



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

31 December 2022



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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 2022 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 2022 Annual Report and CHIL & CEP's 2022 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) covering Markets, Services and Banking businesses and Personal Banking and Wealth Management (PBWM).

CEP is a registered credit institution in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland (CBI) and supervised under the Single Supervisory Mechanism (SSM) by the European Central Bank (ECB). CEP is designated as an Other Systemically Important Institutions (OSII).

CEP is headquartered in Dublin and operates across 21 branches in the European Economic Areas (EEA) and the UK. CEP hosts three Citi solution Centres (CSCs) in Ireland, Hungary and Poland providing services to CEP and other affiliates.

CEP is Citi's principal European banking subsidiary, providing services to Citi's clients who require or wish to transact via an EU licensed bank. Citi's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress. Citi's core activities are safeguarding assets, lending money, making payments and accessing the capital markets on behalf of our clients who are served by two segments ICG and Personal Banking & Wealth Management (PBWM).

In CEP, the key businesses include: Treasury and Trade Solution, Securities Services, Banking Capital Markets and Advisory, Markets, Citi Commercial Bank and Citi Global Wealth.

CEP has a diverse revenue composition by geography, product and client type, providing stability of earnings over time. Institutional clients include governments, multinational corporations, financial institutions, the public sector and investors.

Regulatory framework for disclosure

The Capital Requirements Directive (CRD V) package was transposed into Irish law on 22 December 2020. It 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.

The Pillar 3 Disclosures complement both the group level information included in the Citigroup Annual Report, and CHIL's and CEP's own 2022 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). In addition, CEP has implemented the disclosure templates and instructions as set out in the European Banking Authority's (EBA) final Implementing Technical Standards (ITS) on public disclosures in Commission Implementing Regulation (EU) 2021/637.

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, COVID-19 disclosures and remuneration disclosures.

CEP BCBS 239 in scope reports are produced with reference to Citi's Global BCBS 239 Compliance Framework (which was introduced in April 2022 to set out heightened standards for BCBS 239 compliance) with respect to report accuracy, comprehensiveness, clarity, usefulness, frequency and distribution.

CEP is not required to make disclosure of Environmental, Social and Governance (ESG) risks as laid down in CRR Article 449a as it does not meet the criteria of "large institutions which have issued securities that are admitted to trading on a regulated market of any Member State"

CEP is below the NPL 5% threshold as per Regulation (EU) 2021/637 Article 8 paragraph 6 at 31 December 2022 and therefore this report does not contain the disclosures per Article 8 paragraph 3 of that regulation.

This annual Pillar 3 Disclosure is published following the publication of the CHIL financial statements. Some of the areas covered are also addressed in CHIL's and CEP's Annual Financial Statements for the year ended 31 December 2022.

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) and 433a (3), which specifies disclosure requirements for non-listed large Institutions as defined by Article 4 (146 and 148). CEP will publish Pillar 3 Disclosures quarterly, with a more comprehensive disclosure on an annual basis. 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.

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.

This Pillar 3 document is subject to a formal governance process and was reviewed by the CEP Executive Committee and the CEP Audit Committee and approved by the CEP & CHIL Board of Directors.

I confirm that CEP/CHIL has taken reasonable measures to ensure that the information presented in this disclosure complies with the requirements of Part 8 of EU Regulation No.2013/575, 2019/876 (and its subsequent amendments) and the disclosure has been prepared in accordance with the internal control processes, systems and policies detailed in Citi's Basel Public Disclosure Policy and supporting Pillar 3 Standard.

Gyorgy Ungar – Interim CEP CFO

Regulatory Outlook

Basel Reforms

The Basel Committee on Banking Supervision has proposed new regulations, often referred to as Basel 3.1, and covering a number of areas such as a new Standardised Approach to Credit Risk (SA-CR), a new CVA framework, revisions to the approach to Securities Financing Transactions, further elements of FRTB, the Output Floor and a new Standardised Approach to Operational Risk.

A further proposal to revise the CRR (known as CRR III) in order to implement these rules was published by the European Commission in October 2021, with a proposed go live date of 1st January 2025.

Standardised Approach to Credit Risk

The Standardised Approach to Credit Risk introduces two broad methodologies: one which allows the use of external ratings, and the other which requires firms to grade their exposures. It also introduces a specific framework for specialised lending, higher risk weights for equities and subordinated debt, and an override, based on our internal assessment of credit risk, to increase risk weights where the standard risk weights are deemed insufficient.

New CVA Framework

A new Standardised Approach (SA-CVA) is introduced that requires firms that have a CVA desk and have the ability to model exposure and calculate CVA sensitivities. Firms must obtain supervisory approval to apply this approach. The alternative is for firms to apply the Basic Approach (BA-CVA) which has two versions: a simpler version for firms that do not hedge their CVA and a full version for those that do.

Revisions to the approach to Securities Financing Transactions (SFT's)

The approach noted above revises the approach to SFTs under master netting agreements to allow greater recognition of diversification.

In addition, there has been a separate regulatory development regarding non-centrally cleared SFTs. Other than those with specified counterparties, these will be subject to minimum haircut floors, and will be treated as uncollateralised where the floor is not met.

Fundamental Review of the Trading Book

CRR III implements FRTB as a binding requirement. Desk structures are expected to be significantly impacted and there is a strengthened trading vs non-trading book boundary.

Output Floor

Total RWEAs are floored at 72.5% of a firm's RWEAs under the standardised approaches (SA), this is phased in from 1 January 2025 with transitional multiplier increasing from 50% to 72.5% over 6 years.

Standardised Approach to Operational Risk

The new Standardised Approach replaces all the existing approaches in the Basel II framework (Basic Indicator Approach, the Standardised Approach and the Advanced Measurement Approach). The new standardised approach is based on a business indicator linked to the financial statements, the application of marginal coefficients which increase with size and an internal loss multiplier, which is expected to be set to 1.

Environmental, Social and Governance (ESG) Risks

A new harmonised definition of the risks has been developed and firms have new reporting requirements to comply with by 1 Jan 2025. Some amendments to weightings have been proposed in the EU.

Cryptoasset Exposures

The BCBS have published their final standard on the prudential treatment of Cryptoasset exposures. It divides cryptoassets into two broad groups:

- Group 1 consists of those that meet in full a set of classification conditions; and,
- Group 2 consists of those that fail to meet any of the classification conditions (such as unbacked cryptoassets and stablecoins with ineffective stabilisation mechanisms).

The final standard also sets out a number of areas that will be subject to further review: Statistical tests and redemption risk test; Permissionless blockchains; Group 1 cryptoassets received as collateral; Group 2 criteria and degree of hedge recognition; and Calibration of the Group 2 exposure limit.

Intermediate Parent Undertaking

As noted in the 2022 Financial Statements, the Group is subject to the intermediate parent undertaking (IPU) legal requirement under the Capital Requirements Directive IV as amended (CRD) for third-country financial services groups with more than one credit institution and/or investment firm in the EU and with more than €40bn of assets. Groups must hold all credit institutions and/or investment firms established in the EU under a single intermediate parent undertaking, itself established in the EU by 30 December 2023, unless a derogation is granted. The derogation permits groups to operate under two IPUs and must be applied for by the group and granted by the European Central Bank, following consultation with resolution authorities and other regulators, it is the intention of Citigroup to have two IPU's one for the bank chain being Citibank Europe plc and one for the broker dealer chain being Citigroup Global Markets Europe.

As part of IPU, CHIL will be reorganised, where the distribution of CHIL's holdings in CEP to Citi Overseas Holdings Bahamas Limited (COHBL) will be executed in October 2023. Additionally, the re-assignment of existing subordinated debt facilities (MREL) will take place during the same period. When completed it is the director's intention that CHIL will enter a member's voluntary liquidation.

The proposed changes to the ownership of CEP by CHIL are intra-group and do not involve a new entity entering the chain of ownership of CEP. The transaction merely changes the character of the qualifying holding held by COHBL (parent of CHIL) from being an indirect qualifying holding to being a direct qualifying holding.

CEP as the designated bank chain IPU will acquire from Citibank Overseas Investment Corporation "COIC" its 75% holding in Bank Handlowy w Warszawie "BHW" a sister bank located in Poland serving retail and institutional clients in the Poland market, thus aligning Citigroup's bank chain subsidiaries under one legal entity within the European Union. This transaction will be executed in November 2023.

The proposed transaction is subject to several risks and uncertainties which may impact the structure of transaction. These include satisfying relevant conditions precedent, obtaining regulatory and other approvals and other transaction execution risks and uncertainties. Accordingly, the proposed transaction is subject to change, however the Board is fully committed to ensuring that compliance with IPU rules is achieved by 31 December 2023.

Key Metrics

CEP's capital resources consist predominately of Common Equity Tier 1 (CET1) capital. As at December 2022, CEP's total capital ratio was 20.49%, which significantly exceeds the regulatory overall capital requirement of 14.27%, and the leverage ratio of 9.35% is significantly in excess of the 3.0% regulatory requirement.

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

		31 December 2022	30 September 2022	30 June 2022	31 March 2022	31 December 2021
		€ million	€ million	€ million	€ million	€ million
Available own funds						
1	Common Equity Tier 1 (CET1) capital	12,991	11,945	11,336	9,797	9,887
2	Tier 1 capital	12,991	11,945	11,336	9,797	9,887
3	Total capital	12,991	11,945	11,336	9,797	9,887
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	63,402	66,895	57,654	53,145	46,136
Capital ratios						
5	Common Equity Tier 1 ratio (%)	20.49%	17.86%	19.66%	18.43%	21.43%
6	Tier 1 ratio (%)	20.49%	17.86%	19.66%	18.43%	21.43%
7	Total capital ratio (%)	20.49%	17.86%	19.66%	18.43%	21.43%
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 (%)	2.50%	2.50%	2.50%	2.50%	2.70%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.41%	1.41%	1.41%	1.41%	1.52%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.88%	1.88%	1.88%	1.88%	2.03%
EU 7d	Total SREP own funds requirements (%)	10.50%	10.50%	10.50%	10.50%	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 (%)	0.27%	0.10%	0.06%	0.06%	0.05%
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%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	3.77%	3.60%	3.56%	3.56%	3.55%
EU 11a	Overall capital requirements (%)	14.27%	14.10%	14.06%	14.06%	14.25%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.58%	11.95%	13.76%	12.53%	15.41%
Leverage Ratio						
13	Total exposure measure	138,983	148,535	130,904	108,094	99,803
14	Leverage ratio (%)	9.35%	8.04%	8.66%	9.06%	9.91%
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)	31,012	28,022	26,165	24,923	24,660
EU 16a	Cash outflows - Total weighted value	33,369	31,370	29,232	27,578	26,281
EU 16b	Cash inflows - Total weighted value	10,947	10,437	9,816	9,169	8,319
16	Total net cash outflows (adjusted value)	22,422	20,933	19,416	18,409	17,962
17	Liquidity coverage ratio (%)	137.91%	133.78%	135.03%	135.71%	137.43%
Net Stable Funding Ratio						
18	Total available stable funding	37,837	34,699	33,246	30,475	29,736
19	Total required stable funding	22,732	24,432	25,284	24,449	22,718
20	NSFR ratio (%)	166.44%	142.02%	131.49%	124.65%	130.89%

Table 2: EU KM1 - Key Metrics template - CHIL

		31 December 2022	30 September 2022	30 June 2022	31 March 2022	31 December 2021
	Available own funds	€ million	€ million	€ million	€ million	€ million
1	Common Equity Tier 1 (CET1) capital	13,005	11,959	11,349	9,809	9,899
2	Tier 1 capital	13,005	11,959	11,349	9,809	9,899
3	Total capital	13,005	11,959	11,349	9,809	9,899
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	63,462	66,980	57,736	53,215	46,212
	Capital ratios					
5	Common Equity Tier 1 ratio (%)	20.49%	17.85%	19.66%	18.43%	21.42%
6	Tier 1 ratio (%)	20.49%	17.85%	19.66%	18.43%	21.42%
7	Total capital ratio (%)	20.49%	17.85%	19.66%	18.43%	21.42%
	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 (%)	2.50%	2.50%	2.50%	2.50%	2.70%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.41%	1.41%	1.41%	1.41%	1.52%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.88%	1.88%	1.88%	1.88%	2.03%
EU 7d	Total SREP own funds requirements (%)	10.50%	10.50%	10.50%	10.50%	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 (%)	0.27%	0.10%	0.05%	0.06%	0.05%
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%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	3.77%	3.60%	3.55%	3.56%	3.55%
EU 11a	Overall capital requirements (%)	14.27%	14.10%	14.05%	14.06%	14.25%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.59%	11.95%	13.75%	12.53%	15.40%
	Leverage Ratio					
13	Total exposure measure	139,045	148,629	130,992	108,177	99,885
14	Leverage ratio (%)	9.35%	8.05%	8.66%	9.07%	9.91%
	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)	31,012	28,022	26,165	24,923	24,660
EU 16a	Cash outflows - Total weighted value	33,370	31,371	29,236	27,582	26,282
EU 16b	Cash inflows - Total weighted value	10,947	10,437	9,816	9,169	8,319
16	Total net cash outflows (adjusted value)	22,423	20,934	19,421	18,414	17,963
17	Liquidity coverage ratio (%)	137.90%	133.77%	134.99%	135.67%	137.42%
	Net Stable Funding Ratio					
18	Total available stable funding	37,860	34,733	33,279	30,506	29,767
19	Total required stable funding	22,769	24,476	25,327	24,491	22,738
20	NSFR ratio (%)	166.28%	141.90%	131.40%	124.56%	130.91%

As at 31 December 2022, CEP's Total capital ratio stands at 20.49%, a decrease of 0.93% year on year. This is driven by a €17.3 billion rise in RWEA as a result of higher commercial loan exposures and Counterparty Credit Risk and an increase in Market Risk due to increase in the European Government bond portfolio, which was offset by a capital injection to support Markets business expansion in European Government Bonds trading.

CEP's leverage ratio decreased to 9.35% as at 31 December 2022, reflecting an increase in leverage exposures mainly attributed to a larger on-balance sheet and SFT assets, driven by Markets business expansion partially offset by the aforementioned increase in capital.

Movements in liquidity coverage ratio and net stable funding ratio are explained under table 45 and 46.

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, financial institutions, and fund managers. 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.

Against a backdrop of volatile geopolitical and macro-economic environment in 2022 and into 2023, CEP's overall risk profile remained largely stable driven by careful monitoring and active risk management of key internal and external factors. These factors included CEP's exposure, both directly and indirectly, to the Russia / Ukraine War, rising inflation and interest rates, and general market volatility. It also included managing an internal portfolio migration and associated operational risks. The market risk profile increased year on year following the ramp-up of a government bond trading portfolio on the legal entity during 2022. All material financial and non-financial Risk Appetite Statements operated 'within risk appetite'. As at 31 December 2022; CET1 was 20.49%, stable for the period; Leverage Ratio was 9.35%, stable; LCR was 137.91%, stable; NSFR 166.44%, stable for the period. All were above regulatory minimums. Refer to "Table 1" for selected metrics.

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 (the 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 proactively 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) and Business Risk and Controls Committee (BRCC).

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 2022 met on 11 occasions.

Risk Mission

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

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

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

Lines of Defence

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

- Each of CEP's business lines, CSC, Operations & Technology and Finance (**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, for establishing and operating controls to mitigate key risks, performing manager assessments of the design and effectiveness of internal controls, and promoting a culture of compliance and control;
- CEP's **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, challenging 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 Audit Committee; and,
- **Support Functions (HR and Legal)** do not meet the definition of front-line unit, independent risk management or internal audit. 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 and Independent Compliance Risk Management

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. The CEP CRO reports 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 and co-chairs the RMC.

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

Risk Management 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 Risk Management 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 Risk Management Framework outlines the risk governance structure in CEP, the core governance processes of CEP 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;
- 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;
- Assessing and challenging the CEP 3-Year Strategic Plan and providing a report outlining the results of that challenge to the Board on an annual basis;
- Enabling 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;
- Adopting 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,
- Monitoring CEP branch network to ensure all branches are operating in line with the CEP Risk Management 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, 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, facilitating proactive management and oversight:

- 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 Risk Appetite Statement (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

CEP identified the following risks as being material to its business for 2022:

Material Risk	Definition
Credit Risk	Credit risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honour its financial or contractual obligations.
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events
Compliance Risk	Compliance Risk is the risk to current or projected financial condition and resilience arising from violations of laws, rules, or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.
Liquidity Risk	Liquidity risk is the risk that the firm will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs.
Market Risk (Trading)	The risk of loss arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates, equity and commodity prices or credit spreads. Price Risk equates to Market Risk (Trading), as defined above, plus the Financial Statement Reporting Risks associated with independent price verification and profit attribution analysis captured under the Operational Risk category below.
Market Risk (Non-Trading)	The risk to current or projected financial condition and resilience arising from movements in interest rates resulting from repricing risk, basis risk, yield curve risk, and options risk.
Strategic Risk	Strategic Risk is: a) the risk of a sustained impact (not episodic impact) to the firm's core strategic objectives as measured by impacts on anticipated earnings, market capitalization, or capital, arising from the external factors affecting the Firm's operating environment; as well as. b) the risks associated with defining the strategy and executing the strategy, which are identified, measured, and managed as part of the Strategic Risk framework at the Enterprise Level.
Reputational Risk	Reputation risk is the risk to current or projected financial condition and resilience resulting from negative opinion held by key stakeholders
Inter-Affiliate Risk	Inter-Affiliate risk is the risk that CEP's financial position may be affected by its relationship with other entities within Citigroup.

Risk Profile

Against a backdrop of volatile geopolitical and macro-economic environment in 2022 and into 2023, CEP's overall risk profile remained largely stable driven by careful monitoring and active risk management of key internal and external factors. These factors included CEP's exposure, both directly and indirectly, to the Russia / Ukraine War, rising inflation and interest rates, and general market volatility. It also included managing an internal portfolio migration and associated operational risks. The market risk profile increased year on year following the ramp-up of a government bond trading portfolio on the legal entity during 2022. All material financial and non-financial Risk Appetite Statements operated 'within risk appetite'. As at 31 December 2022; CET1 was 20.49%, stable for the period; Leverage Ratio was 9.35%, stable; LCR was 137.91%, stable; NSFR 166.44%, stable for the period. All were above regulatory minimums. Refer to "Table 1" for selected metrics.

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 is 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 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 2023-2025 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 and quantitative metrics. It aims to support business growth whilst restricting any excessive accumulation of risk in CEP's risk profile.

The Risk Appetite Statement is embedded in CEP's corporate strategy and risk culture, and is continuously monitored and revised, with Board approval at least annually in line with the Strategic Plan, or more frequently as required.

In line with CEP's business model, with a balance sheet that is overall 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. Refer to "Table 1" for selected metrics.

Link to Financial Reporting

The Pillar 3 Disclosures at 31 December 2022 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 enables 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	Full Consolidation	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

This table provides a breakdown of how the carrying values under scope of regulatory consolidation amounts are allocated to the different risk frameworks laid out in Part Three of the CRR. This is split out into the parts subject to credit risk, counterparty credit risk ("CCR"), securitisation risk, market risk, and those parts not subject to capital requirements or deduction from capital. The row headings are consistent with the financial statements. The sum of amounts disclosed in columns (4) to (8) may not equal the amounts disclosed in column (3), as some items may be subject to capital requirements for more than one risk framework.

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				Not subject to own funds requirements or subject to deduction from own funds
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework ¹	Subject to the market risk framework	
Breakdown by asset classes according to the balance sheet in the published financial statements						
1 Cash and cash equivalents	30,859	30,859	-	-	-	-
2 Trading assets	9,277	-	-	-	9,277	-
3 Derivative financial instruments	20,952	-	20,952	-	20,952	-
4 Investment securities	8,506	8,506	0	-	-	-
5 Loans and advances to banks	12,631	1,242	11,389	-	-	-
6 Loans and advances to customers	28,955	18,769	10,185	-	10,185	-
8 Current tax asset	9,547	3,588	5,939	20	-	-
9 Other assets	13	-	-	-	-	13
10 Deferred tax assets	112	25	-	-	-	87
11 Property and equipment	171	171	-	-	-	-
12 Goodwill and Intangible assets	239	-	-	-	-	239
13 Total assets	121,262	63,161	48,465	20	40,414	340
Breakdown by liability classes according to the balance sheet in the published financial statements						
1 Deposits by banks	8,352	-	-	-	-	8,352
2 Customer accounts	46,008	-	-	-	-	46,008
3 Derivative financial instruments	21,418	-	21,418	-	21,418	-
4 Subordinated liabilities	4,176	-	-	-	-	4,176
5 Current tax liability	51	-	-	-	-	51
6 Provisions	122	-	-	-	-	122
7 Deferred tax liabilities	16	-	-	-	-	16
8 Other liabilities	27,905	-	10,141	-	16,872	27,905
9 Total liabilities	108,049	-	31,559	-	38,289	86,631

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

Assets and liabilities subject to capital requirements for more than one risk framework listed in Part Three of the CRR:

- Certain loans and advances to customers are subject to both credit risk and CCR framework
- Trading assets are subject to either credit risk (if non-trading book) or the market risk framework (if trading book)
- Certain derivative financial instruments are subject to the CCR and market risk framework

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

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.

€ 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)	120,923	63,161	20	48,465	40,414
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	21,418	-	-	31,559	38,289
3	Total net amount under the scope of prudential consolidation	99,505	63,161	20	16,907	2,125
4	Off-balance-sheet amounts	43,657	43,657	-	-	
5	Differences in valuations	(60)	-	-	(60)	
6	Differences due to different netting rules, other than those already included in row 2 ¹	(3,514)	-	-	(3,514)	
7	Differences due to consideration of provisions	(281)	(281)	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs) ²	(8,077)	(8,077)	-	-	
9	Differences due to credit conversion factors ³	(15,503)	(15,503)	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences ⁴	(1,353)	(1,353)	-	-	
12	Exposure amounts considered for regulatory purposes	97,081	81,604	20	13,333	2,125

¹Differences primarily attributable to carrying value for assets under IFRS differ from exposure for regulatory reporting purposes, such as modelled exposures, potential future exposure (PFE) for counterparty credit risk and netting under master netting agreement. Carrying value does not take into account Credit Risk Mitigation (CRM) or regulatory volatility adjustments such as currency and maturity mismatch.

²Credit Risk exposure value under the standardised approach is calculated after deducting credit risk mitigation, while accounting value is before such deductions.

³Regulatory exposure value for off-balance sheet items are calculated after the application of credit conversion factors in accordance with CRR.

⁴Other differences primarily include short term open trade receivables which are excluded from regulatory credit risk exposure calculation.

Own Funds

Capital Resources

Under CRD V, CHIL and CEP are 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 are comprised of the following distinct elements:

- Common Equity Tier 1 Capital, which includes ordinary share capital, share premium, retained earnings, accumulated other comprehensive income 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 show the regulatory capital resources of CHIL and CEP as at 31 December 2022 and 31 December 2021. 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 2022.

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 between CHIL and CEP, 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 2022 and 2021.

	31 December 2022	Reference to CC2 table	31 December 2021
	€ million		€ million
Common Equity Tier 1 (CET1) capital: Instruments and reserves			
1 Capital Instruments and the related share premium accounts	1,850	(a)	1,742
2 Retained earnings	8,520	(c)	7,039
3 Accumulated other comprehensive income (and other reserves)	1,863	(b)	533
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	981	(c)	926
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	13,214	(d)	10,240
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative value)	(60)		(30)
8 Intangible assets (net of related tax liability) (negative amount)	(87)	(f)	(75)
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(36)	(e)	-
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		(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)	(i)	(13)
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)
27a Other regulatory adjustments	(27)	(h)	(9)
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(223)		(353)
29 Common Equity Tier 1 (CET1) capital	12,991		9,887
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)	12,991		9,887
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)	12,991		9,887
60 Total risk exposure amount	63,402		46,136
Capital ratios and requirements including buffers			
61 Common Equity Tier 1	20.49%		21.43%
62 Tier 1	20.49%		21.43%
63 Total capital	20.49%		21.43%
64 Institution CET1 overall capital requirements	9.68%		9.57%
65 of which: capital conservation buffer requirement	2.50%		2.50%
66 of which: countercyclical capital buffer requirement	0.27%		0.05%
EU-67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.00%		1.00%
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.41%		1.52%
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	14.58%		15.41%
Amounts below the thresholds for deduction (before risk weighting)			
75 Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	203	(g)	-
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 2022 and 2021.

	31 December 2022	Reference to CC2 table	31 December 2021
	€ million		€ million
Common Equity Tier 1 (CET1) capital: Instruments and reserves			
1 Capital Instruments and the related share premium accounts	644	(a)	607
2 Retained earnings	8,754	(c)	7,258
3 Accumulated other comprehensive income (and other reserves)	2,834	(b)	1,448
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	982	(c)	927
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	13,215	(d)	10,240
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative value)	(60)		(30)
8 Intangible assets (net of related tax liability) (negative amount)	(87)	(f)	(75)
10 Deferred tax asset that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	36	(e)	-
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		(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)	-		-
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)
27a Other regulatory adjustments	(27)	(h)	(9)
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(210)		(340)
29 Common Equity Tier 1 (CET1) capital	13,005		9,899
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)	13,005		9,899
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)	13,005		9,889
60 Total risk exposure amount	63,462		46,212
Capital ratios and requirements including buffers			
61 Common Equity Tier 1	20.49%		21.42%
62 Tier 1	20.49%		21.42%
63 Total capital	20.49%		21.42%
64 Institution CET1 overall capital requirements	9.68%		9.57%
65 of which: capital conservation buffer requirement	2.50%		2.50%
66 of which: countercyclical capital buffer requirement	0.27%		0.05%
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 (O-SII) buffer requirement	1.00%		1.00%
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.41%		1.52%
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	14.59%		15.40%
Amounts below the thresholds for deduction (before risk weighting)			
75 Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	203	(g)	-
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)	-		-

CEP's Own Funds increased in 2022 by €3.1 billion mainly due to a USD capital injection to support the Markets business expansion in European Government Bonds trading.

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 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.

In € million	Balance sheet as in published financial statements	Reference
	As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the published financial statements		
1 Cash and cash equivalents	30,856	
2 Trading assets	9,277	
3 Derivative financial instruments	20,952	
4 Investment securities	8,506	
5 Loans and advances to banks	12,631	
6 Loans and advances to customers	28,896	
6a Of which Other regulatory adjustments	8	(h)
7 Shares in subsidiary undertakings	13	(i)
8 Other assets	9,547	
9 Current tax asset	13	
10 Goodwill and Intangible assets	112	
10a Of which Intangible assets (net of related tax liability) (negative amount)	87	(f)
11 Property and equipment	171	
12 Deferred tax assets	239	(e) + (g)
12a Of which Deferred tax assets that rely on future profitability excluding those arising from temporary differences	36	(e)
12b Of which Deferred tax assets arising from temporary differences	203	(g)
13 Total assets as at 31 December 2022	121,214	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1 Deposits by banks	8,305	
2 Customer accounts	46,008	
3 Derivative financial instruments	21,418	
3a Of which Other regulatory adjustments	19	(h)
4 Subordinated liabilities	4,176	
5 Current tax liability	51	
6 Provisions	122	
7 Deferred tax liabilities	16	
8 Other liabilities	27,903	
9 Total liabilities as at 31 December 2022	107,999	
Shareholders' Equity		
1 Share capital	10	(a)
2 Share premium account	1,840	(a)
3 Other reserves (net) ¹	1,877	
3a of which Accumulated other comprehensive income ("AOCI") (and other reserves)	1,863	(b)
4 Retained earnings ¹	9,487	
4a of which Retained earnings	8,520	(c)
4b of which Independently reviewed interim profits net of any foreseeable charge or dividend	981	(c)
5 Total shareholders' equity as at 31 December 2022	13,214	(d)

¹ Regulatory own funds AOCI includes life-to-date pensions liabilities, however this is included in the Retained Earnings in the Balance sheet equities.

Table9: EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements – CHIL

This table provides a reconciliation of 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

In € million	Balance sheet as in published financial statements	Reference
	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1 Cash and cash equivalents	30,859	
2 Trading assets	9,277	
3 Derivative financial instruments	20,952	
4 Investment securities	8,506	
5 Loans and advances to banks	12,631	
6 Loans and advances to customers	28,955	
6a Of which Other regulatory adjustments	19	(h)
7 Other assets	9,547	
8 Current tax asset	13	
9 Goodwill and Intangible assets	112	
9a Of which Intangible assets (net of related tax liability) (negative amount)	87	(f)
10 Property and equipment	171	
11 Deferred tax assets	239	(e) + (g)
11a Of which Deferred tax assets that rely on future profitability excluding those arising from temporary differences	36	(e)
11b Of which Deferred tax assets arising from temporary differences	203	(g)
12 Total assets as at 31 December 2022	121,262	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1 Deposits by banks	8,352	
2 Customer accounts	46,008	
3 Derivative financial instruments	21,418	
3a Of which Other regulatory adjustments	8	(h)
4 Subordinated liabilities	4,176	
5 Current tax liability	51	
6 Provisions	122	
7 Deferred tax liabilities	16	
8 Other liabilities	27,905	
9 Total liabilities as at 31 December 2022	108,049	
Shareholders' Equity		
1 Share capital	0	(a)
2 Share premium account	644	(a)
3 Other reserves (net) ¹	2,848	
3a of which Accumulated other comprehensive income (AOCI) (and other reserves)	2,834	(b)
4 Retained earnings ¹	9,722	
4a of which Retained earnings	8,754	(c)
4b of which Independently reviewed interim profits net of any foreseeable charge or dividend	982	(c)
5 Total shareholders' equity as at 31 December 2022	13,215	(d)

¹ Regulatory own funds AOCI includes life-to-date pensions liabilities, however this is included in the Retained Earnings in the Balance sheet equities.

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 (RWEA).

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 RWEAs) and the Pillar 2R. The Pillar 2 was 2.5% as at 31 December 2022.

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

Risk	Definitions	Regulatory Exposure Approach	Risk Weight Assets (RWEA) 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.	
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.	CEP uses the standardised approach to determine credit and counterparty credit risk capital requirements, based on External Credit Assessment Institution (ECAI) ratings for calculating RWEAs
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 utilizing 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 trunched, 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 Standardised 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 notional 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 standardised approach, under which, activities are divided into individual business lines for calculation of operational risk	CEP's operational risk is calculated under the standardised approach.

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

		31 December 2022	31 December 2021	31 December 2022
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	Credit risk (excluding CCR)	38,115	33,373	3,049
2	Of which the standardised approach	38,115	33,373	3,049
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	5,655	4,943	452
7	Of which the standardised approach	1,335	1,130	107
8	Of which internal model method (IMM)	3,016	2,665	241
EU 8a	Of which exposures to a CCP	77	342	6
EU 8b	Of which credit valuation adjustment - CVA	1,210	716	97
9	Of which other CCR	17	90	1
15	Settlement risk	23	0	2
16	Securitisation exposures in the non-trading book (after the cap)	3	4	0
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	1	2	0
19	Of which SEC-SA approach	2	2	0
EU 19a	Of which 1250%	-	-	-
20	Position, foreign exchange and commodities risk (Market risk)	14,613	3,486	1,169
21	Of which the standardised approach	6,380	1,354	510
22	Of which IMA	8,232	2,131	659
EU 22a	Large exposures¹	-	-	-
23	Operational risk	4,992	4,331	399
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	4,992	4,331	399
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	509	-	41
29	Total	63,402	46,136	5,072

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

		31 December 2022	31 December 2021	31 December 2022
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	Credit risk (excluding CCR)	38,176	33,449	3,054
2	Of which the standardised approach	38,176	33,449	3,054
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	5,655	4,943	452
7	Of which the standardised approach	1,335	1,130	107
8	Of which internal model method (IMM)	3,016	2,665	241
EU 8a	Of which exposures to a CCP	77	342	6
EU 8b	Of which credit valuation adjustment - CVA	1,210	716	97
9	Of which other CCR	17	90	1
15	Settlement risk	23	0	2
16	Securitisation exposures in the non-trading book (after the cap)	4	4	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	2	-
19	Of which SEC-SA approach	1	2	-
EU 19a	Of which 1250%	-	-	-
20	Position, foreign exchange and commodities risk (Market risk)	14,612	3,486	1,169
21	Of which the standardised approach	6,380	1,354	510
22	Of which IMA	8,232	2,131	659
EU 22a	Large exposures¹	-	-	-
23	Operational risk	4,992	4,331	399
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	4,992	4,331	399
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	509	-	41
29	Total	63,462	46,212	5,077

¹Large Exposure (LEX) capital requirements are calculated on the trading book excess. As at 31 December 2022 CEP had no LEX related RWEA.

Credit Risk

RWEA increased by €4.7 billion primarily due to an increase in the commercial loans portfolio.

Counterparty Credit Risk

RWEA increased by €0.7 billion as the result of an increase in derivatives exposures due to increased trade volumes with further effect from the increase of alpha factor used for the RWEA calculation.

Operational Risk

RWEA increased by €0.7 billion due to increasing revenues and EUR/USD FX rate movements.

Market Risk

RWEA increased by €11.1 billion across both standardised and modelled approach due to the continued growth of the European Government Bond business for CEP.

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

This table presents a flow statement explaining changes in the CCR RWEAs under the IMM calculation. For completeness, this table is only disclosed at the CHIL level, as there was no difference between CHIL's and CEP's IMM RWEA as at 31 December 2022.

	RWEA € million
1 RWEA as at 31 December 2021	2,682
2 Asset size	(177)
3 Credit quality of counterparties	(5)
4 Model updates (IMM only)	457
5 Methodology and policy (IMM only)	86
6 Acquisitions and disposals	-
7 Foreign exchange movements	-
8 Other	-
9 RWEA as at 31 December 2022	3,044

CEP's CCR RWEAs under IMM increased by €0.4 billion, out of that €0.2 billion is driven by the increase of the alpha factor used for the calculation as imposed by the ECB for CEP, the remaining €0.2 billion is driven by the increase in trade volumes (+10% on trade count, 26% on notional).

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

This table presents a flow statement explaining variations in the market risk RWEAs. For completeness, this table is only disclosed at the CHIL level, as there was no difference between CHIL's and CEP's IMA RWEA as at 31 December 2022.

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1 RWEAs as at 31 December 2021	462	958	711	-	-	2,131	171
1a Regulatory adjustment	(109)	(226)	-	-	-	(335)	(27)
1b RWEAs at 31 December 2021 (end of the day)	353	732	711	-	-	1,797	144
2 Movement in risk levels	51	99	(151)	-	-	(1)	0
3 Model updates/changes	20	107	-	-	-	127	10
4 Methodology and policy	-	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-	-
6 Foreign exchange movements	26	58	35	-	-	119	10
7 Other	-	-	-	-	-	-	-
8a RWEAs at 31 December 2022 (end of the day)	451	996	594	-	-	2,041	163
8b Regulatory adjustment	1,557	3,946	688	-	-	6,191	495
8 RWEAs as at 31 December 2022	2,008	4,943	1,282	-	-	8,232	659

CEP calculated market risk exposure under the IMA increased primarily due to the aforementioned growth in the European Government Bond business.

Capital Buffers

As at 31 December 2022, CEP's combined buffer requirement includes a capital conservation buffer of 2.5%, a countercyclical buffer requirement of 0.27% 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 (GDP) 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 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 Capital Management 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,
- An Outline of 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 Board 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. A binding minimum requirement of 3% became effective from 28 June 2021.

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 9.35% as at 31 December 2022.

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

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 2022	31 December 2021
		€ million	€ million
1	Total assets as per published financial statements	121,214	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	(76)	(27)
7	Adjustment for eligible cash pooling transactions	(178)	(435)
8	Adjustments for derivative financial instruments	(10,296)	(631)
9	Adjustment for securities financing transactions (SFTs)	5,162	(314)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	28,245	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	(5,089)	(3,527)
13	Total exposure measure	138,983	99,803

Table 15: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures – CHIL

		31 December 2022	31 December 2021
		€ million	€ million
1	Total assets as per published financial statements	121,263	79,748
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	264	-
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	(76)	(27)
7	Adjustment for eligible cash pooling transactions	(178)	(435)
8	Adjustments for derivative financial instruments	(10,296)	(631)
9	Adjustment for securities financing transactions (SFTs)	5,162	(314)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	28,245	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	(5,076)	(3,515)
13	Total exposure measure	139,045	99,885

Table 16: EU LR2 - LRCom: Leverage ratio common disclosure – CEP

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

		31 December 2022 € million	31 December 2021 € million
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	78,493	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)	(4,723)	(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)	(144)	(306)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	73,625	51,686
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	3,168	3,191
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	6,755	6,725
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
11	Adjusted effective notional amount of written credit derivatives	10,869	7,174
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(10,137)	(6,132)
13	Total derivatives exposures	10,656	10,958
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	21,694	12,799
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	4,260	(490)
16	Counterparty credit risk exposure for SFT assets	902	176
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures	26,856	12,485
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	44,018	39,707
20	(Adjustments for conversion to credit equivalent amounts)	(15,773)	(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	28,245	25,053
Excluded exposures			
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(399)	(379)
EU-22k	(Total exempted exposures)	(399)	(379)
Capital and total exposure measure			
23	Tier 1 capital	12,991	9,887
24	Total exposure measure	138,983	99,803
Leverage ratio			
25	Leverage ratio	9.35%	9.91%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.35%	9.91%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.35%	9.91%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	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	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	32,237	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	25,954	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)	145,266	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)	145,266	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)	8.94%	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)	8.94%	10.16%

Table 17: EU LR2 - LRCom: Leverage ratio common disclosure – CHIL

		31 December 2022	31 December 2021
		€ million	€ million
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	78,541	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)	(4,723)	(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)	(131)	(294)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	73,687	51,762
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	3,168	3,191
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	6,755	6,725
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
11	Adjusted effective notional amount of written credit derivatives	10,869	7,174
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(10,137)	(6,132)
13	Total derivatives exposures	10,656	10,958
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	21,694	12,799
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	4,260	(490)
16	Counterparty credit risk exposure for SFT assets	902	176
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures	26,856	12,485
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	44,018	39,719
20	(Adjustments for conversion to credit equivalent amounts)	(15,773)	(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	28,245	25,059
Excluded exposures			
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(399)	(379)
EU-22k	(Total exempted exposures)	(399)	(379)
Capital and total exposure measure			
23	Tier 1 capital	13,005	9,899
24	Total exposure measure	139,045	99,885
Leverage ratio			
25	Leverage ratio	9.35%	9.91%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.35%	9.91%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.35%	9.91%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	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	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	32,237	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	25,954	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)	145,328	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)	145,328	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)	8.95%	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)	8.95%	10.16%

CEP's and CHIL's leverage ratio decreased to 9.35% as at 31 December 2022, primarily due to an increase in leverage exposures attributed to higher on-balance sheet assets in the trading book and an increase in SFT exposures, while total capital increased by €3.1 billion mainly due to a capital injection of USD to support the Markets business expansion in European Government Bonds trading.

Table 18: EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) – CEP

		31 December 2022	31 December 2021
		CRR leverage ratio exposures	
		€ million	€ million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	73,370	51,613
EU-2	Trading book exposures	16,597	3,923
EU-3	Banking book exposures, of which:	56,773	47,690
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	30,773	26,215
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	86	277
EU-7	Institutions	4,061	4,699
EU-8	Secured by mortgages of immovable properties	1,130	1,044
EU-9	Retail exposures	-	-
EU-10	Corporates	15,510	13,738
EU-11	Exposures in default	123	15
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	5,091	1,701

Table 19: EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) – CHIL

		31 December 2022	31 December 2021
		CRR leverage ratio exposures	
		€ million	€ million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	73,419	51,677
EU-2	Trading book exposures	16,597	3,923
EU-3	Banking book exposures, of which:	56,822	47,754
EU-4	Covered bonds	0	0
EU-5	Exposures treated as sovereigns	30,773	26,215
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	86	277
EU-7	Institutions	4,064	4,713
EU-8	Secured by mortgages of immovable properties	1,130	1,044
EU-9	Retail exposures	0	0
EU-10	Corporates	15,569	13,802
EU-11	Exposures in default	123	15
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	5,078	1,688

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.

CHIL and CEP are deemed Relevant Legal Entities as per the Single Resolution Board (SRB) MREL policy published in June 2022; and CEP is subject to an internal MREL requirement. As of 1 January 2022, CHIL and CEP have been required to comply with an intermediate binding requirement of 18.71% (plus its combined buffer requirement “CBR,” which was at 3.77% as at 31 Dec 2022) of Total Risk Exposure Amount (TREA) and 5.87% of Leverage Ratio Exposure (LRE), as communicated by the SRB. The MREL requirement will increase to 23.12% of TREA (plus an estimated CBR of 4.23%) and 5.89% of LRE by 1 Jan 2024.

TLAC

Under the CRR II, firms that are material subsidiaries of non-EU Global Systemically Important Institutions (non-EU G-SIIs) per the CRR definition are subject to an internal minimum amount of Total Loss-Absorbing Capacity (iTLAC). As at 31 December 2022, CHIL and CEP meet the definition of material subsidiary as per Art 4(135) of CRR, hence are now also subject to the iTLAC requirements in addition to the MREL requirements under BRRD II.

Both CHIL and CEP have an iTLAC requirement of 16.2% (plus its CBR) of TREA, and 6.075% of LRE, in line with Article 92(b) of the Capital Requirements Regulation (CRR). CHIL and CEP's Eligible Liabilities are currently structured and documented in such a way to satisfy both the CRR TLAC and BRRD MREL requirements.

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

Table 20: 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)			Y
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
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)	13,005	13,005	
EU 4	Eligible Additional Tier 1 instruments	0	0	
EU 5	Eligible Tier 2 instruments	0	0	
EU 6	Eligible own funds	13,005	13,005	
EU 7	Eligible liabilities	4,176	4,176	
EU 8	Of which permitted guarantees	0		
EU 9a	(Adjustments)	0		
EU 9b	Own funds and eligible liabilities items after adjustments	17,181	17,181	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	63,462	63,462	
EU 11	Total exposure measure	139,045	139,045	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	27.07%	27.07%	
EU 13	>>> of which permitted guarantees	0		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	12.36%	12.36%	
EU 15	>>> of which permitted guarantees	0		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	8.36%	8.36%	
EU 17	Institution-specific combined buffer requirement		0.99%	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	22.48%	16.20%	
EU 19	>>> of which may be met with guarantees	-		
EU 20	Internal MREL expressed as percentage of the total exposure measure	5.87%	6.08%	
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		91,908	

Table 21: 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)			Y
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			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)	12,991	12,991	
EU 4	Eligible Additional Tier 1 instruments	0	0	
EU 5	Eligible Tier 2 instruments	0	0	
EU 6	Eligible own funds	12,991	12,991	
EU 7	Eligible liabilities	4,176	4,176	
EU 8	Of which permitted guarantees	0		
EU 9a	(Adjustments)	0		
EU 9b	Own funds and eligible liabilities items after adjustments	17,168	17,168	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	63,402	63,402	
EU 11	Total exposure measure	138,983	138,983	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	27.08%	27.08%	
EU 13	>>> of which permitted guarantees	0		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	12.35%	12.35%	
EU 15	>>> of which permitted guarantees	0		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	8.37%	8.37%	
EU 17	Institution-specific combined buffer requirement		1.00%	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	22.48%	16.20%	
EU 19	>>> of which may be met with guarantees	-		
EU 20	Internal MREL expressed as percentage of the total exposure measure	5.87%	6.08%	
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		91,860	

Table 22: EU TLAC2a - 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	-	Subordinated claims	
3	Liabilities and own funds including derivative liabilities	-	12,991	-	4,176	17,168
4	of which excluded liabilities	-	-	-	-	-
5	Liabilities and own funds less excluded liabilities	-	12,991	-	4,176	17,168
6	Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of internal TLAC & internal MREL.	-	12,991	-	4,176	17,168
7	of which residual maturity ≥ 1 year < 2 years	-	-	-	-	-
8	of which residual maturity ≥ 2 year < 5 years	-	-	-	676	676
9	of which residual maturity ≥ 5 years < 10 years	-	-	-	3,500	3,500
10	of which residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
11	of which perpetual securities	-	12,991	-	-	12,991

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 arises as a result of market sales and trading business activities including:

- Capital Markets OTC (Over-the-Counter) Derivatives;
- Secured Financing Transactions (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 is involved in underwriting applications for lines of credit, along with conducting regular (at least annual) assessments and evaluations of material obligors.

The second line of defence comes through the responsibility for oversight and challenge of these risks by Independent Risk Management led by the CEP CRO. CEP's Head of Credit Risk reports to the 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 New Activity 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 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 supplements 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, ExCo, the BRC and Board on the Credit risk portfolio which also outline adherence to agreed limits.

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 Audit Committee.

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;
- the creditworthiness of the counterparty; and,
- the amount of exposure at risk.

The process applies to all counterparty credit risk products – including 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 risk ratings are the starting point in establishing credit assessments, a range of factors, such as quality of management, strategy, client scale, industry, and regulatory environment, are also taken into consideration for obligor limits and approvals. 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. CEP Credit Risk conducts daily monitoring versus limits and any issues are escalated to credit officers and business management as appropriate.

Stress Testing

In CEP, stress testing is integrated into CEP's risk management processes and supports business strategic decisions. The stress test programme:

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

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 RWEA. 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 Internal Model Method (IMM) where eligible as per model permission, and the Standardised Approach (SA-CCR) for the rest of the population, to measure the exposure of a derivative contract in the case of a counterparty default. Exchange Traded Derivatives (ETDs) are not eligible for IMM, they are measured under SA-CCR. With IMM, exposure values are calculated using an internal risk model that assesses the distribution of future positive market values of derivatives based on modelled market price movements. SA-CCR assigns to each transaction a regulatory stipulated exposure based on the mark-to-market value and a measure of potential future exposure which is mainly dependant on notional, 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 important to CEP in the effective management of its counterparty and credit risk exposures where such techniques are employed. 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. 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.

Collateral

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; and,
- **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 U.S. Treasury, OECD Government or U.S. Agency bonds, there were no other material concentrations of collateral as at 31 December 2022.

Counterparty Risk

CEP adopts Citi policies and procedures in respect of the management and governance of Counterparty Risk, 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 generally 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, dependent on the agreed counterparty ISDA terms. 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, to mitigate price volatility and liquidity risk of the collateral. 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 and 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 3 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.

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 IFRS 9 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.

Credit Risk Profile

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

These tables detail CHIL's credit risk profile focusing on the on-balance sheet and off-balance sheet exposures that are not held for sale. As of 31 December 2022, for these exposures the gross carrying amount of

CHIL's and CEP's total on-balance sheet and off-balance sheet exposures were €124.75 billion and €124.69 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 23: Template EU CQ1: Credit quality of forborne exposures

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 collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	58	47	47	47	(4)	(11)	13	7
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	55	46	46	46	(3)	(11)	11	7
070	Households	3	0	0	0	(1)	(0)	2	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	244	0	0	0	21	0	-	-
100	Total as at 31 December 2022	302	47	47	47	17	(11)	13	7

€ 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 collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
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

There was a total of €0.1 billion decrease across performing and non-performing forborne exposures, with the majority of the decrease being attributed to Loans and Advances Non-Financial corporation section.

Table 24: Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

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	30,854	30,854	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	41,339	41,247	92	406	370	26	10	-	0	1	-	406
020	Central banks	3,111	3,111	-	-	-	-	-	-	-	-	-	-
030	General governments	242	242	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	9,573	9,573	-	15	12	3	-	-	-	-	-	15
050	Other financial corporations	11,245	11,245	-	0	0	-	-	-	-	-	-	0
060	Non-financial corporations	16,167	16,074	92	391	358	23	10	-	-	1	-	391
070	Of which SMEs	232	232	-	10	9	1	0	-	-	-	-	10
080	Households	1,001	1,001	-	0	0	-	-	-	-	-	-	0
090	Debt securities	8,349	8,349	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	7,989	7,989	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	360	360	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	43,709			92								92
160	Central banks	0			-								-
170	General governments	14			-								-
180	Credit institutions	2,063			15								15
190	Other financial corporations	12,156			-								-
200	Non-financial corporations	29,335			77								77
210	Households	141			-								-
220	Total as at 31 December 2022	124,251	80,450	92	498	370	26	10	-	-	1	-	498

Table 24: Template EU CQ3: Credit quality of performing and non-performing exposures by past due days (continued)

€ 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	28,349	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

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' divided by the sum of performing and non-performing exposure on 'Loans and advances'. CEP's gross non-performing ratio is 0.97% as at 31 December 2022.

Gross carrying amount of on and off-balance sheet exposures for loans and debt securities increased €18.7 billion year on year. The increase attributed to higher exposures to non-financial corporations, other-financial corporations.

Table 25: Template EU CR1: Performing and non-performing exposures and related provisions

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					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		Accumulated partial write-off	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	30,854	30,854	-	-	-	(3)	(3)	-	-	-	-	-	-	
010	Loans and advances	41,339	37,951	3,389	406	406	(104)	(27)	(77)	(56)	(56)	-	23,355	14	
020	Central banks	3,111	3,111	-	-	-	(0)	(0)	-	-	-	-	2,835	-	
030	General governments	242	237	5	-	-	(0)	(0)	(0)	-	-	-	15	-	
040	Credit institutions	9,573	9,307	266	15	15	(8)	(4)	(4)	(5)	(5)	-	8,461	-	
050	Other financial corporations	11,245	11,109	137	0	0	(2)	(1)	(1)	(0)	(0)	-	9,731	-	
060	Non-financial corporations	16,167	13,280	2,887	391	391	(85)	(18)	(67)	(51)	(51)	-	1,673	14	
070	Of which SMEs	232	175	57	10	10	(2)	(1)	(1)	(4)	(4)	-	144	3	
080	Households	1,001	907	94	0	0	(9)	(4)	(5)	(0)	(0)	-	641	-	
090	Debt securities	8,349	8,349	-	-	-	(3)	(3)	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	7,989	7,989	-	-	-	(3)	(3)	-	-	-	-	-	-	
120	Credit institutions	360	360	-	-	-	(0)	(0)	-	-	-	-	-	-	
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance-sheet exposures	43,709	40,331	3,378	92	92	98	25	73	16	16		-	-	
160	Central banks	0	-	0	-	-	0	-	0	-	-		-	-	
170	General governments	14	14	0	-	-	0	0	0	-	-		-	-	
180	Credit institutions	2,063	1,636	427	15	15	6	3	3	1	1		-	-	
190	Other financial corporations	12,156	12,011	145	-	-	5	2	3	-	-		-	-	
200	Non-financial corporations	29,335	26,534	2,801	77	77	87	20	67	15	15		-	-	
210	Households	141	137	4	-	-	0	0	0	-	-		-	-	
220	Total as at 31 December 2022	124,251	117,484	6,766	498	498	(12)	(8)	(4)	(40)	(40)	-	23,355	14	

Table 25: Template EU CR1: Performing and non-performing exposures and related provisions (continued)

€ 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 26: 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				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
		Of which non-performing		Of which subject to impairment				
			Of which defaulted					
10	On-balance-sheet exposures	50,095	-	-	-	(163)		-
20	FRANCE	11,631	-	-	-	(31)		-
30	UNITED KINGDOM	10,520	-	-	-	(9)		-
40	UNITED STATES	6,568	-	-	-	(4)		-
50	ITALY	4,021	-	-	-	(8)		-
60	SPAIN	1,748	-	-	-	(8)		-
70	CZECH REPUBLIC	1,515	-	-	-	(2)		-
80	ROMANIA	1,330	-	-	-	(6)		-
90	NETHERLANDS	1,125	-	-	-	(0)		-
100	GERMANY	1,110	-	-	-	(8)		-
110	LUXEMBOURG	1,108	-	-	-	(34)		-
120	Other countries	9,420	-	-	-	(53)		-
130	Off-balance-sheet exposures	43,801	-	-	-		115	
140	FRANCE	10,532	-	-	-		21	
150	GERMANY	5,759	-	-	-		12	
160	BERMUDA	4,481	-	-	-		4	
170	NETHERLANDS	3,148	-	-	-		8	
180	SPAIN	2,629	-	-	-		11	
190	UNITED KINGDOM	2,528	-	-	-		4	
200	SWITZERLAND	2,067	-	-	-		4	
210	UNITED STATES	2,021	-	-	-		15	
220	IRELAND	1,805	-	-	-		9	
230	FINLAND	1,016	-	-	-		1	
240	Other countries¹	7,813	-	-	-		27	
250	Total	93,895	-	-	-	(163)	115	-

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

Table 27: 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			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing	Of which loans and advances subject to impairment				
			Of which defaulted				
010	Agriculture, forestry and fishing	12	-	-	12	(0)	-
020	Mining and quarrying	219	0	0	219	(0)	-
030	Manufacturing	7,189	19	19	7,189	(29)	-
040	Electricity, gas, steam and air conditioning supply	399	-	-	399	(1)	-
050	Water supply	7	-	-	7	(0)	-
060	Construction	139	1	1	139	(1)	-
070	Wholesale and retail trade	2,183	14	14	2,183	(17)	-
080	Transport and storage	454	5	5	454	(5)	-
090	Accommodation and food service activities	267	184	184	267	(21)	-
100	Information and communication	1,468	86	86	1,468	(29)	-
110	Financial and insurance activities	1,815	76	76	1,463	(20)	-
120	Real estate activities	1,174	-	-	1,023	(1)	-
130	Professional, scientific and technical activities	545	1	1	545	(1)	-
140	Administrative and support service activities	633	6	6	628	(10)	-
150	Public administration and defence, compulsory social security	0	-	-	0	-	-
160	Education	3	-	-	3	(0)	-
170	Human health services and social work activities	1	-	-	1	(0)	-
180	Arts, entertainment and recreation	46	-	-	46	(1)	-
190	Other services	5	-	-	5	(0)	-
200	Total	16,558	391	391	16,049	(136)	-

Table 28: EU CR1-A: Maturity of exposures

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

€ million	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
1 Loans and advances	-	35,248	5,525	813	-	41,586
2 Debt securities	-	1,721	6,596	29	-	8,346
3 Total	-	36,969	12,121	842	-	49,932

Credit Risk Mitigation (CRM)

Table 29: 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			Total
			Of which secured by collateral	Of which secured by financial guarantees Of which secured by credit derivatives	
1 Loans and advances	49,365	23,071	23,071	298	-
2 Debt securities	8,346	-	-	-	-
3 Total as at 31 December 2022	57,711	23,071	23,071	298	-
4 Of which non-performing exposures	342	8	8	-	-
5 Of which defaulted	342	8	-	-	-

Table 30: EU CR4 – Standardised approach – Credit risk exposure and CRM effects 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. RWEA density is expressed as total risk weighted exposures divided by exposures post-CCF and post-CRM.

Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWEAs and RWEA 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
1 Central governments or central banks	36,245	8	36,553	182	519	1.41%
2 Regional government or local authorities	2	-	2	-	-	20.00%
3 Public sector entities	25	136	25	68	14	14.99%
4 Multilateral development banks	506	5	506	2	83	16.38%
5 International organisations	827	-	827	-	-	0.00%
6 Institutions	4,064	1,330	4,064	922	2,491	49.95%
7 Corporates	16,192	40,298	15,224	18,570	30,675	90.77%
8 Retail	-	-	-	-	-	-
9 Secured by mortgages on immovable property	1,130	231	1,130	115	1,245	100.00%
10 Exposures in default	123	30	121	16	201	145.54%
11 Exposures associated with particularly high risk	704	998	675	641	1,975	150.00%
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	1,438	869	1,436	500	948	48.99%
16 Other items	25	-	25	-	25	100.00%
17 Total as at 31 December 2022	61,281	43,904	60,589	21,015	38,176	46.78%

Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWEAs and RWEAs 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
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	-	-	-	0	-	-
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%
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%

RWEA density decreased by 3.42% 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, Dominion Bond Rating Service (DBRS) 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 31 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 32 below sets out a simplified summary of how credit quality is linked to risk weighting.

Table 31: Credit Quality Assessment Scale

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

Table 32: EU CR5 - Standardised approach

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	36,505	-	8	-	17	-	-	-	36,735	-
2	Regional government or local authorities	-	-	2	-	-	-	-	-	2	-
3	Public sector entities	23	-	69	-	-	-	-	-	92	1
4	Multilateral development banks	425	-	-	-	-	-	83	-	509	83
5	International organisations	827	-	-	-	-	-	-	-	827	20
6	Institutions	-	-	730	-	3,822	-	434	-	4,986	67
7	Corporates	-	-	1,783	-	3,790	-	27,814	406	33,793	19,993
8	Retail	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	1,245	-	1,245	1,245
10	Exposures in default	-	-	-	-	-	-	12	126	138	73
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	1,316	1,316	688
13	Institutions and corporates with a short-term credit assessment	-	-	1,244	-	309	-	59	324	1,936	-
15	Equity	-	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-	25	-	25	25
17	Total as at 31 December 2022	37,782	-	3,836	-	7,938	-	29,673	2,172	81,604	22,196

		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	0
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	355	5,328	428
7	Corporates	-	-	1,036	-	4,048	-	24,061	-	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
13	Institutions and corporates with a short-term credit assessment	-	-	1,044	-	142	-	942	-	2,128	-
15	Equity	-	-	-	-	-	-	0	-	0	-
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

Credit risk exposures under the standardised approach increased by €15.0 billion primarily in the 0% risk weight band related to Central Bank Deposit increases mainly in Deutsche Bundesbank-Frankfurt Am Main-Head Office, Banque de France-Paris Head Office and Central Bank of Ireland-Dublin Head Office.

Counterparty Credit Risk (“CCR”)

CCR 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 Exposure at Default (“EAD”) used to determine these requirements are described below.

Risk Category	Methods for Calculating Exposure	Application
Derivatives	SA-CCR	The exposure amount for a derivative contract is equal to an alpha factor of 1.4 multiplied by the sum of the replacement cost and the PFE of the netting set. The PFE portion consists of a multiplier and an aggregate add-on, which is derived from add-ons developed for each asset class. SA-CCR differentiates between margined and non-margined trades and recognizes netting benefits. This method applies to all derivatives not calculated under IMM.
	IMM	IMM applies to all derivatives provided for in the ECB modelled permission. These derivative exposures are calculated as the supervisory alpha factor of 1.5 multiplied by the Effective Expected Positive Exposure (EEPE), modelled using the Monte Carlo simulation.
SFTs	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 33: EU CCR1 – Analysis of CCR exposure by approach

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
EU1	EU – Original Exposure Method (for derivatives)	-	-	-	1.4	-	-	-	-
EU2	EU – Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	292	1,197	-	1.4	5,312	2,133	2,130	1,335
2	IMM (for derivatives and SFTs)	-	-	3,477	1.5	13,183	5,215	5,187	3,016
2b	Of which derivatives and long settlement transactions netting sets	-	-	3,477	-	13,183	5,215	5,187	3,016
3	Financial collateral simple method (for SFTs)	-	-	-	-	-	-	-	-
4	Financial collateral comprehensive method (for SFTs)	-	-	-	-	11,240	2,928	2,928	16
5	VaR for SFTs	-	-	-	-	-	-	-	-
6	Total as at 31 December 2022	-	-	-	-	29,734	10,276	10,245	4,366

		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
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
2b	Of which derivatives and long settlement transactions netting sets	-	-	2,765	-	10,862	3,963	3,856	2,665
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

CCR RWEA excluding exposures to CCPs increased €0.5 billion compared to prior year end primarily as the result of the increase in alpha factor for IMM derivatives and the increase in derivative exposures.

Table 34: EU CCR2 – Transactions subject to own funds requirements for CVA risk

This table provides the regulatory calculations for CVA.

	31 December 2022		31 December 2021	
	Exposure value	RWEA	Exposure value	RWEA
	€ million	€ million	€ million	€ million
1 Total transactions subject to the Advanced method	2,378	389	1,312	476
2 (i) VaR component (including the 3× multiplier)		130		123
3 (ii) stressed VaR component (including the 3× multiplier)		259		353
4 Transactions subject to the Standardised method	1,288	821	367	240
EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-	-	-
5 Total transactions subject to own funds requirements for CVA risk	3,666	1,210	1,679	716

Increase is mainly driven by increase in trade volumes with intercompany clients, and by starting to calculate standardised CVA on US based intercompany clients in accordance with the EBA's announcement regarding equivalence.

Table 35: EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

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								Total
	0%	2%	4%	20%	50%	100%	150%	Others	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Central governments or central banks	3,129	-	-	16	73	-	-	-	3,218
Regional government or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	10	-	-	274	-	-	-	-	284
Multilateral development banks	234	-	-	-	-	-	-	-	234
International organizations	115	-	-	-	-	-	-	-	115
Institutions	-	2,923	165	593	2,550	91	-	-	6,323
Corporates	-	-	-	91	722	1,972	10	-	2,795
Retail	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	62	45	0	4	-	111
Other items	-	-	-	-	-	-	254	-	254
Total as at 31 December 2022	3,487	2,923	165	1,036	3,391	2,064	268	-	13,333

	Risk weight								Total
	0%	2%	4%	20%	50%	100%	150%	Others	
	€ 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
Claims in the form of CIU	-	-	-	-	-	-	-	-	-
Total as at 31 December 2021	2,337	1,085	-	2,083	1,861	2,610	155	-	10,131

Counterparty credit risk exposures increased by €3.2 billion compared to prior year end with the primary increase being in the Institutions exposure class related to higher derivatives exposures.

Table 36: 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 type	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
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1 Cash – domestic currency	-	3,505	-	4,003	-	-	-	-
2 Cash – other currency	-	964	12	1,616	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	15	-	-
4 Other sovereign debt	225	237	347	40	-	17,940	-	7,965
5 Government agency debt	-	-	-	-	-	3,489	-	-
6 Corporate bonds	122	6	23	1	-	1,619	-	-
7 Equity securities	0	452	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total as at 31 December 2022	347	5,165	382	5,660	-	23,062	-	7,965

Collateral type	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 € million	Unsegregated € million	Segregated € million	Unsegregated € million	Segregated € million	Unsegregated € million	Segregated € million	Unsegregated € 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

Collateral used in SFTs increase is mainly driven by Italian and Spanish government bonds, related to the funding of the EGB trading business.

Table 37: EU CCR6 – Credit derivatives exposures

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

	Protection bought 2022	Protection sold 2022	Protection bought 2021	Protection sold 2021
	€ million	€ million	€ million	€ million
Notionals				
1 Single-name credit default swaps	1,652	2,433	2,802	4,040
2 Index credit default swaps	9,745	9,683	4,610	4,401
3 Total return swaps	59	-	28	-
4 Credit options	-	-	-	-
5 Other credit derivatives	0	-	-	-
6 Total notionals	11,456	12,116	7,439	8,441
Fair values				
7 Positive fair value (asset)	51	208	52	399
8 Negative fair value (liability)	(200)	(70)	(401)	(55)

The total notional values of Credit Derivatives has increased year on year driven by an increase in trading volumes.

Table 38: EU CCR8 – Exposures to CCPs

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

	As at 31 December 2022		As at 31 December 2021	
	Exposure value	RWEA	Exposure value	RWEA
	€ million	€ million	€ million	€ million
1 Exposures to QCCPs (total)	77		342	
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,828	59	2,391	321
3 (i) OTC derivatives	1,355	30	873	17
4 (ii) Exchange-traded derivatives	-	-	-	-
5 (iii) SFTs	1,473	29	1,518	304
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	260	5	212	4
9 Prefunded default fund contributions	70	13	32	16
10 Unfunded default fund contributions	183	-	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	-	-	-	-

Exposures to QCCPs across 2022 increased compared to prior year with the main increase attributed to OTC derivatives as cleared activity has increased in volume.

Market Risk

Trading Book 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.

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 held with trading intent, where the business seeks to capture the differences between buying and selling prices and which primarily derive from customer flows. The products traded on CEP include 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.

Trading Book Governance and Organisation

The Mark to Market Risk Management Framework, approved by the Board provides a holistic outline of how market risk in the trading portfolio is managed, establishes standards for measuring, managing, monitoring and controlling market risk in CEP and sets responsibilities across the lines of defence.

As documented in the Mark to Market Risk Management Framework, the following committees perform an oversight role for market risk related items:

- Board Risk Committee;
- Executive Committee; and,
- Risk Management Committee.

The Risk Management Committee is the primary committee tasked with governing market risk in the trading book in CEP, and is supported by the Market Risk Review Group, which monitors and oversees trading book market risk in CEP. The Executive Committee ensures that appropriate risk considerations are incorporated in the strategic planning process. The Board Risk Committee oversees the implementation of CEP's market risk strategy and the market risk management function.

The Head of Market Risk reports directly to CEP's CRO and is responsible for second line of defence oversight of the market risk in the trading portfolio of CEP. The Market Risk team monitors the market risk profile on an ongoing basis and reports to the Risk

Management Committee and BRC/Board on trading portfolio exposures against approved limits

Trading Book Risk Management and Measurement

Market risk in CEP is measured in accordance with industry standard methodologies, which are designed to:

- Promote the transparency and comparability of market risk-taking activities; and,
- Provide a consistent framework to measure market risk exposures in order to facilitate business performance analysis.

Value at Risk (VaR) estimates the potential decline in the value of a position or a portfolio, under normal market conditions, within a defined confidence level, and over a specific time period. Further detail on the CEP VaR model are set out below.

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.

Stress testing is performed on trading portfolios on at least a weekly basis to estimate the impact of extreme market movements. Independent Risk Management 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.

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 39: 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 2022	31 December 2021
		RWEAs	RWEAs
		€ million	€ million
Outright products			
1	Interest rate risk (general and specific)	565	959
2	Equity risk (general and specific)	0	-
3	Foreign exchange risk	5,815	395
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	Total	6,380	1,354

Market risk RWEA under the standardised approach increased by €5 billion as the result of the increase in the European Government Bond business.

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'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 obtained 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 the front office systems 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 12-month 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.

RWEA Back-testing / 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 back-testing results are reported quarterly to the regulator.

Back-testing 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 back-testing against both actual profit or loss and hypothetical profit or loss (the daily profit or loss that would arise from a constant trading portfolio) in order to ensure that the firm's VaR model meets supervisory standards for the measurement of regulatory capital.

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

Additionally, VaR/SVaR models are subject to periodic independent validation to ensure technical and functional soundness of the model.

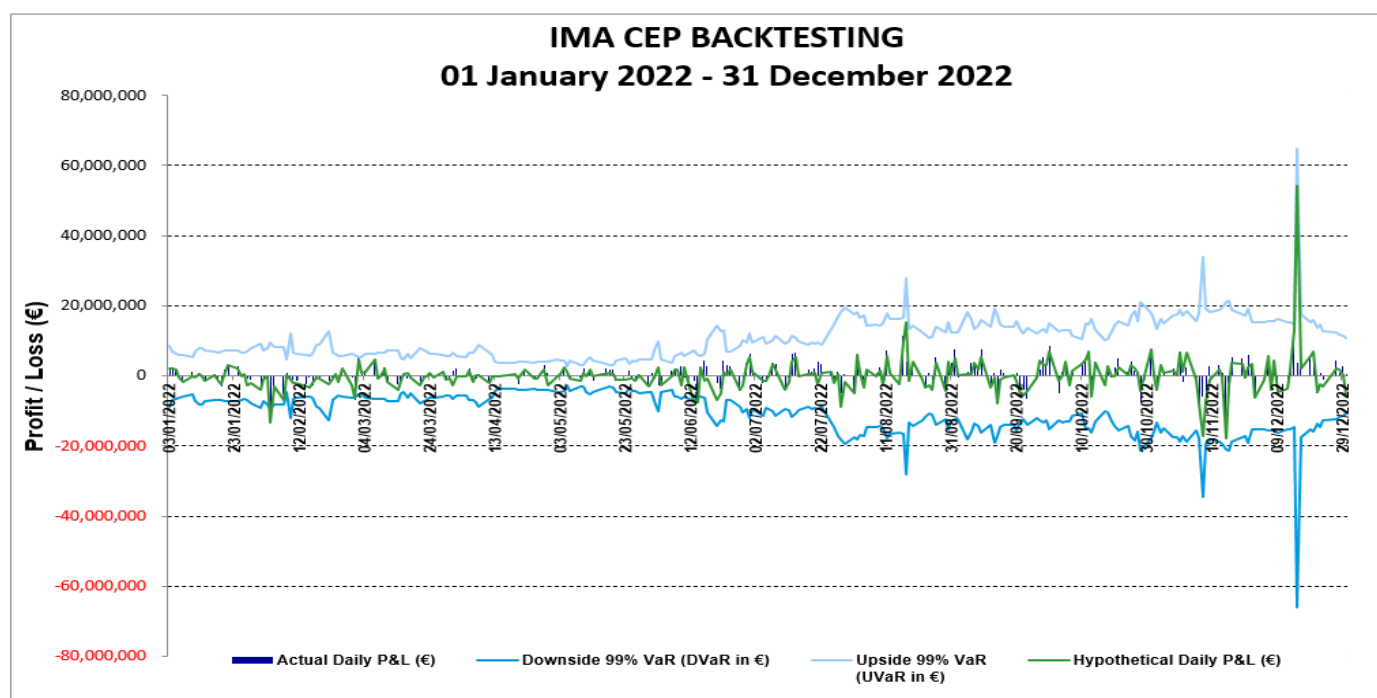
Overshootings during the reporting period

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.

CEP experienced four overshootings during the reporting period.

Table 40: EU MR4 - Comparison of VaR estimates with gains/losses

Overshootings experienced on 3rd February and 1st March were driven by large yield and curve movements in the Eurozone driven by ECB actions and geopolitical events. Additional overshootings experienced on 13th and 14th of June were driven by heightened market volatility due to expectations of more aggressive policy stances by the ECB.



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.

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.

Back-testing 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 are subject to independent validation to ensure the technical and functional soundness of the model.

Similarly to VaR and SVaR, daily IRC results are reported quarterly to the JST.

Table 41: EU MR2-A - Market risk under the internal Model Approach (IMA)

		As at 31 December 2022		As at 31 December 2021	
		RWEAs	Own funds requirements	RWEAs	Own funds requirements
		€ million	€ million	€ million	€ million
1	VaR (higher of values a and b)	2,008	161	462	37
(a)	Previous day's VaR (VaR_{t-1})		36		28
(b)	Multiplication factor (m_c) x average of previous 60 working days (VaR_{avg})		161		37
2	SVaR (higher of values a and b)	4,943	395	958	77
(a)	Latest available SVaR ($SVaR_{t-1}$)		80		59
(b)	Multiplication factor (m_s) x average of previous 60 working days ($sVaR_{avg}$)		395		77
3	IRC (higher of values a and b)	1,282	103	711	57
(a)	Most recent IRC measure		48		57
(b)	12 weeks average IRC measure		103		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	8,232	659	2,131	171

CEP's Market Risk's RWEA's calculated under IMA increased by €6.1 billion compared to prior year end across VaR, SVaR and IRC, largely as a result of planned increase in the European Government Bond portfolio.

Table 42: 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.

capital charge.

	31 December 2022	31 December 2021
	€ million	€ million
VaR (10 day 99%)		
1 Maximum value	212	36
2 Average value	34	7
3 Minimum value	9	4
4 Period end	36	28
SVar (10 day 99%)		
5 Maximum value	206	60
6 Average value	86	18
7 Minimum value	14	11
8 Period end	80	59
IRC (99.9%)		
9 Maximum value	204	138
10 Average value	83	15
11 Minimum value	10	5
12 Period end	48	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 rates derivatives, followed by cash equities and credit derivatives. CEP calculates AVAs and deducts them from CET1 Capital in line with the requirements of Article 105(14) of the CRR.

Table 43: EU PV1: Prudent valuation adjustments (PVA)

Category level AVA		Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification ¹	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Market price uncertainty	16	49	0	10	-	11	6	47	47	-
3	Close-out cost	-	8	0	0	-	-	-	4	4	-
4	Concentrated positions	-	0	-	2	-	-	-	3	3	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	0	-	-	-	3	-	1	1	-
7	Operational risk	1	4	0	1	-	-	-	5	5	-
10	Future administrative costs	-	-	0	-	-	-	-	0	0	-
12	Total AVAs as at 31 December 2022	-	-	-	-	-	-	-	60	60	-

Category level AVA		Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification ¹	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
		Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
		€ 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 as at 31 December 2021	-	-	-	-	-	-	-	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 Governance and Organisation

The Treasury Risk Management Framework, approved by the Board provides a holistic outline of how market risk in the non-trading portfolios is managed, establishes standards for measuring, managing, monitoring and controlling market risk in CEP and sets responsibilities across all three lines of defence. As part of the Treasury Risk Management Framework, the following committees and sub-committees perform an oversight role for market risk related items:

- Board Risk Committee;
- Executive Committee; and,
- Asset & Liability Committee (ALCO)

The ALCO is the primary committee tasked with governing market risk in the non-trading portfolio in CEP. The Executive Committee ensures that appropriate risk considerations are incorporated in the strategic planning process. The Board Risk Committee oversees the implementation of CEP's market risk strategy and the market risk management function.

CEP Treasury is responsible for the management and first line oversight of non-trading book market risk in CEP.

The Head of Treasury Risk reports directly to CEP's CRO and is responsible for second line of defence oversight of the non-trading book market risk of CEP. The Treasury Risk team monitors the market risk profile on an ongoing basis and reports to the ALCO and the BRC/Board on the non-trading portfolio exposures against agreed limits.

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 available-for-sale (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 on a monthly basis. The principal risk in CEP's non-trading book is IRRBB (Interest Rate Risk in the Banking Book). 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

Net Interest Revenue (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 base and stressed interest rate curves and calculating the difference.

Runoff assumptions for deposits, which are derived using statistical analysis of historical customer information, are applied to derive expected lives and maturity profiles of non-maturity deposit (NMD) that are consistent with the EBA guidelines on the treatment of NMD, with maximum truncation period of 60 months. The market risk generated by NMD is mitigated through the purchase and sale of AFS securities. Prepayment risk is not a feature of the CEP balance sheet.

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:

- The covariance Matrix of the factor returns;
- Factor Sensitivity (FS) & Grid Information derived from the exposure.

Table 44: EU IRRBB1 Interest Rate Risks of Non-trading Book Activities

Supervisory shock scenarios	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Changes of the economic value of equity		Changes of the net interest income	
	Current period	Last period	Current period	Last period
1 Parallel up	152,349	463,568	368,606	329,019
2 Parallel down	(357,479)	(397,844)	(373,512)	(111,352)
3 Steepener	102,921	149,618	-	-
4 Flattener	(103,153)	(9,711)	-	-
5 Short rates up	(42,209)	136,465	-	-
6 Short rates down	(35,700)	(144,674)	-	-

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 2022, 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. Treasury Risk Management 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 Treasury Risk Management Framework adopts and adheres to Citi's Liquidity Risk Management Policy.

In accordance with the Treasury Risk Management 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 Treasury Risk Management 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 Inc., 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 45: 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 2022.

	Total unweighted value				Total weighted value			
	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022
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)					24,923	26,165	28,022	31,012
CASH-OUTFLOWS								
2 Retail deposits and deposits from small business customers, of which:	956	1,046	1,241	1,407	207	226	341	500
3 Stable deposits	-	-	-	-	-	-	-	-
4 Less stable deposits	937	1,024	1,124	1,134	187	205	225	227
5 Unsecured wholesale funding	36,074	38,511	41,373	44,258	19,004	20,169	21,780	23,300
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	13,444	14,594	15,629	16,754	3,353	3,641	3,899	4,179
7 Non-operational deposits (all counterparties)	22,630	23,917	25,745	27,504	15,651	16,529	17,881	19,122
8 Unsecured debt	-	-	-	-	-	-	-	-
9 Secured wholesale funding	-	-	-	-	-	3	20	22
10 Additional requirements	23,571	25,303	29,246	33,424	5,043	5,372	5,786	6,271
11 Outflows related to derivative exposures and other collateral requirements	2,790	4,194	7,099	9,615	2,117	2,434	2,774	3,074
12 Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13 Credit and liquidity facilities	20,781	21,109	22,147	23,809	2,926	2,939	3,012	3,196
14 Other contractual funding obligations	2,375	2,559	2,659	2,657	2,299	2,477	2,575	2,567
15 Other contingent funding obligations	17,774	18,268	18,460	18,084	1,030	989	868	710
16 TOTAL CASH OUTFLOWS					27,582	29,236	31,371	33,370
CASH-INFLOWS								
17 Secured lending (e.g. reverse repos)	5,571	6,575	9,753	12,934	1,000	1,000	1,001	1,007
18 Inflows from fully performing exposures	6,661	6,922	7,178	7,548	5,222	5,390	5,543	5,833
19 Other cash inflows	3,830	4,403	4,926	5,214	2,947	3,426	3,893	4,107
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 specialized credit institution)	-	-	-	-	-	-	-	-
20 TOTAL CASH INFLOWS	16,062	17,900	21,857	25,695	9,169	9,816	10,437	10,947
EU-20a Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c Inflows Subject to 75% Cap	16,062	17,900	21,857	25,695	9,169	9,816	10,437	10,947
					Total Adjusted Value			
21 LIQUIDITY BUFFER					24,923	26,165	28,022	31,012
22 TOTAL NET CASH OUTFLOWS					18,414	19,421	20,934	22,423
23 LIQUIDITY COVERAGE RATIO (%)					136%	135%	134%	138%

LCR Evolution and Drivers

Throughout 2022 CEP's LCR remained well in excess of all internal and regulatory limits.

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 monetizable 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 2022. As at 31 December 2022, the liquidity buffer equated to €39.9 billion. This comprised of cash held at central banks (67.5%) and high quality securities (32.5%), mainly European and US government bonds.

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 2022 significant currencies in CEP were EUR and USD. Additionally, CEP monitors and reports LCR for CZK, GBP, 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 2022, 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

CEP's Net Stable Funding Ratio is calculated as per CRR II rules with daily monitoring currently in place. Consolidating entity (CHIL) numbers shown below:

CEP's funding composition is made up of Third-party Deposits, MREL, Intercompany Deposits and Equity. The NSFR has increased in 2022 due to increases in stable deposits and capital.

Table 46: 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	13,173	-	-	-	13,173
2	Own funds	13,173	-	-	-	13,173
3	Other capital instruments		-	-	-	
4	Retail deposits		1,729	17	-	1,571
5	Stable deposits					
6	Less stable deposits		1,729	17		1,571
7	Wholesale funding:		57,920	356	4,303	23,116
8	Operational deposits		18,679	4	0	9,342
9	Other wholesale funding		39,241	352	4,303	13,775
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	446	19,121	-	-	-
12	NSFR derivative liabilities	446				
13	All other liabilities and capital instruments not included in the above categories		19121	-	-	-
14	Total available stable funding (ASF)					37,860
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,248
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		87			44
17	Performing loans and securities:		33,070	468	9,189	16,113
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		17,756	76	-	3,829
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		5,945	105	1,142	1,784
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		6,910	259	7,687	9,931
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		260	16	935	746
22	Performing residential mortgages, of which:		7	2	344	297
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		2,451	26	16	272
25	Interdependent assets		-	-	-	-
26	Other assets:	-	11,564	184	2,103	3,266
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		409	-	366	659
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		5,703			285
31	All other assets not included in the above categories		5,452	184	1,737	2,322
32	Off-balance sheet items		11,745	5,298	26,757	2,098
33	Total RSF					22,769
34	Net Stable Funding Ratio (%)					166.3%

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 of 31 December 2022, €16.6 billion of assets were reported as encumbered; in addition, €17.1 billion collateral received (debt securities) were encumbered. The assets available on the CEP consolidated IFRS balance sheet were €121.3 billion with a further €30.8 billion of collateral received. The asset encumbrance ratio for the December 2022 was 22%. The encumbrance ratio increased from 18% in December 2021 due to the larger volumes of 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 47: EU AE1 - Encumbered and unencumbered assets

The values shown in this table represent the median values of the quarter-end numbers in 2022 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	16,956	10,313			100,864	27,579		
30 Equity instruments	-	-	-	-	131	-	-	-
40 Debt securities	9,143	9,143	9,143	9,143	6,036	6,013	6,036	6,013
50 Of which: covered bonds	-	-	-	-	-	-	-	-
60 Of which: securitisations	-	-	-	-	18	-	18	-
70 Of which: issued by general governments	9,096	9,096	9,096	9,096	5,738	5,738	5,738	5,738
80 Of which: issued by financial corporations	94	94	94	94	275	275	275	275
90 Of which: issued by non-financial corporations	-	-	-	-	3	3	3	3
120 Other assets	7,813	1,105			94,337	21,921		

Table 48: 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	16,910	16,738	12,219	5,219
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	595	-
160 Debt securities	16,910	16,738	5,782	5,219
170 of which: covered bonds	-	-	-	-
180 of which: securitisations	-	-	-	-
190 of which: issued by general governments	16,706	16,535	5,591	5,145
200 of which: issued by financial corporations	214	213	191	74
210 of which: issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	-	-
230 Other collateral received	-	-	5,081	-
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	33,866	27,051		

Table 49: 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	20,393	21,531

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.

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.

CEP's operational risk governance is supported by CEP specific governance structures, operational risk frameworks, resources and processes. The Board approves the strategy and the outcome of the Risk Inventory Identification and Assessment and sets the overall level of operational risk appetite in pursuit of the strategy. The Board reviews and approves the overall approach to operational risk governance as set out in the CEP's Operational Risk Framework document.

The CEP BRCC monitors operational risks and trends. Enhancements in good governance are monitored on an ongoing basis via interaction with peer institutions, reviewing emerging guidance from regulators and supervisory bodies and reviewing CEP developments. Management also remediate gaps in desired risk management standards, identified either internally or externally.

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 50: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
	2022	2021	2020		
	€ 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	2,013	2,278	2,810	399	4,992
3 Subject to TSA:	2,013	2,278	2,810	-	-
4 Subject to ASA:	-	-	-	-	-
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Operational Risk RWEA increased by €0.7 billion due to increasing revenues and EUR/USD FX rate movements.

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 Related and Environmental Risk

Introduction

Citi has over two decades of experience assessing and managing environmental and social related risks and opportunities. As these issues have continued to evolve, so has CEP's understanding of climate-related risks and opportunities. As part of Citi, CEP has progressively developed its understanding of ESG issues. Citi has a demonstrated record of ESG progress, including participating in the creation and adoption of ESG-related principles and standards.

CEP considers disclosure of information on ESG risks as a tool to promote market discipline, allowing stakeholders to assess its ESG related risks and sustainable finance strategy. CEP addresses how climate change may exacerbate other risks within its balance sheet, how CEP is mitigating those risks through strategy setting and risk management, including disclosure of key performance metrics.

ESG Strategy

CEP is in the process of integrating relevant ESG commitments and priorities into its business strategy, while aligning with Citi's policies. CEP is contributing to Citi's initiatives of achieving net zero GHG emissions by 2050, in its own operations by 2030, and Citi's \$1 trillion in sustainable finance by 2030.

Consistent with Citi Sustainable Progress Strategy to help to drive the sustainability transformation, CEP developed a strategic approach focusing on the following three pillars:

- a) Accelerate the transition to a low-carbon economy: finance and facilitate low-carbon solutions and support our clients in their decarbonisation and transition strategies;
- b) Measure, manage and reduce ESG risk and impact of our client portfolio: continue our work in incorporating ESG risks in our risk management practices, including policy development, portfolio analysis and stakeholder engagement, as well as enhancing our ESG disclosures in line with sustainability reporting requirements
- c) Reduce the environmental footprint of our facilities and strengthen our sustainability culture: minimize the impact of our own operations through operational footprint goals in line with Citi and further integrate sustainable practices across CEP.

Governance

CEP recognises ESG factors as drivers of risk across existing risk categories. Roles and responsibilities for the management of Climate related and Environmental (CR&E) risks are assigned within CEP's organisational structure including the Board and its Committees, Management Committees and across its three lines of defence. In addition to the roles and responsibilities at the legal entity level, CEP also collaborates with various subject matter experts and teams across Citi to support a holistic implementation of ESG governance. In order to meet regulatory, client and other stakeholder requirements as well as to mitigate and manage ESG-related risks, CEP intends to integrate ESG considerations across its portfolios, products, and business operations. In addition, to achieve its ESG goals and contribute to its commitments, while appropriately mitigating and managing identified ESG risks and their impact, CEP aims to monitor key metrics per ESG risk categories: Environmental, Social, and Governance.

Board of Directors

The Board is collectively responsible for the long-term sustainable success of CEP and is ultimately responsible for overseeing the implementation of the ESG program in CEP, including the review and approval of related ESG metrics as recommended by the CEP Executive Committee.

Board Risk Committee

The Board Risk Committee oversees the integration of ESG into CEP's risk management framework. This includes appropriate monitoring of ESG risk that currently affects, or that in the future will affect CEP as well as setting and overseeing the progress against ESG risk-related metrics and consideration of any interaction between ESG risks and financial risks.

ESG Steering Committee

The purpose of the CEP ESG Steering Committee is to act as a cross functional forum across CEP to progress ESG risk integration and to provide support and challenge.

ESG Working Group

CEP established an ESG Programme Governance, including an ESG Working Group, to work on commitments and priorities across CEP's functions and businesses. The CEP ESG Working Group supports implementation efforts which are based on the supervisory expectations, compliance with regulatory requirements and are consistent with other Citi entities. It acts as a cross functional, central forum to bring together expertise from stakeholders across CEP to progress ESG risk integration across the entity, as well as to monitor the implementation of regulatory expectations around ESG risk. The ESG Working Group monitors the progress against CEP's ESG Strategy, alignment to Citigroup and European legal entities, and provides advice on sustainability matters and best practices.

Next to the ESG Governance at legal entity level, CEP allocated roles and responsibilities to ensure an effective risk management across the 3 Lines of Defence (3LoD), including the First Line of Defence (responsible for the management of C&E risks, sustainable products development, resourcing, and training), Independent Risk Management, Independent Compliance Risk Management and Internal Audit.

Risk Management

CEP manages CR&E risk as part of a wider approach to risk management. CR&E risks present immediate and long-term risk to Citi, to its clients and customers with the risk expected to increase over time. Climate related and environmental risk refers to risk stemming from climate change and environmental degradation either through physical risk (which refers to impact of changes in climate and weather as well as of environmental degradation) or through transition risk (which refers to risk arising from actions needed to mitigate the impacts of climate and environmental change by transitioning to a low-carbon economy and more environmentally sustainable economy).

- Physical risk originates from the increase in severity and frequency of either acute physical risks, which are related to extreme weather events, or chronic physical events which stem from longer term shifts caused by climate change (e.g., average precipitation changes which may drive long-term shifts in agriculture and water availability);
- Transition Risks result from action (or lack of action) to transition to a low-carbon economy and more environmentally sustainable economy, such as changes in regulations, technological developments, stakeholder expectations and legal implications. Policymakers, investors, businesses, and consumers are already making these types of changes and they are set to expand and accelerate as the world takes steps to cut greenhouse gas emissions, to try and limit further global warming, as required by the Paris Agreement. Transition-related changes to meet this goal and limit greenhouse gas emissions are expected to be highly impactful on these sectors, among others, due to their large scale and synchronous nature.

CEP continues to consider and integrate climate-related and other environmental matters into CEP overarching risk management framework and processes in line with Citi approach. Over the past year, Citi has continued to develop tools to assess climate risk and engage Citi clients with respect to climate risk and transition plans. Citi has also continued building risk identification, management, and scenario analysis capabilities.

CEP considers CR&E risk as a crosscutting risk which can manifest through or amplify existing risks within CEP's risk taxonomy. These impacts may be from either physical- or transition-related climate and environmental drivers and may vary depending on the time horizon. CEP defines transmission channels that are the causal chains that explain how CR&E risk drivers may materialize directly or indirectly as sources of financial or non-financial risk to CEP. Citi's 2022 Task Force on Climate-Related Financial Disclosure (2022 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.

CEP Climate Related and Environment Risk Management Framework has been approved by CEP Board. It details the governance, principles, and requirements for integration of the CR&E Risk into business-as-usual risk management activities across the risk management lifecycle (risk identification, risk measurement, risk monitoring, risk control and risk reporting) and through Risk Enterprise Programs. The Climate Related and Environment Risk Management Framework has been formulated in conjunction with Citi Climate Risk Management Framework that applies to Citigroup Inc. and all of its businesses, functions, geographies, and legal entities that give rise to risk exposure.

CEP in line with Citi, manages and mitigates the credit and reputation risks from climate and environmental change through numerous internal initiatives, including Citi's Environmental and Social Risk Management (ESRM) Framework^[1] and 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, Citi has committed not to finance any new coal-fired power plants or expansions of existing plants globally, in line with existing regulations in many countries such as the U.S., which have prevented new coal-fired capacity being built for many years. The ESRM Policy Sector Approach also 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 goals of 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 qualitative assessment of a borrower's exposure to ESG risks. Citi developed a quantitative tool called the Climate Risk Assessment & Scorecard (CRAS) to better understand the climate risk profiles of individual corporate clients, with the goal to progressively embed this tool into underwriting process during 2023 and 2024. The CRAS was designed to identify the most material climate risks Citi clients face and the management

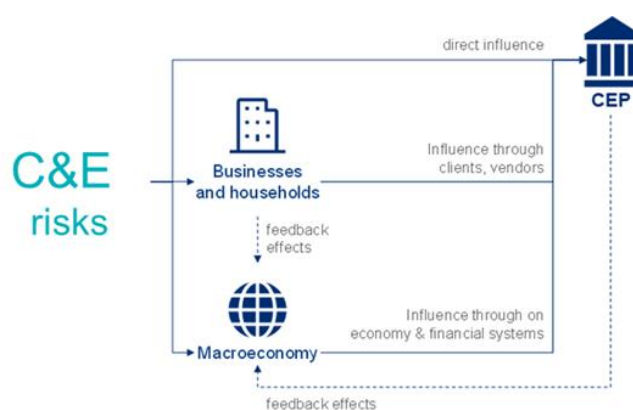
plans in place for adaptation and mitigation of those risks, using both quantitative and qualitative inputs. The tool assesses clients' vulnerability to climate risk, the feasibility of their plans to transition to a low carbon environment and the quality of their governance and disclosure. Citi's 2022 TCFD Report provides more details regarding components, usage, and development of CRAS.

Risk identification

The identification of CR&E risk is based on a set of standard CR&E risk drivers linked to the CEP Risk Taxonomy, its transmission channels and materiality of the risk impact assessed over different time horizons. CEP has reflected the Citigroup developments with regard to climate risk identification and assessment and further expanded an approach to other environmental risks in line with regulatory requirements. Therefore, the following risks are reflected in the current CEP's Risk Taxonomy from the crosscutting perspective (impacting existing Financial and Non-financial risks):

- Transition Climate Risks;
- Physical Climate Risks; and,
- Other Environmental Risks.

Results of the assessment inform development of the CEP Strategic Plan, CEP Risk Appetite Statement and ICAAP/ILAAP processes.



Overview of CR&E risks influence on CEP

The methodology for risk identification and materiality assessment is guided by the following steps:

1. Identification of risk drivers and transmission channels relevant for the CEP's current business model and in line with the risk categories defined in CEP's Risk Taxonomy;
2. Mapping of the potential CR&E drivers and transmission channels to the CEP's existing financial and non-financial risks on an expert judgment-based approach;
3. Analysis of the CR&E risks and their potential impact on the risk categories through the defined transmission channels, including quantitative assessment of concentrations of Climate risks, based on internal exposures as well as Citi developed tools (including the climate risk sectoral heatmap, and CRAS results), supplemented with qualitative analysis; assessment of other environmental risks currently relies on qualitative analysis and expert judgment; and,
4. Assessment of the materiality of the risk impact across risk categories through a combination of quantitative concentration thresholds and qualitative assessment, across different time horizons in line with CEP risk materiality definition.

Based on a medium-term horizon (3-5 years), CEP assesses the following risks as material to its risk profile;

^[1] [Environmental-and-Social-Policy-Framework.pdf\(citigroup.com\)](https://www.citigroup.com/citi/environmental-and-social-policy-framework.pdf)

	Risk Category	Physical Climate Risk	Transition Climate Risk	Other Environmental	Comment
Financial Risks	Credit Risk	Material	Material	Not Material	Results were based on the current concentration of climate risks with respect to CEP's credit exposure, considerations of potential degradation of counterparties' credit quality (due to higher stakeholders' expectations towards their transition to sustainable economy and business disruptions caused by more severe physical climate events)
	Market Risk	Not Material	Not Material	Not Material	Results were based on the current concentration of climate risks with respect to CEP's market risks, given the predominant exposure in Rates and Credit (sovereign) and related CR&E risk mitigants, considerations of potential adverse shifts of asset values on the long-term horizon
	Liquidity Risk	Not Material	Not Material	Not Material	Results were based on the current concentration of climate risks with respect to CEP's liquidity risks, given the indicated CR&E risk mitigants, considerations of potential adverse impacts on the CEP's liquidity position on the long-term horizon (due to more significant market pricing of CR&E factors, higher utilization of credit lines and deposit withdrawals)
Non-Financial Risks	Operational Risk	Material	Material	Not Material	Results were based on the current concentration of CEP's operational activities in potentially risky areas, expected shifts in CEP's business and operational processes due to transition to sustainable economy, leading to potential material operational issues, absence of environmental footprint from CEP's operations
	Strategic Risk	Not Material	Material	Not Material	Results were based on increases in CEP's stakeholders' expectations (clients, employees, management, investors, regulators) with regard to CR&E risk management, sustainability-linked products, potential investments in new technologies, compliance level and information disclosure in case appropriate mitigating measures and controls are not established.
	Compliance Risk	Not Material	Material	Not Material	CEP has already considered CR&E risks for overall strategy, and implementation plans to ensure compliance with the CR&E requirements and integration of C&E risks in risk management and business practices
	Reputational Risk	Material	Material	Not Material	Results were acquired based on CEP's stakeholders' expectations (regulators) with regard to C&E risks management, compliance and disclosures requirements
					Results were based on CEP's stakeholders' expectations (clients, employees, management, investors, regulators) with regard to CR&E risks management, compliance and disclosures as well as inability to maintain quality of provided services during severe physical climate events in case appropriate mitigating measures and controls are not established

CEP intends to continue refining its risk identification and materiality assessment approach to consider a range of analyses, for example considering the materiality of risk-based scenario / sensitivity analyses, as Citi's capabilities progressively improve and expands in scope.

Risk appetite and limit framework

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. Climate-related and environmental risks have been embedded in the CEP Risk Appetite Statement reflecting the materiality assessment of CR&E. CEP has embedded the CR&E risks into qualitative risk appetite statement and added a metric reflecting the CEP exposure to climate risk. This metric is the ratio of exposure to 'Major' and 'Moderate' climate vulnerable industries as a % of the total CEP Credit risk exposure. Vulnerable industries are aligned to the Citi TCFD 2022 Heatmap. Heatmaps framework has been developed by Citi to deepen the understanding of the sectors or areas of Citi business that are most sensitive to climate risk. The climate risk heat mapping categorizes sectors under one of four vulnerability scores, ranging from "low" to "high" – please refer to Citi TCFD 2022 for vulnerability scores definitions. A limit of 55% was approved with the escalation trigger of 50% to allow monitoring of the exposure while the climate risk related tools for credit risk are being rolled out. Metric excludes episodic transactions (bridge underwriting and held for sale assets).

In addition, several existing indicators for operational risk, strategic risk, reputational risk, and compliance risk have been linked to climate risk transmission channels in line with the Risk ID results.

Scenario analysis and stress testing

CEP uses climate risk scenario analysis, including stress testing, to assess the potential impact of climate -related risk drivers on CEP's risk profile. Climate change is expected to have far-reaching

systemic impacts in breadth and magnitude, affecting governments, businesses and households across all geographies and sectors. The associated effects are expected to feed through the economy via two principal channels — transition and physical risks — which are both characterized by deep uncertainty and non-linearity.

A single climate risk scenario has been developed to stress CEP's exposure to a rapid change in climate policy and transition to a net-zero economy. The scenario is based on the NGFS global climate scenarios. In line with other risk types, scenario analyses are conducted to capture the specific vulnerabilities of the institution informed by the climate related and environmental risk materiality assessment. CEP has a climate specific model to stress the impact of the transition to a low carbon economy on credit exposures. In addition, sector specific adjustments were made to market risk exposures which target climate vulnerable sectors. 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.

Citi has also a proactive approach towards capability enhancements including enhancement to risk identification to inform more tailored scenario narratives, accelerating internal modelling efforts to decrease vendor dependency and establishing centralized data architecture to support overlapping climate data needs across the Bank.

Metrics and targets

Banking book- Climate Change transition risk

CEP has assessed its portfolio and identified the segment of the portfolio covered by CDP A list certificate (147 counterparties). CDP scores indicate the level of action reported by the company to assess and manage its environmental impacts during the reporting year.

To earn an A score from CDP, organizations must show environmental leadership, disclosing action on climate change, deforestation, or water security. They must demonstrate best practice in strategy and action as recognized by frameworks such as the TCFD, Accountability Framework and others. As well as having high scores in all other levels these companies will have undertaken actions such as setting science-based targets, creating a climate

transition plan, developing water-related risk assessment strategies, or reporting on deforestation impact for all relevant operations, supply chains and commodities.

CDP A list coverage shows volume where clients make significant steps towards sustainability implementation. These counterparties demonstrate both awareness of their impacts on the environment, deforestation and water security, and appropriate actions taken to reduce these in line with the 1.5-degree trajectory laid out in the Paris Agreement.

Table 51: CDP A list coverage of the portfolio

NACE sector	Gross carrying amount in € million	%
B – Mining and quarrying	1	0%
C – Manufacturing	1,070	41%
D – Electricity, gas, steam and air conditioning supply	42	2%
F – Construction	83	3%
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	466	18%
H – Transporting and storage	0	0%
K – Financial and insurance activities	99	4%
L – Real estate activities	76	3%
Exposure to other sectors (NACE J, M-U)	803	30%
Grand Total	2,641	100.00%
A list coverage	2,641	5.3%*
Total CDP coverage (A-D score)	31,192	62.1%*

CDP coverage includes Climate, forest, and water security scores

* ratio within banking book portfolio covering gross carrying amount of loans and advances, debt securities and equity securities other than those held for trading

Banking book- Climate Change transition and physical risk –Exposures by sector of counterparty

Exposures by sector of counterparty addresses both transition and physical risk. Exposures are grouped based on vulnerability to Citi's climate risk heat map for the banking book covering gross carrying amount of loans and advances, debt securities and equity securities other than those held for trading. Further details on Citi heatmap is disclosed in Citi Taskforce on Climate-Related Financial Disclosures (TCFD) Report 2022.

of exposure towards major and moderate vulnerability sectors and identifies measures and actions in order to mitigate the impacts; 21% of its banking book portfolio is identified as vulnerable (including major and moderate impacts). Citi has made announcements regarding 'Net Zero by 2050' with interim emissions targets for 2030 for its energy and power portfolios' that CEP follows in its own portfolio.

CEP ESG strategy is aligned to Citi policies and initiatives, while meeting European regulatory requirements. CEP is aware of the risk

Table 52: Exposure towards high vulnerability sectors

Vulnerability category	Balance in € million	%
Major	2,638	5%
Energy	1,589	60%
Autos	1,045	40%
Shipping & Maritime Logistics	3	0%
Metals & Mining	0	0%
Moderate	8,148	16%
Commercial Real Estate	1,840	23%
Food Beverage & Tobacco	1,648	20%
Capital Goods	1,429	18%
Paper Forest Products & Packaging	593	7%
Power	534	7%
Chemicals	433	5%
Metals & Mining excl coal	388	5%
Aviation	319	4%
Building Products & Related	285	3%
Logistics	266	3%
Shipping & Maritime Logistics excl offshore	245	3%
Auto related finance corporations	121	1%
Commodity Traders	21	0%
Insurance	14	0%
Residential Real Estate	13	0%
Other	39,410	79%
Total	50,196	100%

Table 53: Amount and volume of carbon-related assets among CEP's Non-trading Loan portfolio

NACE sector	Balance in € million	%
A – Agriculture, forestry and fishing	12	0%
B – Mining and quarrying	219	2%
C – Manufacturing	7,130	59%
D – Electricity, gas, steam and air conditioning supply	399	3%
E – Water supply; sewerage; waste management and remediation activities	7	0%
F – Construction	139	1%
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	2,183	18%
H – Transporting and storage	454	4%
I – Accommodation and food service activities	267	2%
L – Real estate activities	1,176	10%
Total	11,987	100%
Total % of banking book		24%

Exposures towards sectors that highly contribute to climate change (NACE A-I, L categories) calculated from Banking book (Gross carrying amount of loans and advances, debt securities, equity securities) other than those held for trading. Volume of carbon-related assets represent 24% of the total loan, equity instrument and debt portfolio. The ratio provides information on the volume of CEP portfolio covered by carbon-related assets as defined by Commission delegated regulation (EU) 2020/1818.

CEP discloses aggregate information on exposures towards the most carbon intensive counterparties in the world. The table below includes information on the gross carrying amount of exposures towards the counterparties of CEP that are among the top 20 most carbon-intensive corporates worldwide. Information is based on publicly available reputable and accurate information. CEP identified the top carbon-emitting companies based on the Carbon Majors Database referenced by the EBA Guidelines.

Table 54: CEP exposure to the top 20 carbon-intensive firms in the world

Gross carrying amount (aggregate) € million	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Number of top 20 polluting firms included
260	0.52%	8

Taxonomy – climate mitigating actions

In line with the Complementary Climate Delegated Act (EU 2022/1214 III.9. amending EU 2021/2139 and EU 2021/2178) CEP identified the portion of its portfolio related to certain economic activities related to nuclear and fossil gas that can be classified as

environmentally sustainable under the EU Taxonomy. This exposure is immaterial for CEP based on available data as of December 2022. CEP is aware that data availability is limited as all counterparties have to disclose their exposure in 2023 for the first time.

Table 55: Nuclear energy and fossil gas related activities

Nuclear energy related activities

1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES

Fossil gas related activities

4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Table 56: Exposures subject to physical risk

Exposure with countries and sectors which are vulnerable to climate risk – physical risk:

NACE A-I, L categories	ES	DE	FR	IT	GR	PT	Grand Total in € million
Grand Total	961	702	681	176	107	22	2,650

NACE sector	Grand Total in € million (ES, FR, DE, IT, GR, PT)
A – Agriculture, forestry and fishing	4
B – Mining and quarrying	17
C – Manufacturing	1,244
D – Electricity, gas, steam and air conditioning supply	167
F – Construction	127
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	243
H – Transporting and storage	57
I – Accommodation and food service activities	264
L – Real estate activities	528
Grand Total	2,650

Values show the concentration of exposures and collateral in countries and geographies highly exposed to physical risks. CEP uses a dedicated portal and database recommended by the European Banking Authority guidelines (EBA/ITS/2022/01) that defines geographical areas exposed to climate change related acute and chronic events. For the 2022 disclosures CEP applied reference data of Thinkhazard's physical risk mapping (<https://thinkhazard.org/en/report>)

According to the reference data, six countries are identified as highly affected within the CEP jurisdictions: Spain, Germany, France, Italy, Greece, and Portugal. The exposures towards physical risks were further examined in the portfolios of counterparties' according to their primary operational locations according to sectors that highly contribute to climate change as defined above (NACE A-I, L). Altogether 5% of the CEP banking book is impacted by high vulnerability factor regarding physical risk.

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 2022, 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 RWEA, CEP uses ratings assigned by Standard and Poor's, Moody's, DBRS 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 57: 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 2022			31 December 2021		
	Institution acts as investor			Institution acts as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
	Non-STS			Non-STS		
	€ million	€ million	€ million	€ million	€ million	€ million
1 Total exposures	20	-	20	20	-	20
2 Retail (total)	20	-	20	20	-	20
3 residential mortgage	20	-	20	20	-	20
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 58: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

	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 2022	17	2	-	-	-	-	6	14	-
2 Traditional securitisation	17	2	-	-	-	-	6	14	-
3 Of which Securitisation	17	2	-	-	-	-	6	14	-
4 Retail underlying	17	2	-	-	-	-	6	14	-
6 Wholesale	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-
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	-
6 Wholesale	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-

Table 58: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (continued)

		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 2022	-	1	3	-	-	0	0	-
2	Traditional securitisation	-	1	3	-	-	0	0	-
3	Of which Securitisation	-	1	3	-	-	0	0	-
4	Retail underlying	-	1	3	-	-	0	0	-
6	Wholesale	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-
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	-
6	Wholesale	-	-	-	-	-	-	-	-
9	Synthetic 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 Enterprise Resilience Policy, CoB Standards, CoB Testing Standards and Operational Resilience Standard, as well as CEP relevant standards for Continuity of Business. Consistent with the Citi Enterprise Resilience 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 quantum of exposure with Covid moratoria is limited, relating to Hungarian Commercial Bank facilities. Total gross carrying amount with active moratoria at year-end was €1.5 million.

The following disclosure templates provide additional details on loan moratoria.

Table 59: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis – 31 December 2022

	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	23	2	19	-
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	23	2	19	-
of which: Small and Medium-sized Enterprises	14	-	-	-
of which: Collateralised by commercial immovable property	5	-	-	-

Table 60: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis – 31 December 2021

	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 61: Information on loans and advances subject to legislative and non-legislative moratoria – 31 December 2022

€ 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				Inflows to non-performing exposures
		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		
Loans and advances subject to moratorium	1,513	-	-	-	1,513	1,513	1,513	(892)	-	-	-	(892)	(892)	(892)	1,513
of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	1,513	-	-	-	1,513	1,513	1,513	(892)	-	-	-	(892)	(892)	(892)	1,513
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 62: Information on loans and advances subject to legislative and non-legislative moratoria – 31 December 2021

€ 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				Inflows to non-performing exposures
		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		
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 63: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria – 31 December 2022

	Number of obligors		Gross carrying amount						
			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	13	15	-	-	-	-	-	-	-
Loans and advances subject to moratorium (granted)	13	15	15	14	2	-	-	-	-
of which: Households	-	-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-
of which: Non-financial corporations	-	15	15	14	2	-	-	-	-
of which: Small and Medium-sized Enterprises	-	4	4	4	-	-	-	-	-
of which: Collateralised by commercial immovable property	-	12	12	12	-	-	-	-	-

Table 64: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria – 31 December 2021

	Number of obligors		Gross carrying amount						
			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	-	-	-	-	-

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 8 times in 2022 and for the 2022 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.

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

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, where appropriate, 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 on the long-term interests 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 give consideration to 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 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 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 2022, but external consultants have advised on various remuneration matters for 2022, where required.

Global Remuneration Committee

The RemCo acts as the remuneration committee of the Entity, whereas the Compensation, Performance Management and Culture Committee (the CPC Committee) fulfils the same role at the Group level.

The CPC 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 CPC 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 CPC Committee and provides oversight of the design and structure of incentive programs globally in the context of risk management.

The CPC Committee's Terms of Reference are documented in the CPC Committee Charter, which establishes the scope and mandate of the CPC Committee's responsibilities and the general principles governing Citi remuneration policy globally. The latest Charter is available online:

<https://www.citigroup.com/rcs/citigpa/storage/public/compculturecharter1.pdf>

CPC 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 CPC Committee members. The CPC Committee includes cross-membership with the Risk Management Committee, the Audit Committee, the Executive Committee, the Technology Committee as well as the Nomination, Governance & Public Affairs 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 programs 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/rcs/citigpa/storage/public/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 Value Proposition and the Citi Leadership Principles. The Compensation Philosophy also sets out Citi's commitment to managing risk through its compensation programs, and the oversight from the CPC Committee on the design and operation of Citi's compensation programs. Citi's Compensation Philosophy applies to all of its foreign subsidiaries and branches, save where exceptions are required by local law.

In order to reinforce the relationship between compensation and risk and control. In particular, specific principles 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;
- 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; and,
- c) align realised pay with achievement of important risk and control, regulatory, strategic and financial-based objectives.

Citi's Mission, Value Proposition and Leadership Principles

Citi's Mission, Value 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 Value 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 Value Proposition into Global employee reward programs.

Environmental, Social and Governance

Environmental, Social, and Governance (ESG) considerations are an essential part of Citi's firm-wide strategy and integrated into business and long-term priorities. ESG metrics are reflected in certain goals across Citi globally, and these are cascaded to selected individuals in both global and regional roles.

Reinforcing gender neutrality and inclusion, continues to be a key focus area, particularly as Citi considers this to be one of the key elements of its ESG approach, and is one of the sustainable development goals highlighted in the Citi 2021 ESG Report. Citi is committed to reducing pay gaps by increasing the diversity of workforce, including increasing the representation of women at all levels, particularly at senior levels and in high-paying roles, as well as other underrepresented demographics.

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.

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 2022 the Remuneration Policy, remuneration guidelines and associated processes were reviewed to ensure alignment to regulatory requirements.

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.

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 is clearly articulated by reference to the eligibility criteria, including details on the responsibilities and scope of the role. RBAs 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).

The Transformation Program Award (TPA) has been introduced for senior leaders who have been identified as critical to the remediation program linked to the long-term success of Citi's transformation. The scheme focuses on driving excellence in its risk and control environment, its operations and Citi's service to clients.

Deferrals and Retention Periods

Awards made under the DIRAP are typically awarded in cash and Citi equity and are subject to mandatory deferral periods where the individual's total annual variable compensation exceeds globally set thresholds.

For MRTs at least 50% of the upfront and deferred components of variable remuneration are delivered in equity. For the 2022 performance year, deferred cash awards were discontinued. The deferred portion of incentive awards for MRTs under Citi's DIRAP were settled entirely in deferred Citi equity. The total percentage deferred remained consistent with prior years. Citi believes that awarding equity and deferred awards is an effective means of aligning employee interests with those of shareholders and other stakeholders.

Variable remuneration is not paid through vehicles or methods that might facilitate non-compliance with relevant regulatory requirements, including CRD V or Capital Requirements Regulation (CRR) II.

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 MRTs¹ 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; and,
- 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.

Citi does not pay dividends on deferred equity or interest on deferred cash to MRTs.

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.

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

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 2022 performance year 28 MRTs benefitted from this derogation with their remuneration totalling €7.35 million in fixed and €0.76 million in 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 / Material Adverse Outcome

Deferred awards granted prior to 1 January 2022 which are 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.

The PBV for deferred cash awards is discretionary with the pay-out contingent on whether the participant had a significant responsibility for a Material Adverse Outcome (MAO).

Deferred awards granted post 1 January 2022 which are subject to MRT deferral schedules have revised MAO conditions as an ex-post adjustment mechanism that may result in the cancellation of all or part of unvested amounts.

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

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

material failure of risk management, or they failed to meet appropriate standards of fitness and probity.

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".

For 2022, the Performance Management Framework (PM Framework) was changed to ensure alignment to Citi priorities, especially risk and control performance expectations across all employees and increased accountability and ownership at the individual level supporting Citi's cultural transformation.

The PM Framework is applicable to all Citi employees globally and the structure leverages four overarching pillars (Leadership, Risk & Control, Financial Performance³, and Client & Franchise Outcomes) against which all employees set their performance and development goals for the performance year. Employee performance is evaluated on a four-point scale at year end by a manager assessment. Evaluation ratings generated through this PM Framework will be used for employee compensation determinations.

Pillar ratings are converted to two performance ratings: a "How" rating (composed solely by the Leadership performance pillar evaluation) and a "What" rating (auto-calculated based on the combined ratings of the applicable sub-pillars). The two performance ratings ("How", "What") carry equal weight, however there is no overall combined rating.

Citi Leadership Principles, against which employee performance is assessed, 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 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

³ The financial performance pillar is not applicable for employees in Independent Risk Management, Internal Audit, and ICRM.

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.

Certain 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 2022 which included:

- Launching a review of metrics and behavioural statements by Anti Money Laundering (AML) and Sanctions that feeds independently into the Compensation Accountability Rational Tool (CART) at year end;
- Updates to the Accountability Framework Impact Grid, such as: simplified compensation impact ranges, alignment to the four-point rating scale, and new guidelines for handling and associated impacts of multiple instances for conduct disciplines; and,
- Implementation of the Accountability Framework Technology Solution - a new technology tool for an automated system-based scope decision making process.

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 being subject to appropriate deferral, retention, pay out in instruments and malus / 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 most relevant regime will 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 65: 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	Number of identified staff ⁶	7	-	12.8	153.8
2	Total fixed remuneration ⁷	1.1	-	5.5	55.8
3	Of which: cash-based	1.1	-	4.8	50.8
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	-	-	0.7	5.0
9	Number of identified staff	-	-	12.8	142.8
10	Total variable remuneration ⁹	-	-	4.5	46.4
11	Of which: cash-based	-	-	0.9	9.0
12	Of which: deferred	-	-	-	-
EU-13a	Of which: shares or equivalent ownership interests ¹⁰	-	-	3.6	37.4
EU-14a	Of which: deferred	-	-	2.7	29.8
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)	1.1	-	9.9	102.1

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2022.
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 2022, 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 2022, as members of the MB who are responsible for its Management functions. There was one member of the MB in its Management Function as at 31st December 2022, remuneration figures are provided on an aggregated basis within 'Other senior management' in order to maintain appropriate confidentiality of the individuals data.
4. Other Senior Management as defined in point (9) of Article 3(1) CRD, includes formal members of the CEP Executive Committee, as at 31 December 2022.
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 2022. 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 2022 performance year. In accordance with the shareholder approval obtained in 2022, 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.
12. As at 31 December 2022, three CEP MRTs were also members of the CHIL Board of Directors. External Directors receive additional fixed remuneration for their roles.

Table 66: 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	-	-	2	4
7	Severance payments awarded during the financial year - Total amount ³	-	-	0.5	1.7
8	Of which paid during the financial year	-	-	0.5	1.7
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	-	-	0.5	1.7
11	Of which highest payment that has been awarded to a single person	-	-	0.3	0.8

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2022.

2. Guaranteed variable remuneration awards do not include any Lost Opportunity Bonus (LOBs) awards to a new hire who commenced employment within the year, which are made in compensation for forfeiting the opportunity to receive any or all of their annual performance bonus as a result of resigning to join Citi.

3. Identified Staff is reported as headcount for the MB, with a full time equivalent approach applied for Other Senior Management and Other Identified Staff.

4. Severance payments reflect final amounts paid out to MRTs who terminated during 2022, which include redundancy payments and statutory severance.

5. None of these severance payments were taken into account in the ratio of variable to fixed remuneration for 2022 performance year, in line with Article 172 of the EBA Guideline on Sound Remuneration Policies.

Table 67: 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 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	-	-	-	-	-	-	-	-
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	8.8	2.3	6.5	-	-	-1.6	1.8	0.5
14	Cash-based	4.1	0.9	3.2	-	-	-	0.9	-
15	Shares or equivalent ownership interests	4.7	1.4	3.3	-	-	-1.6	0.9	0.5
16	Share-linked instruments or equivalent non-cash instruments	0.0	0.0	0.0	-	-	-0.0	0.0	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	64.2	22.5	41.7	0.1	0.6	-9.5	12.4	7.5
20	Cash-based	23.4	5.9	17.4	-	0.3	-	5.9	-
21	Shares or equivalent ownership interests	40.2	16.5	23.7	0.1	0.3	-9.5	6.5	7.5
22	Share-linked instruments or equivalent non-cash instruments	0.6	0.1	0.6	-	-	-0.036	0.0	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	73.0	24.9	48.2	0.1	0.6	-11.1	14.3	8.0

Additional Notes

- All non-EUR awards are converted using the European Commission exchange rates for December 2022.
- 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.
- Value of outstanding share awards is calculated using Citi closing share price as at 31 December 2022.
- Values reflect unvested awards that have been cancelled as well as awards which have vested but have been cancelled during the retention period.
- Total amount of adjustment during the year due to ex post implicit adjustments has been calculated using:
 - the value at vesting minus the value at 1 January 2022 (or the value at award if awarded in 2022) in relation to amounts due to vest in the financial year; plus
 - the value at 31 December 2022 minus the value at 1 January 2022 (or value at award if awarded in 2022) in relation to amounts vesting in subsequent financial years.
- 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 2022.

Table 68: 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	16
2	1,500,000 to below 2,000,000	4
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	2
6	3,500,000 to below 4,000,000	-
7	Greater than 4,000,000	2

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2022.
2. The number of individuals reflects headcount those remunerated over EUR 1 Million and who are CEP employed, within the MRT population as at 31 December 2022.
3. Individuals included in above count are located across a number of countries i.e. Bulgaria, Czech Republic, France, Germany, Greece, Italy, Luxembourg, Netherlands, Spain, Sweden and the United Kingdom.

Table 69: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)

	EUR million ¹	Management body remuneration			Business areas ⁴						Total
		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	
1	Total number of identified staff										173.6
2	Of which: members of the MB ⁶	7	-	7	-	-	-	-	-	-	-
3	Of which: other senior management ⁷	-	-	-	6.0	-	-	3.8	2.0	1.0	-
4	Of which: other identified staff	-	-	-	114.8	-	-	7.0	25.0	7.0	-
5	Total remuneration of identified staff	1.1	-	1.1	94.6	-	-	4.1	9.2	4.1	-
6	Of which: variable remuneration ^{8,9}	-	-	-	44.5	-	-	1.4	3.3	1.7	-
7	Of which: fixed remuneration ¹⁰	1.1	-	1.1	50.1	-	-	2.7	6.0	2.5	-

Additional Notes

1. All non-EUR awards are converted using the European Commission exchange rates for December 2022.
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 2022, 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 2022, as members of the MB who are responsible for its Management functions.
There was one member of the MB in its Management Function in 2022, remuneration figures are provided on an aggregated basis within 'Corporate Functions' in order to maintain appropriate confidentiality of individuals data.
4. The breakdown by business area includes any MRTs for CEP, its branches and subsidiaries as at 31 December 2022. 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.
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. Senior Management as defined in point (9) of Article 3(1) CRD, includes formal members of the CEP Executive Committee, as at 31 December 2022.
8. Variable remuneration awarded in respect of 2022 performance year. In accordance with the shareholder approval obtained in 2022, 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.

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 CEP 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 CEP 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, CEP. 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 eight 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,
- One Executive Director, being a director 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 2022, 50 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 breadth 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 70: Directorships held by Citibank Europe plc Board of Directors 31 December 2022 (including Citi Directorships)

Name	Total number of Directorships
Susan Dean	2
Silvia Carpitella	5
Desmond Crowley	7
Patrick Dewilde	3
John Gollan	4
Gillian Lungley	1
Peter McCarthy	1
Jeanne Short	1
Total	24

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

Table 71: Memberships of the CEP Board of Directors 31 December 2022*

Membership 31 December 2022			
Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Independent Non-Executive Director – Chair	6 yrs 9 mths
Silvia Carpitella	Female	Executive Director – Interim Chief Executive Officer, Chief Finance Officer	2 yr 1 mth
Desmond Crowley	Male	Independent Non-Executive Director	3 yrs 2 mths
Patrick Dewilde	Male	Non-Executive Director	3 yrs 9 mths
John Gollan	Male	Independent Non-Executive Director	3 yr 9 mths
Gillian Lungley	Female	Independent Non-Executive Director	1yr 5 mths
Peter McCarthy	Male	Non-Executive Director	2 yr 9 mths
Jeanne Short	Female	Independent Non-Executive Director	5 yrs 6 mths

* Since 31 December 2022, the following changes to the membership of the CEP Board of Directors have taken place as at the time of publication of this disclosure: Silvia Carpitella has resigned as Executive Director – Chief Finance Officer, Kristine Braden has been appointed Executive Director – Chief Executive Officer, Peter Jameson has been appointed as an Executive Director and Ryan Davis has been appointed as a Non-Executive Director.

CHIL Board Composition

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

Table 72: Directorships held by CHIL Board of Directors 31 December 2022

Name	Total number of Directorships
Susan Dean	2
John Gollan	4
Silvia Carpitella	5
Total	11

Table 73: Memberships of the CHIL Board 31 December 2022**

Membership 31 December 2022			
Name	Gender	Role	Duration of Board Membership
Susan Dean	Female	Independent Non-Executive Director – Chair	6 yrs 2 mths
Silvia Carpitella	Female	Executive Director – Interim Chief Executive Officer, Chief Financial Officer	3 yrs 8 mths
John Gollan	Male	Independent Non-Executive Director	3 yrs 8 mths

** Since 31 December 2022, the following changes to the membership of the CHIL Board of Directors have taken place as at the time of publication of this disclosure: Kristine Braden has been appointed Executive Director – Chief Executive Officer.

CEP Committees

Board Risk Committee

The Board Risk Committee (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 74: CEP Board Risk Committee Composition

Membership 31 December 2022	
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	Independent 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 75: CEP Audit Committee Composition

Membership 31 December 2022	
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 of 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 76: CEP Remuneration Committee Composition

Membership 31 December 2022	
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 77: CEP Nomination Committee Composition

Membership 31 December 2022	
Susan Dean	Chair – Independent 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 78: CEP Related Party Lending Committee Composition

Membership 31 December 2022	
Desmond Crowley	Chair- Independent Non-Executive Director
Silvia Carpitella	Interim Chief Executive Officer/Chief Financial Officer
Monika Starzak	CEP Controller
Katie Hudson	Interim Head of Human Resources
Mark Satterthwaite	Head of Compliance
Janak Ghosh	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 strategic 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 Risk Management 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 Business Risk & Control Committee, including relating to outsourcing activities.

The Company Secretary and the CEP Chief Audit Executive are permanent attendees at Executive Committee meetings.

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

Table 79: CEP Executive Committee Composition

Membership 31 December 2022
Interim Chief Executive Officer
Chief Financial Officer
Chief Administrative Officer
Chief Compliance Officer
Chief Risk Officer
General Counsel
Head of TTS
Head of Citi Private Bank
Head of Securities Services
Head of Markets
Head of Banking
Head of O&T
Interim Head of HR

*Since 31 December 2022, the following changes in CEP Executive Committee composition have taken place as at the time of publication: Kristine Braden has joined as CEP CEO and Linos Lekkas as Head of Banking, Capital Markets and Advisory. Auke Leenstra, formerly the Head of Banking, remains an Executive Committee member having assumed the role of Head of Citi Commercial Bank. Silvia Carpitella stepped down as interim CEO and CFO with Gyorgy Ungar appointed as interim CEP CFO subject to regulatory approval.

Risk Management Committee

The Risk Management Committee of CEP is the primary senior executive level committee responsible for overseeing the execution of the CEP Risk Management 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 lines 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 across CEP.

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 80: CEP Risk Management Committee Composition

Membership 31 December 2022
Chief Risk Officer (Co-Chair)
Chief Executive Officer (Co-Chair)
Chief Financial Officer
Chief Compliance Officer
CEP Head of Banking
CEP Head of Markets
CEP Head of Securities Services
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

Business Risk and Control Committee

The Business Risk and Control Committee (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 expectations,

while promoting the culture of risk awareness and high standards of culture and conduct.

The scope of the CEP BRCC covers all branches and businesses of CEP.

The composition of the BRCC is set out below:

Table 81: CEP Business Risk and Control Committee Composition

Membership 31 December 2022
CEP Chief Executive Officer – Chair
CEP Chief Administrative Officer
CEP Head of Banking
CEP Head of Private Banking Representative
CEP Head of Markets
CEP Head of Securities Services
CEP Head of Treasury and Trade Solutions
CEP Chief Risk Officer
CEP Chief Financial Officer
CEP Chief Compliance Officer
CEP General Counsel
CEP Head of Anti Money Laundering
CEP Head of Human Resources
CEP Head of Operations & Technology
CEP Head of Operational Risk

Asset and Liability Committee

The Asset and Liability Committee (**ALCO**) is a sub-committee of the Executive Committee. The purpose of the Committee is to monitor and manage the CEP balance sheet, including capital, funding, liquidity, and non-trading book market risk. The scope of the ALCO covers all businesses and branches of CEP.

The primary responsibilities of ALCO are to:

- provide oversight and governance of CEP's Balance Sheet including capital, funding, liquidity risk and market risk in the banking book (which includes the interest rate, credit spread and FX risks of CEP). 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;
- monitor the CEP balance sheet and changes in the balance sheet under applicable Generally Accepted Accounting Principles, regulatory accounting principles used for risk-based capital purposes and other statutory methodologies as required under local regulations;
- review and recommend the ICAAP, capital plan and contingent capital plan for approval;
- ensure adherence to minimum capital standards consistent with regulatory requirements, rating agency parameters and Company policy;
- monitor the overall level of capital within the Company and ensure that the level of capital is satisfactory for both current and future business needs and regulatory requirements;
- monitor the liquidity of CEP, including significant funding sources, and ensure that acceptable liquidity levels are

maintained in line with the Risk Appetite Statement limits, regulatory requirements and the internal liquidity limit framework;

- review and recommend the Annual and 3-year Funding and Liquidity Plans, ILAAP, Liquidity Risk Management Framework and Policy, Contingency Funding Plan, liquidity risk appetite limits and triggers for approval;
- monitor utilisation against limits and targets for structural liquidity ratios and market triggers. Establish and enforce plans to rectify breaches;
- review and recommend the Treasury Risk Management Framework, relevant market risk policies, and Risk Appetite limits for market risk in the non-trading portfolio;
- oversee adherence to the relevant market risk governance, principles, policies and procedures as well as applicable regulatory guidance documentation and monitor & review market risk exposure in the non-trading book;
- drive the transfer pricing processes, hedging, establishment of single benchmark yield curves and interest rate risk management of the banking book's Recovery Plans;
- Monitor any limit breaches and target shortfalls, and monitor progress against liquidity plans, Risk Appetite Limits and Recovery Triggers including modifications of plans, and,
- Review key documents in order to recommend for approval, including the ILAAP and ICAAP, and Group policies applicable to CEP, insofar as they are relevant to the Committee's responsibilities.

The composition of the ALCO is set out below:

Table 82: CEP Asset and Liability Committee Composition

Membership 31 December 2022
Chief Executive Officer – Chair
CEP Chief Financial Officer
CEP Treasurer
CEP Chief Risk Officer
CEP Head of TTS
CEP Head of Markets
CEP Head of Securities Services
Central Europe Markets Head
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 2022

Executive Directors

Silvia Carpitella

Silvia Carpitella is an Executive Director of CEP and is also the Interim Chief Executive Officer (CEO/Chief Financial Officer (CFO) of CEP. Silvia joined Citi in 1989 in Internal Audit in Italy and has over 30 years' experience in Citi 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 management board member of CGME, a board member of Citi Spain and Citibank Switzerland S.A. and Cluster CFO for Western Europe, Switzerland, Israel, Russia, Ukraine and Kazakhstan

Silvia also served 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 Economics, Florence.

Independent Non-Executive Directors

Desmond Crowley

Desmond (Des) Crowley is an Independent Non-Executive Director of CEP, Chair of the Remuneration Committee and Chair of the Related Party Lending 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. He was a former board member of New Ireland Assurance Company plc and a current board member of AXA Insurance, Aldermore Bank and MontoNovo Finance Limited.

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. 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.

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' of 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 and 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

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 Banking. Patrick then moved to Vienna in 1989 to run the Citi Austria Treasury and Investment Bank. He became CCO of Austria from 1991 to 1994, then relocated to Philippines as Head of Investment Banking 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 Citi 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 2022.

Table 83: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Breakdown by country	General credit exposures	Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure values	Own funds requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	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			Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit risk exposures – Securitisation positions in the non-trading book	Total			
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million		
BULGARIA	235	0	0	0	235	21	0	0	21	259	0.67%	1.00%
BERMUDA	1,262	19	0	0	1,281	63	2	0	65	818	2.13%	0.00%
SWITZERLAND	2,179	0	0	0	2,179	132	0	0	132	1,646	4.28%	0.00%
CZECH REPUBLIC	1,096	0	0	0	1,096	89	0	0	89	1,107	2.88%	1.50%
GERMANY	3,639	29	3	0	3,670	254	3	0	257	3,206	8.34%	0.00%
DENMARK	525	0	1	0	525	37	0	0	37	461	1.20%	2.00%
ESTONIA	5	0	0	0	5	0	0	0	0	5	0.01%	1.00%
SPAIN	2,661	0	1	0	2,663	222	0	0	223	2,782	7.24%	0.00%
FINLAND	1,028	0	0	0	1,028	78	0	0	78	970	2.52%	0.00%
FRANCE	6,993	89	17	0	7,098	449	9	0	458	5,719	14.88%	0.00%
UNITED KINGDOM	5,031	88	42	11	5,172	355	11	0	366	4,572	11.89%	1.00%
HONG KONG	87	0	0	0	87	7	0	0	7	87	0.23%	1.00%
IRELAND	2,113	23	0	5	2,141	164	2	0	166	2,080	5.41%	0.00%
INDIA	1,028	0	0	0	1,028	82	0	0	82	1,025	2.67%	0.00%
ICELAND	0	0	0	0	0	0	0	0	0	0	0.00%	2.00%
LUXEMBOURG	739	50	6	0	796	58	5	0	62	779	2.03%	0.50%
NETHERLANDS	3,051	54	0	4	3,109	227	5	0	232	2,902	7.55%	0.00%
NORWAY	227	2	0	0	229	17	0	0	18	220	0.57%	2.00%
ROMANIA	607	20	0	0	627	50	2	0	51	642	1.67%	0.50%
SWEDEN	1,559	7	4	0	1,570	120	1	0	121	1,510	3.93%	1.00%
SLOVAKIA	293	0	0	0	293	24	0	0	24	298	0.77%	1.00%
UNITED STATES	1,914	42	0	0	1,957	136	4	0	141	1,760	4.58%	0.00%
ALL OTHER COUNTRIES ¹	5,339	40	0	0	5,380	444	3	0	447	5,592	14.55%	
Total as at 31 December 2022	41,613	464	73	20	42,170	3,028	46	0	3,075	38,439	100.00%	

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.

Amount of Institution-specific countercyclical capital buffer		
1	Total risk exposure amount (EUR million) as at 31 December 2022	63,462
2	Institution specific countercyclical capital buffer rate	0.27%
3	Institution specific countercyclical capital buffer requirement (EUR million)	173

Breakdown by country	General credit exposures	Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure values	Own funds requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	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			Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit risk exposures – Securitisation positions in the non-trading book	Total			
	€ 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.

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

Appendix 3: Capital Instruments Main Features

Table 84: EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

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 (e.g. 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 9,874 thousand Share premium USD 1,962,747 / EUR 1,840,190 thousand Total of: USD 1,973,279 / EUR 1,850,065 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 3.37 Share premium USD 687,361 / EUR 644,441 thousand 3 Ordinary shares of \$1.1994 each
9	Nominal amount of instrument	Currency of issuance / Currency of reporting; Nominal - USD 10,532 / EUR 9,874 thousand Share premium USD 1,962,747 / EUR 1,840,190 thousand Total of: USD 1,973,279 / EUR 1,850,065 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 3.37 Share premium USD 687,361 / EUR 644,441 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)

		CITIBANK HOLDINGS IRELAND LIMITED		CITIBANK EUROPE PLC	
Capital instruments' main features template		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 (e.g. 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 676m	EUR 3,500m	GBP 600m / EUR 676m
9	Nominal amount of instrument	EUR 3,500m	GBP 600m / EUR 676m	EUR 3,500m	GBP 600m / EUR 676m
EU-9a	Issue price	EUR 3,500m	GBP 600m / EUR 676m	EUR 3,500m	GBP 600m / EUR 676m
EU-9b	Redemption price	EUR 3,500m	GBP 600m / EUR 676m	EUR 3,500m	GBP 600m / EUR 676m
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	7 December 2028	7 December 2026	7 December 2028	7 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	(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	(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	proceedings in or outside the EEA	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 85: 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	CHIL and CEP is not a resolution entity
KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities	
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 2022.
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
Template 1: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	CEP does not have securities issued that are admitted to trading on a regulated market, therefore ESG templates are not applicable for the institution
Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	
Template 3: Banking book - Climate change transition risk: Alignment metrics	
Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	
Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk	
Template 6: Summary of GAR KPIs	
Template 7 - Mitigating actions: Assets for the calculation of GAR	
Template 8 - GAR (%)	
Template 9 - Mitigating actions: BTAR	
Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy	

Abbreviations

AFS	Available for Sale	G-SII	Global Systemically Important Institution
ALCO	Asset and Liability Committee	HQLA	High-Quality Liquid Assets
APAC	Asia-Pacific	H-EWMA	Hybrid Exponentially Weighted Moving Average
AVA	Additional Valuation Adjustment	ICAAP	Internal Capital Adequacy Assessment Process
BAC	Board Audit Committee	ICG	Institutional Clients Group
BCBS	Basel Committee on Banking Supervision	ICRM	Independent Compliance Risk Management
BRC	Board Risk Committee	IFRS	International Financial Reporting Standards
BRCC	Business Risk, Compliance and Control Committee	ILAAP	Internal Liquidity Adequacy Assessment Process
BRRD	Bank Recovery and Resolution Directive	ILOC	Insurance Letters of Credit
CCB	Capital Conservation Buffer	IMA	Internal Model Approach
CCB	Citi Commercial Banking	IMM	Internal Models Method
CCF	Credit Conversion Factor	IPU	Intermediate Parent Undertaking
CCO	Citi Country Officer	IRC	Incremental Risk Charge
CCP	Corporate and Commercial Banking	IRE	Interest Rate Exposure
CCR	Counterparty Credit Risk	IRRBB	Interest Rate Risk in the Banking Book
CCyB	Countercyclical Capital Buffer	ISDA	International Swaps and Derivatives Association
CDP	Carbon Disclosure Project	ITS	Implementing Technical Standard
CEM	Current Exposure Method	JST	Joint Supervisory Team
CEO	Chief Executive Officer	LCR	Liquidity Coverage Ratio
CEP	Citigroup Europe PLC	LEX	Large Exposure
CET1	Common Equity Tier 1	LGD	Loss Given Default
CFO	Chief Finance Officer	MAO	Material Adverse Outcome
CFP	Contingency Funding Plan	MDB	Multilateral Development Bank
CHIL	Citibank Holdings Ireland Limited	MREL	Minimum Requirement for Own Funds and Eligible Liabilities
CoB	Continuity of Business	MRT	Material Risk Takers
CRD	Capital Requirements Directive	NIR	Net Interest Revenue
CRM	Credit Risk Mitigation	NMD	Non-maturity Deposit
CRO	Chief Risk Officer	NSFR	Net Stable Funding Ratio
CRR	Capital Requirements Regulation	ORM	Operational Risk Management
CVA	Credit Valuation Adjustment	OTC	Over The Counter
DIRAP	Discretionary Incentive and Retention Award Plan	PBV	Performance Based Vesting
EAD	Exposure at Default	PD	Probability of Default
EBA	European Banking Authority	PFE	Potential Future Exposure
ECAI	External Credit Assessment Institution	PRA	Prudential Regulation Authority
ECB	European Central Bank	PTIP	Personal Trading & Investment Policy
ECL	Expected Credit Loss	RAS	Risk Appetite Statement
EEA	European Economic Area	RBA	Role Based Allowances
EEPE	Effective Expected Positive Exposures	RemCo	Remuneration Committee
EMEA	Europe, Middle East and Africa	RLAP	Resolution Liquidity Adequacy and Positioning
EMEA ROG	EMEA Remuneration Oversight Group	RMC	Risk Management Committee
ESG	Environmental, Social and Governance	RPL	Related Party Lending
ESRM	Environmental and Social Risk Management	RWEA	Risk Weighted Exposure Amounts
EU	European Union	SA	Standardised Approach
EVE	Economic Value of Equity	SA-CCR	Counterparty Credit Risk
EVS	Economic Value Sensitivity	SA-CR	Standardised Approach to Credit Risk
EWMA	Exponentially Weighted Moving Average	SA-CVA	Standardised Approach to Credit Valuation Adjustment
ExCo	Executive Committee	SEC-ERBA	Securitisation External Ratings Based Approach
FCA	Financial Conduct Authority	SEC-SA	Securitisation Standardised Approach
FCCM	Financial Collateral Comprehensive Method	SFT	Securities Financing Transaction
FLP	Funding and Liquidity Plan	SICR	Significant Increase in Credit Risk
FRTB	Fundamental Review of the Trading Book	SME	Small and Medium sized Enterprises
FS	Factor Sensitivity	SRB	Single Resolution Board
FX	Foreign exchange	SREP	Supervisory Review and Evaluation Process
G10	Group of Ten (refers to the countries that have agreed to participate in the General Arrangements to Borrow (GAB))	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
VA	Valuation Adjustment
VaR	Value at Risk

