	**99,885**	96,017	92,145	92,265	84,290
14	Leverage ratio (%)	**9.91%**	9.30%	9.45%	9.58%	10.02%
	Additional own funds requirements to address the risk of excessive leverage					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement					
EU 14d	Leverage ratio buffer requirement (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	**24,660**	24,270	23,318	22,410	21,370
EU 16a	Cash outflows - Total weighted value	**26,282**	25,179	23,982	22,864	21,922
EU 16b	Cash inflows - Total weighted value	**8,319**	7,763	7,096	6,679	6,495
16	Total net cash outflows (adjusted value)	**17,963**	17,416	16,886	16,185	15,427
17	Liquidity coverage ratio (%)	**137.42%**	139.59%	138.26%	138.54%	138.48%
	Net Stable Funding Ratio					
18	Total available stable funding	**29,767**	25,987	25,049	24,322	23,014
19	Total required stable funding	**22,738**	21,959	20,978	21,161	20,277
20	NSFR ratio (%)	**130.91%**	118.34%	119.41%	114.94%	113.50%

CEP's total capital ratio increased by 1.3% year on year. The primary driver is the increase in retained earnings, partially offset by a €4.1 billion rise in RWA as a result of an increase in commercial loan exposures and a government bond portfolio.

CEP's and CHIL's leverage ratio decreased to 9.91% as at 31 December 2021, reflecting an increase in leverage exposures mainly attributed to higher on-balance sheet assets largely offset by the increase in Tier 1 capital from retention of earnings.

Movements in liquidity coverage ratio and net stable funding ration are explained under table 57 and 58.

Risk Management

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.

Per strategy and within risk appetite, CEP's primary activities are the provision of core banking services to target market clients including governments, public sector bodies, multinational corporations and their subsidiaries, large local corporates, financial institutions, and fund managers.

During 2021, CEP's risk profile remained largely stable, key internal and external factors required careful monitoring and active risk management. These factors included the increase of the European Government Bond business and management of the Credit portfolio and operational elements in the context of Covid-19. CEP continues in active risk management into 2022 given the current geopolitical situation and macro-economic environment. All material financial and non-financial Risk Appetite Statements operated 'within risk appetite'. Refer to "Table 1" for key risk appetite metrics. As at 31 December 2021; CET1 was 21.43%, stable for the period; Leverage Ratio was 9.91%, stable; LCR was 137.5%, stable; NSFR 130.9%, minor increase at year end but stable for the period. All were above regulatory minimums.

Governance & Reporting, Risk Management, Risk Measurement, Risk Mitigation for CEP's Credit Risk, Market Risk, Liquidity Risk and Operational Risk are disclosed within respective sections.

The CEP Board of Directors (CEP 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.

Risk Governance & Reporting

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.

CEP risk governance is cascaded through risk frameworks, risk policies and standards, 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 Nomination Committee and Related Party Lending Committee. It also includes the Management Committees such as the Executive Committee (ExCo), Risk Management Committee (RMC), Asset & Liability Committee (ALCO), Operating Committee and Business Risk and Controls Committee (BRCC).

The revised risk governance structure approved by the CEP Board in Q4 2020 was implemented during the period. The Credit Risk Committee and the Market Risk Sub Committee were subsumed into the new Risk Management Committee, and the Operational Risk Committee was subsumed into a new Business Risk and Controls Committee. These Committees are now fully operational.

Enhancements in good governance are monitored on an ongoing basis via benchmarking against peers and 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 2021 met on nine occasions, one of which was a joint Audit Committee / BRC meeting.

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.

Lines of Defence

Risk management in CEP follows the principle of the three lines of defence model:

- Each of CEP's businesses, operations, finance and IT teams **(First Line of Defence)** owns and manages the risks inherent in, or arising from, the business. They are responsible for identifying, assessing, and managing their key risks, 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 **Second Line of Defence**, comprises of Independent Risk Management and Independent Compliance Risk Management. They set standards against which the businesses and functions are required to manage and oversee risks, including conformance with applicable laws, regulatory requirements, policies and other relevant standards of ethical conduct. In addition, they are responsible for independently identifying, measuring, monitoring, and controlling aggregate risks, and are independent of frontline units.

- CEP's Internal Audit function **(Third Line of Defence)** independently reviews the activities of the first two lines of defence, based on a risk-based audit plan and a methodology approved by the CEP Board.

- **Support Functions (incl. HR, Legal and CEO Support)** do not meet the definition of front-line unit, independent risk management or internal audit. While they do not report into the Chief Risk Officer (CRO) or Citi Country Officer (CCO), they are expected to design, implement and maintain an effective control environment, supportive of safety and soundness. Any front-line unit activities within support functions remain subject to challenge by independent risk management. Similarly, while they are not required to independently report to the Board on the results of their risk assessments, they may choose to do so, or may be asked to do so by the Board.

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 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.

Enterprise Risk Governance Framework

CEP has in place comprehensive, documented risk management frameworks and policies to support the management of the material risks identified for its activities and ensure accountability through its 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 lines of defence approach; and,
- supporting policies and processes.

Core Risk Governance Processes

Appropriate processes 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 executing the following processes:

- CEP's Risk Inventory Identification and Assessment Process which identifies and 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;
- Assess and challenge the CEP 3-Year Strategic Plan and provide a report outlining the results of that challenge to the Board on an annual basis;
- Enable Board review and approval of the CEP Risk Appetite Statement on an annual basis. This articulates the amount of risk which the Board is prepared to tolerate in pursuit of its strategy;
- Adopt Policies that establish standards, risk limits, and policy adherence processes;
- Stress testing and ensuring appropriate shocks and models are used to assess CEP's material risks;
- Documenting an annual, Board-approved Risk Strategy & Plan which outlines key deliverables which support and enhance risk management. Progress against the plan is tracked and reported to the BRC on an ongoing basis; and,
- 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; and,
- 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.

Risk Monitoring & Reporting

CEP Independent Risk Management complete ongoing monitoring of the risk environment which enables a comprehensive set of reports to be produced. These reports ensure Management, relevant Committees and the Board appropriately assess and understand the key risks facing CEP:

- Detailed reports on Risk exposures covering all material risks are sent to the BRC and Board at each sitting;
- Transparent, and rigorous reporting on exposures and concentrations by risk area are sent to Risk Committees; and,
- Monthly adherence to CEP RAS reports are sent to Management to ensure that CEP risk taking remains consistent with the limits set by the CEP Board.

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 monitoring and reporting is provided in the following risk sections: Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

Risk Profile and Risk Appetite

During 2021, CEP's Risk Profile remained largely stable, key internal and external factors required careful monitoring and active risk management. These factors included the increase of the European Government Bond business and management of the Credit portfolio and operational elements in the context of Covid-19. CEP continues in active risk management into 2022 with the current Geopolitical situation and macro-economic environment. All material financial and non-financial Risk Appetite Statements operated 'within risk appetite'.

CEP identified the following risks as being material to its business for 2021:

Material Risk	Definition
Credit Risk	Risk to earnings or capital from a borrower failing to meet the terms of any contract
Operational Risk	Risk of failed internal processes or systems, human errors or misconduct or adverse external events
Compliance Risk	Risk of legal or regulatory sanctions, financial loss, or damage to reputation resulting from failure to comply with laws, regulations, rules, other regulatory requirements, or codes of conduct and other standards of self-regulatory organizations applicable to the financial services / banking organization
Liquidity Risk	Risk that the firm will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the firm
Market Risk (incl IRRBB)	Risk due to adverse movements in market rates or prices, such as foreign exchange rates, credit spreads or equity prices
Strategic Risk	Risk to current or anticipated earnings, capital, or franchise or enterprise value arising from poor but authorized business decisions (in compliance with regulations, policies & procedures), an inability to adapt to changes in the operating environment (e.g., economic, regulatory or legislative, competitive), or other external factors that may impair the ability to carry out a business strategy
Reputational Risk	Threat or danger to the good name or standing of the entity vis-à-vis customers, shareholders or other stakeholders. Reputational Risk is a consequence of other risks
Inter-Affiliate Risk	Risk of loss due to exposure to affiliated entities within Citi

Risk Profile

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 long-term mission of CEP to become Citi's primary European platform for banking activities and to serve as a trusted partner to our clients, communities, employees and other stakeholders in the European Union by responsibly providing financial services that enable growth and economic progress

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.

CEP interacts with its Citi affiliates, in its normal course of business, giving rise to intercompany assets and liabilities. This interaction typically comes from the following types of activities: cash placements and deposits, operating account balances, repo transactions and derivative transactions.

CEP's intercompany strategy for the period 2022-2024 is to continue to engage with its Citi affiliates in the same types of activity, while diversifying funding broadly and keeping within limits including Board approved Inter-Affiliate Risk Appetite limits in respect of credit and stable funding levels.

Governance & Reporting, Risk Management, Risk Measurement, Risk Mitigation for CEP's Credit Risk, Market Risk, Liquidity Risk and Operational Risk are disclosed within respective sections.

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 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 CEP and Table 2: KM1 for CHIL.

Regulatory Framework for Disclosures

The Pillar 3 Disclosures at 31 December 2021 are prepared in accordance with regulatory capital adequacy concepts and rules, while the financial statements for both CHIL and CEP are prepared in accordance with International Financial Reporting Standards (IFRS).

The tables presented in this section show an outline of the basis of consolidation for regulatory purposes. It provides the breakdown of the carrying amounts reported under the scope of regulatory consolidation to the different risk categories. This section enable users to identify the allocation of the regulatory scope of consolidation into the different risk frameworks laid out in Part Three of the CRR.

Table 3: EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

Name of the Entity	Method of Accounting Consolidation	Full Consolidation	Proportional Consolidation	Neither Consolidated Nor Deducted	Deducted	Description of the Entity
Citibank Europe Plc	Solo		X			Credit Institution
Citibank Holdings Ireland Limited	Full Consolidation	X				Holding Company

Table 4: EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories - current year

There are no material differences between the accounting and regulatory scopes of consolidation and in line with related implementing technical standards only the financial statements carrying values are presented in the table.

	€ million	Carrying values as reported in published financial statements	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework[1]	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements							
1	Cash and cash equivalents	24,278	24,278	-	-	-	-
2	Trading assets	3,923	3,923	-	-	3,923	-
3	Derivative financial instruments	11,589	-	11,589	-	11,589	-
4	Investment securities	6,644	6,644	-	-	-	-
5	Loans and advances to banks	9,743	-	9,743	-	-	-
6	Loans and advances to customers	18,828	14,293	4,535	-	-	-
8	Current tax asset	39	-	-	-	-	39
9	Other assets	4,266	4,246	-	20	-	-
10	Deferred tax assets	219	-	-	-	-	219
11	Property and equipment	123	123	-	-	-	-
12	Goodwill and Intangible assets	96	-	-	-	-	96
13	**Total assets**	**79,748**	**53,508**	**25,867**	**20**	**15,512**	**354**
Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Deposits by banks	9,906	-	-	-	-	9,906
2	Customer accounts	34,414	-	-	-	-	34,414
3	Derivative financial instruments	12,740	-	12,740	-	12,740	-
4	Subordinated liabilities	4,214	-	-	-	-	4,214
5	Current tax liability	50	-	-	-	-	50
6	Provisions	79	-	-	-	-	79
7	Deferred tax liabilities	18	-	-	-	-	18
8	Other liabilities	8,088	-	-	-	-	8,088
9	**Total liabilities**	**69,509**	**-**	**12,740**	**-**	**12,740**	**56,768**

[1] Items subject to securitisation framework: Carrying value included in this column show the banking book securitisation positions.

Table 5: LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements – current year

This table provides a reconciliation between assets carrying values in the published financial statements in accordance with IFRS and the exposures used for regulatory purposes, split as per the regulatory risk framework. The difference between regulatory exposures and IFRS carrying values is most relevant for credit risk disclosures as credit exposure at default (EAD) under CRD is estimated under specified regulatory rules such as considering credit risk mitigation (CRM) techniques and credit conversion factors.

	€ million	Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	79,395	53,508	20	25,867	15,512
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	12,740	-	-	12,740	12,740
3	**Total net amount under the scope of prudential consolidation**	66,655	53,508	20	13,127	2,772
4	**Off-balance-sheet amounts**	39,648	39,648	-	-	
5	*Differences in valuations*	(30)	(30)	-	-	
6	*Differences due to different netting rules, other than those already included in row 2*	(2,996)	-	-	(2,996)	
7	*Differences due to consideration of provisions*	(211)	(211)	-	-	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	(7,957)	(7,957)	-	-	
9	*Differences due to credit conversion factors*	(14,204)	(4,204)	-	-	
10	*Differences due to Securitisation with risk transfer*	-	-	-	-	
11	*Other differences*	(4,126)	(4,126)	-	-	
12	**Exposure amounts considered for regulatory purposes**	79,552	66,629	20	10,131	2,772

Own Funds

Capital Resources

Under CRD V, CHIL and CEP is required to 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; and,
- Significant investments.

Table 6 and 7 shows the regulatory capital resources of CHIL and CEP as at 31 December 2021 and 31 December 2020. Tables 8 and 9 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 2021.

CEP's capital resources increased by €1.5B during 2021, primarily driven by an increase in earnings retained within CEP.

Transferability of capital within the Group

There are no material, current or foreseen, practical, or legal impediments to the prompt transfer of Capital Resources or repayment of liabilities, subject to applicable regulatory requirements. CEP is the only subsidiary of CHIL, which is a wholly owned subsidiary of Citigroup Inc. CEP does not apply any derogations under Article 7 of the CRR 'Derogation to the application of prudential requirements on an individual basis', and Article 9 of the CRR 'Individual consolidation method'.

Table 6: EU CC1 – Composition of regulatory own funds - CEP

This table presents CEP's capital resources as at 31 December 2021.

		31 December 2021 € million	Reference to CC2 table	31 December 2020 € million
Common Equity Tier 1 (CET1) capital: Instruments and reserves				
1	Capital Instruments and the related share premium accounts	**1,742**	(a)	1,608
2	Retained earnings	**7,039**	(c)	6,497
3	Accumulated other comprehensive income (and other reserves)	**533**	(b)	627
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**926**	(c)	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**10,240**	(d)	8,732
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative value)	**(30)**		(10)
8	Intangible assets (net of related tax liability) (negative amount)	**(75)**	(f)	(60)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**(8)**		(8)
19	Direct, indirect and synthetic holdings by the institution 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)	**(13)**		(12)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	**(218)**	(e)	(202)
27a	Other regulatory adjustments	**(9)**		(4)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(353)**		(297)
29	**Common Equity Tier 1 (CET1) capital**	**9,887**		8,435
Additional Tier 1 (AT1) capital: instruments				
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**		-
Additional Tier 1 (AT1) capital: regulatory adjustments				
43	**Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital**	**-**		-
44	**Additional Tier 1 (AT1) capital**	**-**		-
45	**Tier 1 capital (T1 = CET1 + AT1)**	**9,887**		8,435
Tier 2 (T2) capital: instruments				
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**		-
Tier 2 (T2) capital: regulatory adjustments				
57	**Total regulatory adjustments to Tier 2 (T2) capital**			
58	**Tier 2 (T2) capital**	**-**		-
59	**Total capital (TC = T1 + T2)**	**9,887**		8,435
60	**Total risk exposure amount**	**46,136**		42,028
Capital ratios and requirements including buffers				
61	Common Equity Tier 1	**21.43%**		20.07%
62	Tier 1	**21.43%**		20.07%
63	Total capital	**21.43%**		20.07%
64	Institution CET1 overall capital requirements	**9.57%**		7.04%
65	of which: capital conservation buffer requirement	**2.50%**		2.50%
66	of which: countercyclical capital buffer requirement	**0.05%**		0.04%
67	of which: systemic risk buffer requirement	**0.00%**		0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (0-SII) buffer requirement	**1.00%**		0.50%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	**1.52%**		1.52%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**15.41%**		12.07%
Amounts below the thresholds for deduction (before risk weighting		**-**		-
Applicable caps on the inclusion of provisions in Tier 2		**-**		-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		**-**		-

Table 7: EU CC1 – Composition of regulatory own funds - CHIL

This table presents CHIL's capital resources as at 31 December 2021 and 2020.

		31 December 2021 € million	Reference to CC2 table	31 December 2020 € million
Common Equity Tier 1 (CET1) capital: Instruments and reserves				
1	Capital Instruments and the related share premium accounts	**607**	(a)	560
2	Retained earnings	**7,258**	(c)	6,669
3	Accumulated other comprehensive income (and other reserves)	**1,448**	(b)	1,471
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**927**	(c)	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**10,240**	(d)	8,730
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative value)	**(30)**		(10)
8	Intangible assets (net of related tax liability) (negative amount)	**(75)**	(f)	(60)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**(8)**		(8)
19	Direct, indirect and synthetic holdings by the institution 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)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	**(219)**	(e)	(202)
27a	Other regulatory adjustments	**(9)**		(4)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(340)**		(285)
29	**Common Equity Tier 1 (CET1) capital**	**9,899**		8,445
Additional Tier 1 (AT1) capital: instruments				
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**		-
Additional Tier 1 (AT1) capital: regulatory adjustments				
43	**Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital**	**-**		-
44	**Additional Tier 1 (AT1) capital**	**-**		-
45	**Tier 1 capital (T1 = CET1 + AT1)**	**9,899**		8,445
Tier 2 (T2) capital: instruments				
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**		-
Tier 2 (T2) capital: regulatory adjustments				
57	**Total regulatory adjustments to Tier 2 (T2) capital**			
58	**Tier 2 (T2) capital**	**-**		-
59	**Total capital (TC = T1 + T2)**	**9,889**		8,445
60	**Total risk exposure amount**	**46,212**		42,106
Capital ratios and requirements including buffers				
61	Common Equity Tier 1	**21.42%**		20.06%
62	Tier 1	**21.42%**		20.06%
63	Total capital	**21.42%**		20.06%
64	Institution CET1 overall capital requirements	**9.57%**		7.04%
65	of which: capital conservation buffer requirement	**2.50%**		2.50%
66	of which: countercyclical capital buffer requirement	**0.05%**		0.04%
67	of which: systemic risk buffer requirement	**0.00%**		0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (0-SII) buffer requirement	**1.00%**		0.50%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	**1.52%**		1.52%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**15.40%**		12.06%
Amounts below the thresholds for deduction (before risk weighting)		**-**		**-**
Applicable caps on the inclusion of provisions in Tier 2		**-**		-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		**-**		-

The main features and terms and conditions of CEP's capital instruments are outlined in Appendix 3.

Table 8: EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - CEP

This table provides a reconciliation of CEP's and CHIL's audited shareholders' equity to regulatory capital. The financial statement is prepared in USD and the balance sheet amounts are converted to EUR for the purpose of the disclosure tables.

		Balance sheet as in published financial statements As at period end	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
		€ million	
1	Cash and cash equivalents	**24,264**	
2	Trading assets	**3,923**	
3	Derivative financial instruments	**11,589**	
4	Investment securities	**6,644**	
5	Loans and advances to banks	**9,743**	
6	Loans and advances to customers	**18,765**	
7	Shares in subsidiary undertakings	**13**	
8	Current tax asset	**39**	
9	Other assets	**4,266**	
10	Deferred tax assets	**218**	
10a	*Of which deducted from Own funds*	**218**	**(e)**
11	Property and equipment	**123**	
12	Goodwill and Intangible assets	**96**	
12a	*Of which deducted from Own funds*	**75**	**(f)**
13	**Total assets as at 31 December 2021**	**79,684**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Deposits by banks	**9,842**	
2	Customer accounts	**34,414**	
3	Derivative financial instruments	**12,740**	
4	Subordinated liabilities	**4,214**	
5	Current tax liability	**50**	
6	Provisions	**79**	
7	Deferred tax liabilities	**18**	
8	Other liabilities	**8,087**	
9	**Total liabilities as at 31 December 2021**	**69,444**	
Shareholders' Equity			
1	Share capital	**9**	**(a)**
2	Share premium account	**1,733**	**(a)**
3	Other reserves (net)	**533**	**(b)**
4	Retained earnings	**7,965**	**(c)**
6	**Total shareholders' equity as at 31 December 2021**	**10,240**	**(d)**

Table 9: EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - CHIL

		Balance sheet as in published financial statements As at period end	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
		€ million	
1	Cash and cash equivalents	**24,278**	
2	Trading assets	**3,923**	
3	Derivative financial instruments	**11,589**	
4	Investment securities	**6,644**	
5	Loans and advances to banks	**9,743**	
6	Loans and advances to customers	**18,828**	
8	Current tax asset	**39**	
9	Other assets	**4,266**	
10	Deferred tax assets	**219**	
10a	*Of which deducted from Own funds*	**219**	**(e)**
11	Property and equipment	**123**	
12	Goodwill and Intangible assets	**96**	
12a	*Of which deducted from Own funds*	**75**	**(f)**
13	**Total assets as at 31 December 2021**	**79,748**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Deposits by banks	**9,906**	
2	Customer accounts	**34,414**	
3	Derivative financial instruments	**12,740**	
4	Subordinated liabilities	**4,214**	
5	Current tax liability	**50**	
6	Provisions	**79**	
7	Deferred tax liabilities	**18**	
8	Other liabilities	**8,088**	
9	**Total liabilities as at 31 December 2021**	**69,509**	
Shareholders' Equity			
1	Share capital	**0**	**(a)**
2	Share premium account	**607**	**(a)**
3	Other reserves (net)	**1,448**	**(b)**
4	Retained earnings	**8,185**	**(c)**
6	**Total shareholders' equity as at 31 December 2021**	**10,240**	**(d)**

Capital Requirements and Buffers

CHIL and CEP comply with the minimum Pillar 1 capital requirements in accordance with Article 92 of the CRR. The capital requirements consist primarily of credit risk, counterparty credit risk, credit valuation adjustment, securitisation, market risk and operational risk. CEP uses a combination of standardised and internal model approaches, in line with its regulatory permissions, to calculate such capital requirements. The table below provides information by risk category, the approaches used to calculate EAD and Risk Weighted Assets (RWA).

CEP is also required to hold capital in addition to the Minimum Capital Requirement to meet CBI and ECB obligations and capital buffers.

Pillar 2

Pillar 2 Requirement (Pillar 2R) is an additional amount of capital that CEP is required to hold to cover risks not captured by the Minimum Capital Requirement. The Joint Supervisory Team (JST) reviews the Internal Capital Adequacy Assessment Process (ICAAP) as part of the Supervisory Review and Evaluation Process (SREP) and sets a Total Supervisory Capital Requirement (TSCR). The TSCR is the sum of the Minimum Capital Requirement (8% of RWAs) and the Pillar 2R. The Pillar 2 was 2.7% as at 31 December 2021. The JST has notified CEP that the Pillar 2 Requirement reduced to 2.5% from 1 March 2022.

The table below provides information on the exposures and calculation approaches by risk type.

Risk	Definitions	Regulatory Exposure Approach	Risk Weight Assets (RWA) Approach
Credit Risk	Credit risk measures the risk of loss arising from a borrower failing to meet its obligations.	Credit Risk exposures are captured as accounting value, net of general and specific credit risk adjustments.	CEP uses a combination of standardised and internal model approaches, in line with its regulatory permissions, to determine credit and counterparty credit risk capital requirements, based on External Credit Assessment Institution (ECAI) ratings for calculating RWAs. CEP calculated CCR exposures under IMM for the first time on 1 January 2021.
Counterparty Credit Risk	Counterparty credit risk (CCR) arise from derivatives and securities financing transactions (SFTs) across the banking and trading books, and in the regulatory framework captures the methodologies for measuring exposures resulting from market movements.	CEP adopts three methods for the calculation of CCR exposures: • Internal Model Method (IMM) applies to OTC derivatives as approved by the regulator; • SA-CCR applies to exchange traded derivatives and non-IMM approved OTCs; • Financial collateral comprehensive method applies SFT.	
Credit Valuation Adjustment	Credit Valuation Adjustment (CVA) represents a portfolio-level adjustment to reflect the risk premium associated with the counterparty's non-performance risk.	For CVA, CEP uses a combination of Advanced and Standardised calculations.	**Standardised Approach**: computation includes factors based on ECAI ratings and effective maturity **Advanced Approach**: the computation of expected exposure is based on our IMM model and the calculation of the CVA requirement is then generated utilising Value at Risk (VaR).
Securitization	A securitization is a transaction or scheme where the associated credit risk of the exposure or pool of exposures is tranched, where key features include: • the tranching reflects subordination of the distribution of losses on the transaction or scheme; • the payments in the transaction or scheme rely on the exposure or pool of exposures' performance.	Securitized exposures from traditional securitizations are captured as the accounting value after relevant specific credit risk adjustments for on-balance sheet securitization position for both trading and non-trading book exposures.	Under the revised securitization framework, CEP risk weights relevant positions using the Standardized Approach (SEC-SA) and External Ratings Based Approach (SEC-ERBA).
Market Risk	Market risk assesses the risk of losses to positions or a portfolio from market movements. Market volatility may be driven by one or more of: market price, interest rates, indices, correlations or implied volatilities.	Market Risk positions are based on accounting values and notionals in both trading and non-trading books.	CEP uses a VaR model to calculate market risk capital requirements for the majority of its trading portfolio under a Temporary Tolerance approval granted by the JST. The permission covers VaR, Stressed VaR (SVaR) and the Incremental Risk Charge (IRC) for positions on a Permitted Product List. Residual positions are calculated under the standardised Approach.
Operational Risk	Operational risk captures the loss resulting from inadequate or failed internal processes, people and systems or from external events	CEP uses a standardized approach, under which, activities are divided into individual business lines for calculation of operational risk	CEP's operational risk is calculated under the standardized approach.

Table 10: EU OV1 – Overview of total risk exposure amounts – CEP

		31 December 2021	31 December 2020	31 December 2021
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	**Credit risk (excluding CCR)**	**33,373**	31,163	**2,670**
2	Of which the standardised approach	**33,373**	31,163	**3,281**
3	Of which the Foundation IRB (F-IRB) approach	**-**	-	**-**
4	Of which: slotting approach	**-**	-	**-**
EU 4a	Of which: equities under the simple risk weighted approach	**-**	-	**-**
5	Of which the Advanced IRB (A-IRB) approach	**-**	-	**-**
6	**Counterparty credit risk - CCR**	**4,943**	4,786	**395**
7	Of which the standardised approach	**1,130**	3,800	**390**
8	Of which internal model method (IMM)	**2,665**	-	**213**
EU 8a	Of which exposures to a CCP	**342**	41	**27**
EU 8b	Of which credit valuation adjustment - CVA	**716**	926	**57**
9	Of which other CCR	**90**	18	**7**
15	**Settlement risk**	**0**	1	**0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**4**	7	**0**
17	Of which SEC-IRBA approach	**-**	-	**-**
18	Of which SEC-ERBA (including IAA)	**2**	3	**0**
19	Of which SEC-SA approach	**2**	4	**0**
EU 19a	Of which 1250%	**-**	-	**-**
20	**Position, foreign exchange and commodities risk (Market risk)**	**3,486**	2,159	**279**
21	Of which the standardised approach	**1,354**	2,159	**108**
22	Of which IMA	**2,131**	-	**171**
EU 22a	**Large exposures[1]**	**-**	-	**-**
23	**Operational risk**	**4,331**	3,912	**346**
EU 23a	Of which basic indicator approach	**-**	-	**-**
EU 23b	Of which standardised approach	**4,331**	3,912	**346**
EU 23c	Of which advanced measurement approach	**-**	-	**-**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	-	**-**
29	**Total**	**46,136**	42,028	**3,691**

Table 11: EU OV1 – Overview of total risk exposure amounts – CHIL

		31 December 2021	31 December 2020	31 December 2021
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	**Credit risk (excluding CCR)**	**33,449**	31,231	**2,676**
2	Of which the standardised approach	**33,449**	31,231	**2,676**
3	Of which the Foundation IRB (F-IRB) approach	**-**	-	**-**
4	Of which: slotting approach	**-**	-	**-**
EU 4a	Of which: equities under the simple risk weighted approach	**-**	-	**-**
5	Of which the Advanced IRB (A-IRB) approach	**-**	-	**-**
6	**Counterparty credit risk - CCR**	**4,943**	4,786	**395**
7	Of which the standardised approach	**1,130**	3,800	**90**
8	Of which internal model method (IMM)	**2,665**	0	**213**
EU 8a	Of which exposures to a CCP	**342**	41	**27**
EU 8b	Of which credit valuation adjustment - CVA	**716**	926	**57**
9	Of which other CCR	**90**	18	**7**
15	**Settlement risk**	**0**	1	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**4**	7	**-**
17	Of which SEC-IRBA approach	**-**	-	**-**
18	Of which SEC-ERBA (including IAA)	**2**	3	**0**
19	Of which SEC-SA approach	**2**	4	**0**
EU 19a	Of which 1250%	**-**	-	**-**
20	**Position, foreign exchange and commodities risk (Market risk)**	**3,486**	2,169	**279**
21	Of which the standardised approach	**1,354**	2,169	**108**
22	Of which IMA	**2,131**	-	**171**
EU 22a	**Large exposures[1]**	**-**	-	**-**
23	**Operational risk**	**4,331**	3,912	**346**
EU 23a	Of which basic indicator approach	**-**	-	**-**
EU 23b	Of which standardised approach	**4,331**	3,912	**346**
EU 23c	Of which advanced measurement approach	**-**	-	**-**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	-	**-**
29	**Total**	**46,212**	42,106	**3,697**

[1]Large Exposure (LEX) capital requirements are calculated on the trading book excess. As at 31 December 2021 CEP had no LEX related RWA.

Credit Risk

RWA increased by €2.2 billion primarily due to increased exposures to corporate counterparties and exposures secured by mortgages on immovable property.

Counterparty Credit Risk

RWA increased by €0.2 billion due to an increase in netting benefits for derivatives and seasonal business activity for SFTs.

Securitisation

RWA decreased by less than €0.1 billion with no material drivers over the year.

Operational Risk

RWA increased by €0.4 billion due to increasing revenues.

Market Risk

RWA increased by €1.3 billion due mainly to the introduction of the European Government Bond business.

Table 12 : EU CCR7 – RWEA flow statements of CCR exposures under the IMM

This table presents a flow statement explaining changes in the CCR RWAs under the IMM calculation.

		RWEA € million
1	**RWEA as at 31 December 2020**	-
2	Asset size	-
3	Credit quality of counterparties	-
4	Model updates (IMM only)	2,682
5	Methodology and policy (IMM only)	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	**RWEA as at 31 December 2021**	2,682

CEP calculated CCR exposures under IMM for the first time on 1 January 2021.

Table 13: MR2-B – RWA flow statements of market risk exposure under the IMA

This table presents a flow statement explaining variations in the market risk RWAs.

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**RWEAs as at 31 December 2020**	-	-	-	-	-	-	-
1a	*Regulatory adjustment*	-	-	-	-	-	-	-
1b	*RWEAs at 31 December 2020 (end of the day)*	-	-	-	-	-	-	-
2	Movement in risk levels	-	-	-	-	-	-	-
3	Model updates/changes	353	732	711	-	-	1,797	144
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWEAs at 31 December 2021 (end of the day)*	353	732	711	-	-	1,797	144
8b	*Regulatory adjustment*	109	226	-	-	-	335	27
8	**RWEAs as at 31 December 2021**	462	958	711	-	-	2,131	171

CEP calculated market risk exposure under the IMA for the first time on 1 January 2021

Capital Buffers

As at 31 December 2021, CEP's combined buffer requirement includes a capital conservation buffer of 2.5%, a countercyclical buffer requirement of 0.05% and an O-SII capital buffer of 1.0%.

- **Capital Conservation Buffer (CCB)** was introduced to ensure that banks have an additional layer of usable capital. Its primary objective is to protect the banking sector from periods of excess aggregate credit growth.
- **Countercyclical Capital Buffer (CCyB)** is activated and increased by authorities when aggregate credit growth is judged to be excessive and associated with a build-up of system-wide risk. The buffer can be reduced during a downturn to help ensure that banks maintain the flow of credit in the economy. Thus jurisdictions will be required to monitor credit growth in relation to measures such as Gross Domestic Product and assess whether growth is excessive and leading to the build-up of system-wide risk. Based on this assessment a CCyB, ranging from 0% to 2.5% of risk-weighted assets, may be put in place for specified jurisdictions.
- **Other Systemically Important Institution Buffer** set by the CBI represents a capital buffer requirement reflecting CEP's domestic systemic importance.

Capital Management

CEP's Capital Risk Management Framework ('Framework') supports the Board in measuring, managing, monitoring and controlling CEP's Capital position. The appropriate level and quality of capital is set to ensure CEP meets all regulatory capital requirements and to safeguard CEP's ability to continue as a going concern.

Key components of the Framework include:

- A strategic capital planning process aligned to risk appetite;
- Robust capital stress testing framework;
- Regular monitoring against capital and leverage risk appetite limits;
- Regular leverage and capital reporting to management; and,
- Outlines how CEP takes decisions around entering any new markets, offering new products or services, or making significant changes to existing products and services.

CEP's ICAAP is a detailed assessment of the capital that it considers necessary to cover the risks to which it is exposed. CEP's ICAAP is used to inform the CEP's Board of Directors and the executive management on CEP's risk profile and capital adequacy. CEP's ICAAP:

- Ensures the risks to which CEP is exposed are appropriately capitalised and risk managed;
- Uses stress testing to ensure capital levels are adequate to withstand the impact of a suitably severe stress; and,
- Assesses capital adequacy under normal and stressed operating environments over the capital planning horizon.

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.

The leverage ratio is a measure which allows for the assessment of institutions' exposure to the risk of excessive leverage. It is a simple non-risk based measure complementary to the risk-based capital framework. The Basel III Framework ensures broad and adequate capture of both the on and off-balance sheet sources of banks' leverage and aims to constrain the build-up of excess leverage in the financial sector.

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under CRR rules. The requirements for the calculation and reporting of leverage ratios was introduced as part of the CRD IV in 2014 and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

In June 2019, amendments to the CRR were published in the Official Journal of the EU as Regulation (EU) 2019/876. These amendments, which became effective from 28 June 2021, include a binding minimum leverage ratio requirement of 3%, as well as a number of changes to the calculation of the exposure measure.

CEP manages its risk of excessive leverage through leverage ratio early warning thresholds. Limits are calibrated to ensure leverage exposure remains within CEP's risk appetite.

CHIL and CEP's leverage ratios are calculated based on the current CRR exposure measure and during the period were in excess of the minimum requirements; both entities have a leverage ratio of 9.91% as at 31 December 2021.

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

Table 14: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures – CEP current year

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

		31 December 2021
		€ million
1	Total assets as per published financial statements	79,684
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(27)
7	Adjustment for eligible cash pooling transactions	(435)
8	Adjustments for derivative financial instruments	(631)
9	Adjustment for securities financing transactions (SFTs)	(314)
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	25,053
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(3,527)
13	**Total exposure measure**	**99,803**

Table 15: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures - CEP prior year

	31 December 2020
	€ million
Total assets as per published financial statements	60,902
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
Adjustments for derivative financial instruments	(3,245)
Adjustment for securities financing transactions (SFTs)	28
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	24,113
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
Other adjustments - differences in Statutory and Regulatory consolidation	2,416
Leverage ratio total exposure measure	84,213

Table 16: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures – CHIL current year

		31 December 2021
		€ million
1	Total assets as per published financial statements	**79,748**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**-**
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**-**
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	**-**
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	**-**
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(27)**
7	Adjustment for eligible cash pooling transactions	**(435)**
8	Adjustments for derivative financial instruments	**(631)**
9	Adjustment for securities financing transactions (SFTs)	**(314)**
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	**25,059**
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	**-**
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	**-**
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	**-**
12	Other adjustments	**(3,515)**
13	**Total exposure measure**	**99,885**

Table 17: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures - CHIL prior year

	31 December 2020
	€ million
Total assets as per published financial statements	60,957
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
Adjustments for derivative financial instruments	(3,245)
Adjustment for securities financing transactions (SFTs)	28
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	24,122
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
Other adjustments - differences in Statutory and Regulatory consolidation	2,428
Leverage ratio total exposure measure	84,290

Table 18: EU LR2 - LRCom: Leverage ratio common disclosure – CEP current year

This table shows a more granular breakdown of the leverage exposures and the leverage ratio calculation.

		31 December 2021 € million
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**55,269**
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	**-**
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(3,277)**
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**-**
5	(General credit risk adjustments to on-balance sheet items)	**-**
6	(Asset amounts deducted in determining Tier 1 capital)	**(306)**
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**51,686**
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**3,191**
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**-**
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**6,725**
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	**-**
EU-9b	Exposure determined under Original Exposure Method	**-**
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**-**
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**-**
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	**-**
11	Adjusted effective notional amount of written credit derivatives	**7,174**
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(6,132)**
13	**Total derivatives exposures**	**10,958**
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**12,799**
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(490)**
16	Counterparty credit risk exposure for SFT assets	**176**
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	**-**
17	Agent transaction exposures	**-**
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	**-**
18	**Total securities financing transaction exposures**	**12,485**
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**39,707**
20	(Adjustments for conversion to credit equivalent amounts)	**(14,654)**
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	**-**
22	**Off-balance sheet exposures**	**25,053**
Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	**-**
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	**-**
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	**-**
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	**-**
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	**-**
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	**(379)**
EU-22g	(Excluded excess collateral deposited at triparty agents)	**-**
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	**-**
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	**-**
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	**-**
EU-22k	(Total exempted exposures)	**(379)**
Capital and total exposure measure		
23	Tier 1 capital	**9,887**
24	Total exposure measure	**99,803**
Leverage ratio		
25	Leverage ratio	**9.91%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**9.91%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**9.91%**
26	Regulatory minimum leverage ratio requirement (%)	**3.00%**
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**
EU-26b	of which: to be made up of CET1 capital (percentage points)	**0.00%**
27	Leverage ratio buffer requirement (%)	**3.00%**
EU-27a	Overall leverage ratio requirement (%)	**0.00%**
Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	**Fully phased in**
Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**9,823**
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**12,309**
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**97,318**
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**97,318**
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**10.16%**
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**10.16%**

Table 19: EU LR2 - LRCom: Leverage ratio common disclosure – CEP prior year

		31 December 2020 € million
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	39,859
2	(Asset amounts deducted in determining Tier 1 capital)	(274)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	39,585
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	2,431
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark- to-market method)	4,602
	Exposure determined under Original Exposure Method	-
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,122)
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	1,098
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(1,098)
11	Total derivatives exposures (sum of lines 4 to 10)	5,912
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	14,576
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	28
	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	14,604
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	24,113
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Total other off-balance sheet exposures (sum of lines 17 and 18)	24,113
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	-
19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposure measure		
20	Tier 1 capital	8,435
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	84,213
22	Leverage ratio	10.02%
	Leverage ratio' (excluding the impact of any applicable temporary exemption of central bank exposures)	10.02%
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in

Table 20: EU LR2 - LRCom: Leverage ratio common disclosure – CHIL current year

		31 December 2021 € million
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**55,333**
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	**-**
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(3,277)**
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**-**
5	(General credit risk adjustments to on-balance sheet items)	**-**
6	(Asset amounts deducted in determining Tier 1 capital)	**(294)**
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**51,762**
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**3,191**
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**-**
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**6,725**
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	**-**
EU-9b	Exposure determined under Original Exposure Method	**-**
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**-**
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**-**
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	**-**
11	Adjusted effective notional amount of written credit derivatives	**7,174**
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(6,132)**
13	**Total derivatives exposures**	**10,958**
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**12,799**
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(490)**
16	Counterparty credit risk exposure for SFT assets	**176**
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	**-**
17	Agent transaction exposures	**-**
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	**-**
18	**Total securities financing transaction exposures**	**12,485**
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**39,719**
20	(Adjustments for conversion to credit equivalent amounts)	**(14,659)**
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	**-**
22	**Off-balance sheet exposures**	**25,059**
Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	**-**
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	**-**
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	**-**
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	**-**
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	**-**
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	**(379)**
EU-22g	(Excluded excess collateral deposited at triparty agents)	**-**
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	**-**
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	**-**
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	**-**
EU-22k	(Total exempted exposures)	**(379)**
Capital and total exposure measure		
23	Tier 1 capital	**9,899**
24	Total exposure measure	**99,885**
	Leverage ratio	
25	Leverage ratio	**9.91%**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**9.91%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**9.91%**
26	Regulatory minimum leverage ratio requirement (%)	**3.00%**
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**
EU-26b	of which: to be made up of CET1 capital (percentage points)	**0.00%**
27	Leverage ratio buffer requirement (%)	**0.00%**
EU-27a	Overall leverage ratio requirement (%)	**3.00%**
	Choice on transitional arrangements and relevant exposures	
EU-27b	Choice on transitional arrangements for the definition of the capital measure	**Fully phased in**
Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**9,823**
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**12,309**
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**97,400**
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**97,400**
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**10.16%**
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**10.16%**

Table 21: EU LR2 - LRCom: Leverage ratio common disclosure – CHIL prior year

		31 December 2020
		€ million
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	39,915
2	(Asset amounts deducted in determining Tier 1 capital)	(263)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	39,652
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	2,431
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark- to-market method)	4,602
	Exposure determined under Original Exposure Method	-
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,122)
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	1,098
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(1,098)
11	Total derivatives exposures (sum of lines 4 to 10)	5,912
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	14,576
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Counterparty credit risk exposure for SFT assets	28
	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	14,604
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	24,122
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Total other off-balance sheet exposures (sum of lines 17 and 18)	24,122
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	-
	Capital and total exposure measure	
20	Tier 1 capital	8,445
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	84,290
22	Leverage ratio	10.0%
	Leverage ratio' (excluding the impact of any applicable temporary exemption of central bank exposures)	10.0%
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in

CEP's and CHIL's leverage ratio decreased to 9.91% as at 31 December 2021, reflecting an increase in leverage exposures mainly attributed to higher on-balance sheet assets largely offset by the increase in Tier 1 capital from retention of earnings.

Table 22: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) - CEP

		31 December 2021	31 December 2020
		CRR leverage ratio exposures	
		€ million	€ million
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**51,613**	39,859
EU-2	Trading book exposures	**3,923**	595
EU-3	Banking book exposures, of which:	**47,690**	39,264
EU-4	Covered bonds	**-**	-
EU-5	Exposures treated as sovereigns	**26,215**	17,930
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**277**	293
EU-7	Institutions	**4,699**	2,904
EU-8	Secured by mortgages of immovable properties	**1,044**	358
EU-9	Retail exposures	**-**	1
EU-10	Corporates	**13,738**	12,947
EU-11	Exposures in default	**15**	97
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	**1,701**	4,734

Table 23: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) – CHIL

		31 December 2021	31 December 2020
		CRR leverage ratio exposures	
		€ million	€ million
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**51,677**	39,915
EU-2	Trading book exposures	**3,923**	595
EU-3	Banking book exposures, of which:	**47,754**	39,320
EU-4	Covered bonds	**0**	0
EU-5	Exposures treated as sovereigns	**26,215**	17,930
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**277**	293
EU-7	Institutions	**4,713**	2,921
EU-8	Secured by mortgages of immovable properties	**1,044**	358
EU-9	Retail exposures	**0**	1
EU-10	Corporates	**13,802**	12,997
EU-11	Exposures in default	**15**	97
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	**1,688**	4,722

Minimum Requirement for Own Funds and Eligible Liabilities

Under Bank Recovery and Resolution Directive (BRRD II), published in the Official Journal of the EU as Directive 2014/15/EU, amended by Directive (EU) 2019/876 in May 2019, credit institutions must hold a certain level of own funds and loss absorbing (bail-in-able) liabilities to support the institution in the event of a resolution. This requirement is referred to as the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). MREL resources are comprised of qualifying own funds and eligible liabilities.

Under the CRR II, firms that are material subgroups of non-EU Global Systemically Important Institutions (G-SIIs) per the CRR definition are subject to the minimum amount of Total Loss-Absorbing Capacity (TLAC). As at 31 December 2021, CHIL and CEP do not meet the definition of a material subgroup as per Art 4(135) of CRR. 4 (135) of CRR II, hence are only subject to the MREL requirements under BRRD II.

CHIL and CEP are deemed a Relevant Legal Entity as per Single Resolution Board (SRB) MREL policy published in May 2021; therefore CEP is subject to an internal MREL requirement. CEP must comply with an intermediate binding requirement of 22.26% of Total Risk Exposure Amount and 5.87% of Leverage Ratio Exposure by 1 January 2022, as communicated by the SRB.

CEP has an internal management action trigger framework in place to ensure compliance with the regulatory requirements and its internal risk appetite.

Table 24: EU iLAC - Internal loss absorbing capacity – CHIL consolidated

This template discloses the own funds and eligible liabilities as well as internal MREL ratios and their components, numerator and denominator.

	€ million	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU 1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			N
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			-
EU 2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	9,899	-	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	-	-	
EU 6	Eligible own funds	9,899	-	
EU 7	Eligible liabilities	4,214	-	
EU 8	Of which permitted guarantees	-		
EU 9a	(Adjustments)	-		
EU 9b	Own funds and eligible liabilities items after adjustments	14,113	-	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	46,212	-	
EU 11	Total exposure measure	99,885	-	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	30.54%	-	
EU 13	>>> of which permitted guarantees	-		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	14.13%	-	
EU 15	>>> of which permitted guarantees	-		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	8.28%	-	
EU 17	Institution-specific combined buffer requirement		-	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	22.26%	-	
EU 19	>>> of which may be met with guarantees	-		
EU 20	Internal MREL expressed as percentage of the total exposure measure	5.87%	-	
EU 21	>>> of which may be met with guarantees	-		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR		-	

Table 25: EU iLAC - Internal loss absorbing capacity – CEP

€ million		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU 1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			N
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			-
EU 2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	9,887	-	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	-	-	
EU 6	Eligible own funds	9,887	-	
EU 7	Eligible liabilities	4,214	-	
EU 8	Of which permitted guarantees	-		
EU 9a	(Adjustments)	-		
EU 9b	Own funds and eligible liabilities items after adjustments	14,101	-	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	46,136	-	
EU 11	Total exposure measure	99,803	-	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	30.56%	-	
EU 13	>>> of which permitted guarantees	-		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	14.13%	-	
EU 15	>>> of which permitted guarantees	-		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	8.30%	-	
EU 17	Institution-specific combined buffer requirement		-	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	22.26%	-	
EU 19	>>> of which may be met with guarantees	-		
EU 20	Internal MREL expressed as percentage of the total exposure measure	5.87%	-	
EU 21	>>> of which may be met with guarantees	-		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR		-	

Table 26: EU TLAC2 - Creditor ranking - Entity that is not a resolution entity – CEP

This table shows the ranking of eligible liabilities in the creditor hierarchy. In line with commission implementing regulation (EU) 2021/763 this table is disclosed at the level of individual entity. CHIL does not hold MREL on an individual level, and as such the table is only disclosed for CEP.

€ million		insolvency ranking				Sum of 1 to 2
		1	1	2	2	
		(most junior)	(most junior)			
		resolution entity	other	resolution entity	other	
2	Description of insolvency rank (free text)		Equity		Secondary non-preferred liabilities (CEP – CHIL internal MREL instrument)	
6	Own funds and eligible liabilities for the purpose of internal MREL	-	9,887	-	4,214	14,101
7	o/w residual maturity ≥ 1 year < 2 years	-	-	-	-	-
8	o/w residual maturity ≥ 2 year < 5 years	-	-	-	714	714
9	o/w residual maturity ≥ 5 years < 10 years	-	-	-	3,500	3,500
10	o/w residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
11	o/w perpetual securities	-	9,887	-	-	9,887

Credit Risk

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 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.

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.

Private Banking is primarily comprised of loans provided to individuals – secured or unsecured, and term/instalment or revolving.

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;
- SFTs such as repurchase agreements and reverse repurchase transactions; and,
- Settlement Exposure.

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

Credit Risk Governance and Reporting

CEP manages credit risk on a day-to-day basis through a three lines of defence approach.

The first line of defence in CEP are involved in acquiring and evaluating applications for lines of credit, along with conducting regular (at least annual) assessments and evaluations of material obligors.

Responsibility for oversight and challenge of these risks sits with Independent Risk Management led by the CRO. CEP's Head Credit Risk reports to the CEP CRO. 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 Standard, and for ongoing monitoring and reporting on credit risk exposures and trends including portfolio and delinquency based monitoring and management.

The CEP Board has the ultimate responsibility for ensuring that there is an appropriate credit risk management framework in place. Credit risk governance is provided by the Board, BRC, Executive Committee, Risk Management Committee and Product Review Committee. The Board is also responsible for articulating CEP's risk appetite for credit risk.

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 Standard. 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 standards and applicable regulations.

Credit risk limits for CEP are governed by CEP's Risk Appetite Framework. CEP's Risk Management Committee sets more granular level exposure and concentration limits which underlie the Board Risk Appetite Statement limits.

CEP Risk Management monitor the Credit Risk profile on an ongoing basis and ensure detailed reports are sent to the Risk Management Committee and the BRC/Board on the Credit risk portfolio which also outline adherence to agreed limits.

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; and,
- 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; and,
- 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; and,
- 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.

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 RWA. Risk weights reduce with increasing credit quality of the obligor.

For off-balance sheet items, a Credit Conversion Factor (CRR, Article 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, 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, Article 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/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 CVA treatment are included in the wholesale credit risk capital model.

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 standards.

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; and,
- 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.

Quantitative collateral related disclosures in line with the CRR requirements and the EBA Guidelines are provided in the Credit Risk Mitigation (Page 38) and Counterparty Credit Risk (Page 40) section.

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 (ILOC) business where daily margining exists, the pricing for securities is generated on an automated daily basis based upon publicly 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 2021.

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 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.

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, ILOC products and SFTs (reverse repos & securities borrowing), and OTC derivatives may incur general wrong way risk. For ILOC facilities, obligors are not permitted to post their own security as collateral, and therefore specific wrong way risk is not applicable. For SFT counterparties, national central banks for example, are allowed to post own collateral, which incurs specific wrong way risk.

Should general and specific 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 accounting for, managing, and reflecting both general and specific wrong way risks 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, as well as identification and quantification metrics to ensure these risks are managed and reflected.

Other aspects of wrong way risk are monitored by credit and other analysis, such as the use of stress tests conducted on at least monthly basis and at least bi-annually for the ILOC product.

General wrong way risk (positive correlation with general market factors) for SFTs/OTC trades will be applied to transactions where the underlying and counterparty are from institutions or governments domiciled in the same country and fulfilling set of pre-defined criteria.

General wrong way risk will be applied for pledged securities within the ILOC portfolio with the collateral comprising of securities and cash.

General wrong way risk for SFTs/OTC trades will be applied to transactions where the underlying and counterparty are from institutions or governments domiciled in the same country (positive correlation with general market factors).

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 PD, LGD and 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 and lifetime ECL is estimated.

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 2021.

Definitions of Past Due and Impairment

Exposures are considered to be past due if contractually agreed payments of principal, interest or fee has not been paid at the date it was due.

For overdrafts, days past due commence once an obligor has breached an advised limit, has been advised a limit smaller than current outstandings, or has drawn credit without authorisation and the underlying amount is material. An advised limit comprises any credit limit determined by CEP and about which the obligor has been informed.

CEP recognises exposures as 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 CRR, exposures which are 90 days past due are treated as defaulted, and classified Stage 3 from an IFRS9 perspective. In line with the ECB Regulation (EU) 2018/1845, CEP assesses an amount to be material for past due purposes if the amount past due is equal to or above €500 and represents an amount greater than 1% of the total amount of all on-balance sheet exposures to the obligor excluding equity exposures. There is no difference between regulatory and accounting definitions of “past due” or “default” for CEP.

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 for financial assets with material exposure is determined through an individual impairment assessment. Material exposures are aggregate Outstanding and Unused Commitments (OSUC) above $10million in ICG; $2.5million in Citi Commercial Banking (CCB) and $500,000 in Citi Private Bank (CPB).

A loss allowance is determined using the IFRS9 ECL model for financial assets which do not have material exposures. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Further information can be found in the Market Risk section.

Credit Risk Profile

For completeness, the tables in this section are disclosed at the CHIL level, any difference to CEP is provided where relevant.

The tables detail CHIL's credit risk profile focusing on the on-balance sheet and off-balance sheet exposures. As of 31 December 2021, the gross carrying amount of CHIL's and CEP's total on-balance sheet and off-balance sheet exposures were €99.35 billion and €99.27 billion respectively.

In this section the credit risk profile is split into performing and non-performing exposures, industry, exposure classes, regions, maturities, forborne and defaulted exposures.

Table 27: Template EU CQ1: Credit quality of forborne exposures - current year

This table discloses additional information on non-performing and forborne exposures (NPEs & FBEs).

	€ million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		
				Of which defaulted	Of which impaired				Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	**Cash balances at central banks and other demand deposits**	-	-	-	-	-	-	-	-
010	**Loans and advances**	**158**	**58**	**58**	**58**	**(16)**	**(8)**	**20**	**5**
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	**153**	**58**	**58**	**58**	**(16)**	**(8)**	**16**	**5**
070	*Households*	**5**	-	-	-	-	-	**4**	-
080	**Debt Securities**	-	-	-	-	-	-	-	-
090	**Loan commitments given**	**221**	**8**	**8**	**8**	**6**	**2**	-	-
100	**Total as at 31 December 2021**	**379**	**66**	**66**	**66**	**(10)**	**(6)**	**20**	**5**

Table 28: Template EU CQ1: Credit quality of forborne exposures - prior year

€ million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		
			Of which defaulted	Of which impaired				Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Loans and advances	161	89	89	89	(35)	(14)	5	1
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-
Non-financial corporations	161	89	89	89	(35)	(14)	5	1
Households	-	-	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	68	18	18	18	(3)	(1)	-	-
Total as at 31 December 2020	229	107	107	107	(38)	(16)	5	1

There was a total of €0.1 billion increase across performing and non-performing forborne exposures, with the majority of the increase being attributed to loan commitments given.

Table 29: Template EU CQ3: Credit quality of performing and non-performing exposures by past due days - current year

This table provides a breakdown of performing and non-performing exposures further categorized into past due date buckets.

	€ million	Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**24,269**	**24,269**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**28,437**	**28,439**	**87**	**271**	**263**	**-**	**6**	**-**	**0**	**2**	**-**	**271**
020	*Central banks*	**2,280**	**2,280**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
030	*General governments*	**266**	**266**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
040	*Credit institutions*	**7,466**	**7,459**	**7**	**2**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**2**
050	*Other financial corporations*	**2,516**	**2,516**	**-**	**-**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
060	*Non-financial corporations*	**14,636**	**14,555**	**81**	**269**	**263**	**-**	**4**	**-**	**0**	**2**	**-**	**269**
070	*Of which SMEs*	**239**	**239**	**-**	**15**	**11**	**-**	**4**	**-**	**0**	**-**	**-**	**15**
080	*Households*	**1,274**	**1,274**	**-**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
090	**Debt securities**	**6,525**	**6,525**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	*Central banks*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
110	*General governments*	**6,140**	**6,140**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
120	*Credit institutions*	**378**	**378**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
130	*Other financial corporations*	**7**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
140	*Non-financial corporations*	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
150	**Off-balance-sheet exposures**	**39,704**			**146**								**146**
160	*Central banks*	**1**			**-**								**-**
170	*General governments*	**14**			**-**								**-**
180	*Credit institutions*	**1,888**			**4**								**4**
190	*Other financial corporations*	**11,648**			**-**								**-**
200	*Non-financial corporations*	**25,983**			**142**								**142**
210	*Households*	**170**			**-**								**-**
220	**Total as at 31 December 2021**	**98,934**	**59,143**	**87**	**417**	**263**	**-**	**6**	**-**	**0**	**2**	**-**	**417**

Table 30: Credit quality of performing and non-performing exposures by past due days - prior year

€ million	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances	27,783	27,783	-	456	456	-	-	-	-	-	-	456
Central banks	1,941	1,941	-	-	-	-	-	-	-	-	-	-
General governments	486	486	-	-	-	-	-	-	-	-	-	-
Credit institutions	11,436	11,436	-	0	0	-	-	-	-	-	-	0
Other financial corporations	437	437	-	0	0	-	-	-	-	-	-	0
Non-financial corporations	12,441	12,441	-	454	454	-	-	-	-	-	-	454
Of which SMEs	228	228	-	8	8	-	-	-	-	-	-	8
Households	1,042	1,042	-	2	2	-	-	-	-	-	-	2
Debt securities	3,012	3,012	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	3,007	3,007	-	-	-	-	-	-	-	-	-	-
Credit institutions	4	4	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1	1	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	38,248			87								87
Central banks	17			-								-
General governments	12			-								-
Credit institutions	2,215			4								4
Other financial corporations	10,527			-								-
Non-financial corporations	25,373			83								83
Households	103			-								-
Total as at 31 December 2020	69,043	30,795	-	543	456	-	-	-	-	-	-	543

As per the EBA/GL/2018/10, gross non-performing loan ratio is calculated as follows: the total amount of non-performing exposures on 'Loans and advances' should be divided by the sum of performing and non-performing exposure on 'Loans and advances'. CEP's gross non-performing ratio is 0.94% as at 31 December 2021.

Gross carrying amount of on and off-balance sheet exposures for loans and debt securities increased €5.2 billion year on year. The increase in primarily attributed to higher exposures to non-financial corporations.

Table 31: Template EU CR1: Performing and non-performing exposures and related provisions – current year

This table shows the impairment stage for performing and non-performing exposures by exposure class, and also discloses write-offs and guarantees received.

	€ million	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	24,269	24,269	-	-	-	(1)	(1)	-	-	-	-	-	-
010	**Loans and advances**	28,437	26,971	1,466	271	271	(82)	(13)	(69)	(55)	(55)	(36)	10,309	155
020	*Central banks*	2,280	2,280	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	266	254	11	-	-	-	-	-	-	-	-	29	-
040	*Credit institutions*	7,466	7,297	169	2	2	(4)	(2)	(2)	(1)	(1)	-	6,162	-
050	*Other financial corporations*	2,516	2,462	53	-	-	(1)	-	-	-	-	-	1,585	-
060	*Non-financial corporations*	14,636	13,409	1,227	269	269	(75)	(9)	(66)	(54)	(54)	(35)	1,941	155
070	*Of which SMEs*	239	171	67	15	15	(5)	(2)	(3)	(6)	(6)	(16)	126	3
080	*Households*	1,274	1,269	5	-	-	(2)	(2)	-	-	-	(1)	591	-
090	**Debt securities**	6,525	6,525	-	-	-	(2)	(2)	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	6,140	6,140	-	-	-	(2)	(2)	-	-	-	-	-	-
120	*Credit institutions*	378	378	-	-	-	(0)	(0)	-		-	-	-	-
130	*Other financial corporations*	7	7	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	39,704	37,870	1,833	146	146	56	30	26	15	15		-	-
160	*Central banks*	1	0	1	-	-	-	-		-	-		-	-
170	*General governments*	14	14	0	-	-	-	-	-	-	-		-	-
180	*Credit institutions*	1,888	1,711	177	4	4	19	18	1	-	-		-	-
190	*Other financial corporations*	11,648	11,565	83	-	-	2	1	1	-	-		-	-
200	*Non-financial corporations*	25,983	24,425	1,559	142	142	35	11	24	15	15		-	-
210	*Households*	170	156	14	-	-	-	-	-	-	-		-	-
220	**Total as at 31 December 2021**	98,934	95,635	3,299	417	417	(29)	14	(43)	(40)	(40)	(36)	10,309	155

Table 32: Performing and non-performing exposures and related provisions – prior year

€ million	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collateral and financial guarantees received	
	Performing exposures	Of which stage 1	Of which stage 2	Non-performing exposures	Of which stage 3	Performing exposures – accumulated impairment and provisions	Of which stage 1	Of which stage 2	Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	Of which stage 3	On performing exposures	On non-performing exposures
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances	27,783	26,542	1,242	456	456	(204)	(31)	(173)	(126)	(126)	385	75
Central banks	1,941	1,941	-	-	-	(0)	(0)	-	-	-	-	-
General governments	486	486	-	-	-	(1)	(1)	-	-	-	-	-
Credit institutions	11,436	11,335	101	0	0	(9)	(5)	(4)	(0)	(0)	-	-
Other financial corporations	437	349	88	0	0	(11)	(1)	(11)	(0)	(0)	-	-
Non-financial corporations	12,441	11,443	998	454	454	(179)	(23)	(155)	(125)	(125)	120	74
Of which SMEs	228	173	55	8	8	(8)	(3)	(5)	(5)	(5)	62	1
Households	1,042	987	55	2	2	(4)	(1)	(3)	(0)	(0)	265	1
Debt securities	3,012	3,012	-	-	-	(5)	(5)	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	3,007	3,007	-	-	-	(5)	(5)	-	-	-	-	-
Credit institutions	4	4	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1	1	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	38,248	36,694	1,554	87	87	(62)	(14)	(48)	(18)	(18)	-	-
Central banks	17	17	-	-	-	(0)	(0)	-	-	-	-	-
General governments	12	12	-	-	-	(0)	(0)	-	-	-	-	-
Credit institutions	2,215	2,006	209	4	4	(4)	(2)	(1)	(0)	(0)	-	-
Other financial corporations	10,527	10,478	49	-	-	(2)	(2)	(0)	-	-	-	-
Non-financial corporations	25,373	24,077	1,296	83	83	(56)	(10)	(46)	(17)	(17)	-	-
Households	103	103	-	-	-	(0)	(0)	-	-	-	-	-
Total as at 31 December 2020	69,043	66,247	2,796	543	543	(270)	(50)	(220)	(143)	(143)	385	75

Table 33: EU CQ4: Quality of non-performing exposures by geography

This table shows the performing and non-performing exposures and related impairments without cash balances, split out by geography.

	€ million	Gross carrying/nominal amount	Of which non-performing	Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
10	**On-balance-sheet exposures**	**35,232**	-	-	-	(139)		-
20	UNITED KINGDOM	8,274	-	-	-	(7)		-
30	UNITED STATES	5,091	-	-	-	(26)		-
40	CZECH REPUBLIC	3,127	-	-	-	(5)		-
50	FRANCE	2,810	-	-	-	(9)		-
60	GERMANY	1,670	-	-	-	(1)		-
70	ROMANIA	1,490	-	-	-	(2)		-
80	NETHERLANDS	1,478	-	-	-	(7)		-
90	LUXEMBOURG	1,467	-	-	-	(0)		-
100	IRELAND	1,154	-	-	-	(4)		-
110	SPAIN	1,054	-	-	-	(47)		-
120	Other countries	7,620	-	-	-	(32)		-
130	**Off-balance-sheet exposures**	**39,850**	-	-			70	
140	FRANCE	11,144	-	-			7	
150	GERMANY	4,615	-	-			2	
160	BERMUDA	4,043	-	-			0	
170	SPAIN	2,584	-	-			10	
180	UNITED KINGDOM	2,467	-	-			2	
190	SWITZERLAND	2,463	-	-			1	
200	UNITED STATES	2,421	-	-			2	
210	NETHERLANDS	2,222	-	-			11	
220	IRELAND	1,189	-	-			5	
230	CZECH REPUBLIC	746	-	-			0	
240	Other countries[1]	5,956	-	-			29	
250	**Total**	**75,082**	-	-	-	(139)	70	-

[1] The top 10 countries by exposures are listed out individually. The remaining countries are presented as "Other Countries".

Table 34: EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

In this table the performing and non-performing exposures and related impairments are shown specifically for non-financial corporations further split by industry.

	€ million	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	16	-	-	16	(0)	-
020	Mining and quarrying	211	2	2	211	(3)	-
030	Manufacturing	6,569	36	36	6,568	(35)	-
040	Electricity, gas, steam and air conditioning supply	336	-	-	336	(0)	-
050	Water supply	20	-	-	20	(0)	-
060	Construction	105	-	-	105	(0)	-
070	Wholesale and retail trade	2,003	12	12	2,003	(7)	-
080	Transport and storage	582	2	2	582	(22)	-
090	Accommodation and food service activities	114	-	-	114	(19)	-
100	Information and communication	1,487	2	2	1,487	(8)	-
110	Financial and insurance activities	1,957	-	-	1,355	(4)	-
120	Real estate activities	665	173	173	379	(29)	-
130	Professional, scientific and technical activities	250	2	2	250	(0)	-
140	Administrative and support service activities	556	34	34	554	(1)	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	3	-	-	3	(0)	-
170	Human health services and social work activities	1	-	-	1	(0)	-
180	Arts, entertainment and recreation	18	4	4	18	(0)	-
190	Other services	10	-	-	10	-	-
200	***Total***	**14,904**	**269**	**269**	**14,012**	**(129)**	-

Table 35: EU CR1-A: Maturity of exposures – current year

This table provides a breakdown of net exposure values by residual maturity.

	€ million	Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	23,842	2,682	3,214	1,653	31,391
2	Debt securities	-	1,188	4,987	434	19	6,629
3	**Total**	**-**	**25,030**	**7,669**	**3,648**	**1,672**	**38,019**

Table 36: CRB-E – Maturity of exposures – prior year

This table is prepared based on CRD IV rules providing a breakdown by exposure class and maturity and is included as a comparative for CR1-A.

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	Undated	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Central governments or central banks	-	11,969	2,351	3,336	38	17,693
Regional governments or local authorities	-	101	-	2	0	102
Public sector entities	-	15	163	61	-	240
Multilateral development banks	-	125	-	42	-	167
International organizations	-	-	-	20	-	20
Institutions	-	492	18	2,360	52	2,921
Corporates	2	7,753	2,009	1,841	1,392	12,997
Retail	-	1	0	0	-	1
Secured by mortgages on immovable property	-	0	0	-	358	358
Exposures in default	-	82	-	13	1	97
Items associated with particularly high risk	-	425	461	81	-	967
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short- term credit assessment	0	985	-	-	12	998
Collective investments undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	0	-
Other exposures	-	-	-	33	-	33
Total standardised approach as at 31 December 2020[1]	2	21,948	-	7,789	1,854	36,595

[1] Basis of preparation for the prior year comparative changed to only include on-balance sheet exposures.

Credit Risk Mitigation (CRM)

Table 37: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

This table shows the extent of the use of CRM techniques.

	€ million	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	**Loans and advances**	**42,374**	**10,464**	**10,464**	**-**	**-**
2	**Debt securities**	**6,522**	**-**	**-**	**-**	**-**
3	**Total as at 31 December 2021**	**48,897**	**10,464**	**10,464**	**-**	**-**
4	*Of which non-performing exposures*	**61**	**155**	**155**	**-**	**-**
5	*Of which defaulted*	**61**	**155**	**-**	**-**	**-**

Table 38: EU CR4 - Standardised approach – Credit risk exposure and CRM effects – current year

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. RWA density is expressed as total risk weighted exposures divided by exposures post-CCF and post-CRM.

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		€ million	€ million	€ million	€ million	€ million	€ million
	Exposure classes						
1	Central governments or central banks	**25,903**	**9**	**26,165**	**149**	**24**	**0.09%**
2	Regional government or local authorities	**2**	**-**	**2**	**-**	**0**	**20.00%**
3	Public sector entities	**281**	**137**	**272**	**68**	**131**	**38.71%**
4	Multilateral development banks	**339**	**14**	**339**	**7**	**47**	**13.45%**
5	International organisations	**20**	**-**	**20**	**-**	**-**	**0.00%**
6	Institutions	**4,713**	**1,036**	**4,713**	**616**	**1,802**	**33.81%**
7	Corporates	**13,989**	**36,555**	**12,932**	**16,568**	**26,825**	**90.93%**
8	Retail	**-**	**-**	**-**	**-**	**-**	**-**
9	Secured by mortgages on immovable property	**1,044**	**110**	**1,044**	**56**	**1,099**	**100.00%**
10	Exposures in default	**15**	**52**	**15**	**7**	**28**	**125.44%**
11	Exposures associated with particularly high risk	**1,003**	**1,058**	**863**	**633**	**2,244**	**150.00%**
12	Covered bonds	**-**	**-**	**-**	**-**	**-**	**-**
13	Institutions and corporates with a short-term credit assessment	**1,799**	**677**	**1,795**	**333**	**1,222**	**57.40%**
14	Collective investment undertakings	**-**	**-**	**-**	**-**	**-**	**-**
15	Equity	**-**	**-**	**-**	**-**	**-**	**-**
16	Other items	**33**	**-**	**33**	**-**	**27**	**82.71%**
17	**Total as at 31 December 2021**	**49,142**	**39,648**	**48,193**	**18,436**	**33,449**	**50.20%**

Table 39: EU CR4 - Standardised approach – Credit risk exposure and CRM effects – prior year

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		€ million	€ million	€ million	€ million	€ million	€ million
	Exposure classes						
1	Central governments or central banks	17,693	24	18,137	84	60	0.33%
2	Regional government or local authorities	102	-	102	-	0	0.31%
3	Public sector entities	240	137	226	68	116	39.41%
4	Multilateral development banks	167	41	167	33	60	30.11%
5	International organisations	20	-	20	-	-	0.00%
6	Institutions	2,921	1,291	2,880	974	1,798	46.65%
7	Corporates	12,997	35,167	12,441	15,731	25,161	89.31%
8	Retail	1	1	1	0	1	75.00%
9	Secured by mortgages on immovable property	358	67	358	33	391	100.00%
10	Exposures in default	97	9	97	5	153	150.00%
11	Exposures associated with particularly high risk	967	816	938	553	2,237	150.00%
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	998	703	996	370	1,226	89.67%
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	0.0136	-	0.0136	-	0.0136	100.00%
16	Other items	33	-	33	-	28	86.56%
17	Total as at 31 December 2020	36,595	38,256	36,398	17,852	31,231	57.57%

RWA density decreased by 7.37% year on year due to higher central government or central banks exposures with 0% risk weight in the portfolio.

Use of External Credit Ratings under the Standardised Approach for Credit Risk

The nominated 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 40 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. Additionally table 40 below sets out a simplified summary of how credit quality is linked to risk weighting.

Table 40: Credit Quality Assessment Scale

						Institution (Includes Banks)		
Credit Quality Step	**Standard & Poor's**	**Moody's**	**Fitch**	**Corporates**	**Governments and Central Banks**	**Sovereign Method**	**Maturity > 3 months**	**Maturity ≤ 3 months**
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	0%	20%	20%	20%
2	A+ to A-	A1 to A3	A+ to A-	50%	20%	50%	50%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	50%	100%	50%	20%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	100%	50%
5	B+ to B-	B1 to B3	B+ to B-	150%	100%	100%	100%	50%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%

Table 41: EU CR5 - Standardised approach – current year

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

		0%	**2%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**	**Of which: unrated**
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Exposure classes										
1	Central governments or central banks	26,271	-	4	-	30	-	8	-	26,314	-
2	Regional government or local authorities	-	-	2	-	-	-	-	-	2	-
3	Public sector entities	25	-	116	-	180	-	18	0	339	6
4	Multilateral development banks	300	-	-	-	-	-	47	-	346	47
5	International organisations	20	-	-	-	-	-	-	-	20	20
6	Institutions	-	353	2,563	-	2,261	-	152	-	5,328	428
7	Corporates	-	-	1,036	-	4,048	-	24,061	355	29,500	17,850
8	Retail	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	0	-	-	1,099	-	1,099	1,099
10	Exposures in default	-	-	-	-	-	-	11	11	22	16
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	1,496	1,496	938
12	Covered bonds	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	1,044	-	142	-	942	-	2,128	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-
16	Other items	0	-	3	-	6	-	24	-	33	-
17	**Total as at 31 December 2021**	**26,617**	**353**	**4,769**	**0**	**6,667**	**-**	**26,361**	**1,862**	**66,629**	**20,405**

Table 42: EU CR5 - Standardised approach – prior year

		0%	**2%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**	**Of which: unrated**
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Exposure classes										
1	Central governments or central banks	18,114	-	16	-	69	-	22	-	18,221	-
2	Regional government or local authorities	101	-	2	-	-	-	-	-	102	101
3	Public sector entities	0	-	120	-	164	-	10	-	294	-
4	Multilateral development banks	140	-	-	-	-	-	60	-	200	60
5	International organisations	20	-	-	-	-	-	-	-	20	20
6	Institutions	-	504	543	-	2,267	-	530	11	3,854	803
7	Corporates	-	-	1,110	-	4,547	-	22,217	299	28,172	16,833
8	Retail	-	-	-	-	-	2	-	-	2	2
9	Secured by mortgages on immovable property	-	-	-	0	-	-	391	-	391	391
10	Exposures in default	-	-	-	-	-	-	-	102	102	97
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	1,491	1,491	1,074
12	Covered bonds	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	145	-	377	-	518	327	1,367	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	0	-	0	-
16	Other items	0	-	5	-	-	-	27	-	33	33
17	Total as at 31 December 2020	18,375	504	1,941	0	7,423	2	23,776	2,229	54,250	19,415

Credit risk exposures under the standardised approach increased by €12.5 billion primarily driven by the 0% risk weight band due to an increase in government bond portfolio.

Counterparty Credit Risk

CRR is the risk a transaction could default before the final settlement of the transaction's cash flows. The following table provides a comprehensive view of the methods used by CEP. CEP's CCR arise from derivatives and SFTs across banking and trading book exposures.

The measure of EAD used to determine these requirements are described below.

Risk Category	Approach of Calculating Exposure	Application
Derivatives	Mark-to-Market Approach	Under mark to market approach, exposures are calculated using CEM, which is the replacement cost plus regulatory add-ons for potential future exposure (PFE) to capture market volatility. This method applies to all derivatives not calculated under IMM
Securities Financing Transactions	Financial Collateral Comprehensive Method (FCCM)	Under FCCM, the exposure value is calculated as positive difference in the exposure value of securities, commodities or cash sold, posted or lent and the value of securities, commodities or cash received in return, and applying regulatory haircuts for security volatility adjustments and any applicable currency mis-matches

Table 43: EU CCR1 - Analysis of CCR exposure by approach – current year

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

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
EU1	EU – Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU – Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	517	454		1.4	3,052	1,445	1,443	1,130
2	IMM (for derivatives and SFTs)			2,765	1.4	10,862	3,963	3,856	2,665
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			2,765		10,862	3,963	3,856	2,665
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					9,285	2,348	2,230	90
5	VaR for SFTs					-	-	-	-
6	**Total as at 31 December 2021**					**23,198**	**7,756**	**7,529**	**3,886**

Table 44: CCR1: Analysis of CCR exposure by approach – prior year

		Notional	Replacement cost/current market value[1]	Potential future credit exposure[1]	EEPE	Multiplier	EAD post CRM	RWAs
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Mark to market	-	6,012	8,358	-	-	6,012	3,800
2	Original exposure	-	-	-	-	-	-	-
3	Standardised approach	-	-	-	-	-	-	-
4	IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
5	Of which securities financing transactions	-	-	-	-	-	-	-
6	Of which derivatives and long settlement transactions	-	-	-	-	-	-	-
7	Of which from contractual cross- product netting	-	-	-	-	-	-	-
8	Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-
9	Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	1,919	18
10	VaR for SFTs	-	-	-	-	-	-	-
11	**Total as at 31 December 2020**	-	-	-	-	-	-	3,818

No significant movements in the counterparty credit risk RWA year on year. The approach to calculate CCR exposures changed compared to prior year with CEP's implementation of IMM models, and the change to SA-CCR in June 2021 with CRR II.

Table 45: EU CCR2 – Transactions subject to own funds requirements for CVA risk

This table provides the regulatory calculations for CVA.

		31 December 2021		31 December 2020	
		Exposure value	**RWEA**	**Exposure value**	**RWEA**
		€ million	**€ million**	€ million	€ million
1	Total transactions subject to the Advanced method	**1,312**	**476**	-	-
2	(i) VaR component (including the 3× multiplier)		**123**		-
3	(ii) stressed VaR component (including the 3× multiplier)		**353**		-
4	Transactions subject to the Standardised method	**367**	**240**	1,793	926
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	**-**	**-**	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**1,679**	**716**	1,793	926

CVA RWEA decreased by €0.2 billion as the result of the implementation of SA-CRR and IMM model.

Table 46: EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights – current year

This table 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).

	Risk weight								
	0%	**2%**	**4%**	**20%**	**50%**	**100%**	**150%**	**Others**	**Total**
	€ million	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
Central governments or central banks	**2,198**	**-**	**-**	**-**	**41**	**8**	**-**	**-**	**2,247**
Regional government or local authorities	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21**
Public sector entities	**-**	**-**	**-**	**147**	**-**	**1**	**-**	**-**	**148**
Multilateral development banks	**85**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**85**
International organizations	**33**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33**
Institutions	**-**	**1,085**	**-**	**1,803**	**1,488**	**51**	**-**	**-**	**4,427**
Corporates	**-**	**-**	**-**	**38**	**319**	**2,492**	**1**	**-**	**2,850**
Retail	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions and corporates with a short-term credit assessment	**-**	**-**	**-**	**94**	**12**	**58**	**-**	**-**	**165**
Other items	**-**	**-**	**-**	**-**	**-**	**-**	**154**	**-**	**154**
Total as at 31 December 2021	**2,337**	**1,085**	**-**	**2,083**	**1,861**	**2,610**	**155**	**-**	**10,131**

Table 47: EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights – prior year

	Risk weight								
	0%	**2%**	**4%**	**20%**	**50%**	**100%**	**150%**	**Others**	**Total**
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Central governments or central banks	2,003	-	-	-	37	3	-	-	2,043
Regional government or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	616	35	-	-	-	651
Multilateral development banks	57	-	-	-	-	-	-	-	57
International organizations	-	-	-	-	-	-	-	-	-
Institutions	-	85	-	330	2,416	34	-	-	2,865
Corporates	-	-	-	93	177	2,075	2	-	2,346
Retail	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	2	10	22	9	-	43
Other items	-	-	-	-	-	10	86	-	96
Claims in the form of CIU	-	-	-	-	-	-	-	-	-
Total as at 31 December 2020	2,059	85	-	1,040	2,675	2,144	97	-	8,100

Counterparty credit risk exposures increased by €2 billion year on year with the primary increase being in the Institutions exposure class.

Table 48: EU CCR5 - Composition of collateral for CCR exposures

This table shows the breakdown of all types of posted or received collateral by CEP to support or reduce Counterparty Credit Risk exposures related to derivative transactions or to SFTs.

	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 posted collateral**	
	Segregated	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
Collateral type	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**	**€ million**
1 Cash – domestic currency	**-**	**1,631**	**-**	**953**	**-**	**-**	**-**	**-**
2 Cash – other currency	**-**	**205**	**0**	**2,705**	**-**	**-**	**-**	**-**
3 Domestic sovereign debt	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4 Other sovereign debt	**149**	**68**	**12**	**74**	**-**	**6,691**	**-**	**1,751**
5 Government agency debt	**-**	**-**	**-**	**-**	**-**	**2,459**	**-**	**-**
6 Corporate bonds	**40**	**7**	**180**	**1**	**-**	**2,601**	**-**	**-**
7 Equity securities	**-**	**839**	**-**	**-**	**-**	**859**	**-**	**-**
8 Other collateral	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9 Total as at 31 December 2021	**189**	**2,750**	**191**	**3,733**	**-**	**12,611**	**-**	**1,751**

Table 49: EU CCR6 - Credit derivatives exposures

This table illustrates exposures to credit derivative transactions split between derivatives bought or sold.

		Protection bought € million	Protection sold € million
Notionals as at 31 December 2021			
1	Single-name credit default swaps	2,802	4,040
2	Index credit default swaps	4,610	4,401
3	Total return swaps	28	-
4	Credit options	-	-
5	Other credit derivatives	-	-
6	**Total notionals**	7,439	8,441
Fair values as at 31 December 2021			
7	Positive fair value (asset)	52	399
8	Negative fair value (liability)	(401)	(55)

Table 50: EU CCR8 - Exposures to CCPs

This table provides a comprehensive picture of the institution's exposures to CCPs.

		As at 31 December 2021	
		Exposure value € million	RWEA € million
1	**Exposures to QCCPs (total)**		342
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,391	321
3	(i) OTC derivatives	873	17
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	1,518	304
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	212	4
9	Prefunded default fund contributions	32	16
10	Unfunded default fund contributions	70	-
11	**Exposures to non-QCCPs (total)**		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Market Risk

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.

Risk Category	Description
Interest rate risk (general and specific)	Risk arising from fluctuations in the level of interest rates due to monetary policies and impacts prices of interest rate sensitivities assets
Foreign exchange risk	Risk arising from fluctuations in foreign exchange rates and impacts transactions denominated in a currency other than the domestic currency of CEP

The trading portfolio comprises positions held with trading intent or to hedge positions with trading intent, where the business looks for short-term price differences between buying and selling prices. The positions arise from customer flows with the products traded on CEP mainly comprising sovereign and other bonds, interest rate derivatives, par loans and foreign exchange (FX) spot, forwards and derivatives.

Non-linear risk in CEP is managed according to a back to back model where market risk is transferred to a Citi affiliate.

The non-trading portfolio primarily comprises loans held at amortised cost, deposits and AFS securities. The principal risk on the non-trading portfolio is Interest Rate Risk in the Banking Book (IRRBB).

Market Risk Governance and Reporting

CEP manages market risk including IRRBB on a day-to-day basis through a 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 within 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. The Market Risk Management and Treasury Risk Management functions report to the Head of Market and Liquidity Risk and are 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, Risk Management Committee and ALCO. The Board is responsible for articulating CEP's risk appetite for market risk.

CEP's market risk limits are governed by CEP's Risk Appetite Framework. CEP's RMC and 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 Markets businesses and 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.

CEP's trading book market risk is governed by the CEP Mark-to-Market Risk Management Framework and the Citi Mark-To-Market Risk Policy. Non-trading book market risk in CEP is governed by the CEP Treasury Risk Management Framework and by the Citi Non-trading Market Risk Management Policy.

CEP's Trading Book Standard outlines the requirements for the determination, management and prudent valuation of the trading book in CEP. CEP Risk Management monitor the market risk profile on an ongoing basis with reference to daily CEP risk reporting and in house risk management systems and ensure comprehensive summary reports are sent to the ALCO and RMC and the BRC/Board on the trading book and non-trading book which also outline adherence to agreed limits.

Trading Book Risk Management

CEP monitor market risk in trading portfolios using a series of measures, including:

- Factor Sensitivities;
- Value at Risk; and,
- 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 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. 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. For exposures included in the scope of IMA, there is no difference in the model used for daily risk management and regulatory capital purposes,apart from scaling of the result in line with CRR requirements Further details in the Internal Model Approach section below.

Stress testing is performed on trading portfolios on a weekly basis to estimate the impact of extreme market movements. 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 daily and in addition limit utilisation is reviewed by CEP RMC. Further controls on trading book activity include permitted product lists and a new product approval process.

Trading Book Risk Measurement

Trading Book Regulatory Capital

CEP has adopted internal model approach in line with its regulatory permissions, to calculate market risk capital requirement.

The majority of the trading book is captured under IMA with the remaining trading book exposure captured under the standardised approach. CEP applies the advanced approach to calculate the majority of credit valuation adjustment capital requirements.

The main risks captured in the IMA VaR and SVaR models are credit spread risk, interest rate risk and FX risk arising for G10 sovereign bonds, interest rate derivatives, FX spot and STIRT and CVA hedges. The main exposures contributing to IRC are G10 sovereign bonds and CVA hedges.

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.

Table 51: EU MR1 - Market risk under the standardised approach

This table displays CEP's components of own funds requirements under the standardised approach for market risk.

		31 December 2021	31 December 2020
		RWEAs	**RWEAs**
		€ million	€ million
	Outright products		
1	Interest rate risk (general and specific)	**959**	1,868
2	Equity risk (general and specific)	**-**	-
3	Foreign exchange risk	**395**	301
4	Commodity risk	**-**	-
	Options		
5	Simplified approach	**-**	-
6	Delta-plus method	**-**	-
7	Scenario approach	**-**	-
8	Securitisation (specific risk)	**-**	-
9	**Total**	**1,354**	2,169

Market risk RWA under the standardised approach decreased by €0.8 billion primarily as the result of the introduction of internal model approach.

Internal Model Approach

Scope of VaR & SVaR Model Application

CEP uses VaR and SVaR models for the calculation of market risk own funds requirements in accordance with Temporary Tolerance permission granted by the JST, which authorizes CEP to use IMA models approved by the Prudential Regulation Authority (PRA) for the Citi UK entity CGML. The permission includes General Risk of Debt Instruments, Specific Risk of Debt Instruments and Foreign Exchange. The models are also used, with identical scope and results, for market risk own funds requirements for CHIL.

Model Characteristics

The VaR model is designed to capture potential market losses at a 99% confidence level over a one day holding period. The capital requirement is based on the VaR measure over a ten day holding period. CEP uses a one day VaR for internal risk management purposes.

SVaR estimates the potential decline in the value of a position or a portfolio under stressed market conditions. The firm's SVaR methodology incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors under stressed conditions and is expressed as the risk to the firm over a one-day holding period, at a 99% confidence level. The capital requirement is based on the SVaR measure over a ten day holding period.

Management v's Regulatory Differences

The models used for management purpose and regulatory purpose are generally the same. The 1-day VaR/SVaR is used for management purposes with the 10-day VaR/SVaR is used for regulatory purposes. For 1-day VaR/SVaR, volatility/correlation matrix is calibrated from daily historical returns; for 10-day VaR/SVaR, volatility is from scaling up 1-day volatility by square root of 10 and correlation is calibrated from daily historical returns.

VaR Models

The key components of the VaR model are the variance/covariance matrix of market variables and the sensitivity of Citi's trading portfolio to those variables. The variance/covariance matrix is calibrated using three years of market data, with some volatilities adjusted upwards to capture fat tail effects at a 99% confidence level over a one day period, with others adjusted upwards to capture short-term spikes in volatility.

Market variations simulated from the matrix by a Monte Carlo methodology are applied to the set of factor sensitivities to generate a forecast distribution of one day profit and loss, from which the VaR can be computed. Revaluation grids are used for nonlinear positions. The factor sensitivities are designed to capture all material market risks on each trading asset, both linear and non-linear in nature.

Risk exposure feeds, comprising factor sensitivities, are fed from each trading unit at the end of the day and stored. The risk factor covariance matrix used in the VaR calculation is updated on a monthly basis. Additionally, to reflect current market conditions, volatilities of major market factors are updated on an intra-month basis through scaling factors. The covariance matrix for SVaR is reviewed on a quarterly basis to ascertain whether the underlying stress period requires updating.

Ten day VaR/SVaR numbers are calculated directly from ten day volatility estimates. Production and reporting take place on a daily basis and for any requested sub-portfolio or market factor.

The covariance matrix used for the VaR calculation is calibrated using risk factor time series data from three years of recent history. A mixed approach (of relative or absolute returns, depending on the risk factor) is used in the VaR and SVaR models when simulating movements in risk factors. The volatility model is a Hybrid Exponentially Weighted Moving Average (H-EWMA) approach using the maximum of the three year fat tail scaled volatility and the exponentially weighted moving average (EWMA) volatility estimation over an effective window of one month. In this way, both long and short (recent) historical windows are considered in this combined approach in order to achieve a prudent volatility estimation.

Aggregation of VaR components by market factors or portfolios is fully integrated into the model: the model uses the covariance matrix which is an integral part of Citi's VaR model. This matrix serves to calculate VaR for individual risk factors as well as aggregate VaR across all risk categories.

SVaR Models

Citi's Monte Carlo VaR/SVaR model incorporates a full covariance matrix. The volatilities and correlations are built from thousands of market factors with actual time series from the last three years for VaR and a one-year stress period for SVaR. Aggregation of VaR/SVaR components by market factors or portfolios is fully integrated into the model, see above.

As per the VaR model, 10-day SVaR results are calculated directly from ten day volatility estimates, obtained from scaling 1-day volatility up by square-root of 10. Production and reporting take place on a daily basis for any requested sub-portfolio or market factor. Also in line with the VaR model, market variations simulated from the matrix by a Monte Carlo methodology are applied to the set of factor sensitivities to generate a forecast distribution of one day profit and loss, from which the SVaR can be computed. Revaluation grids are also used for nonlinear positions.

CEP bases the stress period selection on a broad set of market factors that represent all assets held by CEP. The market factor selection is based on the materiality of risk. A common stress period is selected as the covariance matrix calibrated from this period maximises VaR for CEP's portfolio, in accordance with regulatory requirement. The stressed period selection is reviewed by Market Risk Management, Market Risk Analytics and the IMA Control Committee at least on a quarterly basis.

Stress Testing

CEP design bespoke scenarios on an annual basis as part of the annual ICAAP to target the key vulnerabilities of the institution. The scenarios cover business specific, plausible, historic or hypothetical events impacting the CEP portfolio across a range of severities. Scenarios are expanded into key macroeconomic and market variables required for downstream modelling purposes. VaR stress testing is driven by stressed H-EWMA volatilities determined by each scenario which impact the covariance matrix input into the VaR engine.

CEP does not currently stress IRC in its Market Risk RWA framework

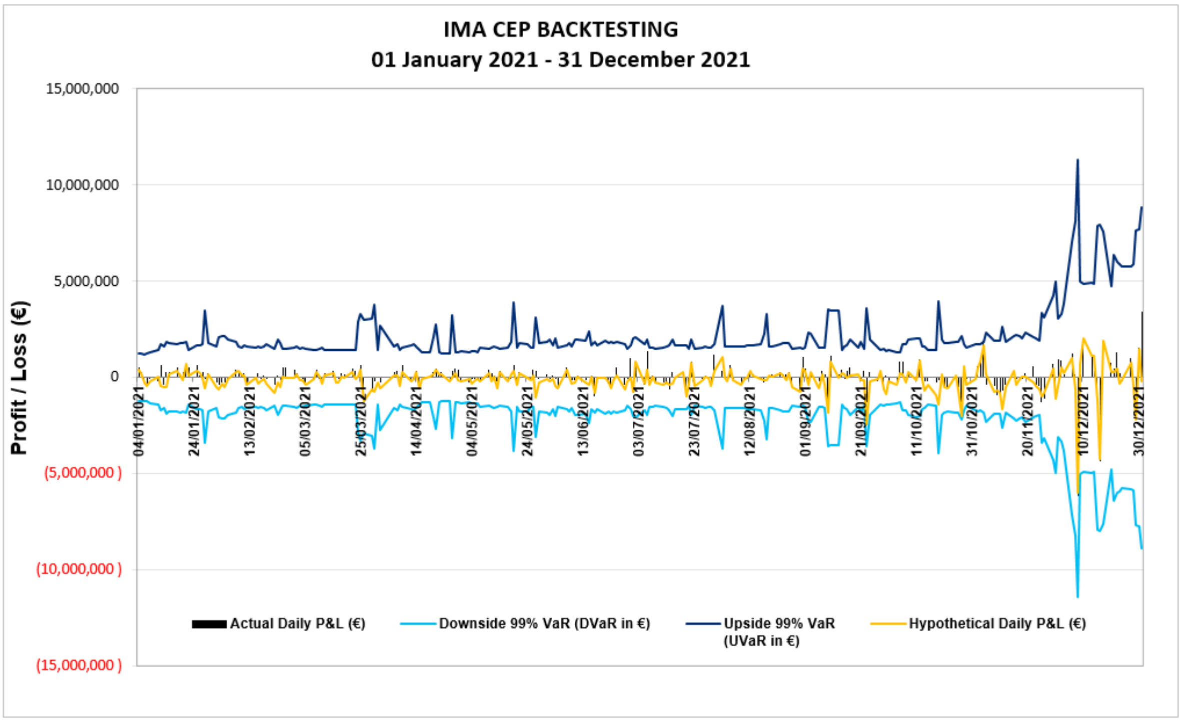
Backtesting / Validation Approach for Internal Models & Modelling Processes

The accuracy of the VaR model is assessed through daily back-testing performed by VaR Operations with oversight from Market Risk Management. The backtesting results for CEP's market risk, both in aggregate and at individual business level, are reported quarterly to the regulator (i.e. Joint Supervisory Team).

Backtesting is the comparison of VaR to profit and loss results and is conducted daily, at both legal entity and business levels. In line with regulatory requirements, Citi performs backtesting against both actual profit or loss and hypothetical profit or loss (the daily profit or loss that would arise from a constant trading portfolio) at both levels in order to ensure that the firm's VaR model meets supervisory standards for the measurement of regulatory capital. Under normal and stable market conditions, Citi would expect the number of days where trading losses exceed its VaR to be no more than two or three occasions per year. Periods of unstable market conditions could increase the number of these exceptions.

VaR values used for backtesting are consistent with production values and they are calculated using the method described above while P&L values are provided by the Front Office.

Table 52: EU MR4 - Comparison of VaR estimates with gains/losses



Scope of IRC Model Application

CEP uses the IRC model for the calculation of market risk own funds requirements for incremental default and migration risk of specific risk of debt instruments in accordance with Temporary Tolerance permission granted by the JST, which authorizes CEP to use IMA models approved by the PRA for the Citi UK entity CGML. The model is also used, with identical scope and results, for market risk own funds requirements for CHIL.

Incremental Risk Charge Methodology

The IRC is a measure of potential losses due to default and credit migration risk over a one-year time horizon at a one-tailed, 99.9% confidence level under the assumption of constant positions.

The IRC model is a credit rating transition matrix based model, which captures both rating migration and issuer default risks. An in-house Monte Carlo 6-factor copula model is used for the correlations between issuers. The correlation depends mainly on the risk rating, region and industry sector of the issuer, and thus provides a richer correlation structure than what has been observed with 1-factor copula models.

The model is calibrated annually to the public data of over 20,000 companies maintained within Citi's databases and has been the subject of independent model validation. The migration and default of each issuer are modelled consistently by a single normal random variable which is mapped to the inverse normal cumulative distribution of the transition matrix to determine whether a migration or a default happens. The transition matrix is based on publicly available data from rating agencies. The scope of the issuers that is used for the calibration of the model encompasses the full spectrum of relevant trading products. The model accepts as inputs the jump-to-default amounts and the spread sensitivities from every debt issuer with interest rate exposure in Citi's systems. Recovery rates are also simulated with their parameters properly calibrated to market data.

A fixed one-year liquidity horizon is used consistently across all positions. The approach also includes positions that have maturities of less than one year, and for such positions the time of default is determined and the P&L effect is estimated accordingly. The IRC model, which is used to calculate the incremental risk capital over a one-year time horizon at a one–tailed 99.9% confidence level, is consistent with regulatory requirements and meets the required soundness standard. A model validation and internal governance framework is in place to monitor the model's performance on an on-going basis to ensure that it continues to meet the required soundness standard.

IRC Model Validation Approach

A model validation and internal governance framework is in place to monitor the model's performance on an on-going basis to ensure that it continues to meet the required soundness standard.

The IRC model has been validated to provide an independent assessment of the model risk and verification that it is performing as expected. The validation includes testing performed on the underlying data and the mathematical framework by the model developer as well as additional independent testing designed by the model validator. The model parameters are calibrated on the long-term averages of through-the-cycle data, taking into account periods of significant market stress.

Backtesting is not feasible because the IRC model captures default losses at a very high confidence level (99.9%), which is in line with regulatory standards. However, the accuracy and internal consistency of data and parameters used for the IRC model and modelling processes have been independently validated to ensure the technical and functional soundness of the model.

Table 53: EU MR2-A - Market risk under the internal Model Approach (IMA)

		RWEAs € million	Own funds requirements € million
1	**VaR** (higher of values a and b)	**462**	**37**
(a)	Previous day's VaR (VaR_{t-1})		**28**
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		**37**
2	**SVaR** (higher of values a and b)	**958**	**77**
(a)	Latest available SVaR ($SVaR_{t-1}$)		**59**
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		**77**
3	**IRC** (higher of values a and b)	**711**	**57**
(a)	Most recent IRC measure		**57**
(b)	12 weeks average IRC measure		**33**
4	**Comprehensive risk measure** (higher of values a, b and c)	**-**	**-**
(a)	Most recent risk measure of comprehensive risk measure		**-**
(b)	12 weeks average of comprehensive risk measure		**-**
(c)	Comprehensive risk measure - Floor		**-**
5	**Other**	**-**	**-**
6	**Total as at 31 December 2021**	**2,131**	**171**

Table 54: EU MR3 - IMA values for trading portfolios

This table displays the values (maximum, minimum, average and end of the reporting period) resulting from the different elements of the regulatory capital charge.

		31 December 2021 € million
VaR (10 day 99%)		
1	Maximum value	**36**
2	Average value	**7**
3	Minimum value	**4**
4	Period end	**28**
SVar (10 day 99%)		
5	Maximum value	**60**
6	Average value	**18**
7	Minimum value	**11**
8	Period end	**59**
IRC (99.9%)		
9	Maximum value	**138**
10	Average value	**15**
11	Minimum value	**5**
12	Period end	**57**
Comprehensive risk measure (99.9%)		
13	Maximum value	**-**
14	Average value	**-**
15	Minimum value	**-**
16	Period end	**-**

Valuation Methodology

CEP's valuation methodologies for trading book and non-trading book positions are documented and meet all regulatory requirements set out in Article 105 of the CRR. Fair valued positions in CEP are revalued daily using the evidence of the market whenever possible. If a market-based valuation is not possible, then positions are marked to model using input parameters sourced from the market wherever possible or sourced using appropriately prudent assumptions where not possible.

Market prices and model inputs used in the valuation process for securities and derivatives required to be measured at Fair Value are reviewed by an independent function and where required, adjustments are made to the valuations in the books and records.

Valuation adjustments (VAs) are taken to ensure that positions represent Fair Value. These include Bid-Offer, Liquidity and Model Valuation adjustments. It is recognised that there are a range of plausible alternative valuations that can be used for CEP's fair value inventory. Prudent Valuation additional valuation adjustments (AVAs) are required to achieve a 90% confidence that the portfolio can be exited at that valuation or better. These include, where relevant, market price uncertainty, close out cost, model risk, unearned credit spreads, investing and funding costs, future administrative costs, and operational risk AVAs.

The largest AVAs in CEP relate to cash equities, followed by rates derivatives, credit derivatives, commodity derivatives and fixed income securities. CEP calculates AVAs and deducts them from CET1 Capital in line with the requirements of Article 105(14) of the CRR.

Table 55: EU PV1: Prudent valuation adjustments (PVA)

		Risk category					Category level AVA – Valuation uncertainty				
	Category level AVA	Equity	Interest rates	Foreign exchan-ge	Credit	Commo-dities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification[1]	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Market price uncertainty	21	10	0	3	-	5	2	21	21	-
3	Close-out cost	-	4	0	0	-	-	-	2	2	-
4	Concentrated positions	-	-	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	0	-	-	-	0	-	0	0	-
7	Operational risk	1	1	0	0	-	-	-	2	2	-
10	Future administrative costs	1	1	0	1	0	-	-	4	4	-
12	**Total AVAs**								30	30	-

[1] For "Market price uncertainty", "Close-out cost" and "Model risk" a diversification benefit of 50% is applied as permitted by CRR.

Non-Trading Book Risk Management and Measurement

Positions in the Non-Trading Book arise primarily from customer flows. The main products include loans held at amortised cost, deposits and AFS securities. 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. The principal risk in CEP's non-trading book is IRRBB. CEP uses a cashflow-based approach for the measurement, management and monitoring of IRRBB in line with industry best practice.

CEP's measure of IRRBB from an earnings perspective 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 12month 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. Runoff assumptions for deposit balances, which are derived using statistical analysis of historical customer information, are applied to the balance sheet to derive the lifetime balances of liabilities. Prepayment risk is not a feature of the CEP balance sheet.

Non-maturity deposit (NMDs) are assigned behavioural lives consistent with the EBA guidelines on the treatment of NMD, with maximum truncation period of 60 months. The market risk generated by NMD are mitigated through the purchase and sale of AFS securities.

CEP's Board and ALCO approves the IRRBB risk appetite statements (RAS) and hedging strategy. CEP's ALCO consistently receive updates on IRRBB metrics, trends and details on various topics impacting IRRBB. Stress testing is performed for IRRBB, where 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.

For internal IRRBB management, CEP uses four shocks to assess interest rate risk including; +/-100bps & +/-200bps scenarios, all of which incorporate a -200bps floor, commercial margins and are aggregated without adjustment. These are supplemented by the prescribed EBA shocks detailed in the table below.

For CEP's risk capital assessment, the IRRBB Risk Capital model captures risk to Citi portfolio related to interest rate movements. The model is a VaR model at the 99.97% confidence level over the one-year horizon, and is based on multi-factor Monte Carlo Simulation model, similar to the trading portfolio VaR. There are two main inputs to the simulation engine: A. The covariance Matrix of the factor returns; B. Factor Sensitivity (FS) & Grid Information derived from the exposure.

Table 56: EU IRRBB1 Interest Rate Risks of Non-trading Book Activities

	Supervisory shock scenarios	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
		Changes of the economic value of equity		**Changes of the net interest income**	
		Current period	Last period	**Current period**	Last period
1	Parallel up	**463,568**	372,732	**329,019**	366,348
2	Parallel down	**(397,844)**	(105,107)	**(111,352)**	(96,043)
3	Steepener	**149,618**	82,795		
4	Flattener	**(9,711)**	26,389		
5	Short rates up	**136,465**	116,785		
6	Short rates down'	**(144,674)**	(79,695)		

Liquidity Risk

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 has a robust liquidity risk management framework which ensures that it maintains sufficient liquidity, including a buffer of unencumbered, high quality liquid assets to withstand a range of stress events. CEP also has a comprehensive monitoring framework which includes daily monitoring of liquidity metrics, both internal and regulatory, against their risk appetite.

CEP is required to comply with all liquidity regulations issued by the European Commission, including the LCR Delegated Regulation (EU) 2015/61 and (EU) 2018/1620 and NSFR which came into force on 29 June 2021 as part of the CRR II framework. As per the regulatory requirements, CEP must maintain both LCR and NSFR above 100% on a consolidated all currency basis.

CEP's overall liquidity adequacy is determined based on both its adherence to internal liquidity risk appetite as well as compliance with regulatory requirements. As of 31 December 2021, all of CEP's liquidity metrics were in surplus to their respective risk appetite and regulatory requirements.

As part of the Internal Liquidity Adequacy Assessment Process (ILAAP), a Liquidity Adequacy Statement is signed by the Board, certifying CEP's liquidity adequacy.

Liquidity Risk Governance

The Board has the ultimate responsibility for ensuring that liquidity risk is appropriately managed in CEP. The Board's responsibilities in relation to liquidity risk include approving the Treasury Risk Management Framework, ILAAP, Liquidity Adequacy Statement (LAS), Funding and Liquidity Plan (FLP) and Contingency Funding Plan (CFP). The Board is also responsible for establishing and approving the liquidity risk appetite which defines the levels and types of liquidity risk CEP is willing to assume within its risk capacity and in line with its business model.

Liquidity risk governance is also provided by the BRC, ExCo and ALCO. The ALCO is the primary committee for liquidity management and reports to the ExCo. ALCO responsibilities include monitoring CEP's liquidity positions and ensuring that acceptable levels are maintained; reviewing the assumptions used in the calculation of CEP's liquidity metrics; reviewing the effectiveness of the liquidity management process; and reviewing the Treasury Risk Management Framework, ILAAP, FLP, CFP and limit framework.

In line with all CEP and Citi frameworks and policies, the framework for management of liquidity risk is implemented through a three lines of defence model. CEP Treasury forms the First Line of Defence and has responsibility 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 Treasury Risk Management Framework. Market and Liquidity Risk act as the Second Line of Defence and are responsible for developing, enhancing and maintaining the Treasury Risk Management Framework; providing credible and independent review and challenge; and monitoring the First Line's liquidity risk practices, processes, systems, controls and reporting.

Internal Audit act as the Third Line of Defence and independently review the activities of the first two lines of defence.

Liquidity Risk Management and Measurement

CEP's Treasury Risk Management Framework formally articulates how liquidity risk is measured, managed, monitored and controlled. The Framework adopts and adheres to Citi's Liquidity Risk Management Policy.

In accordance with the Framework, CEP maintains a FLP and CFP which are key components of the annual ILAAP.

The FLP articulates CEP's plan to fund its activities in line with its strategic plan and sets out the main considerations in structuring the balance sheet over a 3-year horizon. It also demonstrates that the plan is feasible and appropriate in relation to the nature, scale and operating model of the institution.

The CFP governs the identification, management, and escalation of a liquidity stress event. It sets out the roles and responsibilities of the individuals or groups responsible for managing, monitoring and executing the CFP; the communication framework outlining both internal and external communication guidelines; a playbook of potential funding actions to generate liquidity or preserve existing liquidity; and the Liquidity Market Triggers (LMT) which are used to indicate changes to funding and liquidity conditions and to prompt appropriate and timely action.

The ILAAP and its component parts are a key risk management tool which articulate the liquidity risk that CEP is exposed to, and the governance processes and controls deployed by CEP to identify, measure, limit and manage these risks under business as usual and stressed conditions. The purpose of the ILAAP is to assess whether these are sufficient to adequately contain the liquidity risk exposures within CEP's liquidity risk appetite, and the adequacy of liquidity to support CEP's risks and business strategy.

In addition to these annual processes, CEP carries out daily monitoring of liquidity metrics, both regulatory (LCR and NSFR) and internal, to ensure continuous liquidity adequacy. These metrics are reviewed by Corporate Treasury and Market and Liquidity Risk daily and reported to senior management. They are reported to ALCO on a monthly basis. Stress testing is an important tool used to assess CEP's liquidity adequacy in both baseline and adverse environments. It quantifies the likely impact of a hypothetical and plausible event on the balance sheet and liquidity positions and identifies viable contingent actions that can be utilised if such events occur. Stress testing is embedded in CEP's ongoing monitoring and measurement of liquidity risk as well as the ILAAP process. In addition to the regulatory metrics, LCR and NSFR, CEP performs two additional daily stress tests. As one of the operating Material Legal Entities (MLE) of Citigroup, CEP is required to undergo Citi's global firm-wide Internal Liquidity Stress Tests (ILST) which require that CEP maintains sufficient liquidity to meet all maturing obligations within 12 months under the Term Liquidity Stress Test (TLST). It must also meet the Resolution Liquidity Adequacy and Positioning (RLAP) ratio stress metric used to measure the short-term (30 days) survival horizon under a severe market disruption stress scenario.

As part of the ILAAP process, the regulatory metrics (LCR and NSFR) and internal stress metrics (RLAP and TLST) are forecast throughout the strategic plan horizon. Further, on an annual basis, CEP undertakes a formal process to identify material risks across the organisation. This process is comprised of both a top down and bottom up assessment of risks to CEP and is designed to review the risk profile against current and emerging internal and external developments. This process identifies the key drivers of liquidity risk and ensures that they are well understood and prudently assessed to ensure that CEP always remains liquid and well funded. CEP's most material liquidity risk drivers are subject to a range of idiosyncratic stress scenarios including a reverse stress scenario which demonstrate liquidity resilience and adequacy of management actions should severe stresses materialise.

Table 57: Template EU LIQ1 - Quantitative information of LCR

The amounts reported in each quarter in this table, are the average of the previous 12-month end amounts preceding that particular quarter. This table shows a relatively stable trend for the CHIL LCR throughout 2021.

		Total unweighted value				Total weighted value			
		31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					22,410	23,318	24,270	24,660
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	645	721	792	851	143	153	165	177
3	*Stable deposits*	0	0	0	0	0	0	0	0
4	*Less stable deposits*	627	710	783	842	125	142	157	168
5	Unsecured wholesale funding	29,181	30,573	32,248	33,935	15,157	16,120	16,996	17,927
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	11,168	11,401	12,032	12,490	2,789	2,845	3,001	3,115
7	*Non-operational deposits (all counterparties)*	18,013	19,172	20,216	21,445	12,368	13,275	13,995	14,812
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	Secured wholesale funding		0	0	0	0			
10	Additional requirements	22,353	22,657	22,919	23,178	4,509	4,630	4,765	4,841
11	*Outflows related to derivative exposures and other collateral requirements*	1,453	1,601	1,734	2,115	1,440	1,589	1,720	1,839
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	20,900	21,056	21,185	21,063	3,069	3,041	3,044	3,003
14	Other contractual funding obligations	2,161	2,186	2,340	2,406	2,092	2,116	2,270	2,333
15	Other contingent funding obligations	16,626	16,618	16,945	17,307	963	963	983	1,004
16	**TOTAL CASH OUTFLOWS**					22,864	23,982	25,179	26,282
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	5,682	6,120	5,776	5,563	1,000	1,000	1,000	1,000
18	Inflows from fully performing exposures	4,825	5,116	5,624	6,064	3,548	3,838	4,330	4,722
19	Other cash inflows	2,806	2,956	3,139	3,358	2,131	2,258	2,434	2,597
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-	-	-	-	-
20	**TOTAL CASH INFLOWS**	13,313	14,192	14,539	14,985	6,679	7,096	7,763	8,319
EU-20a	***Fully exempt inflows***	-	-	-	-	-	-	-	-
EU-20b	***Inflows Subject to 90% Cap***	-	-	-	-	-	-	-	-
EU-20c	***Inflows Subject to 75% Cap***	13,313	14,192	14,539	14,985	6,679	7,096	7,763	8,319
						Total Adjusted Value			
21	**LIQUIDITY BUFFER**					22,410	23,318	24,270	24,660
22	**TOTAL NET CASH OUTFLOWS**					16,185	16,886	17,416	17,963
23	**LIQUIDITY COVERAGE RATIO (%)**					139%	138%	140%	137%

LCR Evolution and Drivers

Over 2021, CEP's LCR remained well in excess of all internal and regulatory limits. The liquidity buffer increased gradually over the year broadly in line with the increase in net liquidity outflows, resulting in the ratio remaining stable over the 12-month period.

The liquidity buffer is the primary mechanism for ensuring that CEP can withstand the prescribed stresses under LCR. In line with the criteria set out in the LCR Delegated Regulation, the assets held in the buffer are unencumbered, well diversified, under the control of Corporate Treasury and monetisable in a stress scenario. CEP also ensures that the currency denomination of its buffer is consistent with the distribution by significant currency of its net liquidity outflows. The buffer is comprised of cash placed with European central banks and high quality, unencumbered securities. The composition of the liquidity buffer remained largely unchanged over 2021. As at 31 December 2021, the liquidity buffer equated to €26.8 billion. This comprised of cash held at central banks (68%) and high quality securities, mainly European and US government bonds (15% each).

The largest component of outflows for CEP is unsecured wholesale funding. Other material drivers of CEP's outflows include committed credit and liquidity facilities and derivatives. LCR inflows are primarily from loans receivable in the next 30 days.

Currency mismatch in the LCR

Due to the global nature of the business model, CEP has a multi-currency balance sheet, the resulting currency risk (mismatch between the currency of assets and the currency of liabilities) is monitored and managed daily ensuring CEP has sufficient liquidity to continue business activities and withstand stresses on an individual currency basis.

CEP reports and monitors LCR on a consolidated basis in the reporting currency (EUR) and on an individual currency basis for significant currencies. Significant currencies are defined as currencies in which aggregate liabilities are greater than 5% of total liabilities. As of 31 December 2021 significant currencies in CEP were EUR, USD, GBP and CZK. Additionally, CEP monitors and reports LCR for HUF and RON currencies as a matter of prudence. To monitor significant currencies, CEP has a currency limits framework comprised of a suite of LCR and internal limits.

Derivative exposures and potential collateral calls

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

CEP's LCR reports additional collateral outflows per the historical lookback approach. This additional outflow is based on the past 24 months of net daily collateral flows over any consecutive 30-day period. The highest point of which is considered as outflow weighted at 100%, simulating the impact of an adverse market scenario on CEP's derivative portfolio. Throughout 2021, contingent outflows relating to downgrade triggers were immaterial.

Other items relevant for the LCR calculation

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 reporting. The Intraday and Collateral Management (ICM) Sub-Committee of ALCO serves as the supporting committee for the monitoring and review of intraday liquidity and related encumbered collateral.

NSFR Disclosure

From June 2021, CEP's Net Stable Funding Ratio is calculated as per CRR II rules with daily monitoring currently in place.

CEP's current funding composition is made up of Third-party Deposits, MREL, Intercompany Deposits and Equity as of Q4'21. CEP continues to improve both the quality (higher subordinated funding) and tenor of its funding profile over the plan horizon by conversion of Intercompany borrowing to MREL and development of Notes Issuance program.

The improvement in funding profile is reflected in a higher NSFR at December 2021 compared to prior periods. Consolidating entity (CHIL) numbers shown below:

Table 58: Template EU LIQ2 Net Stable Funding Ratio

This table is prepared in accordance with Article 451a(3) CRR.

	(EUR million)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	10,193	-	-	-	10,193
2	*Own funds*	10,193	-	-	-	10,193
3	*Other capital instruments*		-	-	-	
4	Retail deposits		1,114	3	-	1,006
5	*Stable deposits*					
6	*Less stable deposits*		1,114	3		1,006
7	Wholesale funding:		44,748	79	4,345	18,531
8	*Operational deposits*		14,950	0	-	7,475
9	*Other wholesale funding*		29,798	79	4,345	11,056
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	6,934	47	14	37
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		6,934	47	14	37
14	**Total available stable funding (ASF)**					29,767
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					864
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		1			-
17	Performing loans and securities:		22,911	1,741	8,760	16,446
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		8,774	-	-	4,549
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		5,906	255	1,048	1,766
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		5,409	1,393	7,064	9,248
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		49	16	786	544
22	*Performing residential mortgages, of which:*		4	4	437	375
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		2,817	89	211	507
25	Interdependent assets		-	-	-	-
26	Other assets:	-	7,213	176	1,807	3,245
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		432	-	-	367
29	*NSFR derivative assets*		335			335
30	*NSFR derivative liabilities before deduction of variation margin posted*		3,958			198
31	*All other assets not included in the above categories*		2,487	176	1,805	2,343
32	Off-balance sheet items		5,809	5,403	28,598	2,182
33	**Total RSF**					22,738
34	**Net Stable Funding Ratio (%)**					130.9%

Asset Encumbrance

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.

As at 31 December 2021, €7.4 billion of assets were reported as encumbered; in addition, €9.9 billion collateral received (debt securities) were encumbered. The assets available on the CEP consolidated IFRS balance sheet were €79.7 billion with a further €16.5 billion of collateral received. The asset encumbrance ratio for the December 2021 was 18%. The encumbrance ratio increased from 11% in December 2020 due to the onboarding European Government Bonds trading business which resulted in increased repo/reverse repo activity.

Items which have been reported as encumbered are listed below:

- Pledges for intraday liquidity requirements;
- Collateral posted as variation margin and initial margin for derivatives transactions;
- Amounts placed with the Central Bank, which are part of the minimum or required reserves has been assigned as encumbered;
- Cash placed with clearing houses; and,
- Collateral pledged in repurchase agreements.

Table 59: EU AE1 - Encumbered and unencumbered assets

The values shown in this table represent the median values of the quarter-end numbers in 2021 for the consolidating entity (CHIL).

	€ million	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
10	**Assets of the reporting institution**	**4,069**	**1,195**			**67,745**	**22,721**		
30	Equity instruments	-	-	-	-	103	-	-	-
40	Debt securities	290	289	290	289	5,932	5,909	5,932	5,909
50	Of which: covered bonds	-	-	-	-	-	-	-	-
60	Of which: securitisations	-	-	-	-	23	-	23	-
70	Of which: issued by general governments	194	194	194	194	5,656	5,656	5,656	5,656
80	Of which: issued by financial corporations	97	97	97	97	244	244	244	244
90	Of which: issued by non-financial corporations	-	-	-	-	1	-	1	-
120	Other assets	3,779	906			61,940	17,481		

Table 60: EU AE2 - Collateral received and own debt securities issued

	€ million	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	**Collateral received by the reporting institution**	**5,964**	**5,286**	**5,109**	**3,282**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	5,964	5,286	3,470	3,282
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	5,294	5,052	3,445	3,260
200	of which: issued by financial corporations	530	346	21	21
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	516	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			-	-
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	9,890	6,367		

Table 61: EU AE3 - Sources of encumbrance

	€ million	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
10	Carrying amount of selected financial liabilities	**2,128**	**1,922**

Operational Risk

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 in 2021:

- Processing Risk (Inc. Execution & Integration);
- Human Capital Risk;
- Data management Risk;
- Reporting Risk;
- Third Party Risk;
- Fraud Risk;
- Prudential & Regulatory Risk;
- Money Laundering Risk;
- Physical Damage Risk;
- Bribery Risk;
- Sanctions Risk;
- Customer or Client Conduct Risk; and,
- Model Risk.

Operational Risk Governance and Reporting

CEP manages operational risk on a day-to-day basis through the lines of defence approach.

Business and functions form the first line of defence in CEP and own the responsibility for managing operational risks and controls in their area.

Responsibility for oversight and challenge of these risks sits with Independent Risk Management (second line of defence) led by the CRO. CEP's Head of Operational Risk reports to the CEP CRO. The Operational Risk Management function reports to the Head of Operational Risk and are responsible for overseeing and challenging the effectiveness of controls and management of operational risk in CEP.

CEP's Internal Audit function (third line of defence) independently reviews the activities of the first two lines of defence.

The CEP Board has the ultimate responsibility for ensuring that there is an appropriate operational risk management framework in place. Operational risk governance is provided by the Board, BRC, ExCo, RMC and the BRCC.

The Board is also responsible for articulating CEP's risk appetite for operational risk.

Operational risk limits for CEP are governed by CEP's Risk Appetite Framework. The CEP BRCC is responsible for reviewing and monitoring CEP's operational risk profile, material operational risks, significant events and new and emerging risks while promoting a culture of risk awareness and high standards of culture and conduct across CEP.

CEP Risk Management monitor the Operational risk profile on an ongoing basis and ensure detailed reports are sent to the BRCC and the BRC/Board on the Operational risk profile which also outline adherence to agreed limits.

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 stress loss and 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; and,
- Operational Risk Scenario Analysis to identify and quantify tail and 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; and,
- Produce comprehensive operational risk reporting.

Operational Risk Measurement

Operational Risk Regulatory Capital Requirement

Operational risk is measured and assessed through the ICAAP process to determine whether any additional capital is required over and above the levels resulting from the Standardised Approach to calculating regulatory operational risk capital.

Table 62: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
		2019	2020	2021		
		€ million	€ million	€ million	€ million	€ million
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	2,131	1,896	2,145	346	4,331
3	Subject to TSA:	2,131	1,896	2,145		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Operational Risk Mitigation

In addition to the robust suite of operational risk frameworks, policies and processes as outlined above, CEP also mitigates exposure to some potential operational risk losses through appropriate insurance arrangements e.g. building insurance for physical damage events.

Climate and Environmental Risk

Climate and Environmental risk present immediate and long-term risk to Citi and to its clients and customers with the risk expected to increase over time. Climate and environmental risk refers to the risk of loss arising from the negative impacts of environmental factors, such as climate change and other forms of environmental degradation. Climate and environmental risk can be divided into physical and transition risk.

- **Physical risk** considers how chronic and acute environmental change (e.g., increased storms, drought, fires, floods, biodiversity loss) can directly damage physical assets (e.g., real estate, crops) or otherwise impact their value or productivity.
- **Transition risk** considers how changes in policy, technology, and market preferences to address climate and environmental change (e.g., carbon price policies, power generation shifts from fossil fuels to renewable energy) can lead to changes in the value of assets, commodities, and companies.

Management of Climate and Environmental risks

CEP considers climate and environmental risk not as a stand-alone risk but as a risk driver across all CEP's material risks, which can manifest through or amplify existing risks within our risk taxonomy. These impacts may be from either physical- or transition-related climate and environmental impacts and may vary depending on the time horizon. Citi's 2021 Task Force on Climate-Related Financial Disclosure (2021 TCFD) Report provides examples of potential transition and physical risks associated with Citi's risk categories and the impacts that climate risk drivers can have on these same categories.

Citi's Risk Framework (to be adopted by CEP) establishes clear ownership and accountability for managing risk across the three lines of defence. CEP's Risk Appetite framework provides statements and metrics aligned to key material risks to support the bank in monitoring adherence to its risk appetite. CEP has a risk appetite statement for Strategic Risk which includes monitoring of the overall status of CEP's Climate and Environmental Programme. A metric measuring the proportion of CEP exposure to high-climate risk sectors is included in Credit Risk management metrics and reported to senior management.

Citi manages and mitigates the credit and reputation risks from climate and environmental change thorough numerous internal initiatives, including Citi's Environmental and Social Risk Management (ESRM) Policy. First established in 2003, the ESRM Policy is part of Citi's broader credit risk management policy and is applicable to all Citi entities globally. The ESRM Policy provides the framework for how Citi identifies, mitigates, and manages the potential environmental and social risks associated with clients' activities that could lead to credit or reputation risks to the firm. It guides how Citi evaluates lending, underwriting and advisory services in environmentally sensitive and/or high-carbon sectors, and presents opportunities for Citi to engage with clients on solutions to thematic risks. Citi's ESRM Policy covers lending and underwriting with identified use of proceeds directed to physical assets and activities, as well as sector standards for corporate relationships in higher-risk sectors, including carbon-sensitive sectors. Currently, the ESRM Policy Sector Approach includes a commitment to reduce our exposure to thermal coal mining by 2030 and restrict financing for clients with coal-fired power generation by 2030 for clients in OECD countries and 2040 for clients in non-OECD countries, in alignment with the Paris Agreement. As part of these commitments, we expect clients to disclose their emissions and engage with Citi to develop low-carbon transition strategies.

Following the publication of the EBA Guidelines on Loan Origination and Monitoring in May 2020, CEP developed the Climate and Environmental Factors Credit Assessment Procedure which includes in its credit-decision process the assessment of a borrower's exposure climate and environmental risk.

Risk appetite and limit framework

In February 2022, Citi introduced a Climate Risk Management Framework (to be adopted by CEP). This framework provides a globally consistent approach to managing climate risk across the organisation and forms the basis for addressing local requirements, providing consistency across Citi. The framework will be implemented over the next 24 months by adjusting global risk policies, where it will be necessary to incorporate climate risk drivers.

Scenario analysis and stress testing

CEP incorporates climate risks into scenario analyses. In line with other risk types, scenario analyses are conducted to capture the specific vulnerabilities of the institution informed by the environmental risk materiality assessment. The outcome of this scenario analysis for climate risk is reported in CEP's ICAAP and for regulatory stress testing purposes. Regulatory Stress Testing is conducted in line with the requirements set by supervisors to understand system wide effects for climate risk on financial institutions. Developments made during the regulatory stress test augment CEP's internal stress testing capabilities including ICAAP.

Governance

With the increased importance of climate and environmental risk, Citi has continued to expand its governance of this risk and integrate climate and environmental considerations into the responsibilities of Citigroup's and CEP's Board of Directors and senior management. The CEP Board is responsible for setting, approving, and overseeing the risk management framework and has delegated oversight of CEP's risk profile to the CEP Board Risk Committee, which considers climate and environmental risk.

As part of the programme to embed the governance of climate and environmental risk, CEP has established a governance structure including a steering committee with explicit reporting lines. Escalations on climate and environmental risk matters are reported to the CEP Risk Management Committee, while strategic and operational decisions are reported to the CEP Executive Committee. CEP's Board ensures climate and environmental risks considerations are embedded in the overall business strategy and risk management framework.

CEP's climate-related and environmental strategy for 2022 – 2024 is built on four pillars;

(i) Monitor the changing business environment;
(ii) KPIs: climate-related and environmental risk-related strategic objectives and/or limits;
(iii) Engagement with stakeholders; and,
(iv) Business-led product engagement.

CEP's climate-related and environmental strategy is aligned to Citigroup policies and initiatives, including the Net Zero Policy outlined in the 2021 TCFD Report.

In March 2021, in alignment with the objectives of the Paris Agreement, Citi announced a groupwide commitment to net zero greenhouse gas emissions by 2050, including own operations by 2030. For Citi, this net zero commitment includes not just Citi own operations but also business impacts (i.e financing activities). Citi published the initial net zero by 2050 plan in the 2021 TCFD Report, including 2030 emissions targets for the Energy and Power loan portfolios. These targets were developed in line with Net-Zero Banking Alliance (NZBA) Guidelines for Climate Target Setting.

Table 63: 2030 financed emissions targets for Citi's Energy and Power loan portfolios

Sector	2020 Baseline	Climate Scenario	2030 Targets
Energy (Scope 1, 2 and 3)	142.8 million mt CO2e	IEA Net Zero Emissions 2050	29% reduction from 2020 baseline 102.1 million mt CO2e
Power (Scope 1)	313.5 kg CO2e/MWh	IEA SDS OECD	63% reduction in Scope 1 intensity per MWh 115 kg CO2e/MWh

IEA – International Energy Agency
NZE – Net Zero Emissions
SDS – Sustainable Development Scenario

Transparency on methodologies, definitions and criteria used

Reducing Scope 3 financed emissions is recognized as the most significant contribution the financial industry can have to achieving a low-carbon economy. Citi report group Scope 1, Scope 2 and Scope 3 Greenhouse Gas (GHG) emissions in both the Environmental, Social and Governance (ESG) report and in Carbon Disclosure Project (CDP) response. Citigroup began reporting on the direct environmental impacts of operations in 2002 and have submitted data to CDP every year since 2003. Citigroup follows the GHG Protocol Corporate Standard and Scope 2 Guidance for measuring and reporting both market based and location-based Scope 1 and Scope 2 GHG emissions. Citi report Scope 3 CO2 emissions from air and train business travel in the for the group in the ESG report, and report Scope 3 electricity transmission loss and employee commuting data, also for the group to CDP.

In early 2022, Citi received the following scores from CDP related to 2020 data:

- Climate change score: A-
- Supplier engagement score: A

Citigroup Greenhouse Gas emissions and environmental data for operations and business travel are verified and assured by SGS, a leading third-party inspection, verification, testing and certification company. Citigroup plans to continue reporting on emissions, including select Scope 3 emissions, in our annual voluntary reports. Currently, the Scope 1, Scope 2 and a portion of Scope 3 emissions data associated with Citigroup operations undergo a third-party limited assurance review. Citi anticipate procuring some form of third-party verification for our Scope 3 financed emissions by 2024, as required by NZBA. Citi expect the quality and availability of our clients' Scope 3 emissions data to improve over time, and our view of material Scope 3 emissions may evolve as this data improves. Citigroup's Scope 3 emissions, including the methodology used to calculate same, are reported in the 2021 TCFD and ESG Reports.

Securitisation

Securitisation risk is defined as the risks arising from securitisation transactions in relation to which institutions are originator, sponsor or investor, including reputational risks, such as arise in relation to complex structures or products.

Securitisation activity

CEP acted as arranger and lead manager on securitisation positions held at 31 December 2021, with CBNA London Branch acting as sponsor. CEP invested into these positions or as a means of compensation for the role, received the positions in the form of S-class certificates. These positions are deemed traditional securitisations in the banking book which are subject to the securitisation framework for capital requirements as outlined in the CRR.

CEP did not originate the securitisations or act as a sponsor but is an investor in these positions. There are no re-securitisation exposures and no off-balance sheet securitisation exposures.

Regulatory Capital and Accounting Treatment

CEP has adopted the hierarchy of methods under the CRR and in line with this, the securitisation positions are treated under the Standardised Approach (SEC-SA) method as the preferred method in the hierarchy to calculate risk-weighted exposure amounts. External Ratings Based Approach (SEC-ERBA) is only applied if SEC-SA cannot be used. To calculate RWA, CEP uses ratings assigned by Standard and Poor's, Moody's and Fitch Ratings.

From an accounting policy perspective, CEP's holdings of the S–class certificates in both structures are viewed as trading assets under IFRS. The S-class certificates are classified as a level 3 asset because some of the valuation inputs to calculate the value of the S-class certificates are unobservable (customer prepayment rates), and the day 1 P&L is amortised over the life of the deal.

Table 64: EU SEC1 - Securitisation exposures in the non-trading book

This table sets out the aggregate amount of securitisation positions held in the banking book.

		31 December 2021			31 December 2020		
		Institution acts as investor			Institution acts as investor		
		Traditional Non-STS	Synthetic	Sub-total	Traditional Non-STS	Synthetic	Sub-total
		€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	**20**	**-**	**20**	37	-	37
2	**Retail (total)**	**20**	**-**	**20**	37	-	37
3	residential mortgage	**20**	**-**	**20**	37	-	37
4	credit card	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-
7	**Wholesale (total)**	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-

Table 65: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor – current year

		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures as at 31 December 2021**	**8**	**12**	**-**	**-**	**-**	**-**	**12**	**8**	**-**
2	Traditional securitisation	**8**	**12**	**-**	**-**	**-**	**-**	**12**	**8**	**-**
3	Of which Securitisation	**8**	**12**	**-**	**-**	**-**	**-**	**12**	**8**	**-**
4	Retail underlying	**8**	**12**	**-**	**-**	**-**	**-**	**12**	**8**	**-**
5	Of which STS	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-
8	Of which Re-securitisation	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-
10	Of which Securitisation	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-
13	Of which Re-securitisation	-	-	-	-	-	-	-	-	-

		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures as at 31 December 2021**	**-**	**2**	**2**	**-**	**-**	**0**	**0**	**-**
2	Traditional securitisation	**-**	**2**	**2**	**-**	**-**	**0**	**0**	**-**
3	Of which Securitisation	**-**	**2**	**2**	**-**	**-**	**0**	**0**	**-**
4	Retail underlying	**-**	**2**	**2**	**-**	**-**	**0**	**0**	**-**
5	Of which STS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
6	Wholesale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
7	Of which STS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8	Of which Re-securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	Synthetic securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Of which Securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
11	Retail underlying	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
12	Wholesale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
13	Of which Re-securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Table 66: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor – prior year

		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Total exposures as at 31 December 2020	31	6	-	-	-	-	15	22	-
2	Traditional securitisation	31	6	-	-	-	-	15	22	-
3	Of which Securitisation	31	6	-	-	-	-	15	22	-
4	Retail underlying	31	6	-	-	-	-	15	22	-
5	Of which STS	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-
8	Of which Re-securitisation	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-
10	Of which Securitisation	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-
13	Of which Re-securitisation	-	-	-	-	-	-	-	-	-

		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Total exposures as at 31 December 2020	-	3	4	-	-	-	-	-
2	Traditional securitisation	-	3	4	-	-	-	-	-
3	Of which Securitisation	-	3	4	-	-	-	-	-
4	Retail underlying	-	3	4	-	-	-	-	-
5	Of which STS	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-
8	Of which Re-securitisation	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-
10	Of which Securitisation	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-
13	Of which Re-securitisation	-	-	-	-	-	-	-	-

Other Risks

Enterprise resilience

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, CoB Standards, and Testing Standards, as well as CEP relevant standards for Continuity of Business. Consistent with the Citi Continuity of Business Policy, all CEP Businesses and functions are required to implement a CoB Program that includes: Assessment, Crisis Management, Planning, Testing, Maintenance, Quality Review, Monitoring and Reporting, Training, Awareness, and Communications. All businesses and functions under CEP are regularly monitored and reported to ensure successful compliance of all CoB requirements.

COVID Moratoria

In June 2020, the EBA issued its Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 pandemic (EBA/GL/2020/07). The following tables disclose information on exposures subject to the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied owing to COVID-19 crisis and on newly originated exposures subject to public guarantee scheme.

The number of clients and quantum of exposure with Covid moratoria remains limited, relating either to Hungarian Commercial Bank clients or corporate airline customers in conjunction with export credit agency supported facilities. While the amount of exposure subject to moratoria is fluid and can change, total gross carrying amount with active moratoria at yearend was €108 million.

The following disclosure templates provide additional details on loan moratoria.

Table 67: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis – current year

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
	€ million	**€ million**	**€ million**	**€ million**
Newly originated loans and advances subject to public guarantee schemes	**90**	**2**	**82**	**-**
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	**90**	**2**	**82**	**-**
of which: Small and Medium-sized Enterprises	**18**	**-**	**-**	**-**
of which: Collateralised by commercial immovable property	**2**	**-**	**-**	**-**

Table 68: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis – prior year

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
	€ million	€ million	€ million	€ million
Newly originated loans and advances subject to public guarantee schemes	60	-	57	-
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	60	-	57	-
of which: Small and Medium-sized Enterprises	11	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-

Table 69: Information on loans and advances subject to legislative and non-legislative moratoria – current year

€ thousand	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	**107,980**	**107,776**	**2,493**	**44,220**	**204**	**204**	**204**	**(281)**	**(190)**	**(30)**	**(176)**	**(91)**	**(91)**	**(91)**	**204**
of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	**107,980**	**107,776**	**2,493**	**44,220**	**204**	**204**	**204**	**(281)**	**(190)**	**(30)**	**(176)**	**(91)**	**(91)**	**(91)**	**204**
of which: Small and Medium-sized Enterprises	**3,017**	**2,812**	**2,493**	**2,794**	**204**	**204**	**204**	**(126)**	**(35)**	**(30)**	**(35)**	**(91)**	**(91)**	**(91)**	**204**
of which: Collateralised by commercial immovable property	**204**	-	-	-	**204**	**204**	**204**	**(91)**	-	-	-	**(91)**	**(91)**	**(91)**	**204**

Table 70: Information on loans and advances subject to legislative and non-legislative moratoria – prior year

€ thousand	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	148,234	137,642	-	45,478	10,592	10,592	10,592	(8,965)	(3,091)	-	(2,810)	(5,874)	(5,874)	(5,874)	-
of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	148,234	137,642	-	45,478	10,592	10,592	10,592	(8,965)	(3,091)	-	(2,810)	(5,874)	(5,874)	(5,874)	-
of which: Small and Medium-sized Enterprises	34,932	29,263	-	10,589	5,668	5,668	5,668	(5,673)	(1,637)	-	(1,426)	(4,036)	(4,036)	(4,036)	-
of which: Collateralised by commercial immovable property	14,504	6,392	-	3,357	8,113	8,113	8,113	(4,953)	(722)	-	(680)	(4,231)	(4,231)	(4,231)	-

Table 71: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria – current year

	Number of obligors	Gross carrying amount			Residual maturity of moratoria				
			Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances for which moratorium was offered	**25**	**142**							
Loans and advances subject to moratorium (granted)	**25**	**142**	**38**	**34**	**-**	**4**	**4**	**59**	**41**
of which: Households		2	2	2	-	-	-	--	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		140	36	32	-	4	4	59	41
of which: Small and Medium-sized Enterprises		16	16	13	-	-	3	-	-
of which: Collateralised by commercial immovable property		28	28	27	-	-	-	-	-

Table 72: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria – prior year

	Number of obligors	Gross carrying amount			Residual maturity of moratoria				
			Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Loans and advances for which moratorium was offered	92	186							
Loans and advances subject to moratorium (granted)	92	186	140	37	135	4	-	46	-
of which: Households		-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		186	140	37	135	4	-	46	-
of which: Small and Medium-sized Enterprises		53	53	19	53	-	-	-	-
of which: Collateralised by commercial immovable property		47	47	32	42	4	-	-	-

Remuneration Statement

This remuneration disclosure is applicable to CHIL and its operating entity Citibank Europe plc (CEP or the Entity). As CEP is the sole subsidiary and employing entity of CHIL, the remuneration section of this disclosure is prepared at the CEP level and covers all jurisdictions in which CEP operates.

The remuneration policy disclosed herein applies to all business lines within all subsidiaries and branches of the Entity, including those located in third countries.

Remuneration Governance

CEP Remuneration Committee

The CEP Remuneration Committee (RemCo) is a standing committee of the CEP Board of Directors (Board), from which it derives its authority.

The RemCo met six times in 2021 and for the 2021 performance year the RemCo comprised the following members:

Member Name	Role	Additional information
Des Crowley	Chair	Independent Non-Executive Director
Jeanne Short	Member	Independent Non-Executive Director
Jim Gollan	Member	Independent Non-Executive Director. Appointed as a member 31 March 2021
Breffni Byrne	Member	Independent Non-Executive Director. Resigned as member 30 June 2021

The detailed roles and responsibilities of the RemCo are set out in its Terms of Reference as delegated and approved by the Board, and which are maintained by the Company Secretary.

The RemCo has responsibility for the oversight of the design and implementation of the Entity's Remuneration Policy to ensure that the remuneration practices do not promote excessive risk taking, evaluate compliance with this policy and assess whether these remuneration practices are creating the desired incentives for managing risk, capital and liquidity, and that the remuneration policy is gender neutral.

The RemCo has delegated responsibility from the Board for the review and if authorised, approval of proposed decisions regarding remuneration of employees and in particular Material Risk Takers (MRTs). When reviewing such decisions, the RemCo shall take into account relevant guidance and the long-term interest of shareholders, investors and other stakeholders in the Entity and the public interest.

When considering the key principles in the Remuneration Policy, the RemCo shall review compliance by the Entity with its regulatory obligations, including those under the Capital Requirements Directive 2013/36/EU (CRD V), the European Banking Authority Guidelines on Sound Remuneration Policies (EBA Guidelines), national regulations and Regulation 83(1) of SI 158/2014 – European Union (Capital Requirements) Regulations 2014 (SI 158) amended by Statutory Instrument 710 of 2020, European Union (Capital Requirements) (Amendment) Regulations 2020 (SI 710).

The Remuneration Policy is subject to review at least annually, as Citi refines its remuneration policies and practices at global, regional and entity levels or as required by law or regulation. In 2021 the Remuneration Policy, remuneration guidelines and associated processes were reviewed and updated in response to CRD V, the revised Regulatory Technical Standard (RTS) and updated national regulations.

In particular, this included revisions to the approach on how to define categories of staff whose professional activities have a material impact on an institution's risk profile and deferral structure for MRTs (including deferral length, malus / clawback periods, retention periods and method for calculating de minimis).

The RemCo operates with on-going support and guidance from multiple stakeholders including Human Resources, Finance, Independent Risk Management, Independent Compliance Risk Management (ICRM), Legal and Internal Audit who all perform necessary roles in various aspects of remuneration processes and policy. This includes identifying, collating and measuring conduct and risk information for inclusion in the performance and accountability processes.

All members of the RemCo are also members of both the Risk Committee and the Audit Committee. There is also additional cross-committee membership between the RemCo and the Nomination (NomCo) and Related Party Lending (RPL) Committees.

The remuneration policy and practices are subject to annual independent review which focuses on the design and operation of Citi's policies, processes, controls, and compliance with regulatory requirements.

The RemCo is empowered to draw upon internal and external expertise and advice as it determines appropriate. It has the ability to review the appointment of external remuneration consultants that the Board and/or the RemCo may decide to engage for advice or support. The RemCo did not engage independent consultants in 2021, but Clifford Chance, Ernst & Young and Willis Towers Watson, have advised on various remuneration matters for 2021, where required.

Global Remuneration Committee

The RemCo acts as the remuneration committee of the Entity, whereas the Personnel and Compensation Committee (the P&C Committee) fulfils the same role at the Group level.
The P&C Committee is a duly constituted committee of the Board of Directors of the US parent company, Citigroup Inc. (Citi or the firm) and oversees Citi's global remuneration policies and practices.

Citi's global compensation principles are developed and approved by the P&C Committee in consultation with management, independent consultants and Citi's senior risk officers, HR and the relevant functions. The P&C Committee draws on the considerable experience of the Non-Executive Directors of the Board of Citigroup Inc. and is empowered to draw upon internal and external expertise and advice as it determines appropriate.

It annually reviews the compensation structures for senior executives of Citi and a number of highly compensated and/or regulated individuals, in accordance with guidelines established by the P&C Committee and provides oversight of the design and structure of incentive programs globally 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 latest Charter is available online:
https://www.citigroup.com/citi/investor/data/percompcharter.pdf
In 2021 oversight of the implementation of Citi's accountability, forfeiture and clawback policies have been added to the Charter as an additional P&C Committee responsibility in order to reinforce the relationship between compensation and risk and control.

P&C Committee members are all Independent Non-Executive Directors of Citi who are selected and appointed based on their background in business generally, and in remuneration, corporate governance and/or regulatory matters specifically. They are also chosen for their capability to fulfil their responsibilities as P&C Committee members. The P&C Committee includes cross-membership with the Risk Management Committee, the Ethics, Conduct & Culture Committee and the Audit Committee, as well as the Nomination, Governance & Public Affairs Committee and the Operations & Technology Committee.

EMEA Remuneration Oversight Group

The EMEA Remuneration Oversight Group (EMEA ROG) is a management group that sits below the RemCo and is designed to provide EMEA-wide remuneration oversight, advice and governance support to the RemCo. The roles and responsibilities of the EMEA ROG are formalised in its Terms of Reference and membership is designed to enhance cross-regional insight and consistency.

Material Risk Takers

CEP annually identifies its MRTs and maintains a record of those identified. This process captures the categories of individuals whose professional activities are determined as having a material impact on the Entity's risk profile.

CEP identifies MRTs principally using its understanding of the criteria for identification as set out in CRD V, the Commission Delegated Regulation (EU) No 2021/923 and the EBA RTS for MRT identification. Appropriate judgement will be exercised when considering who should be captured as an MRT.

Those captured include, but are not limited to:

- Members of the Management Body or Senior Management;
- Those with managerial responsibility over Control Functions or Material Business Units (MBU) and certain direct / matrix reports;
- Individuals in receipt of significant remuneration in the preceding financial year; and,
- Staff members or categories of staff having an impact on an institution's risk profile that is comparably as material as that of the staff members referred to above.

When applying quantitative criteria based on staff members' remuneration, the fixed and variable remuneration awarded for the preceding financial year is taken into account.

Citi's Compensation Philosophy

Employee compensation is a critical tool for Citi to attract and retain top talent and successfully execute our corporate goals. Citi's compensation policies and practices are designed to appropriately balance the incentives offered to employees who take risks to achieve financial and competitive performance objectives and the need to prudently manage those risks along with other imperatives.

The Entity's Compensation Philosophy is consistent with Citi's Compensation Philosophy which is available online at: https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf. The Compensation Philosophy describes Citi's approach to balancing six primary objectives that Citi's compensation programs and structures are designed to achieve.

Citi's (and therefore the Entity's) Compensation Philosophy is closely linked to the ongoing work on embedding appropriate culture, including through the Citi Mission and Values Proposition and the Citi Leadership Principles. The Compensation Philosophy also sets out Citi's commitment to managing risk through its compensation programs, and management receives clear direction from the P&C Committee to use discretion in awarding incentive compensation consistently with risk mitigation principles. Citi's Compensation Philosophy applies to all of its foreign subsidiaries and branches, save where exceptions are required by local law.

Citi's Compensation Philosophy was updated in 2021 as Citi's principal compensation objectives have been updated to reinforce the relationship between compensation and risk and control. In particular, specific principles have been added to emphasise that incentive compensation should;

a) reinforce a business culture based on accountability, achieving excellence and maintaining the highest ethical and control standards through Citi's Leadership Principles; and,
b) encourage prudent individual and group decision-making in regard to risk consistent with applicable regulatory guidance and Citi's Mission and Value Proposition Statement.

Citi's Mission, Values Proposition

Citi's Mission, Values Proposition and Leadership Principles are reflective of Citi's business strategy and objectives, and feed into Citi's reward programs and performance assessment approach.

Citi's Mission and Values Proposition states that Citi serves as a trusted partner to its clients by responsibly providing financial services that enable growth and economic progress, and that everything undertaken by its employees:

- Is in clients' interests;
- Creates economic value; and,
- Is always systemically responsible.

Citi incorporates the reinforcement of positive behaviours in line with the Mission and Values Proposition into Global employee reward programs.

MIFID II

In line with the requirements of MiFID II Delegated Regulation of 25 April 2016 (MiFID II), Citi considers and seeks to ensure that its remuneration practices, performance assessment of its staff and resulting remuneration is consistent with its duty to treat clients fairly.

Design and Structure of Remuneration

Citi aims to implement a broadly consistent global philosophy and framework in relation to its remuneration policies and practices. Remuneration Policy is non-discriminatory and gender neutral, and Citi seeks to operate all remuneration policies and practices in a non-discriminatory way.

Fixed Remuneration

Fixed remuneration is set appropriately to attract, retain and motivate employees in line with market practices. 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;
- Pension and other non-cash benefits that are offered to employees as part of their overall reward package; and,
- Role Based Allowances (RBAs) forming part of the package for a limited number of roles.

In line with regulatory requirements, RBAs are granted to a limited number of roles. The rationale for granting an RBA must be clearly articulated by reference to the eligibility criteria, including details on the responsibilities and scope of the role. RBAs and are subject to additional approvals.

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

Variable Remuneration

Citi operates a fully flexible remuneration policy, including the possibility of not paying variable remuneration. Variable incentive compensation is discretionary and subject to individual, business and firm performance. It is also subject to appropriate performance adjustment mechanisms.

Citi's Discretionary Incentive and Retention Award Plan (DIRAP) is the scheme under which employees are awarded discretionary variable remuneration and applies globally. It is designed to incentivise, reward and retain employees based on their current and prospective performance and contribution.

All MRTs are eligible to participate in the DIRAP (with the exception of external Independent Non-Executive Directors and Non-Executive Directors who were not employed by Citi in any other capacity).

Deferrals and Retention Periods

Awards made under the DIRAP are typically awarded in cash, deferred cash, Citi equity and/or deferred Citi equity. Variable remuneration is not paid through vehicles or methods that might facilitate non-compliance with CRD V or CRR II.

Awards made under DIRAP are subject to mandatory deferral periods where the individual's total annual variable compensation awarded under DIRAP exceeds globally set thresholds. The Citi standard or 'default' deferral policy period is pro-rated over four years which it considers proportionate to the risks. Typically, at least 50% of deferred awards are made in the form of Citi equity or, in certain circumstances, share-linked instruments and are therefore inherently performance-based.

In 2021 Citi has reviewed the period over which incentives are deferred in line with CRD V requirements. In particular, the minimum deferral period for MRTs has been extended from three to four years.

For MRTs at least 50% of the upfront and deferred components of variable remuneration are delivered in equity. Citi believes that awarding equity and deferred awards is an effective means of aligning employee interests with those of shareholders and other stakeholders.

MRTs are subject to deferral rates of between 40% and 100% of total variable remuneration, with a minimum 60% deferral being employed when total variable remuneration is a particularly high amount in line with regulatory requirements.

Deferred awards to Standard MRTs typically vest over at least four years; deferred awards to CEP Senior Management MRTs[1] vest over five years and deferred awards to MRTs performing as Senior Managers designated under UK PRA or Financial Conduct Authority (FCA) regulation vest over seven years.

Deferred equity awards for MRTs are subject to a further retention period post-vesting:

- For Standard MRTs and CEP Senior Management MRTs those awards are typically subject to a twelve-month retention period.
- For MRTs who are also performing as Senior Managers designated under UK PRA / FCA regulations, are subject to a six-month retention period, except for members of the management body and members of senior management where a twelve-month retention period applies.

Starting from 2021, no retention period is applied to deferred cash awards. Citi does not pay dividends on deferred equity or interest on deferred cash to MRTs.

MRTs are eligible to receive a supplemental award delivered in cash, which is based on a pre-determined rate and the period from award to the end of the retention period. Consistent with deferred cash awards, supplemental awards are subject to deferral and retention periods, as well as Performance Based Vesting, malus and clawback conditions.

Ratio of Variable to Fixed Remuneration

Citi seeks to balance the components of reward between fixed and variable, and short and long-term components. 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 continues to be maintained on an on-going basis.
Citi has obtained formal shareholder approval for a maximum fixed to variable ratio of 1:2 for MRTs and applies this in the Entity and all relevant business areas, where relevant member state regulations allow.

De-minimis

In line with point b of Article 94(3) of CRD V, the Entity avails of the opportunity of derogation from the requirements set out in Article 94(1) (l) and (m) and in the second paragraph (o) for MRTs whose annual variable remuneration does not exceed EUR 50,000 and does not represent more than one third of their total annual remuneration.

For 2021 performance year 31 MRTs benefitted from this derogation with their remuneration totalling €6.55 million in fixed and €0.5 million variable.

MRTs who fall within *de-minimis* thresholds, may still be subject to deferrals under other applicable regulations or under Citi's standard mandatory deferral structure.

Performance Adjustment Measures on Remuneration

Performance Based Vesting

Deferred awards subject to MRT deferral schedules have Performance Based Vesting (PBV) conditions as an additional ex-post adjustment mechanism that may result in the cancellation of all or part of unvested amounts. These conditions ensure an appropriate balance for risk and aligns the actual pay-out to employees with business performance.

The PBV for deferred equity awards is formulaic with the pay-out contingent on future performance. The trigger for application of a pay-out reduction is the emergence of pre-tax losses in the "reference business"[2] for the calendar year ending immediately prior to the vesting date of a given tranche of deferred equity.

Deferred cash and supplemental awards are subject to discretionary PBV, which may result in cancellation of all or part of unvested awards where an employee has significant responsibility for a material adverse outcome (MAO), such as events which lead to serious financial or reputational harm to Citi.

Malus and Clawback

All deferred remuneration awarded to MRTs is subject to pre-vesting adjustment (Malus) provisions.

Citi's award documentation also provides that Citi may at any time during a certain period require repayment or otherwise recover an amount corresponding to some or all of the immediate cash or stock, or deferred cash or stock award made to MRTs (Clawback). Clawback of vested portion of cash, stock and supplemental awards, is possible for up to seven years from the date of the award for impacted MRTs, or potentially up to ten years for UK-designated Senior Managers.

If the Entity determines that it is appropriate to recover or require repayment of some or all of the award, then it may offset and/or make deductions from an individual's salary or from any other sums due to them from the Entity or any associated company.

Malus and Clawback provisions can apply in circumstances envisaged in regulations such as, there is reasonable evidence that an MRT was responsible for, or participated in, misconduct that resulted in significant losses in connection with their employment, conduct responsible for Citi or their business unit suffering a material failure of risk management, or they failed to meet appropriate standards of fitness and probity.

[1] Senior Management as defined under Article 92(3)a of Directive 2013/36/EU.

[2] The reference businesses are Global Consumer Banking, Institutional Clients Group or Citigroup (for all other employees outside the other two groups).

Capital and Liquidity Planning

To ensure that awards, pay out and vesting of variable remuneration is not detrimental to maintaining a sound capital base, the financial soundness and liquidity of the Entity is considered in advance of the year end remuneration cycle.

Link between Pay and Performance

Remuneration is determined by a combination of factors which include firm, business and individual performance / contribution. Individual performance ratings reflect both 'What' outcomes have been achieved and 'How' they were achieved. Performance ratings then guide bonus decision-making.

Determination of Bonus Pools

Bonus pools are determined at a global level. Provisional bonus pools will be created based on the need for franchise continuity and also economic profit, measured on a risk-adjusted basis (including an explicit capital charge). Senior management of Citi will make discretionary risk adjustments to determine final bonus pools.

Citi uses a number of implicit and explicit risk-adjusted metrics and other measures of risk management to ensure that incentive compensation recommendations are aligned with risk-adjusted performance. This includes the use of capital measures and returns on those capital measures as key metrics, as well as risk appetite ratios and other metrics related to compliance and controls performance.

The process for determining incentive compensation pools includes ex-ante adjustment to take into account the level of risks taken to achieve results, thereby limiting incentives for employees to take imprudent risks.
The level of any bonus pool is based on various quantitative and qualitative factors and discretionary considerations, including:

- Year over year business performance;
- Performance compared with plan for the current year;
- Performance against key risks (including conduct risk, operational risk, etc.) and control objectives;
- Compensation pay out ratios and amounts accrued for incentives;
- Performance relative to peers;
- Market compensation relative to peers;
- Events that occurred during the year; this includes positive and negative events;
- Specific goals or objectives noted in the executive scorecards;
- Stakeholder feedback; and,
- Socio-political environment.

Individual Performance

Citi's various performance and accountability processes align Citi's remuneration practices with overall strategy, objectives, values and long-term interests. They reinforce achievement of goals and expected behaviour to ensure appropriate accountability, performance and compensation outcomes.

One of Citi's compensation principles is to "compensate employees based on the achievement of goals, embodiment of Citi's Leadership Principles, and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions".

The performance assessment of employees is based on individual goals (the 'What') and on how these have been achieved based on an assessment against Citi's Leadership Principles (the 'How'). Employees receive two performance ratings, one for each of the 'What' and the 'How'.

In 2021 Citi launched new Citi Leadership Principles, against which employee performance is assessed. These Citi Leadership Principles represent the qualities, behaviours and expectations that Citi employees must exhibit to deliver on Citi's mission of enabling growth and economic progress, and they will contribute to creating a culture that drives client excellence, controls excellence and operational excellence.

The Leadership Principles for performance year 2021 are outlined below:

Leadership Principles	
We Take Ownership	**We challenge one another to a higher standard in everything we do.** • Greets change with optimism, curiosity and resilience. • Speaks up with candour and welcomes challenge from others. • Learns from experiences, adapts and improves. • Prioritizes the greater good when contributing to honouring group decisions.
We Deliver with Pride	**We strive for client excellence, controls excellence and operational excellence.** • Simplifies, standardizes and clarifies work. • Holds self and others accountable for managing risk with appropriate controls. • Creates long-term value by fixing root causes. • Takes pride in always doing the right thing.
We Succeed Together	**We value and learn from difference perspectives to surpass stakeholder expectations.** • Breaks down barriers to deliver the best of Citi. • Measures performance through the lens of our stakeholders. • Invests in colleagues from all backgrounds. • Shows empathy for colleagues, clients and communities.

Goal setting is an opportunity to ensure employees understand how their work aligns with the priorities of their team, business or group, and Citi. Goals reflect these priorities as well as the Citi Leadership Principles required to achieve them. As business priorities evolve, goals are reviewed and revised, and Citi asks managers to review goals to ensure they appropriately reflect the individual employee's role and responsibilities and are aligned to the strategic priorities of the team and business as a whole.

Employees and managers are encouraged to solicit feedback from a variety of key stakeholders to inform self and manager assessments. Managers should provide coaching and feedback throughout the year on progress relative to goals and how they are being accomplished as defined by the Leadership Principles.

To ensure Goal setting is consistent and goals are properly aligned to the strategy of the organisation, Citi operates a top-down goal setting approach. First the organisational strategic goals are set, followed by the objective of each business, followed by individual teams and finally rolling down to the Individual employee.

The goal setting process is not designed to be a one-time process but rather an ongoing process whereby goals can be adjusted to reflect changing priorities and relies on manager supervision and intervention. Where a Manager determines that goals are not aligned to an individual's roles and responsibilities, or to the strategic objectives of the organisation, the goals of the individual can be amended or new/additional goals can be cascaded by the Manager.

Employees are also subject to a range of enhanced performance assessment and accountability processes. Citi's conduct, risk performance and accountability processes and framework continue to be refined, with further enhancements implemented for 2021 which included:

- Launching Leadership Principles contributing to creating a culture that drives controls excellence;
- Cascading of a Risk and Control goal to reinforce a robust risk and control culture;
- Introducing enhanced behavioural assessment for certain MRTs with the Global Risk Control Assessment process;
- Enhancing the Accountability Framework Impact Grid to ensure more consistent impacts for similar discipline or risk and control breaches; and,
- Enhancing communications to managers and other stakeholders of the Accountability Framework.

Other Key Remuneration Policies

Guarantees

Citi has guidelines in place with respect to guarantees that apply to all employees across the EMEA region, including employees of the Entity. These guidelines provide that guaranteed incentive awards for employees can only be made in exceptional circumstances, in the context of recruitment, and with reference to the first year of service and provided the Entity has a sound and strong capital base.

As part of the governance framework, the award of guarantees require review and approval by the RemCo.

Buyouts

Depending on the terms of the award(s) at the previous employer, a buyout can be provided where outstanding deferred remuneration is actually reduced or revoked by the previous employer, as a consequence of the individual joining the Entity, and where the Entity (or if permissible the immediate parent) has a sound and strong capital base. Among other criteria, the value of the buyout must be less than or equal to the variable remuneration which has been forfeited, and any buyout must comply with requirements for variable pay, including for deferral, retention, pay out in instruments and clawback arrangements.

Retention Payments

Retention awards can be made only in exceptional circumstances, for example: during a major restructuring, during a merger process, or where a business is winding down or being sold and particular key staff need to be retained on business grounds. In addition, retention payments can only be made where the employing entity (or if permissible the immediate parent) has a sound and strong capital base. Any retention payments for MRTs are subject to additional review and approval.

Severance

Severance payments are subject to appropriate governance and approvals. Citi's severance payment guidelines are in line with 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. ("Failure" is to be assessed on a case by case basis);
- Are not paid to employees transferring between Citi legal entities, unless required by law; and,
- Should only be paid where there is a redundancy situation or in exceptional circumstances where a severance payment may need to be paid, for example in order to mitigate a legal risk or a franchise risk, and subject to pre-approval in accordance with the relevant Guidelines.

Severance pay is based on a number of factors including labour law requirements, statutory rights, and the terms of any collective or workplace agreements which vary country by country.

Remuneration of Control Function Employees

Whilst remuneration levels are influenced by Citi's overall performance, individual compensation for employees in Functions is determined by reference to performance against objectives relevant to their function and assessed within their respective functions.

Citi maintains the independence of the compensation process for key functions (e.g. ICRM and Independent Risk Management) to minimise any scope for potential conflicts of interests and no business has the potential to influence individual awards in the Functions.

Employees engaged in Functions have direct reporting lines that are separate from the business and those reporting lines within the Functions are responsible for the reward of those employees both in terms of year-end compensation, salary increases and promotion. Citi ensures performance management and compensation decisions for independent Function personnel are directed by Function management, and not the business unit.

Functions are allocated a bonus pool separate from the revenue generating businesses, and decisions about allocations of those pools are made within the Functions themselves.

Dual Regulated MRTs

For MRTs who are subject to MRT rules for multiple legal entities in different jurisdictions, the regime regarded as more stringent will generally apply. This includes rules related to deferral length, post vesting retention periods and malus / clawback arrangements. The remuneration policy for the relevant jurisdiction should be referenced for full details on award structures and regulatory requirements.

Stockholding Requirements

Certain senior executives are subject to stock ownership commitments, further aligning the executives' interests with those of shareholders. In addition, vesting of deferred awards does not accelerate upon termination of employment except in the case of death. This ensures executives' interests remain aligned with those of shareholders even after termination of employment.

Personal Hedging

Citi has trading policies that limit hedging strategies that might otherwise undermine the risk alignment effects of their remuneration arrangements. Citi's Code of Conduct applies to all Citi employees and states that, when considering personal investments in Citi securities, an individual must avoid any personal trade or investment in a security, derivative, futures contract, commodity, or other financial instrument if the trade or investment might affect or appear to affect the individual's ability to make unbiased business decisions for Citi.

Employees 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.

Citi's Personal Trading & Investment Policy (PTIP) prohibits "Covered Persons", which include MRTs as defined in the PTIP, and related persons from hedging in any manner (other than currency hedges) unvested restricted stock or deferred stock awarded under Citi's Capital Accumulation Program.

Disclosure Requirements

The remuneration statement and tables have been prepared with due consideration of, but not limited to, the remuneration reporting obligations set out in:

- Article 450, CRR II;
- Article 17, Commission Implementing Regulation (EU) 2021/637;
- CRD V;
- EBA implementing technical standards on public disclosures by institutions of the information referred to in titles ii and iii of part eight of regulation (EU) no 575/2013; and,
- EBA Guidelines on Sound Remuneration Policies.

Table 73: Remuneration awarded for the financial year (EU REM1)

		EUR million [1]	MB Supervisory function [2]	MB Management function [3]	Other senior management [4]	Other identified staff [5]
1	Fixed remuneration	**Number of identified staff [6]**	7	2	15.0	137.0
2		**Total fixed remuneration [7]**	0.9	1.0	5.6	46.0
3		Of which: cash-based	0.9	0.9	4.7	40.2
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms [8]	-	0.1	0.9	5.9
9	Variable remuneration	**Number of identified staff**	-	2	15	129
10		**Total variable remuneration [9]**	-	0.6	3.6	30.5
11		Of which: cash-based	-	0.3	1.7	15.1
12		*Of which: deferred*	-	0.1	0.7	7.6
EU-13a		Of which: shares or equivalent ownership interests [10]	-	0.3	1.8	15.5
EU-14a		*Of which: deferred*	-	0.1	0.8	9.0
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		*Of which: deferred*	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		*Of which: deferred*	-	-	-	-
15		Of which: other forms	-	-	-	-
16		*Of which: deferred*	-	-	-	-
17	**Total remuneration (2 + 10)**		0.9	1.6	9.2	76.6

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2021.
2. The Management Body (MB) in its Supervisory Function, includes Non-Executive Directors and Independent Non-Executive Directors of the Board as at 31 December 2021, as the management body acting in its role of overseeing and monitoring management decision-making, as defined in point (8) of Article 3(1) CRD.
3. The MB in its Management Function reflects Executive Directors of the Board who are employed by the entity as at 31 December 2021, as members of the MB who are responsible for its Management functions.
4. Senior Management as defined in point (9) of Article 3(1) CRD, includes formal members of the CEP Operating Committee, employed by CEP, its branches and subsidiaries as at 31 December 2021.
5. Other identified staff includes those individuals deemed to be Material Risk Takers (MRTs), whose professional activities have a material impact on the institution`s risk profile in accordance with the criteria set out in the Commission Delegated Regulation on identified staff implementing Article 94(2) CRD and where appropriate in addition based on institutions´ criteria. The population includes any MRTs for CEP, its branches and subsidiaries as at 31 December 2021. It excludes those individuals already captured under MB Supervisory function, MB Management function or other senior management.
6. Identified Staff is reported as headcount for the MB, with a full time equivalent approach applied for Other Senior Management and Other Identified Staff.
7. Fixed remuneration in cash includes salary and role based allowances where applicable.
8. Fixed remuneration in other forms includes the value of pension and benefits.
9. Variable remuneration awarded in respect of 2021 performance year. In accordance with the shareholder approval obtained in 2021, the variable component of remuneration of an MRT for any one year can be set up to a maximum of 200% of the fixed remuneration.
10. Share-based awards are made in Citi shares and represent value at grant.
11. For all population groupings, remuneration data excludes figures for individuals not employed by CEP and who are already captured in PRA regulatory returns.
12. As at 31 December 2021, four CEP MRTs were also members of the CHIL Board of Directors. External Directors receive additional fixed remuneration for their roles.

Table 74: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)

	EUR million [1]	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff [2]	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff [2]	-	-	1	3
7	Severance payments awarded during the financial year - Total amount [3]	-	-	0.9	1.1
8	Of which paid during the financial year	-	-	0.9	1.1
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap [4]	-	-	0.9	1.1
11	Of which highest payment that has been awarded to a single person	-	-	0.9	0.5

Additional Notes
1. All non-EUR awards are converted using the European Commission exchange rates for December 2021.
2. Identified Staff is reported as headcount for the MB, with a full time equivalent approach applied for Other Senior Management and Other Identified Staff.
3. Severance payments reflect final amounts paid out to MRTs who terminated during 2021, which include redundancy payments and statutory severance.
4. None of these severance payments were taken into account in the ratio of variable to fixed remuneration for 2021 performance year, in line with Article 172 of the EBA Guideline on Sound Remuneration Policies.

Table 75: Deferred remuneration (EU REM3)

	Deferred and retained remuneration EUR million [1]	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year [2]	Of which vesting in subsequent financial years [3]	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. Changes of value of deferred remuneration due to the changes of prices of instruments) [4]	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year [2]	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods [5]
1	**MB Supervisory function**	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	**MB Management function**	0.8	0.2	0.6	-	-	(0.007)	0.1	0.1
8	Cash-based	0.3	0.0	0.3	-	-	-	0.04	-
9	Shares or equivalent ownership interests	0.5	0.1	0.3	-	-	(0.007)	0.1	0.1
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	**Other senior management**	5.2	1.9	3.3	-	-	0.002	0.9	0.9
14	Cash-based	2.0	0.4	1.6	-	-	-	0.4	-
15	Shares or equivalent ownership interests	3.2	1.4	1.8	-	-	0.002	0.5	0.9
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	**Other identified staff**	54.8	20.0	34.8	-	-	(0.004)	12.7	7.3
20	Cash-based	21.5	5.7	15.8	-	-	-	5.7	-
21	Shares or equivalent ownership interests	33.2	14.3	19.0	-	-	(0.01)	7.0	7.3

22	Share-linked instruments or equivalent non-cash instruments	0.1	0.1	0.04	-	-	0.005	0.1	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**60.8**	**22.0**	**38.8**	**-**	**-**	**(0.01)**	**13.7**	**8.3**

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2021.
2. Shares are considered paid when vested. The Fair Market Value (FMV) is determined by the closing New York Stock Exchange stock price for Citigroup common stock the trading day immediately prior to the award's vest date.
3. Value of outstanding share awards is calculated using Citi closing share price as at 31 December 2021.
4. Total amount of adjustment during the year due to ex post implicit adjustments has been calculated using:
   a. the value at vesting minus the value at 1 January 2021 (or the value at award if awarded in 2021) in relation to amounts due to vest in the financial year; plus
   b. the value at 31 December 2021 minus the value at 1 January 2021 (or value at award if awarded in 2021) in relation to amounts vesting in subsequent financial years.
5. Value of shares has been calculated as of the vest date for the total outstanding deferred remuneration awarded for previous performance period that has vested but is under restriction as at 31 December 2021.

Table 76: 2021 Remuneration Banding for Annual Compensation of Individuals earning at least EUR 1 million (EU REM4)

	EUR [1]	Identified staff that are high earners as set out in Article 450(i) CRR [2,3]
1	1,000,000 to below 1,500,000	12
2	1,500,000 to below 2,000,000	2
3	2,000,000 to below 2,500,000	1
4	2,500,000 to below 3,000,000	-
5	3,000,000 to below 3,500,000	-
6	3,500,000 to below 4,000,000	-
7	4,000,000 to below 4,500,000	-
8	4,500,000 to below 5,000,000	1
9	5,000,000 to below 6,000,000	-
10	6,000,000 to below 7,000,000	-
11	7,000,000 to below 8,000,000	-
12	8,000,000 to below 9,000,000	-
13	9,000,000 to below 10,000,000	-
14	Greater than 10,000,000	-

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2021.
2. The number of individuals reflects headcount those remunerated over EUR 1 Million within the MRT population as at 31 December 2021.
3. Individuals included in above count are located across a number of countries i.e. Bulgaria, France, Germany, Italy, Luxembourg, the Netherlands, Spain, Sweden and the United Kingdom.

Table 77: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)

		Management body remuneration			Business areas [4]						
	EUR million [1]	**MB Supervisory function [2]**	**MB Management function [3]**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other [5]**	**Total**
1	**Total number of identified staff**										**161.0**
2	Of which: members of the MB [6]	7	2	9	-	-	-	-	-	-	-
3	Of which: other senior management [7]	-	-	-	8.0	-	-	4.0	2.0	1.0	-
4	Of which: other identified staff	-	-	-	104.0	-	-	4.0	25.0	4.0	-
5	**Total remuneration of identified staff**	**0.9**	**1.6**	**2.5**	**72.5**	**-**	**-**	**2.7**	**8.3**	**2.3**	-
6	Of which: variable remuneration [8,9]	-	0.6	0.6	30.0	-	-	0.7	2.6	0.8	-
7	Of which: fixed remuneration [10]	0.9	1.0	1.9	42.5	-	-	1.9	5.7	1.5	-

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2021.
2. The Management Body (MB) in its Supervisory Function, includes Non-Executive Directors and Independent Non-Executive Directors of the Board as at 31 December 2021, as the management body acting in its role of overseeing and monitoring management decision-making as defined in point (8) of Article 3(1) CRD.
3. The MB in its Management Function reflects Executive Directors of the Board who are employed by the entity as at 31 December 2021, as members of the MB who are responsible for its Management functions.
4. The breakdown by business area includes any MRTs for CEP, its branches and subsidiaries as at 31 December 2021. It excludes those individuals already captured under MB Supervisory function or MB Management function.
5. All Other category includes all other employees who cannot be mapped into one of the other categories e.g. Other Institutional Clients Group and Citi Holdings.
6. MB is reported as headcount for the MB, with a full time equivalent approach applied for Senior Management and other Identified Staff.
7. Senior Management as defined in point (9) of Article 3(1) CRD, includes formal members of the CEP Operating Committee, employed by CEP, its branches and subsidiaries as at 31 December 2021.
8. Variable remuneration awarded in respect of 2021 performance year. In accordance with the shareholder approval obtained in 2021, the variable component of remuneration of an MRT for any one year can be set up to a maximum of 200% of the fixed remuneration.
9. Share-based awards are made in Citi shares and represent value at grant.
10. Fixed remuneration includes salary and role based allowances where applicable, and the value of pension and benefits.
11. For all population groupings, remuneration data excludes figures for individuals not employed by CEP and who are already captured in PRA regulatory returns.

Business Conduct

Conflict of Interest Management

In line with EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2021/05), 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 overseeing the implementation of the Citigroup Code of Conduct which covers the management of conflicts of interest for the Company and its staff. 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 Standard (Standard) relating solely to the Board.

The Standard 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 Standard, 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 02 July 2021 (EBA/GL/2021/05); and,
- Basel Committee on Banking Supervision – Guidelines – Corporate Governance Principles for Banks July 2015.

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, one being a director without executive management responsibility in CEP but who has executive management responsibilities within the Group and two being directors without executive management responsibilities within CEP or Group; and,
- Two Executive Directors, being directors employed by CEP, with executive day-to-day management responsibilities.

The CEP Board is committed to identifying and appointing appropriately suitable and skilled 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 Board Diversity Policy applies to the recruitment of all directors of the Board and sets out the approach to increasing the diversity of management at Board level, including specific targets for gender representation. The Board aspires to have a composition in which female representation is 30 percent. As of 31 December 2021, 56 percent of the Board were female.

The selection criteria for Non-Executive Directors of CEP are designed to ensure that they bring a viewpoint 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 Requirements 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 2014 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 on behalf of the Board. 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 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 Non-Executive Directors, the majority being independent. 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; and
- 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 78: Directorships held by Citibank Europe plc Board of Directors 31 December 2021 (including Citi Directorships)

Name	Total number of Directorships
Susan Dean	2
Silvia Carpitella	4
Desmond Crowley	6
Patrick Dewilde	3
John Gollan	3
Gillian Lungley	1
Peter McCarthy	1
Cecilia Ronan	5
Jeanne Short	1
Total	**26**

Please note that the full biographies of CEP's Board are available in Appendix 1.

Table 79: Memberships of the CEP Board of Directors 31 December 2021

Membership 31 December 2021			
Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Non-Executive Director – Chair	5 yrs 9 mths
Silvia Carpitella	Female	Executive Director – Chief Finance Officer	1 yr 1 mth
Desmond Crowley	Male	Independent Non-Executive Director	2 yrs 2 mths
Patrick Dewilde	Male	Non-Executive Director	2 yrs 11 mths
John Gollan	Male	Independent Non-Executive Director	2 yr 9 mths
Gillian Lungley	Female	Independent Non-Executive Director	5 mths
Peter McCarthy	Male	Non-Executive Director	1 yr 9 mths
Cecilia Ronan	Female	Executive Director – Chief Executive Officer and Citi Country Officer	11 yrs 5 mth
Jeanne Short	Female	Independent Non-Executive Director	4 yrs 6 mths

CHIL Board Composition

The CHIL Board reviews and approves the Pillar 3 Disclosures. CHIL does not currently have any committees.

Table 80: Directorships held by CHIL Board of Directors 31 December 2021

Name	Total number of Directorships
Susan Dean	2
John Gollan	3
Silvia Carpitella	4
Cecilia Ronan	5
Total	**13**

Table 81: Memberships of the CHIL Board 31 December 2021

Membership 31 December 2021			
Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Non-Executive Director – Chair	5 yrs 2 mths
Silvia Carpitella	Female	Executive – Chief Financial Officer	2 yrs 8 mths
John Gollan	Male	Independent Non-Executive Director	2 yrs 8 mths
Cecilia Ronan	Female	Executive Director – Chief Executive Officer and Citi Country Officer	1 yr 8 mths

CEP Committees

Board Risk Committee

The BRC is a 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 taking account of the overall risk appetite and the current and future 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.

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.

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, mitigated. The Executive Committee is the delegated committee of the Board with responsibility for overseeing the risk management committees. In addition, the CRO reports to the BRC on material risks and how these are being managed at each scheduled meeting.

The current composition of the BRC is set out below:

Table 82: CEP Board Risk Committee Composition

Membership 31 December 2021	
Jeanne Short	Chair – Independent Non-Executive Director
John Gollan	Independent Non-Executive Director
Desmond Crowley	Independent Non-Executive Director
Gillian Lungley	Independent Non-Executive Director
Susan Dean	Non-Executive Director
Patrick Dewilde	Non-Executive Director

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 Audit Committee has a responsibility to raise any concerns or recommendations 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. The Audit Committee also assists the Board in fulfilling its oversight responsibility relating to compliance with policy standards, guidelines for risk assessment and compliance by CEP with local legal and regulatory requirements, including CEP's disclosure controls and procedures, where applicable.

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

Table 83: CEP Audit Committee Composition

Membership 31 December 2021	
John Gollan	Chair – Independent Non-Executive Director
Desmond Crowley	Independent Non-Executive Director
Gillian Lungley	Independent Non-Executive Director
Jeanne Short	Independent Non-Executive Director

Remuneration Committee

The Remuneration Committee is a Committee of the Board and is governed by its Terms of Reference approved by the Board. It has responsibility for decisions regarding remuneration on behalf of the Board, including those that have implications for Risk and CEP Risk Management, which are to be taken by the Board. When reviewing 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 Remuneration Committee assists with the design and implementation the CEP's Remuneration Policy to ensure that remuneration practices do not promote excessive risk taking. The Remuneration Committee also evaluates CEP's compliance with the Remuneration Policy and assesses whether CEP's remuneration practices are creating the desired incentives for managing risk, capital and liquidity, and that the remuneration policy is gender neutral.
The current composition of the Remuneration Committee is set out below:

Table 84: CEP Remuneration Committee Composition

Membership 31 December 2021	
Desmond Crowley	Chair – Independent Non-Executive Director
Jeanne Short	Independent Non-Executive Director
John Gollan	Independent Non-Executive Director

Nomination Committee

The Nomination Committee is a Committee of the Board and is governed by its Terms of Reference approved by the Board. The Nomination Committee is responsible for leading the process for appointments to the Board and making recommendations to the Board on all new appointments of both Executive and Non-Executive Directors. It is also responsible for assessing the structure, size and composition of the Board, in particular as compared to relevant EBA Guidelines, and making recommendations to the Board with regard to any changes. The Nomination Committee is also involved in succession planning for the Board, taking into account the future demands on the business and the existing level of skills and expertise.

The Nomination Committee also ensures members of the Board receive comprehensive and tailored induction training to enable their effective contribution from their appointment, 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 85: CEP Nomination Committee Composition

Membership 31 December 2021	
Susan Dean	Chair – Non-Executive Director
Jeanne Short	Independent Non-Executive Director
Patrick Dewilde	Non-Executive Director

Related Party Lending Committee

The RPL Committee is a Committee of the Board and is governed by its Terms of Reference approved by the Board. The 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 of Ireland (RPL Code).

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 RPL 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 86: CEP Related Party Lending Committee Composition

Membership 31 December 2021	
Silvia Carpitella	Chief Financial Officer – Chair
Desmond Crowley	Independent Non-Executive Director
Monika Starzak	CEP Controller
Martina Williamson	Head of Human Resources
Mark Satterthwaite	Head of Compliance
Mustafa Uzel	CEP Treasurer
Pavel Cecetka	Risk Representative and Head of Credit Risk
Stephen Fedor	Head of Private Bank
Davinia Conlan	Ireland Country Counsel
Emanuela Saccarola	WorldLink Representative

Governance Committees (Management)

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 to implement the recommendations or 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 CEP's business goals, 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; and,
- Taking decisions regarding material matters escalated to it for decision by the Operational Risk Committee, including relating to outsourcing activities.

The Company Secretary to the Board also acts as Company Secretary to the Executive Committee. In addition, the Chief Audit Executive are also permanent attendees.

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

Table 87: CEP Executive Committee Composition

Membership 31 December 2021	
Cecilia Ronan	Chief Executive Officer and Citi Country Officer
Silvia Carpitella	Chief Financial Officer
Mariel Creo	Chief Administrative Officer
Mark Satterthwaite	Head of Compliance
Barry Ryan	Chief Risk Officer
Nigel Kemp	General Counsel
Steve Robson	Interim Head of TTS
Cormac Donohoe	Head of Markets
Auke Leenstra	Head of Banking
Declan Kane	Interim Head of O&T
Martina Williamson	Head of HR
Ken Loughran	Chief Internal Auditor (Permanent Attendee)
Fiona Mahon	Company Secretary (Permanent Attendee)

Risk Management Committee

The Risk Management Committee is a sub-committee of the Executive Committee. The Risk Management Committee of CEP is the senior executive level committee responsible for overseeing the execution of the CEP Risk Governance Framework, for ensuring that CEP's risk profile remains consistent with its approved risk appetite, including for aggregate and concentration risks, and for discussing material and emerging risk issues facing CEP. The Risk Management Committee also provides comprehensive CEP-wide coverage of Credit Risk, Market Risk in the Trading Book and Inter-Affiliate Risk.

The Risk Management Committee serves as an escalation point for Senior Management in the first and second line of defence as they design, implement, and maintain an effective risk program in their respective areas of responsibility. It also serves as an escalation point for certain risk management for a across CEP.

The source of the internal management committees' authority and the decisions they are authorized to make is the CEP Board of Directors, which has delegated authority to the CEP Executive Committee, to create, modify and/or disband internal management committees as it may deem necessary.

Pursuant to such delegation the Executive Committee has authorised the creation of the Risk Management Committee with its remit and supplementary committees as set out in its Terms of Reference. The scope of the Risk Management Committee covers all branches and businesses of CEP.

The composition of the Risk Management Committee is set out below:

Table 88: CEP Risk Management Committee Composition

Membership 31 December 2021
Chief Risk Officer (Co-Chair)
Chief Executive Officer (Co-Chair)
Chief Financial Officer
CEP Head of Banking
CEP Head of Markets & Security Services
CEP Head of Trading
CEP Head of TTS
CEP Head of TTS Trade
CEP Treasurer
CEP Head of Market & Liquidity Risk
CEP Head of Credit Risk
CEP Head of Operational Risk Management
CEP Head of Enterprise Risk Management

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 ongoing management activities of CEP with a particular focus on Strategic and Reputational Risk and in relation to the CEP's Clusters, Branches and Citi Solution Centres (together the Branches). In particular, the Committee reviews at its meetings, the performance of the Branches including by business and by function.

The composition of the Operating Committee is set out below:

Table 89: CEP Operating Committee Composition

Membership 31 December 2021
Chief Executive Officer – Chair
Chief Administrative Officer
Chief Financial Officer
Chief Compliance Officer
Head of Human Resources
CEP Treasurer
Chief Risk Officer
General Counsel
Business Head: TTS
Business Head: Investor Services
Business Head: DCC
Business Head: Markets and Securities Services
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
Chief Internal Auditor – Permanent Attendee
Company Secretary – Permanent Attendee

Business Risk and Control Committee

The BRCC for CEP provides governance and oversight for compliance and operational risks.

The mandate of the CEP BRCC is to govern and oversee that all compliance and operational risks material to its scope and mandate are adequately identified, monitored, reported, managed, and escalated, and appropriate action is taken in line with CEP's strategic objectives, risk appetite thresholds, and regulatory expectation, while promoting the culture of risk awareness and high standards of culture and conduct.

The composition of the Business Risk and Control Committee is set out below:

Table 90: CEP Business Risk and Control Committee Composition

Membership 31 December 2021
CEP Chief Executive Officer – Chair
CEP Chief Administrative Officer
CEP Head of Banking
CEP Head of Private Banking
CEP Head of Markets and Securities Services
CEP Chief Risk Officer
CEP Chief Financial Officer
CEP Chief Compliance Officer
CEP General Counsel
CEP Head of Human Resources
CEP Head of Operations & Technology
CEP Head of Operational Risk
CEP Head of TTS Trade

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 primary responsibilities of the ALCO are to:

- Provide country oversight of market and liquidity risks, transfer pricing and balance sheet management across businesses;
- Understand the economic and rate views of the countries within the region as used in forecasts and scenarios;
- Evaluate the proposed asset and deposit levels on balance sheets of the region's significant legal vehicles by country, including key initiatives for asset reduction, structural liquidity usage, capital market debt and regional funding plans;
- Endorse that the CEP legal vehicle is appropriately capitalized;
- Review the stress tests associated with these risks;
- Endorse Annual Funding & Liquidity plans and the associated liquidity limits, structural funding and cross currency limits ratios;
- Monitor any limit breaches and target shortfalls, & monitor progress against liquidity plans, Risk Appetite Limits and Recovery Triggers including modifications of plans;
- Approve the transfer pricing and liquidity benchmarks for CEP;
- Understand key legal and regulatory constraints the CEP legal vehicle, as well as emerging issues; and,
- Review Company key documents in order to recommend for approval, including the ILAAP and ICAAP, and Group policies applicable to the Company, insofar as they are relevant to the Committee's responsibilities.

The composition of the ALCO is set out below:

Table 91: CEP Asset and Liability Committee Composition

Membership 31 December 2021
Chief Executive Officer – Chair
CEP Chief Financial Officer
CEP Treasurer
CEP Chief Risk Officer
CEP Chief Administration Officer
Treasurer Hungary
CEP Head of TTS
CEP Head of Markets and Securities Services
Treasurer Bulgaria and Romania
Treasurer Czech and Slovakia
CEP Head of Market & Liquidity Risk
CEP Head of Banking

Appendix 1: CEP & CHIL Board Member Biographies

CEP Directors' Board Membership and Experience 31 December 2021

Executive Directors

Cecilia Ronan

Cecilia Ronan is an Executive Director of CEP and is the Chief Executive Officer (CEO) of CEP as well as Citi Country Officer (CCO) for Citi Ireland.

Appointed CCO in 2018 and CEO in 2020, Cecilia leads the Citi franchise in Ireland, providing strategic and operational leadership for the European legal vehicle. 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.

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

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

Silvia Carpitella

Silvia Carpitella is an Executive Director of CEP and is also the Chief Financial Officer (CFO) of CEP and Chair of the Related Party Lending Committee. Silvia joined Citi in 1989 in Internal Audit, Italy and has over 20 years' experience in CEP and in the Financial Services Industry. She has extensive local and European regulatory and governance experience throughout her career and with the Central Bank of Ireland, European Central Bank and with BaFin.

Silvia was appointed CFO of Europe and CEP in 2018 and to the CEP Board in 2020. She was previously a board member of CGME, Citi Spain and Citibank Switzerland S.A. and Cluster CFO for Western Europe, Switzerland, Israel, Russia, Ukraine and Kazakhstan

Silvia also serves on the board of Citigroup Wealth Management S.A.M. in the Principality of Monaco and Citi Overseas Holdings Bahamas Ltd. She graduated 110 cum laude in Business Administration at the University of Florence.

Independent Non-Executive Directors

Desmond Crowley

Desmond (Des) Crowley is an Independent Non-Executive Director of CEP and Chair of the Remuneration Committee. Des graduated with a B.A. Mod. (Economics and Mathematical Economics) from Trinity College Dublin.

Des joined Andersen Consulting in 1980 and worked on a variety of consulting assignments in Financial Services, Government and Pharmaceutical in the UK, USA, Scandinavia and Ireland.

Des joined Bank of Ireland Group in 1988, where he had a varied career running business units and parts of the Retail Bank. In March 2000 he became a member of the Bank of Ireland Group's executive committee, on being appointed Chief Executive of Retail Banking. Des was appointed Chief Executive of UK Financial Services, Director of Bristol & West plc and Bank of Ireland UK Holdings plc in January 2006. He was appointed Chief Executive - Retail UK Division in March 2012.

Des is a former Chair of Post Office Financial Services and Director of First Rate Exchange Services, the foreign exchange joint venture with UK Post Office. Former board member of New Ireland Assurance Company plc. Current board member of AXA Insurance, Aldermore Bank and MontoNovo Finance Limited.

John Gollan (known as Jim)

Jim Gollan is an Independent Non-Executive Director of CEP and Chair of the Audit Committee.

Jim currently chairs the Audit Committee meetings of Euronext Central Securities Depositories: VPS, VP Securities and Interbolsa. Currently he is also chair of the charity, Brain Research UK, which funds research into neurological conditions.

Previously, Jim was a board member of NYSE LIFFE, Euronext NV, Chair of the Board of Euronext London Ltd and a non-executive director of Merrill Lynch International, where he chaired the board risk committee, and Bank of America Merrill Lynch International Limited, where he chaired the board. His executive career includes roles as board chair, CEO and CFO, working in the United Kingdom, Europe and Asia in banking, fund management and financial markets with Standard Chartered, Lloyds Bank, Gartmore and SIX Group. Jim was also the practice leader of KPMG's Financial Services Consulting, Asia and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Gillian Lungley (known as Gill)

Gill Lungley has over 25 years' senior management experience in delivering business process and technology innovation resulting in business transformation.

Gill is an expert in Technology and Operations in Financial Services with an extensive track record in strategic line management roles and leadership of global teams spanning operational management, risk management, controls, programme management and technology functions.

Gill has extensive board experience across the public and private sectors, including Societe Generale International, CLS Group, UK Home Office and Bedfordshire Hospitals Foundation NHS Trust.

Gill previously held senior positions with UBS, Credit Suisse and Deutsche Bank.

Jeanne Short

Jeanne Short is an Independent Non-Executive Director of CEP and Chair of the Board Risk Committee.

Jeanne is the former CRO of UBS APAC region, a role she held from 2012 to 2016. Jeanne has over 40 years' experience in the banking industry, broad sector and geographical knowledge. In her role, Jeanne was part of the senior management team of Risk Control and of APAC at UBS, reporting to a UBS Group executive board member. Prior to UBS, Jeanne held a number of positions at Charterhouse Bank and Hambros Bank.
Jeanne was previously a director of Charterhouse Bank, UBS Limited and a member of the Board of Governors of the Bridge Academy.

Non-Executive Directors

Susan Dean

Susan joined the Board of CEP as a Non-Executive Director in March 2016 and in September 2016, she was appointed as Chair. Susan was appointed Chair of Nomination Committee in August 2021.

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 PwC.

Patrick Dewilde

Patrick Dewilde is a Non-Executive Director of CEP. Patrick was appointed Head of Markets and Securities Services, Asia Pacific ex-Japan in April 2014 and retired after 41 years in Banking in March 2018.

Patrick began his career in KBC in Belgium before joining Citibank in Bahrain in 1983, in Treasury Marketing and Sales. He relocated to Turkey in 1984 and was later appointed Head of Investment Bank. Patrick then moved to Vienna in 1989 to run the Austrian Treasury and Investment Bank. He became CCO of Austria from 1991 to 1994, then relocated to Philippines as Head of Investment Bank and Country Treasury from 1994 to 1998, before moving to Hong Kong in 1998. He relocated to London in late 2003 to run the Sales and Trading for Middle East, Turkey and Israel.

In 2005, Patrick established the Risk Treasury for CEEMEA based in London covering 33 countries. From 2010 to 2014, Patrick was concurrently the Regional Markets Head for South and East Africa, Turkey and Israel.

Peter McCarthy

Peter McCarthy is a Non-Executive Director of CEP. Peter was appointed Chief Administrative Officer for Europe, Middle East & Africa (EMEA) in February 2012 and is also a member of the EMEA Operating Committee.

Alongside the EMEA CEO, Peter is responsible for cascading global strategy, delivering regional targets, and developing and co-ordinating regional strategy and initiatives. In particular, he is responsible for ensuring the alignment of Global Functions and Operations & Technology to successfully implement the strategy in EMEA.

Together with his Operating Committee partners, Peter has responsibility for franchise governance across EMEA, which includes membership of senior governance forums and extensive interaction with the Regional CCO community.

Peter is the CBNA Regional Coordinator for EMEA and is Head of the CBNA London Branch.

Peter has an active interest and involvement in people management and talent development. He is an active participant in various Leadership and Development initiatives and is an active faculty member for the “Leaders teaching Leaders” programmes.

Prior to assuming his current position, Peter was Chief Administrative Officer for the ICG Markets business in EMEA.

He is a Chartered Accountant with over 38 years of experience in Financial Services.

Appendix 2: Countercyclical Capital Buffer

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

- credit risk;
- specific risk; and,
- securitizations.

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer and amount of institution-specific countercyclical capital buffer are presented in line with Commission Implementing Regulation (EU) 2021/637 published on 21 April 2021.

The following tables set out CEP's countercyclical buffer requirement for 31 December 2021

Table 92: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer – current year

	General credit exposures	Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure values	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit risk exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million		
BERMUDA	1,279	0	0	0	1,279	71	0	0	71	883	2.50%	0.00%
BULGARIA	212	0	0	0	212	17	0	0	17	209	0.59%	0.50%
CZECH REPUBLIC	973	0	0	0	973	80	0	0	80	997	2.82%	0.50%
FRANCE	6,882	136	6	0	7,024	473	11	0	484	6,049	17.12%	0.00%
GERMANY	3,194	84	4	0	3,282	220	7	0	227	2,839	8.04%	0.00%
HONG KONG	53	0	0	0	53	4	0	0	4	53	0.15%	1.00%
HUNGARY	690	0	0	0	690	59	0	0	59	733	2.08%	0.00%
INDIA	939	0	0	0	939	75	0	0	75	939	2.66%	0.00%
IRELAND	1,699	52	0	1	1,753	130	4	0	134	1,675	4.74%	0.00%
LUXEMBOURG	1,166	116	9	0	1,291	93	10	0	103	1,283	3.63%	0.50%
NETHERLANDS	2,260	78	0	1	2,340	174	6	0	180	2,249	6.37%	0.00%
NORWAY	175	25	0	0	200	13	2	0	15	193	0.55%	1.00%
SLOVAKIA	298	0	0	0	298	24	0	0	24	297	0.84%	1.00%
SPAIN	2,556	31	0	0	2,587	210	3	0	213	2,657	7.52%	0.00%
SWITZERLAND	2,243	0	0	0	2,243	153	0	0	153	1,911	5.41%	0.00%
UNITED KINGDOM	4,510	217	14	18	4,759	310	18	0	329	4,112	11.64%	0.00%
UNITED STATES	1,781	84	0	0	1,865	128	7	0	135	1,682	4.76%	0.00%
ALL OTHER COUNTRIES[1]	6,538	44	1	0	6,583	521	4	0	525	6,563	18.58%	0.00%
Total as at 31 December 2021	**37,448**	**868**	**35**	**20**	**38,371**	**2,754**	**72**	**0**	**2,826**	**35,326**	**100%**	

[1] Countries that have a CCyB requirement or have an own funds requirement greater than 2% of total CEP's own funds requirement are disclosed separately, with remaining countries aggregated under "Other countries". List of "Other countries" is available upon request as it includes more than 100 countries.

Table 93: EU CCyB2 - Amount of institution-specific countercyclical capital buffer – current year

	Amount of Institution-specific countercyclical capital buffer	
1	Total risk exposure amount (EUR million) as at 31 December 2021	46,212
2	Institution specific countercyclical capital buffer rate	0.05%
3	Institution specific countercyclical capital buffer requirement (EUR million)	23

Table 94: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer – prior year

Breakdown by country	General credit exposures	Trading book exposure	Securitisation	Own funds requirements				Risk-weighted exposure amounts	Institution specific countercyclical buffer	Countercyclical capital buffer rate
	Exposure value for SA	Sum of long and short position of trading book	Exposure value of securitisation positions in the banking book under the Standardised Approach	Of which: Credit risk exposures	Of which: Trading book exposures	Securitisation positions in the banking book	Total			
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million		
BERMUDA	807	-	-	45	-	-	45	563	0.0000%	0.00%
CZECH REPUBLIC	858	-	-	68	-	-	68	850	0.0133%	0.50%
FRANCE	6,108	11	-	400	1	-	401	5,013	0.0000%	0.00%
GERMANY	2,992	48	-	205	4	-	209	2,613	0.0000%	0.00%
IRELAND	1,696	4	8	135	0	0	135	1,688	0.0000%	0.00%
NETHERLANDS	2,243	33	-	171	3	-	173	2,163	0.0000%	0.00%
SPAIN	2,692	1	-	223	0	-	223	2,788	0.0000%	0.00%
SWITZERLAND	1,977	1	-	131	0	-	131	1,638	0.0000%	0.00%
UNITED KINGDOM	3,427	150	29	265	12	0	278	3,475	0.0000%	0.00%
UNITED STATES	1,981	14	-	141	1	-	142	1,775	0.0000%	0.00%
HONG KONG	55	-	-	4	-	-	4	50	0.0000%	1.00%
NORWAY	365	3	-	28	0	-	29	363	0.0113%	1.00%
SLOVAKIA	336	-	-	28	-	-	28	350	0.0109%	1.00%
BULGARIA	131	-	-	10	-	-	10	125	0.0000%	0.50%
LUXEMBOURG	689	34	-	53	3	-	56	700	0.0055%	0.25%
ALL OTHER COUNTRIES	7,686	46	-	617	4	-	621	7,763	0.0447%	0.00%
Total as at 31 December 2020	34,043	346	37	2,525	28	1	2,553	31,913		

Table 95: EU CCyB2 - Amount of institution-specific countercyclical buffer – prior year

	Amount of Institution-specific countercyclical capital buffer	
1	Total risk exposure amount (EUR million) as at 31 December 2020	42,106
2	Institution specific countercyclical capital buffer rate	0.04%
3	Institution specific countercyclical capital buffer requirement (EUR million)	19

Appendix 3: Capital Instruments Main Features

Table 96: Capital Instruments Features

	Capital instruments' main features template	Citibank Europe Plc CET1	Citibank Holdings Ireland Limited CET1
1	Issuer	Citibank Europe Plc	Citibank Holdings Ireland
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
2a	Public or private placement	Private placement	Private placement
3	Governing law(s) of the instrument	Governed by Irish Law	Governed by Irish Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	CET1
5	Post-transitional CRR rules	CET1	CET1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo and (Sub-)Consolidated
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 or eligible liabilities (Currency in million, as of most recent reporting date)	Currency of issuance / Currency of reporting; Nominal - USD 10,532 / EUR 9,298 thousand Share premium USD 1,962,747 / EUR 1,732,956 thousand Total of: USD 1,973,279 / EUR 1,742,256 thousand 9.741.290 ordinary shares of a pair value of €1.00 each	Currency of issuance / Currency of reporting; Nominal - USD 3.60 / EUR 3.18 Share premium USD 687,361 / EUR 606,888 thousand 3 Ordinary shares of $1.1994 each
9	Nominal amount of instrument	Currency of issuance / Currency of reporting; Nominal - USD 10,532 / EUR 9,298 thousand Share premium USD 1,962,747 / EUR 1,732,956 thousand Total of: USD 1,973,279 / EUR 1,742,256 thousand 9.741.290 ordinary shares of a pair value of €1.00 each	Currency of issuance / Currency of reporting; Nominal - USD 3.60 / EUR 3.18 Share premium USD 687,361 / EUR 606,888 thousand 3 Ordinary shares of $1.1994 each
EU-9a	Issue price	€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	€2 30/10/2003 €1 31/12/2009
EU-9b	Redemption price	N/A	N/A
10	Accounting classification	Shareholders equity	Shareholders equity
11	Original date of issuance	€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	€2 30/10/2003 €1 31/12/2009
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, contingent 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
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary 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 cumulative	Non cumulative

23	Convertible or non-convertible	**Non cumulative**	**Non cumulative**
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, 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-up mechanism	**N/A**	**N/A**
34a	Type of subordination (only for eligible liabilities)	**N/A**	**N/A**
EU-34b	Ranking of the instrument in normal insolvency proceedings	**Rank 1**	**Rank 1**
35	Position in 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**
37a	Link to the full term and conditions of the instrument (signposting)	**N/A - Private Placement**	**N/A - Private Placement**

Eligible liabilities – capital instruments main features (continued)

	Capital instruments' main features template	CITIBANK HOLDINGS IRELAND LIMITED		CITIBANK EUROPE PLC	
		Eligible Liabilities	Eligible Liabilities	Eligible Liabilities	Eligible Liabilities
1	Issuer	CITIBANK HOLDINGS IRELAND LIMITED	CITIBANK HOLDINGS IRELAND LIMITED	CITIBANK EUROPE PLC	CITIBANK EUROPE PLC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A	N/A
2a	Public of private placement	Private	Private	Private	Private
3	Governing law(s) of the instrument	Governed by Irish Law	Governed by Irish Law	Governed by Irish Law	Governed by Irish Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A	N/A	N/A	N/A
5	Post-transitional CRR rules	Eligible Liabilities	Eligible Liabilities	Eligible Liabilities	Eligible Liabilities
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo and (Sub-)Consolidated	Solo and (Sub-)Consolidated	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Loan	Subordinated Loan	Subordinated Loan	Subordinated Loan
8	Amount recognised in regulatory capital or eligible liabilities (currency in million, as of most recent reporting date)	EUR 3,500m	GBP 600m / EUR 714m	EUR 3,500m	GBP 600m / EUR 714m
9	Nominal amount of instrument	EUR 3,500m	GBP 600m / EUR 714m	EUR 3,500m	GBP 600m / EUR 714m
EU-9a	Issue price	EUR 3,500m	GBP 600m / EUR 714m	EUR 3,500m	GBP 600m / EUR 714m
EU-9b	Redemption price	EUR 3,500m	GBP 600m / EUR 714m	EUR 3,500m	GBP 600m / EUR 714m
10	Accounting classification	Liability – Amortised cost	Liability – Amortised cost	Liability – Amortised cost	Liability – Amortised cost
11	Original date of issuance	7 December 2021	7 December 2021	7 December 2021	7 December 2021
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	31 October 2028	6 December 2026	31 October 2028	6 December 2026
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
	Coupons / dividends				
17	Fixed or floating dividend / coupon	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	ESTR +99bps	SONIA +98bps	ESTR +99bps	SONIA +98bps
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	N/A	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	(i) Determination by the EEA Resolution Authority that the issuer is failing or is likely to fail, and will continue to be so in the absence of any Write-Down or Conversion of any instruments and (ii) any relevant Third Country Resolution Authority having either consented to the write-down, or not having objected to the write-down within a period of 24 hours after the determination in (i) above, or upon any Resolution Entity which is a direct or indirect parent of the Borrower becoming subject to resolution proceedings in or outside the EEA	(i) Determination by the EEA Resolution Authority that the issuer is failing or is likely to fail, and will continue to be so in the absence of any Write-Down or Conversion of any instruments and (ii) any relevant Third Country Resolution Authority having either consented to the write-down, or not having objected to the write-down within a period of 24 hours after the determination in (i) above, or upon any Resolution Entity which is a direct or indirect parent of the Borrower becoming subject to resolution proceedings in or outside the EEA	(i) Determination by the EEA Resolution Authority that the issuer is failing or is likely to fail, and will continue to be so in the absence of any Write-Down or Conversion of any instruments and (ii) any relevant Third Country Resolution Authority having either consented to the write-down, or not having objected to the write-down within a period of 24 hours after the determination in (i) above, or upon any Resolution Entity which is a direct or indirect parent of the Borrower becoming subject to resolution proceedings in or outside the EEA	(i) Determination by the EEA Resolution Authority that the issuer is failing or is likely to fail, and will continue to be so in the absence of any Write-Down or Conversion of any instruments and (ii) any relevant Third Country Resolution Authority having either consented to the write-down, or not having objected to the write-down within a period of 24 hours after the determination in (i) above, or upon any Resolution Entity which is a direct or indirect parent of the Borrower becoming subject to resolution proceedings in or outside the EEA
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially

33	If write-down, permanent or temporary	**Permanent**	**Permanent**	**Permanent**	**Permanent**
34	If temporary write-down, description of write-up mechanism	**N/A**	**N/A**	**N/A**	**N/A**
34a	Type of subordination (only for eligible liabilities)	**Statutory**	**Statutory**	**Statutory**	**Statutory**
EU-34b	Ranking of the instrument in normal insolvency proceedings	**Rank 2**	**Rank 2**	**Rank 2**	**Rank 2**
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	**The Borrower/Issuer, CHIL is a holding company, and has no liabilities senior to the instrument**	**The Borrower/Issuer, CHIL is a holding company, and has no liabilities senior to the instrument**	**General unsecured liabilities (ordinary non-preferential debts)**	**General unsecured liabilities (ordinary non-preferential debts)**
36	Non-compliant transitioned features	**No**	**No**	**No**	**No**
37	If yes, specify non-compliant features	**N/A**	**N/A**	**N/A**	**N/A**
37a	Link to the full term and conditions of the instrument (signposting)	**N/A - Private Placement**	**N/A - Private Placement**	**N/A - Private Placement**	**N/A - Private Placement**

Appendix 4: Omissions

Please see below a list of disclosure tables not included in CEP's Pillar 3

Table 97: Non-disclosed tables

Table	Rationale
EU INS1 - Insurance participations	No insurance participation activity or financial conglomerates for CHIL / CEP
EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio	
EU CR2: Changes in the stock of non-performing loans and advances	CEP's gross NPL ratio is under the 5% threshold
EU CQ7: Collateral obtained by taking possession and execution processes	
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	
EU CQ2: Quality of forbearance	
EU CQ6: Collateral valuation - loans and advances	
EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	
KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities	CHIL and CEP do not meet the definition of a material subgroups of non-EU Global Systemically Important Institution (G-SII) and as such is not subject to TLAC.
TLAC1: Composition - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities	
TLAC3 – Creditor ranking - resolution entity	
EU-SEC2 - Securitisation exposures in the trading book	CEP acts only as investor in its Securitisation book and does not have trading book securitisation exposures as at 31 December 2021.
EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	
EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	
EU CR6-A – Scope of the use of IRB and SA approaches	CEP does not have an IRB permission.
EU CR6 – IRB approach – Credit risk exposures by exposure class and PD rang	
EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	
EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques	
EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	
EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	
EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	
EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale	
EU CR10 – Specialised lending and equity exposures under the simple risk weighted approach	No special lending or equity exposures under the simple risk weighted approach for CEP

Abbreviations

AFS	Available for Sale
ALCO	Asset and Liability Committee
APAC	Asia-Pacific
AVA	Additional Valuation Adjustment
A&T	Agency & Trust
BAC	Board Audit Committee
BCBS	Basel Committee on Banking Supervision
BEICF	Business Environment and Internal Control Factor
BRC	Board Risk Committee
BRCC	Business Risk, Compliance and Control Committee
BRRD	Bank Recovery and Resolution Directive
CCB	Capital Conservation Buffer
CCB	Citi Commercial Banking
CCF	Credit Conversion Factor
CCO	Citi Country Officer
CCP	Corporate and Commercial Banking
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CDP	Carbon Disclosure Project
CE5	Eastern European Cluster (Bulgaria, Czech Republic, Hungary, Romania, Slovakia)
CEM	Current Exposure Method
CEO	Chief Executive Officer
CEP	Citigroup Europe PLC
CET1	Common Equity Tier 1
CFO	Chief Finance Officer
CFP	Contingency Funding Plan
CHIL	Citibank Holdings Ireland Limited
CoB	Continuity of Business
CPB	Citi Private Bank
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
DCC	Direct Custody and Clearing
DIRAP	Discretionary Incentive and Retention Award Plan
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECB	European Central Bank
ECL	Expected Credit Loss
EEA	European Economic Area
EEPE	Effective Expected Positive Exposures
EMEA	Europe, Middle East and Africa
EMEA ROG	EMEA Remuneration Oversight Group
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Risk Management
EU	European Union
EVE	Economic Value of Equity
EVS	Economic Value Sensitivity
EWMA	Exponentially Weighted Moving Average
ExCo	Executive Committee
FBE	Forborne Exposure
FCA	Financial Conduct Authority
FCCM	Financial Collateral Comprehensive Method
FLP	Funding and Liquidity Plan
FRTB	Fundamental Review of the Trading Book
FS	Factor Sensitivity
FX	Foreign exchange
GCM	General Clearing Member
GFS	Global Fund Services
GHG	Greenhouse gas
G10	Group of Ten (refers to the countries that have agreed to participate in the General Arrangements to Borrow (GAB))
G-SIB	Global Systemically Important Bank
G-SII	Global Systemically Important Institution
HQLA	High-Quality Liquid Assets
H-EWMA	Hybrid Exponentially Weighted Moving Average
ICAAP	Internal Capital Adequacy Assessment Process
ICG	Institutional Clients Group
ICM	Intraday and Collateral Management
ICRM	Independent Compliance Risk Management
ICSD	International Central Securities Depositories
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
ILOC	Insurance Letters of Credit
ILST	Internal Liquidity Stress Test
IMA	Internal Model Approach
IMM	Internal Models Method
IPU	Intermediate Parent Undertaking
IRC	Incremental Risk Charge
IRE	Interest Rate Exposure
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standard
JST	Joint Supervisory Team
KRI	Key Risk Indicators
LAS	Liquidity Adequacy Statement
LCR	Liquidity Coverage Ratio
LEX	Large Exposure
LFG	Law Firm Group
LGD	Loss Given Default
LMT	Liquidity Market Trigger
MAO	Material Adverse Outcome
MBU	Material Business Unit
MCA	Manager's Control Assessment
MDB	Multilateral Development Bank
MLE	Material Legal Entity
MME	Middle Market Enterprises
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MRT	Material Risk Takers
NIR	Net Interest Revenue
NMD	Non-maturity Deposit
NomCo	Nomination Committee
NPE	Non-Performing Exposure
NSFR	Net Stable Funding Ratio
NZBA	Net-Zero Banking Alliance
ORM	Operational Risk Management
O-SII	Other Systemically Important Institution
OSUC	Outstanding and Unused Commitment
OTC	Over The Counter

P&C	Personnel and Compensation
PBV	Performance Based Vesting
PD	Probability of Default
PFE	Potential Future Exposure
PRA	Prudential Regulation Authority
PSG	Professional Services Group
PTIP	Personal Trading & Investment Policy
RAS	Risk Appetite Statement
RBA	Role Based Allowances
RemCo	Remuneration Committee
RLAP	Resolution Liquidity Adequacy and Positioning
RMC	Risk Management Committee
RPL	Related Party Lending
RTS	Regulatory Technical Standard
RWA	Risk Weighted Assets
SA	Standardised Approach
SA-CCR	Counterparty Credit Risk
SA-CR	Standardised Approach to Credit Risk
SA-CVA	Standardised Approach to Credit Valuation Adjustment
SEC-ERBA	Securitisation External Ratings Based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SICR	Significant Increase in Credit Risk
SME	Small and Medium sized Enterprises
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
SVaR	Stressed Value at Risk
TCFD	Task Force on Climate-Related Financial Disclosures
TLAC	Total Loss Absorbing Capacity
TLST	Term Liquidity Stress Test
TSCR	Total Supervisory Capital Requirement
TTS	Treasury and Trade Solutions
UHNW	Ultra-High Net Worth
VA	Valuation Adjustment
VaR	Value at Risk