



# Pillar 3 Disclosures

31 December 2019

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

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# Forward Looking Statements

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

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

For a more detailed discussion of potential risk factors, the reader is directed to Citigroup's 2019 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 2019 Annual Report and CHIL & CEP's 2019 financial statements.



# 1 Introduction

## 1.1 Background and context

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

The disclosures are made in accordance with the Pillar 3 requirements laid out in the EU prudential rules for banks, building societies and investment firms, as set out in Part 8 of the Capital Requirements Regulation within the Capital Requirements Directive (CRD IV) package. In addition, the Companies have implemented the European Banking Authority (EBA) final guidelines on revised Pillar 3 disclosures (EBA/GL/2016/11), issued in December 2016, which bring into force the disclosure of new quantitative tables to further enhance comparability and consistency across the industry.

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

- Pillar 1 prescribes the minimum capital requirements for such firms;
- Pillar 2 addresses the associated supervisory review process; and
- Pillar 3 specifies further public disclosure requirements in respect of their capital and risk profile.

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

## 1.2 Scope

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

Some of the areas covered are also dealt within the Companies' Annual Report 31 December 2019. In other areas, more detail is provided in these Pillar 3 disclosures. For instance, the section on capital requirements includes additional information on the amount of capital held against various risks and exposure classes, and the section on capital resources provides details on the composition of the Companies' own funds as well as a reconciliation of accounting equity to regulatory capital.

It should be noted that while some quantitative information in this document is based on financial data contained in the Companies' Annual Report 31 December 2019, other quantitative data is sourced from the Companies' prudential returns and is calculated according to regulatory requirements.

## 1.3 Pillar 3 Policy

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

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

## 1.4 Overview of Citi Organisation Structure

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

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

**Figure 1 Ownership Structure 31 December 2019**



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

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

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

CEP has over 9,700 employees across 22 European jurisdictions and is now Citi’s principal European banking subsidiary, providing services to Citi’s clients who require or wish to transact via an EU licensed bank. The businesses covered by CEP include Markets and Securities Services, Corporate Banking, Treasury and Trade Solutions (TTS), and Private Banking.

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

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

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

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

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

CEP's income is derived principally from Fees and Commission Income rather than traditionally Net Interest Income.

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

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

**Table 1: KM1- Key Metrics for CEP 30 September 2019 & 31 December 2019**

| <i>EUR Thousands</i>  | CEP        |            |
|---|------------|------------|
|   | Sep-19     | Dec-19     |
| <b>Available capital (amounts)</b>                                |            |            |
| Common Equity Tier 1 (CET1)                                       | 8,136,304  | 8,885,618  |
| Tier 1  | 8,136,304  | 8,885,618  |
| Total capital   | 8,136,304  | 8,885,618  |
| <b>Risk-weighted assets (amounts)</b>                             |            |            |
| Total risk-weighted assets (RWA)                                  | 42,074,657 | 39,578,604 |
| <b>Risk-based capital ratios as a percentage of RWA</b>           |            |            |
| Common Equity Tier 1 ratio (%)                                    | 19.34%     | 22.45%     |
| Tier 1 ratio (%)  | 19.34%     | 22.45%     |
| Total capital ratio (%)   | 19.34%     | 22.45%     |
| <b>Additional CET1 buffer requirements as a percentage of RWA</b> |            |            |
| Capital conservation buffer requirement (2.5% from 2)             | 2.50%      | 2.50%      |
| Countercyclical buffer requirement (%)                            | 0.36%      | 0.36%      |
| Bank G-SIB and/or D-SIB additional requirements (%)               | 0.00%      | 0.00%      |
| Total of bank CET1 specific buffer requirements (%) (r            | 2.86%      | 2.86%      |
| CET1 available after meeting the bank's minimum cap               | 11.34%     | 14.45%     |
| <b>Basel III leverage ratio</b>                                   |            |            |
| Total Basel III leverage ratio exposure measure                   | 80,510,567 | 79,456,613 |
| Basel III leverage ratio (%) (row 2 / row 13)                     | 10.11%     | 11.18%     |
| <b>Liquidity Coverage Ratio</b>                                   |            |            |
| Total HQLA  | 19,975,926 | 21,827,571 |
| Total net cash outflow  | 16,066,816 | 15,760,351 |
| LCR ratio (%)   | 124.33%    | 138.50%    |
| <b>Net Stable Funding Ratio</b>                                   |            |            |
| Total available stable funding                                    | 25,806,195 | 25,935,676 |
| Total required stable funding                                     | 23,161,393 | 22,458,828 |
| NSFR ratio (%)  | 111.42%    | 115.48%    |

**Table 2: KM1- Key Metrics for CHIL 30 September 2019 & 31 December 2019**

| <i>EUR Thousands</i>   | <b>CHIL</b>   |               |
|--|---------------|---------------|
|  | <b>Sep-19</b> | <b>Dec-19</b> |
| <b>Available capital (amounts)</b>                                       |               |               |
| Common Equity Tier 1 (CET1)  | 8,147,518     | 8,896,740     |
| Tier 1   | 8,147,518     | 8,896,740     |
| Total capital  | 8,147,518     | 8,896,740     |
| <b>Risk-weighted assets (amounts)</b>                                    |               |               |
| Total risk-weighted assets (RWA)   | 42,074,657    | 39,606,364    |
| <b>Risk-based capital ratios as a percentage of RWA</b>                  |               |               |
| Common Equity Tier 1 ratio (%)   | 19.36%        | 22.46%        |
| Tier 1 ratio (%)   | 19.36%        | 22.46%        |
| Total capital ratio (%)  | 19.36%        | 22.46%        |
| <b>Additional CET1 buffer requirements as a percentage of RWA</b>        |               |               |
| Capital conservation buffer requirement (2.5% from 2019) (%)             | 2.50%         | 2.50%         |
| Countercyclical buffer requirement (%)                                   | 0.36%         | 0.36%         |
| Bank G-SIB and/or D-SIB additional requirements (%)                      | 0.00%         | 0.00%         |
| Total of bank CET1 specific buffer requirements (%) (row 8 + row 9)      | 2.86%         | 2.86%         |
| CET1 available after meeting the bank's minimum capital requirements (%) | 11.36%        | 14.46%        |
| <b>Basel III leverage ratio</b>  |               |               |
| Total Basel III leverage ratio exposure measure                          | 80,521,376    | 79,476,832    |
| Basel III leverage ratio (%) (row 2 / row 13)                            | 10.12%        | 11.19%        |
| <b>Liquidity Coverage Ratio</b>  |               |               |
| Total HQLA   | 19,975,926    | 21,827,571    |
| Total net cash outflow   | 16,066,816    | 15,760,351    |
| LCR ratio (%)  | 124.33%       | 138.50%       |
| <b>Net Stable Funding Ratio</b>  |               |               |
| Total available stable funding   | 25,806,195    | 25,934,184    |
| Total required stable funding  | 23,161,393    | 22,458,828    |
| NSFR ratio (%)   | 111.42%       | 115.47%       |

## 1.5 Basis of Consolidation & Disclosure

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

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

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

The disclosures in this document are reported at the consolidated level in accordance with the CRD requirements. These disclosures are updated annually in line with the accounting year end as at 31 December and are supplemented by condensed semi-annual disclosures. Unless otherwise stated, all tables are as at 31 December 2019, with prior year comparatives as at 31 December 2018.

Both CHIL and CEP's Capital Resources, Minimum Capital Requirements, Total Risk-weighted Assets and Leverage ratios have been disclosed for transparency.

The disclosures are published on the Investor Relations section of Citi's website and complement the group level materials included in the Citigroup 2019 and 2018 Annual Reports.

# 2 CEP Independent Risk Management Objectives and Policies

## 2.1 Risk Overview

To achieve its business strategy, CEP selectively takes risks.

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

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

## 2.2 Risk Governance & Reporting

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

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

Risk management oversight is conducted at both Board and executive level, supported by the workings of various committees. This includes the Board Risk Committee (BRC), Board Audit Committee (BAC), Remuneration Committee and Nomination Committee. It also includes the Management Committees such as the Executive Committee, Asset & Liability Committee (ALCO), Credit Committee, Operating Committee, Operational Risk Committee, Outsourcing Committee, Financial Crime Governance Committee and Product Review Committee (PRC).

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

The Board has overall responsibility for CEP's risk strategy, including Risk Appetite Limits. The BRC is a sub-committee of the Board and is governed by Terms of Reference approved by the Board. The BRC has responsibility for the oversight and advice to the Board on the current risk exposures of CEP and future risk strategy. The BRC monitors risk trends and reviews the level of resourcing and capabilities required to ensure governance standards are met. The BRC oversees Independent Risk Management and provides recommendations to the Board on risk related matters. The BRC convenes at least quarterly and in 2019 met on seven occasions.

### Risk Mission

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

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

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

## Three Lines of Defence

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

- Each of CEP's businesses (**First Line of Defence**) owns and manages the risks inherent in, or arising from, the business, and is responsible for establishing and operating controls to mitigate key risks, performing manager assessments of the design and effectiveness of internal controls, and promoting a culture of compliance and control;
- CEP's independent control functions (**Second Line of Defence**), comprising of Independent Risk Management and Independent Compliance Risk Management set standards against which the businesses and functions are required to manage and oversee their risks, including compliance with applicable laws, regulatory requirements, policies and standards of ethical conduct. These functions are involved in identifying, measuring, monitoring, and controlling aggregate risks, and are independent of front line units; and,
- CEP's Internal Audit function (**Third Line of Defence**) independently reviews the activities of the first two lines of defence. This is undertaken based on a risk-based audit plan and a methodology approved by the Audit Committee. Internal Audit provides objective, reliable, valued and timely assurance to the Board, senior management and regulators regarding the effectiveness of governance, risk management, and controls which mitigate current and evolving risks and enhance the control culture within CEP.

## Independent Risk Management

In pursuit of its mission, CEP Independent Risk Management acts as a strong independent partner of the business to support effective risk management across all risks to which CEP is exposed in a manner consistent with CEP's risk appetite.

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

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

## Enterprise Risk Governance Framework

CEP has in place comprehensive, documented risk management frameworks and policies to support the management of the material risks identifying for its activities, and ensure accountability through its three lines of defence model.

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

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

- the principles of sound risk management for each material risk type;



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

## **Core Risk 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 Material Risk Identification and Assessment Process which identifies and assesses risk exposures, concentrations and positions, both quantitative and qualitative, identified as the most significant risks to CEP, and how these risks are monitored and mitigated;
- Assess and challenge the CEP 3-Year Strategic Plan and provide a report outlining the results of that challenge to the Board on an annual basis;
- Enable Board review and approval of the CEP Risk Appetite Statement on an annual basis, This articulates the amount of risk which the Board is prepared to tolerate in pursuit of its strategy;
- Adopt Policies that establish standards, risk limits, and policy adherence processes;
- Stress testing and ensuring appropriate shocks and models are used to assess CEP's material risks;
- Documenting an annual, Board-approved Risk Plan which outlines key deliverables which support and enhance risk management. Progress against the plan is tracked and reported to the BRC on an ongoing basis; and,
- The CEP branch network and reporting lines to ensure all branches are operating in line with the CEP Enterprise Risk Governance Framework.

## **Stress Testing**

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

The stress test programme:

- Supports bottom-up and top-down stress testing, including reverse stress-testing;
- Is a flexible platform that enables modelling of a wide variety of stress tests across business lines and risk types;
- Draws data from across the organisation, as needed; and,
- Enables intervention to adjust assumptions.

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

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

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

## Risk Monitoring & Reporting

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

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

CEP uses a global Citi risk reporting system to monitor credit and market risk exposure. CEP uses both systems and processes to monitor operational risk, the output of which is consolidated to provide an operational risk profile.

Further information on the scope and nature of risk monitoring & reporting is provided in the following sections dedicated to individual risk areas Credit Risk (Chapter 3), Market Risk (Chapter 4), Liquidity Risk (Chapter 5) and Operational Risk (Chapter 6).

## 2.3 Risk Profile and Risk Appetite

### Risk Profile

For 2019, CEP identified the following risks as being material to its business:

| Material Risk    | Definition   |
|------------------|--|
| Credit Risk      | Risk to earnings or capital from a borrower failing to meet the terms of any contract  |
| Operational Risk | Risk of failed internal processes or systems, human errors or misconduct or adverse external events  |
| Compliance Risk  | Risk of loss arising from violations of, or non-conformance with, local, national, or cross-border laws, rules, or regulations, our own internal policies and procedures, or relevant standards of conduct |
| Liquidity Risk   | Risk of inability to fund assets and meet obligations as they come due at a reasonable cost  |
| Market Risk      | Risk due to adverse movements in market rates or prices, such as interest rates and equity prices  |
| Strategic Risk   | Risk resulting from adverse business decisions, inappropriate  |

|                      |   |
|----------------------|---|
|                      | business plans, ineffective business strategy execution, or the failure to respond to changes in the macro- economic environment. |
| Inter-Affiliate Risk | Risk of loss due to exposure to affiliated entities within Citi   |
| Reputational Risk    | Threat or danger to the good name or standing of the entity vis-à-vis customers, shareholders or other stakeholders               |

CEP's strategy, approved annually by the Board, is articulated with respect to target markets and clients and includes an outlook on the global economy, an overview of the evolving regulatory environment, and a view on the competitive landscape. The overall strategic objective of CEP is to generate sustainable earnings while protecting its capital and liquidity, proactively managing product positioning and driving client led innovation.

CEP's strategy is therefore focused on optimising returns within a targeted Board-approved Risk Appetite Statement to maintain its strong capital and funding position.

An overview of CEP's management of Credit Risk (Chapter 3), Market Risk (Chapter 4), Liquidity Risk (Chapter 5) and Operational Risk (Chapter 6) is provided in the following sections on these individual risk areas.

## Risk Appetite

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

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

In line with CEP's business model, with a balance sheet that is relatively stable, diversified and of high credit quality, key prudential and risk profile metrics remain within limits set by the Board in the Risk Appetite Statement. These key risk metrics associated with the risk profile are provided in Table 1: KM1 for CEP and Table 2: KM1 for CHIL under section 1.4.

# 3 Credit Risk

## 3.1 Credit and Counterparty Risk Overview

### Credit Risk

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

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

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

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

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

Credit risk also arises from settlement and clearing activities, when CEP transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client.

### Counterparty Risk

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

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

- Capital Markets OTC (Over-the-Counter) Derivatives;
- Securities Financing Transactions (SFT) such as repurchase agreements and reverse repurchase transactions; and,
- Settlement Exposure.

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

## 3.2 Credit Risk Governance and Reporting

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

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

Responsibility for oversight and challenge of these risks sits with Independent Risk Management led by the CRO. CEP's Head Credit Risk reports to the CEP CRO. The Credit Risk Management function reports to the Head of Credit Risk and is responsible for approving credit lines and exposures in line with delegated approval authority limits set out in the CEP Credit Management Policy, 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, Credit Risk Committee and Product Review Committee.

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

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

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

Credit risk limits for CEP are governed by CEP's Risk Appetite Framework. CEP's Credit Risk Committee sets more granular level exposure and concentration limits in the context of 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 Credit Risk Committee and the BRC/Board on the Credit risk portfolio which also outline adherence to agreed limits.

## 3.3 Credit and Counterparty Risk Management

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

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

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

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

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

### **Methodology Used to Assign Credit Limits**

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

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

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

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

### **Stress Testing**

Stress Testing is performed on expected credit losses conditional on a given macroeconomic scenario, and includes the projection of credit losses for all facilities in the credit risk portfolio and all businesses. CEP Independent Risk Management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises and uses the information to make judgements as to the ongoing appropriateness of exposure levels and limits.

## **3.4 Credit and Counterparty Risk Measurement**

### **Credit Risk Regulatory Capital Requirement**

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

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

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

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

regulatory stipulated exposure based on the mark-to-market value and a measure of potential future exposure which is a percentage of notional exposure driven by residual maturity and the type of contract, i.e. interest rate, equities etc.

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

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

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

### **Internal Credit Risk Capital Assessment**

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

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

## **3.5 Credit and Counterparty Risk Mitigation**

Credit risk mitigation is of vital importance to CEP in the effective management of its counterparty and credit risk exposures. Netting agreements, collateral and other techniques have a material beneficial impact on the level of such risks borne by the organisation. CEP's credit risk mitigation processes are governed by CEP credit risk management policies.

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

CEP's core principles of collateral management are:

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

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

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

CEP has processes and procedures in place to ensure that appropriate information is available to support the collateral process, including timely and accurate information relating to margin calls, though this process

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<sup>1</sup> Capital Requirements Regulation

is required for only a very small number of customers. Key to the process is a daily credit exposure report as well as reports identifying counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is firm wide risk reporting of counterparty exposures at an individual and an aggregated level.

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

### 3.5.1 Credit Risk

Generally, in consultation with legal counsel, CEP determines whether collateral documentation is legally enforceable and gives CEP the right to liquidate or take possession of collateral in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor.

Collateral is defined as pledged, transferred, and other secured assets that achieve enforceable security interests. For all collateral, CEP will have a perfected lien and the legal ability to gain possession of collateral if required.

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

#### Valuation

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

- Loan-to-value ratio: the ratio of a loan to the value of posted collateral;
- Loanable value: the most likely recovery value of the collateral considering all potential resolution;
- Haircut: the amount by which the market value of posted collateral must exceed the cash advance or associated exposure against the collateral.

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

#### Collateral Concentrations

Apart from a concentration of cash and high grade liquid bonds such as AAA Rated U.S. Treasury, OECD Government or U.S. Agency bonds, there were no other material concentrations of collateral as at 31 December 2019.

### 3.5.2 Counterparty Risk

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



## Credit Reserve

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

## Derivative Master Netting Agreements

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

CEP considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process. Industry standard legal agreements combined with internal reviews for legal enforceability are used to achieve a perfected security interest in the collateral.

## Primary Types of Collateral

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

## Valuation

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

### 3.5.3 Wrong Way Risk and Rating Downgrades

#### Wrong Way Risk

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

For CEP, Insurance Letter of Credit (ILOC) products and SFTs (reverse repos & securities borrowing), and OTC derivatives may incur general wrong way risk. For ILOC facilities, obligors are not permitted to post their own security as collateral, and therefore specific wrong way risk is not applicable. For SFT

counterparties, national central banks for example, are allowed to post own collateral, which incurs specific wrong way risk.

Should general and specific wrong way risk arise, where there is a material correlation between the credit quality of the counterparty and the value of the collateral, or any significant degree of dependence between the risk to the counterparty and that of the collateral, then this aspect of accounting for, managing, and reflecting both general and specific wrong way risks could be reflected through the definition of acceptable collateral, which ensures that the quality and liquidity value of the collateral received is in excess of the credit extended, as well as identification and quantification metrics to ensure these risks are managed and reflected.

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

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).

## 3.6 Credit Risk Adjustments

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

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

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

For a detailed description of CEP's accounting policies and risk management practices, please refer to Note 1J, "Impairment of financial assets" in the CEP Annual Report and Financial Statements 2019.

## 3.7 Definitions of Past Due and Impairment

### Definitions of past due and impairment

Exposures are considered to be past due if material 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.

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 or represents an amount greater than 1% of the total amount of all on-balance sheet exposures to the obligor excluding equity exposures. CEP recognises exposures as being past due in accordance with section 4 of the EBA Guidelines on the application of the definition of default and Commission Delegated Regulation (EU) 2018/171 on the materiality threshold for credit obligations past due. An exposure can only be past due if there is a legal obligation to make a payment and the payment is compulsory. In the event there is no legal obligation or payment is not compulsory, non-payment does not constitute a breach. Once the legal obligation for a mandatory payment has been established, the counting of days past due starts as soon as any amount of principal, interest or fee has not been paid at the date when it was due.

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

Financial assets are deemed to be credit-impaired when a credit loss event has occurred. Credit-impaired assets are classified Stage 3 and in default. A loss allowance 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 Institutional Clients Group (ICG); \$2.5million in Citi Commercial Banking (CCB) and \$500,000 in Citi Private Bank (CPB).

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

Further information can be found in section 12.

## 4 Market Risk

### 4.1 Market Risk Overview

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

The trading portfolio comprises positions held with trading intent, where the business looks for short-term price differences between buying and selling prices. CEP is currently not a material trading entity or broker dealer business and as such these market risk exposures are small relative to the size of the balance sheet. In addition non-linear risk in CEP is managed according to a back to back model where market risk is transferred to a Citi affiliate.

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

### 4.2 Market Risk Governance and Reporting

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

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

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

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

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

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

CEP Risk Management monitor the Market risk profile on an ongoing basis and ensure detailed reports are sent to the Market Risk Sub-Committee and the BRC/Board on the Trading book and Non-trading book which also outline adherence to agreed limits.

## 4.3 Trading Book Risk Management

Market risk in trading portfolios is monitored by CEP using a series of measures, including:

- Factor Sensitivities;
- VaR; and,
- Stress Testing.

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

**Value at Risk (VaR)** estimates the potential decline in the value of a position or a portfolio under normal market conditions at a 99% confidence level over a one-day time period. Citi's VaR methodology, adopted by CEP, incorporates the factor sensitivities of the trading portfolio with the volatilities and correlations of those factors. The VaR model is based on the volatilities of, and correlations between, a comprehensive set of market risk factors, including factors that track the specific issuer risk in debt and equity securities. The variance/covariance matrix is calibrated using three years of market data, with volatilities adjusted to capture fat tail effects at a 99% confidence level over a one-day period. Market variables simulated from the matrix by a Monte Carlo methodology are applied to factor sensitivities to generate a forecast distribution of one-day profit or loss, from which the VaR can be computed. The factor sensitivities are designed to capture all material market risks on each trading asset, including the non-linear risks associated with derivative portfolios.

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

CEP employs top-down systemic stresses to monitor risks in its portfolio. Systemic stresses are designed to quantify the potential impact of extreme market movements and are constructed using both historical periods of market stress and projections of adverse economic scenarios.

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

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

The highest, lowest, mean and year end level of the daily VaR measure during 2019 and 2018 were as follows:

**Table 3: Portfolio VaR**

| EUR Thousands | 2019    |        |       |          | 2018    |        |       |          |
|---------------|---------|--------|-------|----------|---------|--------|-------|----------|
|               | Highest | Lowest | Mean  | Year End | Highest | Lowest | Mean  | Year End |
| Portfolio VaR | 2,374   | 1,289  | 1,823 | 2,190    | 2,168   | 1,118  | 1,524 | 1,291    |

## 4.4 Trading Book Risk Measurement

### Trading Book Regulatory Capital

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

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

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

### Internal Trading Book Risk Capital Assessment

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

## 4.5 Non-Trading Book Risk Management and Measurement

Positions in the Non-Trading Book arise primarily from customer flows. As noted above 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. As previously noted the principal risk in CEP's non-trading book is interest rate risk in the banking book (IRRBB). CEP uses a cashflow-based approach for the measurement, management and monitoring of IRRBB in line with industry best practice.

CEP's measure of IRRBB from an earnings perspective is Interest Rate Exposure (IRE). IRE measures the potential pre-tax impact on NIR for non-trading book positions due to defined shifts in interest rates over a 12 month period. Net Interest revenue (NIR) is the difference between the yield earned on the non-trading book portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or company borrowings).

In addition CEP measures Economic Value Sensitivity (EVS) for its non-trading book. EVS captures the impact of interest rate changes on CEP's Economic Value of Equity (EVE) and is calculated by discounting all interest rate sensitive instruments on the balance sheet using a base and stressed interest rate curve and calculating the difference. Runoff assumptions for deposit balances, which are derived using statistical analysis of historical customer information, are applied to the balance sheet to derive the lifetime balances of liabilities. Prepayment risk is not a feature of the CEP balance sheet.

The following table shows the IRE and EVS measure as at 31 December 2019 and 31 December 2018 assuming parallel upward and downward shifts of interest rates by 100 bps. A positive IRE/EVS indicates a potential increase in earning/economic value while a negative IRE/EVS indicates a potential decline in earning/economic value. For the downward shift of 100 bp, the IRE/EVS measurements below assume an interest rate floor of zero. This has been enhanced in early 2020 and exposure in the down shock is now measured relative to an interest rate floor of -200 bps. IRE and EVS are calculated on a monthly basis.

**Table 4: Sensitivity of Economic Value and Net Interest Revenue**

| <i>EUR Thousands</i> | <b>Economics Value Sensitivity</b> |                 |                      |                 |
|----------------------|------------------------------------|-----------------|----------------------|-----------------|
|                      | <b>December 2019</b>               |                 | <b>December 2018</b> |                 |
|                      | <b>+100bps</b>                     | <b>-100bps</b>  | <b>+100bps</b>       | <b>-100bps</b>  |
| EUR                  | 209,432                            | 3,552           | 259,006              | 7,351           |
| USD                  | 65,043                             | (62,854)        | 40,889               | (46,597)        |
| GBP                  | 5,466                              | (7,838)         | 16,596               | (25,127)        |
| CZK                  | 11,995                             | (13,313)        | 9,138                | (10,031)        |
| <b>Total</b>         | <b>307,670</b>                     | <b>(79,356)</b> | <b>352,577</b>       | <b>(90,134)</b> |

| <i>EUR Thousands</i> | <b>Interest Rate Exposure</b> |                 |                      |                 |
|----------------------|-------------------------------|-----------------|----------------------|-----------------|
|                      | <b>December 2019</b>          |                 | <b>December 2018</b> |                 |
|                      | <b>+100bps</b>                | <b>-100bps</b>  | <b>+100bps</b>       | <b>-100bps</b>  |
| EUR                  | 105,483                       | (1,099)         | 109,903              | (1,321)         |
| USD                  | 19,889                        | (19,184)        | 42,551               | (42,939)        |
| GBP                  | 16,548                        | (13,612)        | 20,741               | (28,458)        |
| CZK                  | 8,823                         | (8,835)         | 5,658                | (5,671)         |
| <b>Total</b>         | <b>153,060</b>                | <b>(48,229)</b> | <b>179,589</b>       | <b>(77,994)</b> |

Prior year comparatives have been restated in line with final regulatory submissions.

Stress testing is performed for IRRBB on a monthly basis. Systemic stresses are designed to quantify the potential impact of extreme market movements and are constructed using both historical periods of market stress and projections of adverse economic scenarios.

## 4.6 Non-Trading Book Risk Measurement

### Non Trading Book Risk Capital Assessment

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

The model generates 200,000 P&L scenarios, and Risk Capital is estimated as the 99.97% percentile of the one-year P&L distribution.

## 4.7 Market Risk Mitigation

As outlined in the previous chapters Market Risk in the trading book is managed within agreed risk limits with ongoing monitoring and reporting processes in place.

Customer derivative activity in CEP is managed in line with a back to back hedging model where the market risk is transferred to a Citi affiliate.

The principal risk on the non-trading portfolio is Interest Rate Risk in the Banking Book (IRRBB) which is mitigated through the purchase and sale of securities.

# 5 Liquidity Risk

## 5.1 Liquidity Risk Overview

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

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

## 5.2 Liquidity Risk Governance

CEP manages Liquidity risk on a day-to-day basis through a three lines of defense approach.

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

Responsibility for oversight and challenge of these risks sits with the second line of defence; Independent Risk Management led by the CRO. CEP's Head Market & Liquidity Risk reports to the CEP CRO. The Market & Liquidity Risk Management function reports to the Head of Market & Liquidity Risk and are responsible for overseeing and challenging the effectiveness of controls and management of liquidity risk in CEP. The review of both first and second line activity is undertaken by the Internal Audit function, who represent the third line of defence.

The CEP Board has the ultimate responsibility for ensuring that there is an appropriate liquidity risk management framework in place. Liquidity risk governance is provided by the Board, BRC, Executive Committee, Operational Risk Committee and Product Review Committee.

The Board is also responsible for articulating CEP's risk appetite for liquidity risk. Liquidity risk limits for CEP are governed by CEP's Risk Appetite Framework. The ALCO is responsible for maintaining oversight on Liquidity Risks and also over the adequacy and effectiveness of the Liquidity Risk Management Framework and associated policies. CEP Risk Management monitor the Liquidity risk profile on an ongoing basis and ensure detailed reports are sent to the ALCO and the BRC/Board on the Liquidity risk profile which also outline adherence to agreed limits.

As part of the ILAAP, a Liquidity Adequacy Statement is signed by the Board. In April 2020 the Board concluded that in the context of CEP's strategy, business model, governance and risk management framework, CEP's current and forecasted liquidity position are adequate and capable of withstanding a severe but plausible stress scenario under both Economic and Normative perspectives.

## 5.3 Liquidity Risk Management and Measurement

A significant amount of CEP's liquidity is sourced from operational deposits from third-party clients, CEP's own equity, as well as intercompany funding. As at end of 2019, approximately 40% of the assets on CEP



Balance Sheet of €55.2Bn were deemed to be high quality and liquid (e.g. cash at central bank). The holding of a significant buffer of high quality liquid assets is the primary mitigation of the liquidity risks faced by CEP.

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

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

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

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

CEP is a direct participant in Settlement Systems where it offers General Clearing Member (GCM) services across EMEA and Settlement Agent services in multiple European markets through CEP's branches and the centralised Target 2 Securities clearing platform. To support direct clearing activity CEP must post cash and securities collateral in order to access credit lines and fund payment obligations. To ensure there is sufficient liquidity to meet CEP's intraday liquidity needs, any cash amount regularly used for intraday payments and any collateral pledged for intraday credit are reported as encumbered for CEP's regulatory liquidity reporting. The Intraday and Collateral Management Sub-Committee of ALCO serves as the supporting committee for the monitor and review of intraday and collateral related.

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

To provide for resilience under stress, CEP holds a buffer of High Quality Liquid Assets (HQLA), which is comprised of cash (held at central banks), as well as high quality securities, mainly EU and US government bonds. As at month-end December 2019, this HQLA, as per CRDIV eligibility criteria, equated to €21.8 billion (this HQLA split between cash of €14 billion and bonds of €7.8 billion).

CEP's CRD IV LCR was 138.5% as of 31 December 2019 with a surplus of €6.1bn above the minimum 100% requirement; the average LCR DA for CEP in 2019 was 126%.

# 6 Operational Risk

## 6.1 Operational Risk Overview

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

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

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

- Processing Risk: (Inc. Execution & Integration)
- Human Capital Risk
- Data Management Risk
- Fraud Risk (Internal/External)
- Third Party Risk
- Information Technology Risk
- Information Security and Communication Risk
- Reporting Risk: (Inc. Regulatory Change)
- Model Risk
- Governance and Risk Oversight
- Physical Damage Risk
- Markets Integrity Conduct Risk
- Money Laundering Risk
- Sanctions Risk
- Bribery Risk
- Customer or Client Conduct Risk

## 6.2 Operational Risk Governance and Reporting

CEP manages operational risk on a day-to-day basis through a three 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, Executive Committee, Operational Risk Committee and Product Review Committee.

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

Operational risk limits for CEP are governed by CEP's Risk Appetite Framework. The Operational Risk Committee (ORC) is responsible for maintaining oversight on Key Operational Risks and also over the adequacy and effectiveness of the Operational Risk Management Framework and associated policies, to anticipate and mitigate operational risk for CEP and ensure consistent implementation across CEP and its branch operations.

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

## 6.3 Operational Risk Management

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

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

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

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

- Identify and assess Key Operational Risks;
- Design controls to mitigate identified risks;
- Establish Key Risk Indicators (KRIs);
- Implement a process for early problem recognition and timely escalation; and,
- Produce comprehensive operational risk reporting.

## 6.4 Operational Risk Measurement

### **Operational Risk Regulatory Capital Requirement**

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

CEP's Pillar 1 operational risk capital requirement is €320m as at 31 December 2019.

For CEP's assessment of its Pillar 2 internal risk capital requirement for operational risk a hybrid approach was used taking into account stress losses calculated in 1/50 confidence level and severe idiosyncratic scenarios. Pillar 2 is calculated to determine whether Pillar 1 is adequate, or if add-ons are required.

## 6.5 Operational Risk Mitigation

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

# 7 Securitisation

## 7.1 Securitisation activity

CEP had two securitisation positions as at 31 December 2019.

CEP acted as arranger and lead manager on these securitisations. As a means of compensation for the role, CEP received the positions in the form of S-class certificates. These positions are deemed traditional securitisations in the banking book and are subject to the new securitisation framework for capital requirements as outlined in the CRR amended Regulation on Securitisation.

CEP did not originate the securitisations, but is an investor in these positions. There are no re-securitisation exposures and no assets awaiting securitisation. In addition, there was no instance of CEP acting as a sponsor for third party securitisation deals. Additionally, there are no off balance sheet securitisation exposures.

CEP has adopted the new hierarchy of methods under the CRR amended Regulation and in line with this, the securitisation positions are treated under the SEC-SA method to calculate risk-weighted exposure amounts. The exposure amount, risk weighted assets and capital requirement applied to the positions held at 31 December 2019 are set out in the below table:

**Table 5: Securitisation activity as at 31 Dec 2019**

| <i>EUR Thousands</i> | 2019           |          |      |                               |
|----------------------|----------------|----------|------|-------------------------------|
|                      | Risk weighting | Exposure | RWAs | Capital Resources Requirement |
| On Balance Sheet     | At 24.5%       | 4,066    | 996  | 80                            |
|                      | At 20.3%       | 676      | 137  | 11                            |

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

## 8 Regulatory Framework for Disclosures

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

### 8.1 Differences between Accounting and Regulatory Exposure Amounts

**Table 6: LI1 - Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories 31 December 2019**

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

| EUR Thousands   | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Carrying values of items             |                              |   |                                      |  |
|---|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
|   |   |   | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from |
| <b>Assets</b>   |   |   |                                      |                              |   |                                      |  |
| Cash and balances at central banks                              | 17,210,535  | 17,210,535  | 17,210,535                           | -                            | -                                       | -                                    | -  |
| Items in the course of collection from other banks              | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Trading portfolio assets  | 998,035   | 998,035   | -                                    | -                            | 4,742                                   | 993,293                              | -  |
| Financial assets designated at fair value                       | 97,800  | 97,800  | -                                    | -                            | -                                       | 97,800                               | -  |
| Derivative financial instruments                                | 2,867,175   | 2,867,175   | -                                    | -                            | -                                       | 2,867,175                            | -  |
| Loans and advances to banks                                     | 12,312,624  | 12,312,624  | 12,312,624                           | -                            | -                                       | -                                    | -  |
| Loans and advances to customers                                 | 15,181,285  | 15,181,285  | 15,181,285                           | -                            | -                                       | -                                    | -  |
| Reverse repurchase agreements and other similar secured lending | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Available-for-sale financial investments                        | 3,313,826   | 3,313,826   | -                                    | -                            | -                                       | 3,313,826                            | -  |
| Other   | 3,254,355   | 3,254,355   | 990,926                              | -                            | -                                       | -                                    | 2,263,428  |
| <b>Total assets</b>   | <b>55,235,635</b>   | <b>55,235,635</b>                                       | -                                    | -                            | -                                       | -                                    | -  |
| <b>Liabilities</b>  |   |   |                                      |                              |   |                                      |  |
| Deposits from banks   | 13,513,294  | 13,513,294  | -                                    | -                            | -                                       | -                                    | 13,513,294   |
| Items in the course of collection due to other banks            | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Customer accounts   | 24,951,118  | 24,951,118  | -                                    | -                            | -                                       | -                                    | 24,951,118   |
| Repurchase agreements and other similar secured borrowings      | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Trading portfolio liabilities                                   | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Financial liabilities designated at fair value                  | -   | -   | -                                    | -                            | -                                       | -                                    | -  |
| Derivative financial instruments                                | 2,888,770   | 2,888,770   | -                                    | -                            | -                                       | 2,888,770                            | -  |
| Other   | 4,692,594   | 4,692,594   | -                                    | -                            | -                                       | -                                    | 4,692,594  |
| <b>Total liabilities</b>  | <b>46,045,776</b>   | <b>46,045,776</b>                                       | -                                    | -                            | -                                       | -                                    | -  |

**Table 7: LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

Template EU LI2 is not provided because there are no differences between the regulatory exposure amounts and carrying values in financial statements.

**Table 8: LI3– Outline of the differences in the scopes of consolidation (entity by entity)**

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

# 9 Capital Resources and Minimum Capital Requirements

## 9.1 Capital Resources

The CRD requires that CHIL and CEP comply with minimum capital standards and maintain a prescribed excess of total capital resources over Pillar I capital requirement. Capital resources are measured and reported in accordance with the CRD.

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

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

Table 9 and 10 shows the regulatory capital resources of CHIL and CEP as at 31 December 2019 and 31 December 2018. Tables 11 and 12 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 2019. Further details on the composition of CHIL and CEP's Capital resources are shown in Table 13.

**Table 9: Own Funds CEP 31 December 2019 & 2018**

| <i>EUR thousands</i>   | CEP               |                   |
|--|-------------------|-------------------|
|  | 31-Dec-19         | 31-Dec-18         |
| Capital instruments and the related share premium accounts   | 2,464,130         | 2,419,173         |
| of which: Share Capital  | 9,375             | 9,198             |
| of which: Share Premium  | 1,747,149         | 1,714,190         |
| of which: Capital Reserves   | 735,880           | 721,998           |
| of which: Other Reserves   | (28,274)          | (26,213)          |
| Retained earnings  | 6,725,728         | 5,650,655         |
| Accumulated other comprehensive income (and any other reserves)  | -                 | -                 |
| Common Equity Tier 1 (CET1) capital before regulatory adjustments  | 9,189,858         | 8,069,828         |
| Additional value adjustments (negative amount)   | (10,620)          | (7,611)           |
| Intangible assets (net of related tax liability) (negative amount)   | (81,024)          | (81,958)          |
| Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)  | (199,979)         | (222,161)         |
| Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | (12,618)          | (12,380)          |
| <b>Total Regulatory Adjustments to Common Equity Tier 1 (CET1)</b>   | <b>(304,240)</b>  | <b>(324,109)</b>  |
| <b>Common Equity Tier 1 (CET1) capital</b>   | <b>8,885,618</b>  | <b>7,745,719</b>  |
| <b>Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>8,885,618</b>  | <b>7,745,719</b>  |
| <b>Tier 2 (T2) Capital</b>   | <b>-</b>          | <b>-</b>          |
| <b>Total Capital (TC = T1 + T2)</b>  | <b>8,885,618</b>  | <b>7,745,719</b>  |
| <b>Total Risk-Weighted Assets</b>  | <b>39,578,604</b> | <b>39,474,731</b> |
| <b>Common Equity Tier 1 (as a percentage of total risk exposure amount)</b>  | 22.45%            | 19.62%            |
| <b>Tier 1 (as a percentage of total risk exposure amount)</b>  | 22.45%            | 19.62%            |
| <b>Total capital (as a percentage of total risk exposure amount)</b>   | 22.45%            | 19.62%            |



**Table 10: Own Funds CHIL 31 December 2019 & 2018**

| <i>EUR thousands</i>   | CHIL              |                   |
|--|-------------------|-------------------|
|  | 31-Dec-19         | 31-Dec-18         |
| Capital instruments and the related share premium accounts   | 2,242,345         | 2,201,200         |
| of which: Share Capital  | -                 | -                 |
| of which: Share Premium  | 611,858           | 600,315           |
| of which: Capital Reserves   | 1,645,432         | 1,662,739         |
| of which: Other Reserves   | (14,945)          | (61,854)          |
| Retained earnings  | 6,946,029         | 5,866,894         |
| Accumulated other comprehensive income (and any other reserves)  | -                 | -                 |
| Common Equity Tier 1 (CET1) capital before regulatory adjustments  | 9,188,374         | 8,068,094         |
| Additional value adjustments (negative amount)   | (10,607)          | (7,598)           |
| Intangible assets (net of related tax liability) (negative amount)   | (81,024)          | (81,958)          |
| Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)  | (200,003)         | (222,188)         |
| Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | -                 | -                 |
| <b>Total Regulatory Adjustments to Common Equity Tier 1 (CET1)</b>   | <b>(291,634)</b>  | <b>(311,745)</b>  |
| <b>Common Equity Tier 1 (CET1) capital</b>   | <b>8,896,740</b>  | <b>7,756,349</b>  |
| <b>Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>8,896,740</b>  | <b>7,756,349</b>  |
| <b>Tier 2 (T2) Capital</b>   | <b>-</b>          | <b>-</b>          |
| <b>Total Capital (TC = T1 + T2)</b>  | <b>8,896,740</b>  | <b>7,756,349</b>  |
| <b>Total Risk-Weighted Assets</b>  | <b>39,606,364</b> | <b>39,474,731</b> |
| <b>Common Equity Tier 1 (as a percentage of total risk exposure amount)</b>  | 22.46%            | 19.65%            |
| <b>Tier 1 (as a percentage of total risk exposure amount)</b>  | 22.46%            | 19.65%            |
| <b>Total capital (as a percentage of total risk exposure amount)</b>   | 22.46%            | 19.65%            |

Prior year comparatives have been restated in line with final regulatory submissions.

**Table 11: Regulatory Capital Resources Reconciliation to Audited Financial Statements CEP 31  
December 2019**

| <i>EUR Thousands</i>                    | Balance per Audited Financial Statements | Adj to Balance Sheet Items for Regulatory Capital Resources |                  |                   |                         | Balance per Regulatory Capital Resources |
|---|--|---|------------------|-------------------|-------------------------|--|
|   |  | Intangible Assets   | Deferred Tax     | Prudent Valuation | Significant Investments |  |
| <b>Tier 1 Capital</b>                   |  |   |                  |                   |                         |  |
| Share Capital                           | 9,375                                    |   |                  |                   |                         | 9,375                                    |
| Share Premium                           | 1,747,149                                |   |                  |                   |                         | 1,747,149                                |
| Capital Reserves                        | 735,880                                  |   |                  |                   |                         | 735,880                                  |
| Other Reserves                          | (28,274)                                 |   |                  |                   |                         | (28,274)                                 |
| Retained Earnings                       | 6,725,728                                |   |                  |                   |                         | 6,725,728                                |
| <b>Tier 1 Capital Before Deductions</b> | <b>9,189,858</b>                         | <b>-</b>  |                  |                   |                         | <b>9,189,858</b>                         |
| Intangible Assets                       |  | (81,024)  |                  |                   |                         | (81,024)                                 |
| Deferred Tax Asset                      |  |   | (199,979)        |                   |                         | (199,979)                                |
| Prudent Valuation                       |  |   |                  | (10,620)          |                         | (10,620)                                 |
| Significant Investments                 |  |   |                  |                   | (12,618)                | (12,618)                                 |
| <b>Tier 1 Capital After Deductions</b>  | <b>9,189,858</b>                         | <b>(81,024)</b>   | <b>(199,979)</b> | <b>(10,620)</b>   | <b>(12,618)</b>         | <b>8,885,618</b>                         |
| <b>Total Capital Resources</b>          | <b>9,189,858</b>                         | <b>(81,024)</b>   | <b>(199,979)</b> | <b>(10,620)</b>   | <b>(12,618)</b>         | <b>8,885,618</b>                         |

**Table 12: Regulatory Capital Resources Reconciliation to Audited Financial Statements CHIL 31  
December 2019**

| <i>EUR Thousands</i>                    | Balance per Audited Financial Statements | Adj to Balance Sheet Items for Regulatory Capital Resources |                  |                   | Balance per Regulatory Capital Resources |
|---|--|---|------------------|-------------------|--|
|   |  | Intangible Assets   | Deferred Tax     | Prudent Valuation |  |
| <b>Tier 1 Capital</b>                   |  |   |                  |                   |  |
| Share Capital                           | -  |   |                  |                   | -  |
| Share Premium                           | 611,858                                  |   |                  |                   | 611,858                                  |
| Capital Reserves                        | 1,645,432                                |   |                  |                   | 1,645,432                                |
| Other Reserves                          | (14,945)                                 |   |                  |                   | (14,945)                                 |
| Retained Earnings                       | 6,946,029                                |   |                  |                   | 6,946,029                                |
| <b>Tier 1 Capital Before Deductions</b> | <b>9,188,374</b>                         |   |                  |                   | <b>9,188,374</b>                         |
| Intangible Assets                       |  | (81,024)  |                  |                   | (81,024)                                 |
| Deferred Tax Asset                      |  |   | (200,003)        |                   | (200,003)                                |
| Prudent Valuation                       |  |   |                  | (10,607)          | (10,607)                                 |
| <b>Tier 1 Capital After Deductions</b>  | <b>9,188,374</b>                         | <b>(81,024)</b>   | <b>(200,003)</b> | <b>(10,607)</b>   | <b>8,896,740</b>                         |
| <b>Total Capital Resources</b>          | <b>9,188,374</b>                         | <b>(81,024)</b>   | <b>(200,003)</b> | <b>(10,607)</b>   | <b>8,896,740</b>                         |

**Table 13: Capital Instruments Features**

| <b>Capital Instruments Main Features</b> |   | <b>CET1</b>   | <b>CET1</b>                                    |
|--|---|---|--|
| 1  | Issuer  | Citibank Europe Plc   | Citibank Holdings Ireland                      |
| 2  | Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)                             | Private placement   | Private Placement                              |
| 3  | Governing law(s) of the instrument*   | Irish   | Irish  |
|  | Regulatory treatment  |   |  |
| 4  | Transitional CCR rules  | CET 1   | CET1   |
| 5  | Post-transitional CRR rules   | CET 1   | CET1   |
| 6  | Eligible at solo/(sub-) consolidated/ solo & (sub-)consolidated   | Solo  |  |
| 7  | Instrument type (types to be specified by each jurisdiction)  | Ordinary issued shares with full voting rights  | Ordinary issued shares with full voting rights |
| 8  | Amount recognised in regulatory capital (as of most recent reporting date)                                    | €1,756,524 comprising nominal and premium   | € 611,860 comprising nominal and premium       |
| 9  | Nominal amount of instrument  | 1   |  |
| 9a                                       | Issue price   | €22,192 15/03/2001<br>€6,348,689 17/04/2001<br>€180,703 28/09/2001<br>€908,846 01/01/2008<br>€1,857,824 31/12/2009<br>€423,036 01/01/2016 | €2 30/10/2003<br>€1 31/12/2009                 |
| 9b                                       | Redemption price  | N/A   | N/A  |
| 10                                       | Accounting classification   | Share holders equity  | Share holders equity                           |
| 11                                       | Original date of issuance   | €22,192 15/03/2001<br>€6,348,689 17/04/2001<br>€180,703 28/09/2001<br>€908,846 01/01/2008<br>€1,857,824 31/12/2009<br>€423,036 01/01/2016 | €2 30/10/2003<br>€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   |
| 20a                                      | Fully discretionary, partially or mandatory (in terms of timing)  | Fully discretionary   | Fully discretionary                            |
| 20b                                      | Fully discretionary, partially or mandatory (in terms of amount)  | Fully discretionary   | Fully discretionary                            |
| 21                                       | Existence of step up or other incentive to redeem   | No  | No   |
| 22                                       | Noncumulative or cumulative**   | Non cumulative  | Non cumulative                                 |
| 23                                       | Convertible or non-convertible  | Non-convertible   | Non-convertible                                |
| 24                                       | If convertible, conversion trigger(s)   | N/A   | N/A  |
| 25                                       | If convertible, fully or partially  | N/A   | N/A  |
| 26                                       | If convertible, conversion rate   | N/A   | N/A  |
| 27                                       | If convertible, mandatory or optional conversion  | N/A   | N/A  |
| 28                                       | If convertible, specify instrument type convertible into  | N/A   | N/A  |
| 29                                       | If convertible, specify issuer of instrument it converts into   | N/A   | N/A  |
| 30                                       | Write-down features   | N/A   | N/A  |
| 31                                       | If write-down, features, write down trigger(s)***   | N/A   | N/A  |
| 32                                       | If write-down, full or partial  | N/A   | N/A  |
| 33                                       | If write-down, permanent or temporary   | N/A   | N/A  |
| 34                                       | If temporary write-down, description of write-down mechanism  | N/A   | N/A  |
| 35                                       | 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  |

## 9.2 Minimum Capital Requirement

CEP complies with the CRR Minimum Capital Requirements to ensure that sufficient capital is maintained to cover all relevant risks and exposures. For this purpose, the firm calculates capital charges for credit risk, market risk and operational risk based upon the standardised approach, as well as recognising a number of credit risk mitigation techniques in calculating the charges for credit and counterparty risk. The total Capital Resources must be greater than its Minimum Capital Requirement, allowing for a capital excess to accommodate any additional obligations, such as Pillar 2 charges. CHIL (consolidated) and CEP have the same minimum capital requirement (8%). In addition to the minimum capital requirement, Pillar 2 Requirement is communicated through the annual SREP (Supervisory Review and Evaluation Process).

The Pillar 2 Requirement was 2.9% as at 31 Dec 2019. This was subsequently updated to 2.7% (effective from the 1<sup>st</sup> Jan 2020).

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

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

The capital adequacy assessment is performed through two lenses: a normative and an economic perspective, which complement and inform each other. The normative perspective assesses CEP's ability to fulfil its capital-related regulatory and supervisory requirements under a base case scenario and stress scenarios. The economic perspective assesses the extent to which material risks are covered by internal capital resources in base and stress scenarios.

## 9.3 Overview of Risk-Weighted Assets

Table 14 and 15 provide the overview of CEP' and CHL's (respectively) RWAs and minimum capital requirements as of 31 December 2019.

**Table 14: EU OV1 – Overview of RWAs 30 September & 31 December 2019 - CEP**

| EUR Thousands   | RWAs              |                   | Minimum capital requirements |                  |
|---|-------------------|-------------------|------------------------------|------------------|
|   | 2019 Q4           | 2019 Q3           | 2019 Q4                      | 2019 Q3          |
| Credit risk (excluding CCR)   | 31,571,282        | 34,336,494        | 2,525,703                    | 2,746,920        |
| <i>Of which the standardised approach</i>   | 31,571,282        | 34,336,494        | 2,525,703                    | 2,746,920        |
| <i>Of which the foundation IRB (FIRB) approach</i>                                  | -                 | -                 | -                            | -                |
| <i>Of which the advanced IRB (AIRB) approach</i>                                    | -                 | -                 | -                            | -                |
| <i>Of which equity IRB under the simple risk-weighted approach or the IMA</i>       | -                 | -                 | -                            | -                |
| CCR   | 2,584,107         | 1,927,050         | 206,729                      | 154,164          |
| <i>Of which mark to market</i>  | 1,869,179         | 1,775,289         | 149,534                      | 142,023          |
| <i>Of which original exposure</i>   | -                 | -                 | -                            | -                |
| <i>Of which the standardised approach</i>   | 13,422            | 21,559            | 1,074                        | -                |
| <i>Of which internal model method (IMM)</i>   | -                 | -                 | -                            | -                |
| <i>Of which risk exposure amount for contributions to the default fund of a CCP</i> | 693               | 1,090             | 55                           | 87               |
| <i>Of which CVA</i>   | 700,812           | 129,112           | 56,065                       | 10,329           |
| Settlement risk   | 589               | 36                | 47                           | 3                |
| Securitisation exposures in the banking book (after the cap)                        | 1,133             | 982               | 91                           | 79               |
| <i>Of which IRB approach</i>  | -                 | -                 | -                            | -                |
| <i>Of which IRB supervisory formula approach (SFA)</i>                              | -                 | -                 | -                            | -                |
| <i>Of which internal assessment approach (IAA)</i>                                  | -                 | -                 | -                            | -                |
| <i>Of which standardised approach</i>   | 1,133             | 982               | 91                           | 79               |
| Market risk   | 1,419,645         | 1,681,455         | 113,572                      | 134,516          |
| <i>Of which the standardised approach</i>   | 1,419,645         | 1,681,455         | 113,572                      | 134,516          |
| <i>Of which IMA</i>   | -                 | -                 | -                            | -                |
| Large exposures   | -                 | -                 | -                            | -                |
| Operational risk  | 4,001,847         | 4,128,639         | 320,148                      | 330,291          |
| <i>Of which basic indicator approach</i>  | -                 | -                 | -                            | -                |
| <i>Of which standardised approach</i>   | 4,001,847         | 4,128,639         | 320,148                      | 330,291          |
| <i>Of which advanced measurement approach</i>                                       | -                 | -                 | -                            | -                |
| Amounts below the thresholds for deduction (subject to 250% risk weight)            | -                 | -                 | -                            | -                |
| Floor adjustment  | -                 | -                 | -                            | -                |
| <b>Total</b>  | <b>39,578,604</b> | <b>42,074,657</b> | <b>3,166,288</b>             | <b>3,365,973</b> |

**Table 15: EU OV1 – Overview of RWAs 30 September & 31 December 2019 - CHIL**

| EUR Thousands   | RWAs              |                   | Minimum capital requirements |                  |
|---|-------------------|-------------------|------------------------------|------------------|
|   | 2019 Q4           | 2019 Q3           | 2019 Q4                      | 2019 Q3          |
| Credit risk (excluding CCR)   | 31,586,388        | 34,336,494        | 2,526,911                    | 2,746,920        |
| <i>Of which the standardised approach</i>   | 31,586,388        | 34,336,494        | 2,526,911                    | 2,746,920        |
| <i>Of which the foundation IRB (FIRB) approach</i>                                  | -                 | -                 | -                            | -                |
| <i>Of which the advanced IRB (AIRB) approach</i>                                    | -                 | -                 | -                            | -                |
| <i>Of which equity IRB under the simple risk-weighted approach or the IMA</i>       | -                 | -                 | -                            | -                |
| CCR   | 2,584,107         | 1,927,050         | 206,729                      | 154,164          |
| <i>Of which mark to market</i>  | 1,869,179         | 1,775,289         | 149,534                      | 142,023          |
| <i>Of which original exposure</i>   | -                 | -                 | -                            | -                |
| <i>Of which the standardised approach</i>   | 13,422            | 21,559            | 1,074                        | -                |
| <i>Of which internal model method (IMM)</i>   | -                 | -                 | -                            | -                |
| <i>Of which risk exposure amount for contributions to the default fund of a CCP</i> | 693               | 1,090             | 55                           | 87               |
| <i>Of which CVA</i>   | 700,812           | 129,112           | 56,065                       | 10,329           |
| Settlement risk   | 589               | 36                | 47                           | 3                |
| Securitisation exposures in the banking book (after the cap)                        | 1,133             | 982               | 91                           | 79               |
| <i>Of which IRB approach</i>  | -                 | -                 | -                            | -                |
| <i>Of which IRB supervisory formula approach (SFA)</i>                              | -                 | -                 | -                            | -                |
| <i>Of which internal assessment approach (IAA)</i>                                  | -                 | -                 | -                            | -                |
| <i>Of which standardised approach</i>   | 1,133             | 982               | 91                           | 79               |
| Market risk   | 1,432,299         | 1,681,455         | 114,584                      | 134,516          |
| <i>Of which the standardised approach</i>   | 1,432,299         | 1,681,455         | 114,584                      | 134,516          |
| <i>Of which IMA</i>   | -                 | -                 | -                            | -                |
| Large exposures   | -                 | -                 | -                            | -                |
| Operational risk  | 4,001,847         | 4,128,639         | 320,148                      | 330,291          |
| <i>Of which basic indicator approach</i>  | -                 | -                 | -                            | -                |
| <i>Of which standardised approach</i>   | 4,001,847         | 4,128,639         | 320,148                      | 330,291          |
| <i>Of which advanced measurement approach</i>                                       | -                 | -                 | -                            | -                |
| Amounts below the thresholds for deduction (subject to 250% risk weight)            | -                 | -                 | -                            | -                |
| Floor adjustment  | -                 | -                 | -                            | -                |
| <b>Total</b>  | <b>39,606,364</b> | <b>42,074,657</b> | <b>3,168,509</b>             | <b>3,365,973</b> |

## 9.4 Capital Buffers

The CRR requires CEP to hold capital buffers.

### Countercyclical Buffer

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

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

- credit risk
- specific risk
- securitizations

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

The following tables set out CHIL's and CEP's countercyclical buffer requirement for 31 December 2019.

**Table 16: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 31 December 2019 - CEP**

| <i>Eur Thousands</i> |                          |  |  |                                 |                                  |  |                  |   |                                     |
|----------------------|--------------------------|--|--|---------------------------------|----------------------------------|--|------------------|---|-------------------------------------|
| Breakdown by country | General credit exposures | Trading book exposure                          | Securatisation   | Own funds requirements          |                                  |  |                  | Institution specific countercyclical buffer | Countercyclical capital buffer rate |
|                      | Exposure value for SA    | Sum of long and short position of trading book | Exposure value of securitisation positions in the banking book under the Standardised Approach | Of which: Credit risk exposures | Of which: Trading book exposures | Securitisation positions in the banking book | Total            |   |                                     |
| Hong Kong            | 69,278                   | -  | -  | 5,422                           | -                                | -  | 5,422            | 0.0042%                                     | 2.00%                               |
| Norway               | 244,985                  | 146  | -  | 14,795                          | 12                               | -  | 14,807           | 0.0145%                                     | 2.50%                               |
| Sweden               | 580,691                  | 19,688   | -  | 44,768                          | 1,575                            | -  | 46,343           | 0.0454%                                     | 2.50%                               |
| Czech Republic       | 1,030,033                | -  | -  | 80,786                          | -                                | -  | 80,786           | 0.0475%                                     | 1.50%                               |
| Iceland              | 49,131                   | -  | -  | 3,932                           | -                                | -  | 3,932            | 0.0027%                                     | 1.75%                               |
| Slovakia             | 289,589                  | -  | -  | 23,795                          | -                                | -  | 23,795           | 0.0140%                                     | 1.50%                               |
| United Kingdom       | 4,515,046                | 160,565  | 4,742  | 347,060                         | 12,845                           | 91   | 359,996          | 0.1410%                                     | 1.00%                               |
| Lithuania            | 13,723                   | -  | -  | 1,098                           | -                                | -  | 1,098            | 0.0004%                                     | 1.00%                               |
| Denmark              | 253,342                  | 24,102   | -  | 16,333                          | 1,928                            | -  | 18,261           | 0.0072%                                     | 1.00%                               |
| Ireland              | 1,249,997                | 1,656  | -  | 95,113                          | 132                              | -  | 95,246           | 0.0373%                                     | 1.00%                               |
| France               | 6,472,597                | 182,663  | -  | 409,162                         | 14,613                           | -  | 423,775          | 0.0415%                                     | 0.25%                               |
| Bulgaria             | 193,740                  | -  | -  | 15,487                          | -                                | -  | 15,487           | 0.0030%                                     | 0.50%                               |
| <b>Total</b>         | <b>14,962,151</b>        | <b>388,820</b>                                 | <b>4,742</b>   | <b>1,057,752</b>                | <b>31,106</b>                    | <b>91</b>                                    | <b>1,088,949</b> | <b>0.3586%</b>                              |                                     |

**Table 17: Amount of institution-specific countercyclical buffer 31 December 2019 - CEP**

| <i>Eur Thousands</i>  | <b>2019</b> |
|---|-------------|
| Total Risk exposure amount                                      | 39,578,604  |
| Institution specific countercyclical capital buffer rate        | 0.3586%     |
| Institution specific countercyclical capital buffer requirement | 141,944     |

**Table 18: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 31 December 2019 - CHIL**

| <i>Eur Thousands</i> | General credit exposures | Trading book exposure                          | Securitisation   | Own funds requirements          |                                  |  |                  | Institution specific countercyclical buffer | Countercyclical capital buffer rate |
|----------------------|--------------------------|--|--|---------------------------------|----------------------------------|--|------------------|---|-------------------------------------|
| Breakdown by country | Exposure value for SA    | Sum of long and short position of trading book | Exposure value of securitisation positions in the banking book under the Standardised Approach | Of which: Credit risk exposures | Of which: Trading book exposures | Securitisation positions in the banking book | Total            |   |                                     |
| Hong Kong            | 69,278                   | -  | -  | 5,422                           | -                                | -  | 5,422            | 0.0042%                                     | 2.00%                               |
| Norway               | 244,985                  | 146  | -  | 14,795                          | 12                               | -  | 14,807           | 0.0145%                                     | 2.50%                               |
| Sweden               | 580,691                  | 19,688   | -  | 44,768                          | 1,575                            | -  | 46,343           | 0.0454%                                     | 2.50%                               |
| Czech Republic       | 1,030,033                | -  | -  | 80,786                          | -                                | -  | 80,786           | 0.0474%                                     | 1.50%                               |
| Iceland              | 49,131                   | -  | -  | 3,932                           | -                                | -  | 3,932            | 0.0027%                                     | 1.75%                               |
| Slovakia             | 289,589                  | -  | -  | 23,795                          | -                                | -  | 23,795           | 0.0140%                                     | 1.50%                               |
| United Kingdom       | 4,515,046                | 160,565  | 4,742  | 347,060                         | 12,845                           | 91   | 359,996          | 0.1409%                                     | 1.00%                               |
| Lithuania            | 13,723                   | -  | -  | 1,098                           | -                                | -  | 1,098            | 0.0004%                                     | 1.00%                               |
| Denmark              | 253,342                  | 24,102   | -  | 16,333                          | 1,928                            | -  | 18,261           | 0.0071%                                     | 1.00%                               |
| Ireland              | 1,249,997                | 1,656  | -  | 95,113                          | 132                              | -  | 95,246           | 0.0373%                                     | 1.00%                               |
| France               | 6,472,597                | 182,663  | -  | 409,162                         | 14,613                           | -  | 423,775          | 0.0415%                                     | 0.25%                               |
| Bulgaria             | 193,740                  | -  | -  | 15,487                          | -                                | -  | 15,487           | 0.0030%                                     | 0.50%                               |
| <b>Total</b>         | <b>14,962,151</b>        | <b>388,820</b>                                 | <b>4,742</b>   | <b>1,057,752</b>                | <b>31,106</b>                    | <b>91</b>                                    | <b>1,088,949</b> | <b>0.3585%</b>                              |                                     |

**Table 19: Amount of institution-specific countercyclical buffer 31 December 2019 - CHIL**

| <i>Eur Thousands</i>  | <b>2019</b> |
|---|-------------|
| Total Risk exposure amount                                      | 39,606,364  |
| Institution specific countercyclical capital buffer rate        | 0.3585%     |
| Institution specific countercyclical capital buffer requirement | 141,976     |

### Capital Conservation Buffer

CEP is also required to hold a capital conservation buffer. The buffer was introduced 1 January 2016 at 0.625% of RWAs. The buffer is scheduled to increase by 0.625% per year until it reaches 2.5% of RWAs on 1 January 2019. The buffer held by CEP as at 31 December 2019 was €990 million and 31 December 2018 was €740 million.

### **Other Systemically Important Buffers**

Represents a capital buffer requirement on institutions deemed systemically important to the local domestic economy.

The Central Bank of Ireland has set a rate of 1.0% for CHIL, beginning in 2019 at 0.25% and increasing up to 1.0% by 2021.



# 10 Leverage

## 10.1 Leverage ratio

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

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

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

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

CHIL (consolidated) and CEP's ratio is in excess of this at 11.19% and 11.18% respectively at 31 December 2019.

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

## 10.2 Management of Excessive Leverage Risk

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

- **Daily capital monitoring:** for both CHIL and CEP, capital ratios (CET1, Tier 1 and total capital ratio) are monitored on a daily basis. The excess capital over Pillar 1 requirements, over the ICG and over the capital action trigger are also monitored daily. The latter is an internal trigger set to ensure we manage the entities with enough of a capital 'buffer' to permit timely management decisions in case of a capital shortfall. This report is sent out to senior management every day.
- **Daily large exposure monitoring:** this shows the concentration to our largest counterparties (those to whom we have exposure equal to 10% or more of our eligible capital).
- **Leverage ratio/Risk Appetite limit:** CEP and CHIL's Risk Appetite limit is set at 5%, and it is being monitored and reported on a quarterly basis
- **New Products Approval Committee:** new products, new activities or complex transactions are reviewed in this forum which has representatives from the relevant business area and each support function in the firm.
- **Regulatory advisory pre-notification process:** the regulatory advisory team provide regular feedback to the businesses on the regulatory capital needed to support any new trade.

- **Product Control daily P&L meeting:** this meeting allows each product control team to highlight the P&L of their desk and this information is widely shared amongst the finance management team. This allows all the finance areas to be alerted if an expected or realised loss is incurred.
- **Liquidity monitoring/stresses/mismatch between assets and liabilities:** Citi employs multiple daily liquidity stress tests which measure Citi's ability to survive a range of potential stress environments. In doing this Citi's liquidity resources are measured against potential stressed liquidity outflows that may result as a consequence of liquidity mismatches, among other considerations. The requirement to cover these projected losses on a standalone basis acts as a governor against excessive leverage through overuse of maturity transformation or maturity gaps.
- **Forward-looking leverage ratio forecasts** are being produced as part of CHIL & CEP's ICAAP process

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

**Table 20: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CEP**

| <i>EUR Thousands</i>   | 2019               |
|--|--------------------|
|  | Applicable Amounts |
| Total assets as per published financial statements   | 55,235,635         |
| Adjustments for derivative financial instruments   | (243,660)          |
| Adjustments for securities financing transactions "SFTs"   | 26,534             |
| Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 24,731,724         |
| Other adjustments  | (293,620)          |
| <b>Leverage Ratio Exposure</b>   | <b>79,456,613</b>  |

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

**Table 21: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for CHIL**

| <i>EUR Thousands</i>   | 2019               |
|--|--------------------|
|  | Applicable Amounts |
| Total assets as per published financial statements   | 55,234,281         |
| Adjustments for derivative financial instruments   | (249,814)          |
| Adjustments for securities financing transactions "SFTs"   | 26,534             |
| Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 24,746,857         |
| Other adjustments  | (281,026)          |
| <b>Leverage Ratio Exposure</b>   | <b>79,476,832</b>  |

**Table 22: Leverage Ratio Common Disclosure for CHIL & CEP**

| EUR Thousands   | 2019                                |                   |
|---|-------------------------------------|-------------------|
|   | CHIL                                | CEP               |
|   | <b>CRR Leverage Ratio Exposures</b> |                   |
| <b>On-Balance Sheet Exposures (excluding derivatives and SFTs)</b>                                  |                                     |                   |
| On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) | 41,924,734                          | 41,932,242        |
| Asset amounts deducted in determining Tier 1 capital  | 281,026                             | 293,620           |
| <b>Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)</b>          | <b>41,643,708</b>                   | <b>41,638,622</b> |
| <b>Derivative Exposures</b>   |                                     |                   |
| Replacement cost associated with derivatives transactions   | 1,030,020                           | 1,030,020         |
| Add-on amounts for PFE associated with derivatives transactions                                     | 1,991,833                           | 1,991,833         |
| Deductions of receivables assets for cash variation margin provided in derivatives transactions     | 404,492                             | 404,492           |
| <b>Total Derivative Exposures</b>   | <b>2,617,361</b>                    | <b>2,617,361</b>  |
| <b>Securities financing transaction exposures</b>   |                                     |                   |
| SFT Exposure  | 10,468,906                          | 10,468,906        |
| <b>Total Securities Financing Transaction Exposures</b>   | <b>10,468,906</b>                   | <b>10,468,906</b> |
| <b>Off-Balance Sheet Exposures</b>  |                                     |                   |
| Off-balance sheet exposures at gross notional amount  | 24,746,857                          | 24,731,724        |
| Adjustments for conversion to credit equivalent amounts   | -                                   | -                 |
| <b>Total Off-Balance Sheet Exposures</b>  | <b>24,746,857</b>                   | <b>24,731,724</b> |
| <b>Capital and Total Exposures</b>  |                                     |                   |
| <b>Tier 1 capital</b>   | <b>8,896,740</b>                    | <b>8,885,618</b>  |
| <b>Total Leverage Ratio Exposures</b>   | <b>79,476,832</b>                   | <b>79,456,613</b> |
| <b>Leverage ratio</b>   |                                     |                   |
| <b>Leverage ratio</b>   | <b>11.19%</b>                       | <b>11.18%</b>     |
| <b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>               |                                     |                   |
| Choice on transitional arrangements for the definition of the capital measure                       | Fully Phased In                     | Fully Phased In   |

This table shows the breakdown of the Leverage exposure disclosed in Table 23 and 24.

**Table 23: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CEP**

| EUR Thousands   | 2019                         |
|---|------------------------------|
|   | CRR Leverage Ratio Exposures |
| <b>Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:</b>                   | <b>41,932,242</b>            |
| Trading Book Exposures  | 824,878                      |
| Banking Book Exposures, of which:   | 41,107,365                   |
| Exposures treated as sovereigns   | 18,620,132                   |
| Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns | 365,036                      |
| Institutions  | 2,781,120                    |
| Secured by mortgages of immovable properties  | 405,762                      |
| Retail exposures  | 3,243                        |
| Corporate   | 14,459,976                   |
| Exposures in default  | 83,692                       |
| Other exposures (eg equity, securitisations, and other non-credit obligation assets)                  | 4,388,402                    |

**Table 24: Split of On Balance Sheet Exposures (excluding derivatives and SFTs) for CHIL**

| <i>EUR Thousands</i>  | 2019                         |
|---|------------------------------|
|   | CRR Leverage Ratio Exposures |
| <b>Total On-Balance Sheet Exposures (excluding derivatives and SFTs), of which:</b>                   | <b>41,924,734</b>            |
| Trading Book Exposures  | 824,878                      |
| Banking Book Exposures, of which:   | 41,099,857                   |
| Exposures treated as sovereigns   | 18,620,132                   |
| Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns | 365,036                      |
| Institutions  | 2,781,120                    |
| Secured by mortgages of immovable properties  | 405,762                      |
| Retail exposures  | 3,243                        |
| Corporate   | 14,459,976                   |
| Exposures in default  | 83,692                       |
| Other exposures (eg equity, securitisations, and other non-credit obligation assets)                  | 4,380,894                    |

There was no material change to the leverage ratio of CHIL and CEP versus the prior year (CHIL 2019 – 11.19% vs 2018 – 10.16%, CEP 2019 – 11.18% vs 2018 – 10.15%).

# 11 Non-trading Book Exposures

## 11.1 Non-trading Book Equity Exposures

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

**Table 25: Non-Trading Book Equity Exposures 31 December 2019**

| <i>EUR Thousands</i>     | 2019 | 2018 |
|--------------------------|------|------|
| Investments Held at Cost | 14   | 57   |

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

### 12.1 Credit Risk Disclosures on Off- and On-Balance Sheet exposures

For completeness the tables in this section are disclosed at the CHIL level and difference to CEP called out as relevant.

The below tables detail CHIL's credit risk profile focusing on on-balance sheet and off-balance sheet regulatory exposures. As of 31 December 2019 CHIL's and CEP's total on-balance sheet and off-balance sheet exposures were €75.95 billion and €75.88 billion respectively.

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

**Table 26: CRB-B - Total and average net amount of exposures 31 December 2019**

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

| <i>EUR Thousands</i>  | Net value of exposures at the end of the period | Average net exposures over the period |
|---|---|---------------------------------------|
| Central governments or central banks                                      | -   | -                                     |
| Institutions  | -   | -                                     |
| Corporates  | -   | -                                     |
| <i>Of which: Specialised lending</i>                                      | -   | -                                     |
| <i>Of which: SMEs</i>   | -   | -                                     |
| Retail  | -   | -                                     |
| Secured by real estate property   | -   | -                                     |
| SMEs  | -   | -                                     |
| Non-SMEs  | -   | -                                     |
| Qualifying revolving  | -   | -                                     |
| Other retail  | -   | -                                     |
| SMEs  | -   | -                                     |
| Non-SMEs  | -   | -                                     |
| Equity  | -   | -                                     |
| <b>Total IRB approach</b>   | <b>-</b>  | <b>-</b>                              |
| Central governments or central banks                                      | 18,338,716                                      | 18,580,582                            |
| Regional governments or local authorities                                 | 107,399   | 105,662                               |
| Public sector entities  | 416,803   | 393,292                               |
| Multilateral development banks  | 297,798   | 316,225                               |
| International organisations   | 2,072   | 16,706                                |
| Institutions  | 3,704,125                                       | 4,137,792                             |
| Corporates  | 49,460,363                                      | 48,877,121                            |
| <i>Of which: SMEs</i>   | 460,072   | 517,490                               |
| Retail  | 3,936   | 10,422                                |
| <i>Of which: SMEs</i>   | 2,697   | 3,251                                 |
| Secured by mortgages on immovable property                                | 541,667   | 369,747                               |
| <i>Of which: SMEs</i>   | -   | -                                     |
| Exposures in default  | 103,246   | 657,506                               |
| Items associated with particularly high risk                              | 1,100,903                                       | 953,553                               |
| Covered bonds   | -   | -                                     |
| Claims on institutions and corporates with a short-term credit assessment | 1,862,361                                       | 2,062,375                             |
| Collective investments undertakings                                       | -   | 4,391                                 |
| Equity exposures  | 14  | 14                                    |
| Other exposures   | 13,876  | 28,473                                |
| <b>Total standardised approach</b>  | <b>75,953,280</b>                               | <b>76,513,859</b>                     |
| <b>Total</b>  | <b>75,953,280</b>                               | <b>76,513,859</b>                     |

**Table 27: CRB-B - Total and average net amount of exposures 31 December 2018**

| <i>EUR Thousands</i>  | Net value of exposures<br>at the end of the period | Average net<br>exposures over<br>the period |
|---|--|---|
| Central governments or central banks                                      | -  | -   |
| Institutions  | -  | -   |
| Corporates  | -  | -   |
| <i>Of which: Specialised lending</i>                                      | -  | -   |
| <i>Of which: SMEs</i>   | -  | -   |
| Retail  | -  | -   |
| Secured by real estate property   | -  | -   |
| SMEs  | -  | -   |
| Non-SMEs  | -  | -   |
| Qualifying revolving  | -  | -   |
| Other retail  | -  | -   |
| SMEs  | -  | -   |
| Non-SMEs  | -  | -   |
| Equity  | -  | -   |
| <b>Total IRB approach</b>   | -  | -   |
| Central governments or central banks                                      | 17,968,584   | 15,571,558                                  |
| Regional governments or local authorities                                 | 106,118  | 107,789                                     |
| Public sector entities  | 220,077  | 363,083                                     |
| Multilateral development banks  | 379,744  | 380,550                                     |
| International organisations   | 1,586  | 3,730                                       |
| Institutions  | 5,195,210  | 5,984,700                                   |
| Corporates  | 48,468,785   | 46,839,794                                  |
| <i>Of which: SMEs</i>   | 537,377  | 570,166                                     |
| Retail  | 19,021   | 18,015                                      |
| <i>Of which: SMEs</i>   | 6,457  | 4,506                                       |
| Secured by mortgages on immovable property                                | 174,331  | 626,143                                     |
| <i>Of which: SMEs</i>   | -  | -   |
| Exposures in default  | 1,071,387  | 1,081,113                                   |
| Items associated with particularly high risk                              | 823,321  | 576,881                                     |
| Covered bonds   | -  | -   |
| Claims on institutions and corporates with a short-term credit assessment | -  | -   |
| Collective investments undertakings                                       | 7,297  | 4,564                                       |
| Equity exposures  | 57   | 4,226                                       |
| Other exposures   | 40,929   | 98,813                                      |
| <b>Total standardised approach</b>  | <b>74,476,446</b>                                  | <b>71,660,959</b>                           |
| <b>Total</b>  | <b>74,476,446</b>                                  | <b>71,660,959</b>                           |



**Table 28: CRB-C – Geographical breakdown of exposures 31 December 2019**

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

*EUR Thousands*

|   | Net value        |                  |                  |                  |                   |                  |                  |                  |                |
|---|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|----------------|
|   | Switzerland      | Czech Republic   | Germany          | Spain            | France            | United Kingdom   | Hungary          | Ireland          | Luxembourg     |
| Central governments or central banks                                      | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Institutions  | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Corporates  | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Retail  | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Equity  | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Total IRB approach  | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Central governments or central banks                                      | -                | 75,972           | 4,794,489        | 13,582           | 1,700,009         | 1,120,328        | 793,365          | 37               | 25,541         |
| Regional governments or local authorities                                 | -                | -                | -                | 104,069          | -                 | 695              | -                | -                | -              |
| Public sector entities  | 2                | -                | 0                | 1                | 129,776           | 30               | -                | 1                | 18             |
| Multilateral development banks  | -                | -                | -                | -                | -                 | 2,391            | -                | -                | 163,241        |
| International organisations   | 983              | -                | -                | -                | 1,089             | -                | -                | -                | -              |
| Institutions  | 5,036            | 4,295            | 106,536          | 50,997           | 398,728           | 1,019,455        | 1                | 88,524           | 2,079          |
| Corporates  | 2,630,563        | 1,264,274        | 4,722,426        | 3,453,953        | 10,432,880        | 5,405,226        | 946,854          | 1,592,010        | 578,059        |
| Retail  | 0                | 1,713            | 0                | -                | 4                 | 8                | 652              | 0                | 1              |
| Secured by mortgages on immovable property                                | -                | -                | -                | 471,628          | 70,039            | -                | -                | -                | -              |
| Exposures in default  | 5,563            | 5,093            | 31,576           | -                | -                 | -                | 40,483           | 3,739            | -              |
| Items associated with particularly high risk                              | 1,549            | 28,235           | 67,493           | 60,956           | 371,196           | 25,130           | 29,452           | 19,731           | 37             |
| Covered bonds   | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Claims on institutions and corporates with a short-term credit assessment | 22,906           | 50,617           | 107,177          | 26,375           | 311,366           | 450,463          | 44,967           | 27,907           | -              |
| Collective investments undertakings                                       | -                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Equity exposures  | 1                | -                | -                | -                | -                 | -                | -                | -                | -              |
| Other exposures   | -                | 535              | -                | -                | -                 | -                | -                | 2,530            | -              |
| <b>Total standardised approach</b>  | <b>2,666,602</b> | <b>1,430,735</b> | <b>9,829,698</b> | <b>4,181,562</b> | <b>13,415,088</b> | <b>8,023,726</b> | <b>1,855,773</b> | <b>1,734,481</b> | <b>768,976</b> |
| <b>Total</b>  | <b>2,666,602</b> | <b>1,430,735</b> | <b>9,829,698</b> | <b>4,181,562</b> | <b>13,415,088</b> | <b>8,023,726</b> | <b>1,855,773</b> | <b>1,734,481</b> | <b>768,976</b> |

**Table 28: CRB-C – Geographical breakdown of exposures 31 December 2019 (continued)**

*EUR Thousands*

|   | Net value        |                  |                  |                  |                  |                  |                  | Total             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|   | Netherlands      | Romania          | Sweden           | Rest of EMEA     | USA              | Rest of Americas | APAC             |                   |
| Central governments or central banks                                      | -                | -                | -                | -                | -                | -                | -                | -                 |
| Institutions  | -                | -                | -                | -                | -                | -                | -                | -                 |
| Corporates  | -                | -                | -                | -                | -                | -                | -                | -                 |
| Retail  | -                | -                | -                | -                | -                | -                | -                | -                 |
| Equity  | -                | -                | -                | -                | -                | -                | -                | -                 |
| Total IRB approach  | -                | -                | -                | -                | -                | -                | -                | -                 |
| Central governments or central banks                                      | 6,000,155        | 1,315,238        | 565,352          | 715,447          | 1,122,573        | 95,302           | 1,326            | 18,338,716        |
| Regional governments or local authorities                                 | -                | -                | -                | -                | 2,634            | -                | -                | 107,399           |
| Public sector entities  | 155,663          | -                | 579              | 34,174           | 96,557           | 0                | 3                | 416,803           |
| Multilateral development banks  | -                | -                | -                | 95,040           | 22,439           | -                | 14,688           | 297,798           |
| International organisations   | -                | -                | -                | -                | -                | -                | -                | 2,072             |
| Institutions  | 51,651           | 8,559            | 1,333            | 630,721          | 980,085          | 72,629           | 283,496          | 3,704,125         |
| Corporates  | 2,172,539        | 700,816          | 741,587          | 5,693,399        | 2,944,442        | 4,827,004        | 1,354,331        | 49,460,363        |
| Retail  | 0                | 543              | -                | 1,013            | -                | -                | 0                | 3,936             |
| Secured by mortgages on immovable property                                | -                | -                | -                | -                | -                | -                | -                | 541,667           |
| Exposures in default  | -                | 7,838            | -                | 8,916            | 39               | -                | -                | 103,246           |
| Items associated with particularly high risk                              | 82,303           | 7,845            | 106              | 380,535          | 3,044            | 23,288           | 3                | 1,100,903         |
| Covered bonds   | -                | -                | -                | -                | -                | -                | -                | -                 |
| Claims on institutions and corporates with a short-term credit assessment | 43,170           | -                | 2,333            | 666,356          | 86,668           | 6,840            | 15,216           | 1,862,361         |
| Collective investments undertakings                                       | -                | -                | -                | -                | -                | -                | -                | -                 |
| Equity exposures  | -                | -                | -                | 13               | -                | -                | -                | 14                |
| Other exposures   | -                | 3,107            | 561              | 7,142            | -                | -                | 0                | 13,876            |
| <b>Total standardised approach</b>  | <b>8,505,481</b> | <b>2,043,946</b> | <b>1,311,851</b> | <b>8,232,756</b> | <b>5,258,481</b> | <b>5,025,062</b> | <b>1,669,063</b> | <b>75,953,280</b> |
| <b>Total</b>  | <b>8,505,481</b> | <b>2,043,946</b> | <b>1,311,851</b> | <b>8,232,756</b> | <b>5,258,481</b> | <b>5,025,062</b> | <b>1,669,063</b> | <b>75,953,280</b> |

**Table 29: CRB-C – Geographical breakdown of exposures 31 December 2018**

*EUR Thousands*

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

**Table 29: CRB-C – Geographical breakdown of exposures 31 December 2018 (continued)**

*EUR Thousands*

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

**Table 30: CRB-D – Concentration of exposures by industry 31 December 2019**

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

*EUR Thousands*

|   | Business<br>Administrative<br>Services | Credit<br>Institutions | Electricity,<br>Gas, Steam<br>and Air<br>Conditioning<br>Supply | Financial<br>Intermediation<br>(Excl. Monetary<br>Financial<br>Institutions) | Information<br>and<br>Communication | Manufacturing     | Personal<br>(Private<br>Households) |
|---|--|------------------------|---|--|-------------------------------------|-------------------|-------------------------------------|
| Central governments or central banks                                      | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Institutions  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Corporates  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Retail  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Equity  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Total IRB approach  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Central governments or central banks                                      | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Regional governments or local authorities                                 | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Public sector entities  | -                                      | 155,662                | 18,232  | 18   | 1                                   | 10,556            | -                                   |
| Multilateral development banks  | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| International organisations   | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Institutions  | 61                                     | 3,166,174              | -   | 0  | -                                   | -                 | 2,422                               |
| Corporates  | 4,020,041                              | 1,265,310              | 4,473,295   | 259,368  | 3,803,357                           | 14,347,703        | 1,437,751                           |
| Retail  | 285                                    | -                      | 13  | -  | 84                                  | 24                | 168                                 |
| Secured by mortgages on immovable property                                | 143,999                                | -                      | -   | -  | -                                   | -                 | 39                                  |
| Exposures in default  | 35,138                                 | -                      | -   | -  | 178                                 | 23,872            | -                                   |
| Items associated with particularly high risk                              | 44,851                                 | 302,769                | 5,314   | 99   | 207,597                             | 168,887           | -                                   |
| Covered bonds   | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Claims on institutions and corporates with a short-term credit assessment | 30,788                                 | 953,385.88             | 121,371   | -  | 221,564                             | 322,509           | -                                   |
| Collective investments undertakings                                       | -                                      | -                      | -   | -  | -                                   | -                 | -                                   |
| Equity exposures  | -                                      | -                      | -   | -  | -                                   | -                 | 13                                  |
| Other exposures   | -                                      | 5,062                  | -   | -  | -                                   | -                 | 8,814                               |
| <b>Total standardised approach</b>  | <b>4,275,163</b>                       | <b>5,848,363</b>       | <b>4,618,225</b>  | <b>259,485</b>   | <b>4,232,782</b>                    | <b>14,873,550</b> | <b>1,449,206</b>                    |
| <b>Total</b>  | <b>4,275,163</b>                       | <b>5,848,363</b>       | <b>4,618,225</b>  | <b>259,485</b>   | <b>4,232,782</b>                    | <b>14,873,550</b> | <b>1,449,206</b>                    |

**Table 30: CRB-D – Concentration of exposures by industry 31 December 2019 (continued)**

| <i>EUR Thousands</i>  | Primary Industries | Public Administration and Defence | Transportation and Storage | Wholesale/Retail Trade & Repairs | Central Banks     | Other             | Total             |
|---|--------------------|-----------------------------------|----------------------------|----------------------------------|-------------------|-------------------|-------------------|
| Central governments or central banks                                      | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Institutions  | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Corporates  | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Retail  | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Equity  | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Total IRB approach  | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Central governments or central banks                                      | -                  | 3,257,382                         | -                          | -                                | 15,064,378        | 16,957            | 18,338,716        |
| Regional governments or local authorities                                 | -                  | 107,399                           | -                          | -                                | -                 | -                 | 107,399           |
| Public sector entities  | 0                  | 1,726                             | 133,394                    | -                                | -                 | 97,213            | 416,803           |
| Multilateral development banks  | -                  | -                                 | -                          | -                                | -                 | 297,798           | 297,798           |
| International organisations   | -                  | -                                 | -                          | -                                | 983               | 1,089             | 2,072             |
| Institutions  | -                  | -                                 | -                          | -                                | -                 | 535,468           | 3,704,125         |
| Corporates  | 254,000            | 12                                | 2,269,466                  | 3,177,032                        | -                 | 14,153,028        | 49,460,363        |
| Retail  | 0                  | -                                 | 219                        | 3,143                            | -                 | -                 | 3,936             |
| Secured by mortgages on immovable property                                | -                  | -                                 | -                          | -                                | -                 | 397,629           | 541,667           |
| Exposures in default  | 235                | -                                 | 8,915                      | 32,235                           | -                 | 2,675             | 103,246           |
| Items associated with particularly high risk                              | 10,376             | -                                 | 181,679                    | 114,300                          | 5,311             | 59,720            | 1,100,903         |
| Covered bonds   | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Claims on institutions and corporates with a short-term credit assessment | -                  | -                                 | 7,252                      | -                                | -                 | 205,492           | 1,862,361         |
| Collective investments undertakings                                       | -                  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Equity exposures  | -                  | -                                 | -                          | -                                | 1                 | -                 | 14                |
| Other exposures   | -                  | -                                 | -                          | -                                | -                 | -                 | 13,876            |
| <b>Total standardised approach</b>  | <b>264,612</b>     | <b>3,366,518</b>                  | <b>2,600,925</b>           | <b>3,326,710</b>                 | <b>15,070,672</b> | <b>15,767,069</b> | <b>75,953,280</b> |
| <b>Total</b>  | <b>264,612</b>     | <b>3,366,518</b>                  | <b>2,600,925</b>           | <b>3,326,710</b>                 | <b>15,070,672</b> | <b>15,767,069</b> | <b>75,953,280</b> |

**Table 31: CRB-D – Concentration of exposures by industry 31 December 2018**

EUR Thousands

|  | Business<br>Administrative<br>Services | Credit<br>Institutions | Electricity, Gas,<br>Steam and Air<br>Conditioning<br>Supply | Financial<br>Intermediation<br>(Excl. Monetary<br>Financial<br>Institutions) | Information and<br>Communication | Manufacturing     | Personal<br>(Private<br>Households) | Primary<br>Industries |
|--|--|------------------------|--|--|----------------------------------|-------------------|-------------------------------------|-----------------------|
| Central governments or central banks                                       | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Institutions   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Corporates   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Retail   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Equity   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Total IRB approach   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Central governments or central banks                                       | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Regional governments or local authorities                                  | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Public sector entities   | -                                      | 66,578                 | 20,730   | 587  | 3                                | 32                | -                                   | 0                     |
| Multilateral development banks   | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| International organisations  | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Institutions   | 292                                    | 4,584,736              | -  | 0  | 0                                | 1                 | 19                                  | -                     |
| Corporates   | 3,963,790                              | 1,294,612              | 4,242,314  | 139,361  | 3,592,748                        | 14,070,550        | 1,205,291                           | 375,514               |
| Retail   | 286                                    | -                      | 5  | -  | 5,586                            | 891               | 6,239                               | 0                     |
| Secured by mortgages on immovable property                                 | 95,050                                 | -                      | -  | -  | -                                | -                 | 56                                  | -                     |
| Exposures in default   | 264,309                                | 1,070                  | 88,622   | -  | 51,971                           | 541,891           | -                                   | 12,480                |
| Items associated with particularly high risk                               | 75,909                                 | 264,274                | 10,639   | 220  | 22,193                           | 174,538           | -                                   | 2                     |
| Covered bonds  | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Claims on institutions and corporates with a short- term credit assessment | -                                      | -                      | -  | -  | -                                | -                 | -                                   | -                     |
| Collective investments undertakings  | -                                      | -                      | -  | 6,789  | -                                | -                 | -                                   | -                     |
| Equity exposures   | -                                      | -                      | -  | -  | -                                | -                 | 12                                  | -                     |
| Other exposures  | -                                      | 2,551                  | 98   | 6,690  | 2,058                            | -                 | 30,943                              | -                     |
| <b>Total standardised approach</b>   | <b>4,399,636</b>                       | <b>6,213,821</b>       | <b>4,362,407</b>   | <b>153,648</b>   | <b>3,674,559</b>                 | <b>14,787,903</b> | <b>1,242,561</b>                    | <b>387,996</b>        |
| <b>Total</b>   | <b>4,399,636</b>                       | <b>6,213,821</b>       | <b>4,362,407</b>   | <b>153,648</b>   | <b>3,674,559</b>                 | <b>14,787,903</b> | <b>1,242,561</b>                    | <b>387,996</b>        |

**Table 31: CRB-D – Concentration of exposures by industry 31 December 2018 (continued)**

**EUR Thousands**

|  | Public Administration and Defence | Transportation and Storage | Wholesale/Retail Trade & Repairs | Central Banks     | Other             | Total             |
|--|-----------------------------------|----------------------------|----------------------------------|-------------------|-------------------|-------------------|
| Central governments or central banks                                       | -                                 | -                          | -                                | -                 | -                 | -                 |
| Institutions   | -                                 | -                          | -                                | -                 | -                 | -                 |
| Corporates   | -                                 | -                          | -                                | -                 | -                 | -                 |
| Retail   | -                                 | -                          | -                                | -                 | -                 | -                 |
| Equity   | -                                 | -                          | -                                | -                 | -                 | -                 |
| Total IRB approach   | -                                 | -                          | -                                | -                 | -                 | -                 |
| Central governments or central banks                                       | 4,502,492                         | -                          | -                                | 13,444,824        | 21,268            | 17,968,584        |
| Regional governments or local authorities                                  | 106,118                           | -                          | -                                | -                 | -                 | 106,118           |
| Public sector entities   | 1,834                             | 99,677                     | -                                | -                 | 30,635            | 220,077           |
| Multilateral development banks   | -                                 | -                          | -                                | -                 | 379,744           | 379,744           |
| International organisations  | -                                 | -                          | -                                | 494               | 1,092             | 1,586             |
| Institutions   | -                                 | -                          | -                                | -                 | 610,162           | 5,195,210         |
| Corporates   | 24                                | 2,034,345                  | 3,411,293                        | -                 | 14,136,533        | 48,466,374        |
| Retail   | -                                 | 3,055                      | 2,958                            | -                 | 0                 | 19,021            |
| Secured by mortgages on immovable property                                 | -                                 | -                          | -                                | -                 | 79,225            | 174,331           |
| Exposures in default   | -                                 | 50,010                     | 37,975                           | -                 | 23,060            | 1,071,387         |
| Items associated with particularly high risk                               | 1                                 | 41,607                     | 161,660                          | 12,747            | 59,532            | 823,321           |
| Covered bonds  | -                                 | -                          | -                                | -                 | -                 | -                 |
| Claims on institutions and corporates with a short- term credit assessment | -                                 | -                          | -                                | -                 | -                 | -                 |
| Collective investments undertakings  | -                                 | -                          | -                                | -                 | 508               | 7,297             |
| Equity exposures   | -                                 | -                          | -                                | 1                 | 43                | 57                |
| Other exposures  | 0                                 | -                          | -                                | 999               | -                 | 43,339            |
| <b>Total standardised approach</b>   | <b>4,610,469</b>                  | <b>2,228,694</b>           | <b>3,613,885</b>                 | <b>13,459,065</b> | <b>15,341,801</b> | <b>74,476,446</b> |
| <b>Total</b>   | <b>4,610,469</b>                  | <b>2,228,694</b>           | <b>3,613,885</b>                 | <b>13,459,065</b> | <b>15,341,801</b> | <b>74,476,446</b> |

Prior year comparatives have been restated in line with final regulatory submissions.



**Table 32: CRB-E – Maturity of exposures 31 December 2019**

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

| EUR Thousands   | Net exposure value |                   |                     |                  |                    | Total             |
|---|--------------------|-------------------|---------------------|------------------|--------------------|-------------------|
|   | On demand          | <= 1 year         | > 1 year <= 5 years | > 5 years        | No stated maturity |                   |
| Central governments or central banks                                      | -                  | -                 | -                   | -                | -                  | -                 |
| Institutions  | -                  | -                 | -                   | -                | -                  | -                 |
| Corporates  | -                  | -                 | -                   | -                | -                  | -                 |
| Retail  | -                  | -                 | -                   | -                | -                  | -                 |
| Equity  | -                  | -                 | -                   | -                | -                  | -                 |
| Total IRB approach  | -                  | -                 | -                   | -                | -                  | -                 |
| Central governments or central banks                                      | -                  | 15,831,456        | 28                  | 2,507,232        | -                  | 18,338,716        |
| Regional governments or local authorities                                 | -                  | 104,069           | -                   | 3,329            | -                  | 107,399           |
| Public sector entities  | -                  | 301,958           | 17,322              | 97,522           | -                  | 416,803           |
| Multilateral development banks  | -                  | 296,175           | -                   | 1,624            | -                  | 297,798           |
| International organisations   | -                  | 1,089             | -                   | 983              | -                  | 2,072             |
| Institutions  | -                  | 1,364,047         | 0                   | 2,340,078        | -                  | 3,704,125         |
| Corporates  | -                  | 46,919,160        | 95,880              | 2,445,323        | -                  | 49,460,363        |
| Retail  | -                  | 3,262             | -                   | 674              | -                  | 3,936             |
| Secured by mortgages on immovable property                                | -                  | 541,667.40        | -                   | -                | -                  | 541,667           |
| Exposures in default  | -                  | 58,745            | -                   | 44,501           | -                  | 103,246           |
| Items associated with particularly high risk                              | -                  | 1,038,405         | 104                 | 62,395           | -                  | 1,100,903         |
| Covered bonds   | -                  | -                 | -                   | -                | -                  | -                 |
| Claims on institutions and corporates with a short-term credit assessment | -                  | 1,862,361         | -                   | -                | -                  | 1,862,361         |
| Collective investments undertakings                                       | -                  | -                 | -                   | -                | -                  | -                 |
| Equity exposures  | -                  | -                 | -                   | 14               | -                  | 14                |
| Other exposures   | -                  | -                 | -                   | 13,876           | -                  | 13,876            |
| <b>Total standardised approach</b>  | -                  | <b>68,322,395</b> | <b>113,334</b>      | <b>7,517,551</b> | -                  | <b>75,953,280</b> |
| <b>Total</b>  | -                  | <b>68,322,395</b> | <b>113,334</b>      | <b>7,517,551</b> | -                  | <b>75,953,280</b> |

**Table 33: CRB-E – Maturity of exposures 31 December 2018**

| EUR Thousands   | Net exposure value |                   |                     |                  |                    | Total             |
|---|--------------------|-------------------|---------------------|------------------|--------------------|-------------------|
|   | On demand          | <= 1 year         | > 1 year <= 5 years | > 5 years        | No stated maturity |                   |
| Central governments or central banks                                      | -                  | -                 | -                   | -                | -                  | -                 |
| Institutions  | -                  | -                 | -                   | -                | -                  | -                 |
| Corporates  | -                  | -                 | -                   | -                | -                  | -                 |
| Retail  | -                  | -                 | -                   | -                | -                  | -                 |
| Equity  | -                  | -                 | -                   | -                | -                  | -                 |
| Total IRB approach  | -                  | -                 | -                   | -                | -                  | -                 |
| Central governments or central banks                                      | -                  | 16,128,717        | 1,622,994           | 216,872          | -                  | 17,968,584        |
| Regional governments or local authorities                                 | -                  | 5,537             | 100,581             | -                | -                  | 106,118           |
| Public sector entities  | -                  | 47,440            | 84,982              | 87,655           | -                  | 220,077           |
| Multilateral development banks  | -                  | 88,634            | 254,642             | 36,468           | -                  | 379,744           |
| International organisations   | -                  | 495               | 1,091               | -                | -                  | 1,586             |
| Institutions  | -                  | 4,885,356         | 308,783             | 1,072            | -                  | 5,195,210         |
| Corporates  | -                  | 27,331,619        | 18,261,067          | 2,876,099        | -                  | 48,468,785        |
| Retail  | -                  | 14,461            | 1,893               | 2,667            | -                  | 19,021            |
| Secured by mortgages on immovable property                                | -                  | 91,077            | 83,254              | -                | -                  | 174,331           |
| Exposures in default  | -                  | 813,784           | 145,456             | 112,147          | -                  | 1,071,387         |
| Items associated with particularly high risk                              | -                  | 347,581           | 352,036             | 123,705          | -                  | 823,321           |
| Covered bonds   | -                  | -                 | -                   | -                | -                  | -                 |
| Claims on institutions and corporates with a short-term credit assessment | -                  | -                 | -                   | -                | -                  | -                 |
| Collective investments undertakings                                       | -                  | 7,297             | -                   | -                | -                  | 7,297             |
| Equity exposures  | -                  | 57                | -                   | -                | -                  | 57                |
| Other exposures   | -                  | 40,929            | -                   | -                | -                  | 40,929            |
| <b>Total standardised approach</b>  | -                  | <b>49,802,982</b> | <b>21,216,779</b>   | <b>3,456,685</b> | -                  | <b>74,476,446</b> |
| <b>Total</b>  | -                  | <b>49,802,982</b> | <b>21,216,779</b>   | <b>3,456,685</b> | -                  | <b>74,476,446</b> |

**Table 34: CR1-A – Credit quality of exposures by exposures class and instrument 31 December 2019**

EUR Thousands

|  | Gross carrying values of |                         | Specific credit risk adjustment | General credit risk adjustment | Accumulated write-offs | Credit risk adjustment charges of the period | Net values        |
|--|--------------------------|-------------------------|---------------------------------|--------------------------------|------------------------|--|-------------------|
|  | Defaulted exposures      | Non-defaulted exposures |                                 |                                |                        |  |                   |
| <b>Total IRB approach</b>  | -                        | -                       | -                               | -                              | -                      | -  | -                 |
| Central governments or central banks                                       | -                        | 18,340,394              | (1,678)                         | -                              | -                      | -  | 18,338,716        |
| Regional governments or local authorities                                  | -                        | 107,399                 | -                               | -                              | -                      | -  | 107,399           |
| Public sector entities   | 13                       | 416,920                 | (117)                           | -                              | -                      | -  | 416,816           |
| Multilateral development banks   | -                        | 298,262                 | (464)                           | -                              | -                      | -  | 297,798           |
| International organisations  | -                        | 2,072                   | (0)                             | -                              | -                      | -  | 2,072             |
| Institutions   | -                        | 3,705,360               | (1,235)                         | -                              | -                      | -  | 3,704,125         |
| Corporates   | 103,273                  | 49,489,247              | (28,924)                        | -                              | -                      | -  | 49,563,596        |
| Of which: SMEs   | -                        | 461,291                 | (1,219)                         | -                              | -                      | -  | 460,072           |
| Retail   | -                        | 3,942                   | (6)                             | -                              | -                      | -  | 3,936             |
| Of which: SMEs   | -                        | 2,702                   | (6)                             | -                              | -                      | -  | 2,697             |
| Secured by mortgages on immovable property                                 | -                        | 541,985                 | (317)                           | -                              | -                      | -  | 541,667           |
| Of which: SMEs   | -                        | -                       | -                               | -                              | -                      | -  | -                 |
| Exposures in default   | -                        | -                       | -                               | -                              | -                      | -  | -                 |
| Items associated with particularly high risk                               | 56,067                   | 1,080,014               | (35,178)                        | -                              | -                      | -  | 1,100,903         |
| Covered bonds  | -                        | -                       | -                               | -                              | -                      | -  | -                 |
| Claims on institutions and corporates with a short- term credit assessment | -                        | 1,862,699               | (338)                           | -                              | -                      | -  | 1,862,361         |
| Collective investments undertakings  | -                        | -                       | -                               | -                              | -                      | -  | -                 |
| Equity exposures   | -                        | 14                      | -                               | -                              | -                      | -  | 14                |
| Other exposures  | -                        | 13,947                  | (71)                            | -                              | -                      | -  | 13,876            |
| <b>Total standardised approach</b>   | <b>159,353</b>           | <b>75,862,253</b>       | <b>(68,327)</b>                 | -                              | -                      | -  | <b>75,953,280</b> |
| <b>Total</b>   | <b>159,353</b>           | <b>75,862,253</b>       | <b>(68,327)</b>                 | -                              | -                      | -  | <b>75,953,280</b> |

**Table 35: CR1-A – Credit quality of exposures by exposures class and instrument 31 December 2018**

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

**Table 36: CR1-B – Credit quality of exposures by industry or counterparty types 31 December 2019**

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

*EUR Thousands*

|  | Gross carrying values of |                         | Specific credit risk adjustment | General credit risk adjustment | Accumulated write-offs | Credit risk adjustment charges | Net values        |
|--|--------------------------|-------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------|-------------------|
|  | Defaulted exposures      | Non-defaulted exposures |                                 |                                |                        |                                |                   |
| Business Administrative Services                                 | 37,626                   | 4,243,677               | (6,283)                         | -                              | -                      | -                              | 4,275,020         |
| Credit Institutions  | -                        | 5,851,952               | (3,585)                         | -                              | -                      | -                              | 5,848,367         |
| Electricity, Gas, Steam and Air Conditioning Supply              | 2,479                    | 4,618,039               | (2,293)                         | -                              | -                      | -                              | 4,618,225         |
| Financial Intermediation (Excl. Monetary Financial Institutions) | 3                        | 2,447,868               | (1,204)                         | -                              | -                      | -                              | 2,446,667         |
| Information and Communication                                    | 2,985                    | 4,235,061               | (5,265)                         | -                              | -                      | -                              | 4,232,782         |
| Manufacturing  | 58,241                   | 14,837,013              | (21,763)                        | -                              | -                      | -                              | 14,873,490        |
| Personal (Private Households)                                    | -                        | 1,452,193               | (2,543)                         | -                              | -                      | -                              | 1,449,649         |
| Primary Industries   | 404                      | 265,130                 | (922)                           | -                              | -                      | -                              | 264,612           |
| Public Administration and Defence                                | -                        | 3,368,085               | (1,567)                         | -                              | -                      | -                              | 3,366,518         |
| Transportation and Storage                                       | 12,516                   | 2,596,716               | (8,307)                         | -                              | -                      | -                              | 2,600,925         |
| Wholesale/Retail Trade & Repairs                                 | 41,901                   | 3,296,253               | (11,345)                        | -                              | -                      | -                              | 3,326,809         |
| Central Banks  | -                        | 15,070,768              | (96)                            | -                              | -                      | -                              | 15,070,672        |
| Other  | 3,198                    | 13,579,498              | (3,153)                         | -                              | -                      | -                              | 13,579,543        |
| <b>Total</b>   | <b>159,353</b>           | <b>75,862,253</b>       | <b>(68,327)</b>                 | <b>-</b>                       | <b>-</b>               | <b>-</b>                       | <b>75,953,280</b> |

**Table 37: CR1-B – Credit quality of exposures by industry or counterparty types 31 December 2018**

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

**Table 38: CR1-C - Credit quality of exposures by geography 31 December 2019**

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

| <i>EUR Thousands</i> | Gross carrying values of |                         | Specific credit risk adjustment | General credit risk adjustment | Accumulated write-offs | Credit risk adjustment charges | Net values        |
|----------------------|--------------------------|-------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------|-------------------|
|                      | Defaulted exposures      | Non-defaulted exposures |                                 |                                |                        |                                |                   |
| Switzerland          | 5,563                    | 2,661,959               | (921)                           | -                              | -                      | -                              | 2,666,602         |
| Czech Republic       | 7,904                    | 1,425,601               | (2,771)                         | -                              | -                      | -                              | 1,430,735         |
| Germany              | 40,450                   | 9,793,580               | (4,332)                         | -                              | -                      | -                              | 9,829,698         |
| Spain                | 61                       | 4,183,917               | (2,416)                         | -                              | -                      | -                              | 4,181,562         |
| France               | 1,305                    | 13,425,028              | (11,246)                        | -                              | -                      | -                              | 13,415,088        |
| United Kingdom       | 2,026                    | 8,027,881               | (6,181)                         | -                              | -                      | -                              | 8,023,726         |
| Hungary              | 59,935                   | 1,804,523               | (8,684)                         | -                              | -                      | -                              | 1,855,773         |
| Ireland              | 3,739                    | 1,734,753               | (4,012)                         | -                              | -                      | -                              | 1,734,481         |
| Luxembourg           | -                        | 769,294                 | (318)                           | -                              | -                      | -                              | 768,976           |
| Netherlands          | 61                       | 8,510,433               | (5,013)                         | -                              | -                      | -                              | 8,505,481         |
| Romania              | 10,285                   | 2,036,908               | (3,247)                         | -                              | -                      | -                              | 2,043,946         |
| Sweden               | -                        | 1,312,140               | (289)                           | -                              | -                      | -                              | 1,311,851         |
| Rest of EMEA         | 15,067                   | 8,231,802               | (14,114)                        | -                              | -                      | -                              | 8,232,756         |
| USA                  | 40                       | 5,260,273               | (1,833)                         | -                              | -                      | -                              | 5,258,481         |
| Rest of Americas     | 12,916                   | 5,014,096               | (1,950)                         | -                              | -                      | -                              | 5,025,062         |
| APAC                 | -                        | 1,670,064               | (1,001)                         | -                              | -                      | -                              | 1,669,063         |
| <b>Total</b>         | <b>159,353</b>           | <b>75,862,253</b>       | <b>(68,327)</b>                 | <b>-</b>                       | <b>-</b>               | <b>-</b>                       | <b>75,953,280</b> |

**Table 39: CR1-C - Credit quality of exposures by geography 31 December 2018**

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

**Table 40: CR1-D – Ageing of past-due exposures 31 December 2019**

| <i>EUR Thousands</i>   | Gross carrying values |                           |                           |                            |                           |              |
|------------------------|-----------------------|---------------------------|---------------------------|----------------------------|---------------------------|--------------|
|                        | ≤ 30 days             | > 30 days<br>≤ 60<br>days | > 60 days<br>≤ 90<br>days | > 90 days<br>≤ 180<br>days | > 180 days<br>≤ 1<br>year | > 1 year     |
| Loans                  | 111,122               | -                         | -                         | -                          | -                         | 3,422        |
| Debt securities        | -                     | -                         | -                         | -                          | -                         | -            |
| <b>Total exposures</b> | <b>111,122</b>        | <b>-</b>                  | <b>-</b>                  | <b>-</b>                   | <b>-</b>                  | <b>3,422</b> |

**Table 41: CR1-E – Non-performing and forborne exposures 31 December 2019**

| <i>EUR Thousands</i>        | Gross carrying amount of performing and non-performing exposures |                              |                         |                   |                   |   | Accumulated impairment and provisions and negative fair value adjustments due to credit risk |                   |                             |   | Collaterals and financial guarantees received |                             |
|-----------------------------|--|------------------------------|-------------------------|-------------------|-------------------|---|--|-------------------|-----------------------------|---|---|-----------------------------|
|                             | Of which performing but past due > 30 days and ≤ 90 days         | Of which performing forborne | Of which non-performing |                   |                   |   | On performing exposures  |                   | On non-performing exposures |   | On non-performing exposures                   | Of which forborne exposures |
|                             |  |                              | Of which defaulted      | Of which impaired | Of which forborne |   | Of which forborne  | Of which forborne |                             |   |   |                             |
| Debt securities             | 3,312,979  | -                            | -                       | -                 | -                 | - | 1,527  | -                 | -                           | - | -   | -                           |
| Loans and advances          | 44,523,180   | -                            | 114,544                 | 114,544           | 114,544           | - | 28,919   | -                 | 9,313                       | - | 14,634  | -                           |
| Off-balance-sheet exposures | 37,322,179   | -                            | 43,106                  | 43,106            | -                 | - | 26,169   | -                 | 2,191                       | - | -   | -                           |



**Table 42: CR2-A – Changes in the stock of general and specific credit risk adjustments 31 December 2019**

| <i>EUR thousands</i>   | <b>Accumulated specific credit risk adjustment</b> | <b>Accumulated general credit risk adjustment</b> |
|--|--|---|
| <b>Opening balance</b>   | <b>116,731</b>                                     |   |
| Increases due to amounts set aside for estimated loan losses during the period             | 13,735   |   |
| Decreases due to amounts reversed for estimated loan losses during the period              | (35,975)   |   |
| Decreases due to amounts taken against accumulated credit risk adjustments                 | (9,238)  |   |
| Transfers between credit risk adjustments  | 6,459  |   |
| Impact of exchange rate differences  | -  |   |
| Business combinations, including acquisitions and disposals of subsidiaries                | -  |   |
| Other adjustments  | (23,517)   |   |
| <b>Closing balance</b>   | <b>68,195</b>                                      |   |
| Recoveries on credit risk adjustments recorded directly to the statement of profit or loss | 18,665   |   |
| Specific credit risk adjustments directly recorded to the statement of profit or loss      | (30,860)   |   |

**Table 43: CR2-B – Changes in the stock of defaulted and impaired loans and debt securities 31 December 2019**

| <i>EUR thousands</i>  | <b>Gross carrying value defaulted exposures</b> |
|---|---|
| <b>Opening balance</b>  | <b>111,006</b>                                  |
| Loans and debt securities that have defaulted or impaired since the last reporting period | 100,986   |
| Returned to non-defaulted status  | (37,455)  |
| Amounts written off   | (20,545)  |
| Other changes   | (39,449)  |
| <b>Closing balance</b>  | <b>114,544</b>                                  |

**Table 44: NPE Information on non-performing exposures and ECL by Obligor Type and Industry Type 31 December 2019**

| <i>EUR Thousands</i>       |                      | SME indicator        | Industry  | Sum of Credit Exposure Input                      |                | Sum of IFRS9 ECL including Scalar |               | Total Sum of Credit Exposure Input | Total Sum of IFRS9 ECL including Scalar |       |
|----------------------------|----------------------|----------------------|---|---|----------------|-----------------------------------|---------------|------------------------------------|---|-------|
|                            |                      |                      |   | > 1 year <= 5 years                               | <90            | > 1 year <= 5 years               | <90           |                                    |   |       |
| Non-financial corporations | Non-SME              |                      | Administrative And Support Service Activities                       | 3,561   |                |                                   | 0             | 3,561                              | 0                                       |       |
|                            |                      |                      | Construction  | 239   |                |                                   | 1             | 239                                | 1                                       |       |
|                            |                      |                      | Electricity,Gas,Steam And Air Conditioning Supply                   | 1,959   |                |                                   | 840           | 1,959                              | 840                                     |       |
|                            |                      |                      | Financial And Insurance Activities                                  | 31,561  |                |                                   | 2             | 31,561                             | 2                                       |       |
|                            |                      |                      | Information And Communication                                       | 562   |                |                                   | 2             | 562                                | 2                                       |       |
|                            |                      |                      | Manufacturing   | 51,914  |                |                                   | 1,887         | 51,914                             | 1,887                                   |       |
|                            |                      |                      | Mining And Quarrying  | 633   |                |                                   | 135           | 633                                | 135                                     |       |
|                            |                      |                      | Professional, Scientific And Technical Activities                   | 370   |                |                                   | 84            | 370                                | 84                                      |       |
|                            |                      |                      | Transportation And Storage  | 11,788  |                |                                   | 521           | 11,788                             | 521                                     |       |
|                            |                      |                      | Wholesale And Retail Trade;Repair Of Motor Vehicles And Motorcycles | 28,974  |                |                                   | 4             | 28,974                             | 4                                       |       |
|                            |                      | <b>Non-SME Total</b> |   |   | <b>131,562</b> |                                   | <b>3,476</b>  | <b>131,562</b>                     | <b>3,476</b>                            |       |
|                            |                      | SME                  |   | Administrative And Support Service Activities     | 2,071          |                                   |               | 733                                | 2,071                                   | 733   |
|                            |                      |                      |   | Agriculture, Forestry And Fishing                 | 246            |                                   |               | 11                                 | 246                                     | 11    |
|                            |                      |                      |   | Construction                                      | 2,447          |                                   |               | 9                                  | 2,447                                   | 9     |
|                            |                      |                      |   | Financial And Insurance Activities                | 0              |                                   |               | -                                  | 0                                       | -     |
|                            |                      |                      |   | Information And Communication                     | 2,724          |                                   |               | 30                                 | 2,724                                   | 30    |
|                            |                      |                      |   | Manufacturing                                     | 6,356          |                                   |               | 4,583                              | 6,356                                   | 4,583 |
|                            |                      |                      |   | Professional, Scientific And Technical Activities | 29             |                                   |               | 15                                 | 29                                      | 15    |
|                            |                      |                      |   | Transportation And Storage                        | 0              |                                   |               | 1                                  | 0                                       | 1     |
|                            |                      |                      | Wholesale And Retail Trade;Repair Of Motor Vehicles And Motorcycles | 8,621   |                |                                   | 1,726         | 8,621                              | 1,726                                   |       |
|                            |                      |                      | Other Service Activities  | 171   |                |                                   | 153           | 171                                | 153                                     |       |
|                            | <b>SME Total</b>     |                      |   | <b>22,666</b>                                     |                | <b>7,260</b>                      | <b>22,666</b> | <b>7,260</b>                       |   |       |
| Households                 | Non-SME              |                      | Private Bank Customers  | 3,422   |                |                                   | 768           | 3,422                              | 768                                     |       |
|                            | <b>Non-SME Total</b> |                      |   | <b>3,422</b>                                      |                | <b>768</b>                        | <b>3,422</b>  | <b>768</b>                         |   |       |
| <b>Grand Total</b>         |                      |                      |   | <b>3,422</b>                                      | <b>154,228</b> |                                   | <b>768</b>    | <b>157,650</b>                     | <b>11,504</b>                           |       |

**Table 45: NPE Information on non-performing exposures and ECL by Geographic segment 31 December 2019**

| <i>EUR Thousands</i> | Sum of Credit Exposure Input |                | Sum of IFRS9 ECL including Scalar |               | Total Sum of Credit Exposure Input | Total Sum of IFRS9 ECL including Scalar |
|----------------------|------------------------------|----------------|-----------------------------------|---------------|------------------------------------|---|
|                      | > 1 year <= 5 years          | <90            | > 1 year <= 5 years               | <90           |                                    |   |
| CANADA               |                              | 12,907         |                                   | -             | 12,907                             | -                                       |
| SWITZERLAND          |                              | 5,563          |                                   | 1             | 5,563                              | 1                                       |
| CZECH REPUBLIC       |                              | 8,431          |                                   | 325           | 8,431                              | 325                                     |
| GERMANY              |                              | 40,753         |                                   | 1             | 40,753                             | 1                                       |
| SPAIN                |                              | 60             |                                   | 22            | 60                                 | 22                                      |
| FRANCE               |                              | 1,285          |                                   | -             | 1,285                              | -                                       |
| UNITED KINGDOM       | 3,422                        | 1,798          | 768                               | 489           | 5,220                              | 1,256                                   |
| GREECE               |                              | 172            |                                   | 37            | 172                                | 37                                      |
| HUNGARY              |                              | 54,377         |                                   | 7,183         | 54,377                             | 7,183                                   |
| IRELAND              |                              | 3,739          |                                   | 0             | 3,739                              | 0                                       |
| JAMAICA              |                              | 0              |                                   | -             | 0                                  | -                                       |
| LIBERIA              |                              | 692            |                                   | -             | 692                                | -                                       |
| NETHERLANDS          |                              | 59             |                                   | 1             | 59                                 | 1                                       |
| NORWAY               |                              | 9,156          |                                   | -             | 9,156                              | -                                       |
| PORTUGAL             |                              | 400            |                                   | 2             | 400                                | 2                                       |
| ROMANIA              |                              | 10,234         |                                   | 801           | 10,234                             | 801                                     |
| SLOVAKIA             |                              | 4,547          |                                   | 1,874         | 4,547                              | 1,874                                   |
| SIERRA LEONE         |                              | 0              |                                   | -             | 0                                  | -                                       |
| UNITED STATES        |                              | 40             |                                   | 1             | 40                                 | 1                                       |
| SOUTH AFRICA         |                              | 13             |                                   | -             | 13                                 | -                                       |
| <b>Grand Total</b>   | <b>3,422</b>                 | <b>154,228</b> | <b>768</b>                        | <b>10,736</b> | <b>157,650</b>                     | <b>11,504</b>                           |

## 12.2 Credit Risk Mitigation (CRM)

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

**Table 46: CR3 - CRM techniques – Overview 31 December 2019**

| <i>EUR Thousands</i>   | Exposures unsecured – Carrying amount | Exposures secured – Carrying amount | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
|------------------------|---------------------------------------|-------------------------------------|---------------------------------|---|---|
| Total loans            | 15,923,212                            | 938,036                             | 54,358                          | 883,678                                   | -                                       |
| Total debt securities  | -                                     | -                                   | -                               | -   | -                                       |
| <b>Total exposures</b> | <b>15,923,212</b>                     | <b>938,036</b>                      | <b>54,358</b>                   | <b>883,678</b>                            | <b>-</b>                                |
| Of which defaulted     | -                                     | -                                   | -                               | -   | -                                       |

**Table 47: CR3 - CRM techniques – Overview 31 December 2018**

| <i>EUR Thousands</i>   | Exposures unsecured – Carrying amount | Exposures to be secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
|------------------------|---------------------------------------|-------------------------|---------------------------------|---|---|
| Total loans            | 16,002,420                            | -                       | 38,088                          | -   | -                                       |
| Total debt securities  | -                                     | -                       | -                               | -   | -                                       |
| <b>Total exposures</b> | <b>16,002,420</b>                     | <b>-</b>                | <b>38,088</b>                   | <b>-</b>                                  | <b>-</b>                                |
| Of which defaulted     | 715,882                               | -                       | -                               | -   | -                                       |

### Counterparty Credit Risk

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

**Table 48: CCR1: Analysis of CCR exposure by approach 31 December 2019**

| <i>EUR Thousands</i>                                  | Notional | Replacement cost/current market value | Potential future credit exposure | EEPE | Multiplier | EAD post CRM | RWAs             |
|---|----------|---------------------------------------|----------------------------------|------|------------|--------------|------------------|
| Mark to market  | -        | 3,021,853                             | 3,260,067                        | -    | -          | 2,617,361    | 1,869,179        |
| Original exposure                                     | -        | -                                     | -                                | -    | -          | -            | -                |
| Standardised approach                                 | -        | -                                     | -                                | -    | -          | -            | -                |
| IMM (for derivatives and SFTs)                        | -        | -                                     | -                                | -    | -          | -            | -                |
| Of which securities financing transactions            | -        | -                                     | -                                | -    | -          | -            | -                |
| Of which derivatives and long settlement transactions | -        | -                                     | -                                | -    | -          | -            | -                |
| Of which from contractual cross-product netting       | -        | -                                     | -                                | -    | -          | -            | -                |
| Financial collateral simple method (for SFTs)         | -        | -                                     | -                                | -    | -          | -            | -                |
| Financial collateral comprehensive method (for SFTs)  | -        | -                                     | -                                | -    | -          | 2,353,299    | 13,422           |
| VaR for SFTs  | -        | -                                     | -                                | -    | -          | -            | -                |
| <b>Total</b>  | -        | -                                     | -                                | -    | -          | -            | <b>1,882,602</b> |

**Table 49: CCR1: Analysis of CCR exposure by approach 31 December 2018**

| <i>EUR Thousands</i>                                  | Notional | Replacement cost/current market value | Potential future credit exposure | EEPE | Multiplier | EAD post CRM | RWAs             |
|---|----------|---------------------------------------|----------------------------------|------|------------|--------------|------------------|
| Mark to market  |          | 1,679,447                             | 2,187,119                        |      |            | 1,570,514    | 1,163,055        |
| Original exposure                                     | -        |                                       |                                  |      |            | -            | -                |
| Standardised approach                                 |          | -                                     |                                  |      |            | -            | -                |
| IMM (for derivatives and SFTs)                        |          |                                       |                                  | -    | -          | -            | -                |
| Of which securities financing transactions            |          |                                       |                                  | -    | -          | -            | -                |
| Of which derivatives and long settlement transactions |          |                                       |                                  | -    | -          | -            | -                |
| Of which from contractual cross- product netting      |          |                                       |                                  | -    | -          | -            | -                |
| Financial collateral simple method (for SFTs)         |          |                                       |                                  |      |            | -            | -                |
| Financial collateral comprehensive method (for SFTs)  |          |                                       |                                  |      |            | 1,035,543    | 9,959            |
| VaR for SFTs  |          |                                       |                                  |      |            | -            | -                |
| <b>Total</b>  |          |                                       |                                  |      |            |              | <b>1,173,013</b> |

Prior year comparatives have been restated in line with final regulatory submissions.

**Table 50: CCR2 - Credit valuation adjustment (CVA) capital charge 31 December 2019**

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

| <i>EUR Thousands</i>                              | Exposure value | RWAs           |
|---|----------------|----------------|
| Total portfolios subject to the advanced method   | -              | -              |
| (i) VaR component (including the 3× multiplier)   |                | -              |
| (ii) SVaR component (including the 3× multiplier) |                | -              |
| All portfolios subject to the standardised method | 665,603        | 700,812        |
| Based on the original exposure method             | -              | -              |
| <b>Total subject to the CVA capital charge</b>    | <b>665,603</b> | <b>700,812</b> |

**Table 51: CCR2 - Credit valuation adjustment (CVA) capital charge 31 December 2018**

| <i>EUR Thousands</i>                              | Exposure value | RWAs          |
|---|----------------|---------------|
| Total portfolios subject to the advanced method   | -              | -             |
| (i) VaR component (including the 3× multiplier)   |                | -             |
| (ii) SVaR component (including the 3× multiplier) |                | -             |
| All portfolios subject to the standardised method | 264,918        | 76,901        |
| Based on the original exposure method             | -              | -             |
| <b>Total subject to the CVA capital charge</b>    | <b>264,918</b> | <b>76,901</b> |

**Table 52: CCR8 - Exposures to CCPs 31 December 2019**

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

| <b>EUR Thousands</b>  | <b>EAD post CRM</b> | <b>RWAs</b> |
|---|---------------------|-------------|
| <b>Exposures to QCCPs (total)</b>   |                     | -           |
| Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which     | -                   | -           |
| (i) OTC derivatives   | -                   | -           |
| (ii) Exchange-traded derivatives  | -                   | -           |
| (iii) SFTs  | -                   | -           |
| (iv) Netting sets where cross-product netting has been approved                                       | -                   | -           |
| Segregated initial margin   | -                   | -           |
| Non-segregated initial margin*  | 29,551              |             |
| Prefunded default fund contributions  | 2,498               | 693         |
| Alternative calculation of own funds requirements for exposures                                       |                     | -           |
| <b>Exposures to non-QCCPs (total)</b>   |                     | -           |
| Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | -                   | -           |
| (i) OTC derivatives   | -                   | -           |
| (ii) Exchange-traded derivatives  | -                   | -           |
| (iii) SFTs  | -                   | -           |
| (iv) Netting sets where cross-product netting has been approved                                       | -                   | -           |
| Segregated initial margin   | -                   |             |
| Non-segregated initial margin   | -                   | -           |
| Prefunded default fund contributions  | -                   | -           |
| Unfunded default fund contributions   | -                   | -           |

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

**Table 53: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk  
31 December 2019**

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

| EUR Thousands   | Risk weight      |               |                |                  |           |                  | Total         | Of which unrated |                  |
|---|------------------|---------------|----------------|------------------|-----------|------------------|---------------|------------------|------------------|
|   | 0%               | 2%            | 20%            | 50%              | 75%       | 100%             |               |                  | 150%             |
| <b>Exposure classes</b>   |                  |               |                |                  |           |                  |               |                  |                  |
| Central governments or central banks                            | 2,330,059        | -             | 4,096          | 38,102           | -         | -                | -             | 2,372,257        | 2,327,059        |
| Regional government or local authorities                        | -                | -             | -              | -                | -         | -                | -             | -                | -                |
| Public sector entities  | -                | -             | 179,297        | -                | -         | -                | -             | 179,297          | 11,751           |
| Multilateral development banks                                  | -                | -             | -              | -                | -         | -                | -             | -                | -                |
| International organisations                                     | -                | -             | -              | -                | -         | -                | -             | -                | -                |
| Institutions  | -                | 29,551        | 7,279          | 937,856          | -         | 4,809            | 0             | 979,495          | 106,381          |
| Corporates  | -                | -             | 78,953         | 66,312           | -         | 1,184,211        | 1,618         | 1,331,094        | 948,127          |
| Retail  | -                | -             | -              | -                | 12        | -                | -             | 12               | 12               |
| Institutions and corporates with a short-term credit assessment | -                | -             | 827            | 7,595            | -         | 43,860           | 874           | 53,155           | -                |
| Other items   | -                | -             | -              | -                | -         | 33,326           | 22,024        | 55,349           | 41,091           |
| <b>Total</b>  | <b>2,330,059</b> | <b>29,551</b> | <b>270,452</b> | <b>1,049,864</b> | <b>12</b> | <b>1,266,206</b> | <b>24,515</b> | <b>4,970,660</b> | <b>3,434,421</b> |

**Table 54: CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk  
31 December 2018**

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

**Table 55: CCR5-A - Impact of netting and collateral held on exposure values 31 December 2019**

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

| <i>EUR Thousands</i>  | Gross positive fair value or net carrying amount | Netting benefits | Netted current credit exposure | Collateral held | Net credit exposure |
|-----------------------|--|------------------|--------------------------------|-----------------|---------------------|
| Derivatives           | 3,021,853  | -                | 3,021,853                      | 404,492         | 2,617,361           |
| SFTs                  | 2,353,299  | -                | 2,353,299                      | (0)             | 2,353,299           |
| Cross-product netting | -  | -                | -                              | -               | -                   |
| <b>Total</b>          | <b>5,375,152</b>                                 | <b>-</b>         | <b>5,375,152</b>               | <b>404,492</b>  | <b>4,970,660</b>    |

**Table 56: CCR5-A - Impact of netting and collateral held on exposure values 31 December 2018**

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

**Table 57: CCR5-B - Composition of collateral for exposures to CCR 31 December 2019**

| <i>EUR Thousands</i> | Collateral used in derivative transactions |                |                                 |              | Collateral used in SFTs           |                                 |
|----------------------|--|----------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                      | Fair value of collateral received          |                | Fair value of posted collateral |              | Fair value of collateral received | Fair value of collateral posted |
|                      | Segregated                                 | Unsegregated   | Segregated                      | Unsegregated |                                   |                                 |
| Cash                 | -  | 404,492        | -                               | -            | -                                 | -                               |
| Debt                 | -  | -              | -                               | -            | 11,466,998                        | -                               |
| <b>Total</b>         | <b>-</b>                                   | <b>404,492</b> | <b>-</b>                        | <b>-</b>     | <b>11,466,998</b>                 | <b>-</b>                        |

**Table 58: CCR6: Credit derivatives exposures 31 December 2019**

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

| <i>EUR Thousands</i>             | Credit derivative hedges |                 | Other credit derivatives |
|----------------------------------|--------------------------|-----------------|--------------------------|
|                                  | Protection bought        | Protection sold |                          |
| Notionals                        |                          |                 |                          |
| Single-name credit default swaps | 607,501                  | -               | -                        |
| Index credit default swaps       | -                        | -               | -                        |
| Total return swaps               | -                        | -               | -                        |
| Credit options                   | -                        | -               | -                        |
| Other credit derivatives         | -                        | -               | -                        |
| <b>Total notionals</b>           | <b>607,501</b>           | -               | -                        |
| Fair values                      |                          |                 |                          |
| Positive fair value (asset)      | 10,446                   |                 |                          |
| Negative fair value (liability)  | (17,862)                 |                 |                          |

**Table 59: CCR6: Credit derivatives exposures 31 December 2018**

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



# 13 Credit Risk Profile and CRM in the Standardised Approach

## 13.1 Credit Quality Analysis

### Standardised credit risk exposures

The nominated External Credit Assessment Institutions (ECAIs) used by CEP & CHIL are Standard & Poor's, Moody's and Fitch. These are used for all credit risk exposure classes. Credit assessments applied to items in the trading book and banking book alike, are assigned in accordance with the requirements laid out in the CRD, including the use of the credit quality assessment scale. The credit quality assessment scale assigns a credit quality step to each rating provided by the ECAIs, as set out in the Table 60 below:

**Table 60: Credit Quality Assessment Scale**

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

Risk weightings are assigned to each exposure depending on its credit quality step and other factors, including exposure class and maturity. Exposures for which no rating is available receive the rating of the central government where the entity is incorporated or 100% if the central government is unrated. Table 61 below sets out a simplified summary of how credit quality is linked to risk weighting.

**Table 61: Simplified Summary of Risk Weightings by Credit Quality Step**

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

The below tables detail CHIL's credit risk profile focusing on on-balance sheet and off-balance sheet credit risk exposures and credit risk mitigation effects. As of 31 December 2019 CHIL's and CEP's total on-balance sheet and off-balance sheet exposures were €75.95 billion and €75.88 billion respectively.

**Table 62: CR4 - Standardised approach – Credit risk exposure and CRM effects 31 December 2019**

| <i>EUR Thousands</i>  | Exposures before CCF and CRM |                          | Exposures post CCF and CRM |                          | RWAs and RWA density |             |
|---|------------------------------|--------------------------|----------------------------|--------------------------|----------------------|-------------|
|   | On-balance-sheet amount      | Off-balance-sheet amount | On-balance-sheet amount    | Off-balance-sheet amount | RWAs                 | RWA density |
| <b>Exposure classes</b>   |                              |                          |                            |                          |                      |             |
| Central governments or central banks                            | 18,317,265                   | 21,451                   | 18,963,993                 | 83,635                   | 184,948              | 1%          |
| Regional government or local authorities                        | 107,399                      | -                        | 107,399                    | -                        | 527                  | 0%          |
| Public sector entities  | 285,570                      | 131,233                  | 264,827                    | 65,767                   | 74,416               | 23%         |
| Multilateral development banks                                  | 273,951                      | 23,847                   | 273,951                    | 12,048                   | 85,576               | 30%         |
| International organisations                                     | 983                          | 1,089                    | 983                        | 1,089                    | -                    | 0%          |
| Institutions  | 2,782,273                    | 921,852                  | 2,781,559                  | 629,578                  | 1,413,986            | 41%         |
| Corporates  | 14,459,976                   | 35,000,387               | 13,810,450                 | 16,041,130               | 26,290,802           | 88%         |
| Retail  | 3,243                        | 693                      | 3,243                      | 362                      | 2,704                | 75%         |
| Secured by mortgages on immovable property                      | 405,762                      | 135,905                  | 405,762                    | 67,953                   | 473,689              | 100%        |
| Exposures in default  | 108,228                      | 40,387                   | 108,228                    | 29,654                   | 206,351              | 150%        |
| Higher-risk categories  | 559,958                      | 495,576                  | 525,579                    | 411,376                  | 1,405,656            | 150%        |
| Covered bonds   | -                            | -                        | -                          | -                        | -                    | 0%          |
| Institutions and corporates with a short-term credit assessment | 1,280,574                    | 581,787                  | 1,280,190                  | 309,420                  | 1,439,410            | 91%         |
| Collective investment undertakings                              | -                            | -                        | -                          | -                        | -                    | 0%          |
| Equity  | 14                           | -                        | 14                         | -                        | 14                   | 100%        |
| Other items   | 13,876                       | -                        | 13,876                     | -                        | 8,310                | 60%         |
| <b>Total</b>  | <b>38,599,073</b>            | <b>37,354,207</b>        | <b>38,540,053</b>          | <b>17,652,014</b>        | <b>31,586,388</b>    | <b>56%</b>  |

**Table 63: CR4 - Standardised approach – Credit risk exposure and CRM effects 31 December 2018**

| <i>EUR Thousands</i>  | Exposures before CCF and CRM |                          | Exposures post CCF and CRM |                          | RWAs and RWA density |             |
|---|------------------------------|--------------------------|----------------------------|--------------------------|----------------------|-------------|
|   | On-balance-sheet amount      | Off-balance-sheet amount | On-balance-sheet amount    | Off-balance-sheet amount | RWAs                 | RWA density |
| <b>Exposure classes</b>   |                              |                          |                            |                          |                      |             |
| Central governments or central banks                            | 17,748,288                   | 220,295                  | 17,664,145                 | 111,806                  | 119,612              | 1%          |
| Regional government or local authorities                        | 106,118                      | -                        | 106,118                    | -                        | 177                  | 0%          |
| Public sector entities  | 142,407                      | 77,670                   | 113,860                    | 38,938                   | 32,457               | 21%         |
| Multilateral development banks                                  | 359,694                      | 20,049                   | 359,577                    | 10,025                   | 33,262               | 9%          |
| International organisations                                     | 497                          | 1,089                    | 497                        | 1,089                    | -                    | 0%          |
| Institutions  | 4,050,647                    | 1,144,563                | 4,042,661                  | 729,027                  | 2,872,887            | 60%         |
| Corporates  | 16,544,600                   | 31,924,185               | 15,558,549                 | 14,178,345               | 27,387,423           | 92%         |
| Retail  | 16,869                       | 2,151                    | 16,851                     | 650                      | 13,126               | 75%         |
| Secured by mortgages on immovable property                      | 161,129                      | 13,202                   | 160,988                    | 6,601                    | 167,553              | 100%        |
| Exposures in default  | 752,333                      | 319,054                  | 681,211                    | 191,633                  | 1,300,898            | 149%        |
| Higher-risk categories  | 237,783                      | 585,539                  | 224,657                    | 443,769                  | 1,002,639            | 150%        |
| Covered bonds   | -                            | -                        | -                          | -                        | -                    | 0%          |
| Institutions and corporates with a short-term credit assessment | -                            | -                        | -                          | -                        | -                    | 0%          |
| Collective investment undertakings                              | 7,297                        | -                        | 7,297                      | -                        | 7,297                | 100%        |
| Equity  | 57                           | -                        | 57                         | -                        | 57                   | 100%        |
| Other items   | 40,929                       | -                        | 40,929                     | -                        | 32,209               | 79%         |
| <b>Total</b>  | <b>40,168,648</b>            | <b>34,307,798</b>        | <b>38,977,396</b>          | <b>15,711,883</b>        | <b>32,969,596</b>    | <b>60%</b>  |

Prior year comparatives have been restated in line with final regulatory submissions.

**Table 64: CR5 - Standardised approach - Risk Weighted 31 December 2019**

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

| <i>EUR Thousands</i>  | Risk weight       |                |                  |           |                  |              |                   |                  |                | Total             | Of which unrated  |
|---|-------------------|----------------|------------------|-----------|------------------|--------------|-------------------|------------------|----------------|-------------------|-------------------|
|   | 0%                | 2%             | 20%              | 35%       | 50%              | 75%          | 100%              | 150%             | Others         |                   |                   |
| <b>Exposure classes</b>   |                   |                |                  |           |                  |              |                   |                  |                |                   |                   |
| Central governments or central banks                            | 18,648,326        | -              | 20,066           | -         | 127,835          | -            | 72,223            | -                | 179,179        | 19,047,628        | 15,364,333        |
| Regional government or local authorities                        | 104,765           | -              | 2,634            | -         | -                | -            | -                 | -                | -              | 107,399           | 107,240           |
| Public sector entities  | -                 | -              | 319,653          | -         | 911              | -            | 10,030            | -                | -              | 330,594           | 98,724            |
| Multilateral development banks                                  | 200,424           | -              | -                | -         | -                | -            | 85,576            | -                | -              | 286,000           | 85,566            |
| International organisations                                     | 2,072             | -              | -                | -         | -                | -            | -                 | -                | -              | 2,072             | 983               |
| Institutions  | -                 | 293,874        | 950,538          | -         | 1,897,450        | -            | 269,274           | 1                | -              | 3,411,137         | 510,673           |
| Corporates  | -                 | -              | 1,894,642        | -         | 4,339,700        | -            | 23,367,667        | 249,571          | -              | 29,851,580        | 18,450,708        |
| Retail  | -                 | -              | -                | -         | -                | 3,605        | -                 | -                | -              | 3,605             | 3,597             |
| Secured by mortgages on immovable property                      | -                 | -              | -                | 39        | -                | -            | 473,675           | -                | -              | 473,715           | 473,715           |
| Exposures in default  | -                 | -              | -                | -         | -                | -            | 499               | 137,384          | -              | 137,883           | 128,582           |
| Higher-risk categories  | -                 | -              | -                | -         | -                | -            | -                 | 936,955          | -              | 936,955           | 497,323           |
| Covered bonds   | -                 | -              | -                | -         | -                | -            | -                 | -                | -              | -                 | -                 |
| Institutions and corporates with a short-term credit assessment | -                 | -              | 66,926           | -         | 623,878          | -            | 468,247           | 430,560          | -              | 1,589,610         | (325)             |
| Collective investment undertakings                              | -                 | -              | -                | -         | -                | -            | -                 | -                | -              | -                 | -                 |
| Equity  | -                 | -              | -                | -         | -                | -            | 14                | -                | -              | 14                | 14                |
| Other items   | 1,617             | -              | 4,936            | -         | -                | -            | 7,323             | -                | -              | 13,876            | 13,968            |
| <b>Total</b>  | <b>18,957,205</b> | <b>293,874</b> | <b>3,259,395</b> | <b>39</b> | <b>6,989,773</b> | <b>3,605</b> | <b>24,754,527</b> | <b>1,754,471</b> | <b>179,179</b> | <b>56,192,067</b> | <b>35,735,100</b> |

**Table 65: CR5 - Standardised approach - Risk Weighted 31 December 2018**

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

# 14 Market Risk

**Table 66: MR1 - Market risk under the standardised approach 31 December 2019**

The table displays CHIL's components of own funds requirements under the standardised approach for market risk. For CEP the RWA of Foreign exchange risk was €289 million as at 31 December 2019.

| <i>EUR Thousands</i>                      | <b>RWAs</b>      | <b>Capital requirements</b> |
|---|------------------|-----------------------------|
| Outright products                         |                  |                             |
| Interest rate risk (general and specific) | 1,130,073        | 90,406                      |
| Equity risk (general and specific)        | -                | -                           |
| Foreign exchange risk                     | 302,227          | 24,178                      |
| Commodity risk                            |                  |                             |
| Options                                   |                  |                             |
| Simplified approach                       |                  |                             |
| Delta-plus method                         |                  |                             |
| Scenario approach                         |                  |                             |
| Securitisation (specific risk)            |                  |                             |
| <b>Total</b>                              | <b>1,432,299</b> | <b>114,584</b>              |

# 15 Liquidity Risk

## 15.1 LCR Disclosure

The amounts reported in each quarter below, are the average of the previous 12-month end amounts preceding that particular quarter. The below table shows a stable trend for the CEP LCR throughout 2019.

**Table 67: LIQ1 – LCR disclosure**

| Scope of consolidation (consolidated)                     | Total unweighted value  | Total unweighted value | Total unweighted value | Total unweighted value | Total weighted value | Total weighted value | Total weighted value | Total weighted value |
|---|---|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| Currency and units (EUR millions)                         |   |                        |                        |                        |                      |                      |                      |                      |
| Quarter ending on (DD Month YYY)                          | 31/03/2019  | 29/06/2019             | 28/09/2019             | 31/12/2019             | 31/03/2019           | 29/06/2019           | 28/09/2019           | 31/12/2019           |
| Number of data points used in the calculation of average: | 12  | 12                     | 12                     | 12                     | 12                   | 12                   | 12                   | 12                   |
| <b>HIGH-QUALITY LIQUID ASSETS</b>                         |   |                        |                        |                        |                      |                      |                      |                      |
| 1   | Total high-quality liquid assets (HQLA)   |                        |                        |                        | 18,748               | 19,431               | 20,315               | 20,787               |
| <b>CASH-OUTFLOWS</b>                                      |   |                        |                        |                        |                      |                      |                      |                      |
| 2   | Retail deposits and deposits from small business customers, of which:   | 3,927                  | 3,962                  | 3,701                  | 2,849                | 924                  | 990                  | 763                  |
| 3   | <i>Stable deposits</i>  | 0                      | 0                      | 0                      | 0                    | 0                    | 0                    | 0                    |
| 4   | <i>Less stable deposits</i>   | 3,754                  | 3,716                  | 3,432                  | 2,609                | 751                  | 743                  | 522                  |
| 5   | Unsecured wholesale funding   | 24,248                 | 25,218                 | 26,360                 | 26,806               | 12,755               | 13,375               | 14,468               |
| 6   | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>  | 8,915                  | 9,112                  | 9,250                  | 9,410                | 2,208                | 2,273                | 2,352                |
| 7   | <i>Non-operational deposits (all counterparties)</i>  | 15,333                 | 16,106                 | 17,110                 | 17,396               | 10,547               | 11,102               | 12,115               |
| 8   | <i>Unsecured debt</i>   | 0                      | 0                      | 0                      | 0                    | 0                    | 0                    | 0                    |
| 9   | Secured wholesale funding   |                        |                        |                        | 0                    | 0                    | 0                    | 0                    |
| 10  | Additional requirements   | 18,283                 | 18,391                 | 19,027                 | 19,823               | 3,386                | 3,373                | 3,539                |
| 11  | <i>Outflows related to derivative exposures and other collateral requirements</i>   | 977                    | 962                    | 932                    | 875                  | 919                  | 892                  | 821                  |
| 12  | <i>Outflows related to loss of funding on debt products</i>   | 0                      | 0                      | 0                      | 0                    | 0                    | 0                    | 0                    |
| 13  | <i>Credit and liquidity facilities</i>  | 17,306                 | 17,429                 | 18,095                 | 18,948               | 2,467                | 2,481                | 2,674                |
| 14  | Other contractual funding obligations   | 2,526                  | 2,455                  | 2,532                  | 2,135                | 2,457                | 2,387                | 2,067                |
| 15  | Other contingent funding obligations  | 16,696                 | 16,846                 | 16,984                 | 16,964               | 929                  | 936                  | 944                  |
| 16  | <b>TOTAL CASH OUTFLOWS</b>  |                        |                        |                        | 20,451               | 21,060               | 22,127               | 22,016               |
| <b>CASH-INFLOWS</b>                                       |   |                        |                        |                        |                      |                      |                      |                      |
| 17  | Secured lending (eg reverse repos)  | 2,219                  | 2,688                  | 3,293                  | 3,914                | 407                  | 656                  | 1,010                |
| 18  | Inflows from fully performing exposures   | 4,735                  | 4,634                  | 4,693                  | 4,571                | 3,448                | 3,397                | 3,430                |
| 19  | Other cash inflows  | 1,210                  | 1,314                  | 1,718                  | 1,805                | 1,104                | 1,045                | 1,221                |
| EU-19a  | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) |                        |                        |                        |                      | 0                    | 0                    | 0                    |
| EU-19b  | (Excess inflows from a related specialised credit institution)  |                        |                        |                        |                      | 0                    | 0                    | 0                    |
| 20  | <b>TOTAL CASH INFLOWS</b>   | 8,164                  | 8,636                  | 9,704                  | 10,290               | 4,959                | 5,098                | 5,546                |
| EU-20a  | <i>Fully exempt inflows</i>   | 0                      | 0                      | 0                      | 0                    | 0                    | 0                    | 0                    |
| EU-20b  | <i>Inflows Subject to 90% Cap</i>   | 0                      | 0                      | 0                      | 0                    | 0                    | 0                    | 0                    |
| EU-20c  | <i>Inflows Subject to 75% Cap</i>   | 8,164                  | 8,636                  | 9,704                  | 10,290               | 4,959                | 5,098                | 5,546                |
| 21  | <b>LIQUIDITY BUFFER</b>   |                        |                        |                        | 18,748               | 19,431               | 20,315               | 20,787               |
| 22  | <b>TOTAL NET CASH OUTFLOWS</b>  |                        |                        |                        | 15,492               | 15,962               | 16,490               | 16,470               |
| 23  | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |                        |                        |                        | 121.02%              | 121.74%              | 123.20%              | 126.21%              |

## 15.2 Asset encumbrance

Assets or collateral are considered encumbered when they have been pledged or used to secure, collateralize or credit enhance a transaction which impacts their transferability and free use.

As at 31 December 2019, €8,496m of assets were encumbered. The assets available on the CEP consolidated IFRS balance sheet were €55,228mm with a further €14,076mm of collateral received. The asset encumbrance ratio for the December 2019 was 12.2%. The encumbrance ratio reduced from 14.3% in December 2018, driven by an increase in both the balance sheet size and the collateral received and not encumbered.

Items which have been reported as encumbered are listed below:

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

**Table 68: Asset encumbrance**

The values shown below represent the median values of the quarter-end numbers in 2019.

| <b>Template A - Encumbered and unencumbered assets</b> |   |  |   |  |
|--|---|--|---|--|
|  | <b>Carrying amount<br/>of encumbered<br/>assets</b> | <b>Fair value of<br/>encumbered<br/>assets</b> | <b>Carrying amount<br/>of unencumbered<br/>assets</b> | <b>Fair value of<br/>unencumbered<br/>assets</b> |
|  | EUR mm  | EUR mm   | EUR mm  | EUR mm   |
| <b>010 Assets of the reporting institution</b>         | 2,896   | 0  | 52,956  | 0  |
| <b>030 Equity instruments</b>                          | 0   | 0  | 94  | 0  |
| <b>040 Debt securities</b>                             | 513   | 513  | 3,377   | 3,637  |
| 050 of which: covered bonds                            | 0   | 0  | 0   | 0  |
| 060 of which: asset-backed securities                  | 0   | 0  | 0   | 5  |
| 070 of which: issued by general governments            | 360   | 360  | 3,124   | 3,297  |
| 080 of which: issued by financial corporations         | 153   | 153  | 264   | 266  |
| 090 of which: issued by non-financial corporations     | 0   | 0  | 5   | 5  |
| 120 Other assets                                       | 2,426   | 0  | 49,415  | 0  |

  

| <b>Template B - Collateral received</b>   |   |  |  |
|---|---|--|--|
|   | <b>Fair value of encumbered collateral<br/>received or own debt securities<br/>issued</b> | <b>Fair value of collateral received or<br/>own debt securities issued available<br/>for encumbrance</b> |  |
|   | EUR mm  | EUR mm   |  |
| <b>130 Collateral received by the reporting institution</b>                                       | 6,067   | 5,583  |  |
| <b>140 Loans on demand</b>  | 0   | 0  |  |
| <b>150 Equity instruments</b>   | 0   | 0  |  |
| <b>160 Debt securities</b>  | 6,067   | 5,127  |  |
| 170 of which: covered bonds   | 0   | 0  |  |
| 180 of which: asset-backed securities   | 1,217   | 1  |  |
| 190 of which: issued by general governments   | 4,476   | 4,852  |  |
| 200 of which: issued by financial corporations  | 131   | 248  |  |
| 210 of which: issued by non-financial corporations  | 0   | 0  |  |
| 220 Loans and advances other than loans on demand   | 0   | 0  |  |
| 230 Other collateral received   | 0   | 522  |  |
| <b>240 Own debt securities issued other than own covered bonds<br/>or asset-backed securities</b> | 0   | 0  |  |
| <b>250 TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT<br/>SECURITIES ISSUED</b>                   | 8,963   | 0  |  |

  

| <b>Template C - Sources of encumbrance</b>                   |  |  |  |
|--|--|--|--|
|  | <b>Matching liabilities, contingent<br/>liabilities or securities lent</b> | <b>Assets, collateral received and own<br/>debt securities issued other than<br/>covered bonds and ABSs encumbered</b> |  |
|  | EUR mm   | EUR mm   |  |
| <b>010 Carrying amount of selected financial liabilities</b> | 395  | 408  |  |
| 020 Derivatives  | 364  | 377  |  |
| 030 of which: Over-The-Counter                               | 364  | 377  |  |
| 040 Deposits   | 31   | 31   |  |
| 050 Repurchase agreements                                    | 31   | 31   |  |
| 120 Other sources of encumbrance                             | 141  | 8,386  |  |
| <b>170 TOTAL SOURCES OF ENCUMBRANCE</b>                      | 536  | 8,963  |  |



# 16 2019 Remuneration Statement

## 16.1 Introduction

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

## 16.2 Remuneration Governance

### CEP Remuneration Committee

The CEP Remuneration Committee (**RemCo**) was formed in September 2014 per Regulation 83 (1) of SI 158 European Union (Capital Requirements) Regulations 2014 (**SI 158**).

The RemCo has responsibility for the review and approval of proposed decisions regarding remuneration of CEP employees and CEP Material Risk Takers (**MRTs**). This includes decisions which have implications for risk and risk management of CEP and which are to be taken by the Board of Directors of CEP (**Board**).

When reviewing such decisions, to ensure compliance by CEP with its obligations under the European Union (Capital Requirements) Regulations 2014 2013/36/EU (known as **CRD IV**) and European Banking Authority Guidelines on Sound Remuneration Policies (**EBA Guidelines**), the RemCo shall take into account the long-term interest of CEP's shareholders, investors, any other stakeholders in CEP and the public interest.

The CEP RemCo acts as the Remuneration Committee of CEP, whereas the Personnel and Compensation<sup>2</sup> Committee fulfils the same role at the group level. The role and responsibilities of the RemCo are set out in its Terms of Reference as approved by the Board and which are available from the CEP Company Secretary.

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 Committee may decide to engage for advice or support.

The RemCo met 7 times in 2019 and for the 2019 performance year, the RemCo members were:

| <b><u>Independent Non-Executive Directors</u></b>   | <b><u>Non-Executive Directors</u></b>                         |
|---|---|
| Jeanne Short (appointed as Interim Chair for the remainder of 2019 - effective from 6 <sup>th</sup> September 2019) | Deepak Jain (Chair – resigned 6 <sup>th</sup> September 2019) |
| Breffni Byrne   |   |
| Desmond Crowley (appointed 7 <sup>th</sup> November 2019)   |   |
| Barry O'Leary (resigned 30 <sup>th</sup> December 2019)   |   |

<sup>2</sup> The Personnel and Compensation Committee of the Board of Directors of Citigroup Inc.

All Independent Non-Executive Directors also served on the CEP Risk Committee in 2019.

## Global Remuneration Committee

The Personnel and Compensation Committee (**P&C Committee**), oversees Citi's<sup>3</sup> global remuneration policies and practices. It annually reviews the compensation structures for members of senior management and a number of highly compensated and/or regulated individuals, in accordance with guidelines established by the P&C Committee, and provides oversight of the design and structure of incentive programs globally in the context of risk management.

The P&C Committee's Terms of Reference are documented in the P&C Committee Charter, which establishes the scope and mandate of the P&C Committee's responsibilities and the general principles governing the remuneration policy of the firm globally.

P&C Committee members are all independent non-executive directors, selected and appointed on factoring in their background and experience in business generally and in remuneration, corporate governance and/or regulatory matters specifically, and their capability to fulfil their responsibilities as P&C Committee members.

## Material Risk Takers

In accordance with the CRD IV and SI 158, which transposes Directive 2013/36/EU into Irish law, CEP annually identifies its Material Risk Takers 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 CEP's risk profile.

CEP identifies MRTs principally using its understanding of the criteria for identification as set out in the Commission Delegated Regulation (EU) No 604/2014 and the EBA Regulatory Technical Standards (RTS) for MRT identification. CEP made a number of enhancements to the identification approach for 2019.

## 16.3 Compensation Philosophy

CEP's Compensation Philosophy is consistent with Citi's Compensation Philosophy which is available [online](https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf?ieNocache=805) at: [https://www.citigroup.com/citi/investor/data/comp\\_phil\\_policy.pdf?ieNocache=805](https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf?ieNocache=805).

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

Citi's compensation policies and practices are designed to support achievement of business strategy whilst ensuring an effective risk management framework and incentivising appropriate behaviours.

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

Citi's Compensation Philosophy is closely linked to the ongoing work in embedding culture, including through the Citi Mission and Values Proposition and the Citi Leadership Standards. The Compensation Philosophy also sets out Citi's commitment to managing risk, and management receives clear direction from the Personnel and Compensation Committee (P&C Committee) to use discretion in awarding incentive compensation consistently with risk mitigation principles.

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<sup>3</sup> Citigroup Inc.

There were no significant changes introduced to Citi's Compensation Philosophy in 2019.

## 16.4 Design and Structure of Remuneration

### Ratio of Fixed to Variable Remuneration

CEP seeks to balance the components of reward between fixed and variable remuneration, and short and long-term components. Where required, an annual review of the balance between fixed and variable remuneration takes place and, adjustments are made to the fixed element of pay to ensure that an appropriate balance of fixed versus variable continues to be maintained. The aggregate of fixed remuneration paid MRTs for 2018 is set out in the "Remuneration awarded to MRTs for 2019 performance year" Table 69.

Following the introduction of CRD IV, CEP annually seeks formal shareholder approval to apply a maximum fixed-to-variable ratio of 1:2 for MRTs in CEP, with the most recent approval being granted in the fourth quarter of 2019 for the 2019 performance year. Approval of the ratio was sought from P&C Committee, which is the board committee of the ultimate parent company as well as from Citibank Holdings Ireland Limited as 100% shareholder of CEP, following recommendation from the Board.

### Fixed Remuneration – Salary, Role Based Allowances and Benefits

CEP's fixed remuneration is set to appropriately 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
- Standard benefits including pension
- Role Based Allowances (**RBA**) for a limited number of roles

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

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

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

### Variable Remuneration - Discretionary Incentive and Retention Award Plan

Discretionary Incentive and Retention Award Plan (**DIRAP**) is Citi's main discretionary variable remuneration plan<sup>4</sup> and applies globally.

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<sup>4</sup> MRTs are eligible for a supplemental cash award.

It is designed to incentivise, reward and retain employees based on their current and prospective performance and contribution.

Citi operates a fully flexible remuneration policy, including the possibility to pay zero variable remuneration.

### **Deferrals and Retention Periods**

Awards made under the DIRAP are typically in the form of cash, deferred cash, Citi equity and/or Citi deferred equity.

Awards under DIRAP are subject to mandatory deferral where the individual's total annual variable remuneration awarded under DIRAP exceeds globally set thresholds. The Citi standard deferral policy period is four years. Typically, at least 50% of deferred awards are made in the form of Citi equity and are therefore inherently performance-based. Citi believes that awarding deferred equity and deferred cash are effective means of aligning employee interests with those of stockholders and other stakeholders.

MRTs are subject to deferral rates of between 40% and 100% of total variable compensation with 60% deferral when total variable compensation is equal to or above €500k / £500K / or the local currency equivalent in line with regulatory requirements. The proportion of upfront and of deferred variable remuneration delivered in equity is at least 50%.

Deferred awards to MRTs vest over at least three years; deferred awards vest over five years for CEP Senior Management<sup>5</sup> MRTs) or MRTs employed by CEP Austria, as per local requirements; and deferred awards vest over seven years for CEP MRTs performing as Senior Managers designated under UK Prudential Regulation Authority (**PRA**) or Financial Conduct Authority (**FCA**) regulation.

Awards for MRTs are subject to a further retention period post-vesting. This is six months for deferred cash awards and typically twelve months for equity awards and deferred equity awards. However, for CEP Senior Management MRTs, CEP Austria MRTs and CEP MRTs who are PRA/FCA-designated Senior Managers, if they are not identified under RTS article 3(1) or 3(3) then only a six-month retention applies on deferred equity.

In line with the EBA Guidelines, Citi has discontinued payment of dividends on deferred equity and of interest on deferred cash to Material Risk Takers.

MRTs who fall within the 2019 approved CEP *de-minimis* thresholds were subject to Citi's mandatory deferrals.

Total variable remuneration to CEP MRTs and the composition between cash, equity and deferred elements are included in the "Remuneration awarded to MRTs for the 2019 performance year" Table 69.

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

## Performance Based Vesting

Deferred awards for MRTs and Covered Employees<sup>6</sup> are subject to Performance Based Vesting (PBV) conditions as an additional ex-post adjustment mechanism. This structure further balances for risk and aligns the actual pay-out to employees with business performance.

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” for the calendar year ending immediately prior to the vesting date of a given tranche of deferred equity.

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

## Malus / Clawback

Deferred remuneration is subject to pre-vesting adjustment (**Malus**) including in the circumstances envisaged in the EBA Guidelines.

Individuals are also informed that as an MRT, all awards whether of immediate cash or stock, or deferred cash or stock will be subject to Clawback. This means that the Company 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. If the Company determines that it is appropriate to recover or require repayment of some or all of the Award, then it shall be entitled to offset and/or make deductions from an individual's salary or from any other sums due to them from the Company or any Associated Company.

## 16.5 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.

Bonus pool decisions are based on many factors such as:

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

## Individual Performance

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<sup>6</sup> Covered Employees are identified at the global level and are defined as follows. Group 1 Covered Employee: Senior executives with firm-wide responsibilities (Section 16 and executive officers). Group 2 Covered Employee: Senior employees who, individually, can take, or influence the taking of, material risk for Citigroup or for a material business unit. Group 3 Covered Employees - Employees in similar roles and with similar incentives who could, acting as a group, create material risk for Citigroup or a material business unit, even though they are not likely capable of doing so if acting alone.

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

The performance assessment of all CEP employees is based on individually tailored goals (the "What") and an assessment against Citi's Leadership Standards (the "How"). Employees receive two performance ratings, one for each of the 'What' and the 'How'.

Citi's Leadership Standards outline behavioural expectations for each employee to demonstrate leadership, reinforcing the work that Citi has done to create a culture that serves and protects clients and other shareholders in the economies and communities in which Citi operates.

### **Citi's Leadership Standards:**

#### **Develops our people:**

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

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

#### **Drives value for clients:**

Enables economic value and positive social impact for clients, companies, governments, and communities

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

#### **Works as a partner:**

Works collaboratively across the firm and encourages others to achieve the best results for Citi and our clients

- Exemplifies global leadership by embracing unique perspectives from across Citi to achieve the best solutions
- Challenges self and colleagues to higher levels of performance by actively listening and engaging in constructive dialogue

- Treats people with respect and assumes the intentions of others are based on common goals and shared purpose

### **Champions progress:**

Champions a culture of high standards, pushes for progress, embraces change and challenges the status quo in support of Citi's vision and global strategy

- Communicates a vision that is forward looking and responsive to changes in the environment
- Inspires enthusiasm and mobilizes resources for productive and innovative change
- Exhibits confidence and agility in challenging times
- Sets a positive tone when implementing Citi-wide change initiatives

### **Lives our values:**

Ensures systemically responsible outcomes while driving performance and balancing short and long term risks

- Sets the standard for the highest integrity in every decision
- Leads by example; willing to make difficult choices in support of Citi and our stakeholders
- Makes Citi better for all by putting the clients' and Citi's interests ahead of individual or team interests
- Has the courage to always do what's right and the humility to learn from mistakes

### **Delivers results:**

Sets high standards and achieves performance objectives by creating a clear path toward ethical and sustainable results

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

CEP also conducts an annual independent review process pursuant to which the control functions provide an evaluation of risk behaviours of MRTs. The risk behaviour rating from this independent review process is included in the performance evaluation system to inform the performance review conducted by the individual's manager. The performance evaluation system includes formal risk goals for all MRTs as well as a formal manager-provided risk rating.

The CEP Senior Leadership Team are also subject to an enhanced performance assessment approach that captures feedback from the Board at year-end.

## Remuneration of Control function employees

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

CEP maintains the independence of key functions (e.g. Compliance and Risk Management) to minimise any scope for potential conflicts of interests. No business unit has the potential to influence individual awards in the control functions. CEP ensures performance management and compensation decisions for function personnel, are directed by function management, and not the business unit.

## 16.6 Other Remuneration Policies

### Guarantees, Buyouts and Retention Payments

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

As part of the governance framework, HR regularly monitors the number of guarantees that are awarded to new hires by the business and the award of guarantees for MRTs requires RemCo review and approval. The "Guaranteed bonus, sign-on and severance payments made to MRTs in 2019" Table 70 includes 2019 guaranteed awards made to MRT hires.

Awards which buy out equity or similar instruments which are forfeited as a result of resigning employment with another employer and joining CEP are generally permitted but must not be more generous in either amount or terms than that provided by the former employer, and be subject to appropriate retention, deferral, performance and clawback arrangements. These awards are included in "MRT Deferred Remuneration" Table 71.

Retention payments can only be made in exceptional circumstances, for example, during major restructuring, during a merger process, or where a business is winding down, such that particular employee need to be retained on business grounds.

### Severance

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

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

The "Guaranteed bonus, sign-on and severance payments made to MRTs in 2019" Table 70 includes severance payments made to MRTs, whose employment terminated in 2019.



## 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, executive officers and directors 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.

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

In addition, Citi's Personal & Investment Trading Policy (**PTIP**) prohibits "Covered PErsons" (separately defined for this purpose) and related persons from hedging in any manner (other than currency hedges) unvested restricted equity or deferred equity awarded under Citi's Capital Accumulation Program (**CAP**)

**Table 69: Remuneration Awarded to MRTs 2019 Performance Year**

| EUR millions (i)  | Management Body (ii) | Senior Management (iii) | All other MRTs     |                               |                |
|---|----------------------|-------------------------|--------------------|-------------------------------|----------------|
|   |                      |                         | Investment Banking | Independent Control Functions | All Other (iv) |
| Number of employees (v)(vi)                             | 9                    | 17                      | 63                 | 12                            | 10             |
| <b>Total fixed remuneration (vii)</b>                   | <b>2.4</b>           | <b>6.0</b>              | <b>19.7</b>        | <b>2.6</b>                    | <b>2.6</b>     |
| <b>Total variable remuneration (viii)</b>               | <b>1.8</b>           | <b>3.7</b>              | <b>15.0</b>        | <b>0.9</b>                    | <b>1.1</b>     |
| Of which: cash-based                                    | 0.9                  | 1.9                     | 7.4                | 0.5                           | 0.6            |
| Of which: deferred                                      | 0.8                  | 0.7                     | 3.3                | 0.1                           | 0.2            |
| Of which: shares or other share-linked instruments (ix) | 1.0                  | 1.8                     | 7.6                | 0.4                           | 0.5            |
| Of which: deferred                                      | 0.9                  | 0.8                     | 3.9                | 0.2                           | 0.2            |
| Of which: other forms                                   | -                    | -                       | -                  | -                             | -              |
| Of which: deferred                                      | -                    | -                       | -                  | -                             | -              |
| <b>Total remuneration</b>                               | <b>4.2</b>           | <b>9.8</b>              | <b>34.8</b>        | <b>3.5</b>                    | <b>3.6</b>     |

**Additional Notes**

- i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2019.
- ii. Management Body as defined under articles 3(1) and 3(2) of the EBA regulatory technical standard on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.
- iii. Senior Management as defined under article 3(3) of the EBA regulatory technical standard on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.
- iv. All Other category includes all other employees who cannot be mapped into one of the other categories e.g. Operations & Technology, Retail Banking and Corporate Functions.
- v. Number of employees reflects CEP MRTs as at 31st December 2019. Remuneration data excludes individuals where figures are already captured in PRA regulatory returns.
- vi. As at 31st December 2019, four CEP MRTs were also members of the CHIL Board of Directors. External Directors receive additional fixed remuneration for their roles.
- vii. Fixed remuneration includes salary, role based allowance and the value of pension and benefits.
- viii. Variable remuneration awarded in respect of 2019 performance year. In accordance with the shareholder approval obtained in 2019, variable component of remuneration of an MRT for any one year can be set up to a maximum of 200% of the fixed remuneration.
- ix. Share-based awards are made in Citi shares and represent value at grant.

**Table 70: Guaranteed bonus, sign-on and severance payments made to MRTs**

| EUR millions (i)              | Guaranteed bonuses  |              | Sign-on awards      |              | Severance payments  |              |
|-------------------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|                               | Number of employees | Total amount | Number of employees | Total amount | Number of employees | Total amount |
| Management Body               | -                   | -            | -                   | -            | -                   | -            |
| Senior Management             | -                   | -            | -                   | -            | 3                   | 0.8          |
| <b>Other MRTs</b>             | -                   | -            | -                   | -            | <b>5</b>            | <b>0.8</b>   |
| Investment Banking            | -                   | -            | -                   | -            | 4                   | 0.6          |
| Independent Control Functions | -                   | -            | -                   | -            | -                   | -            |
| All Other                     | -                   | -            | -                   | -            | 1                   | 0.2          |

**Additional Notes**

- i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2019.
- ii. Severance payments allocated to MRTs terminated during 2019, which include redundancy payments and statutory severance. None of these severance payments were included in the ratio of variable to fixed remuneration for 2019 performance year in line with the EBA Guidelines (paragraph 154 (a) – (c)).
- iii. The highest severance in 2019 was a redundancy payment made to an employee for the amount of EUR 0.50m.
- iv. The total amount of severance payments reflects final amounts paid out to individuals.

**Table 71: MRT Deferred Remuneration**

| EUR millions (i)  | Outstanding deferred and retained remuneration as at December 31, 2019 (ii), of which: |              | Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment | Total amount of amendment during the year due to ex post explicit adjustments | Total amount of amendment during the year due to ex post implicit adjustments | Total amount of deferred remuneration paid out in the financial year (v) | Total amount of deferred remuneration awarded in the financial year (vi) |
|---|--|--------------|---|---|---|--|--|
|   | Unvested   | Vested (iii) |   |   |   |  |  |
| <b>Management Body</b>                                  | <b>3.3</b>   | <b>0.3</b>   | <b>3.6</b>  | -   | -   | <b>1.4</b>   | <b>1.6</b>   |
| Of which: cash-based                                    | 1.4  | -            | 1.4   | -   | -   | 0.5  | 0.7  |
| Of which: shares or other share-linked instruments      | 1.9  | 0.3          | 2.2   | -   | -   | 0.9  | 0.9  |
| Of which: other forms                                   | -  | -            | -   | -   | -   | -  | -  |
| <b>Senior Management</b>                                | <b>3.6</b>   | <b>1.4</b>   | <b>5.0</b>  | -   | -   | <b>2.8</b>   | <b>2.6</b>   |
| Of which: cash-based                                    | 1.5  | -            | 1.5   | -   | -   | 0.6  | 0.7  |
| Of which: shares or other share-linked instruments (iv) | 2.1  | 1.4          | 3.5   | -   | -   | 2.3  | 1.8  |
| Of which: other forms                                   | -  | -            | -   | -   | -   | -  | -  |
| <b>All other MRTs</b>                                   | <b>17.2</b>  | <b>6.5</b>   | <b>23.7</b>   | -   | -   | <b>12.7</b>  | <b>11.3</b>  |
| <b>Investment Banking</b>                               | <b>15.8</b>  | <b>5.9</b>   | <b>21.7</b>   | -   | -   | <b>11.5</b>  | <b>10.2</b>  |
| Of which: cash-based                                    | 6.3  | -            | 6.3   | -   | -   | 2.6  | 3.2  |
| Of which: shares or other share-linked instruments      | 9.6  | 5.9          | 15.4  | -   | -   | 8.9  | 6.9  |
| Of which: other forms                                   | -  | -            | -   | -   | -   | -  | -  |
| <b>Independent Control Functions</b>                    | <b>0.5</b>   | <b>0.3</b>   | <b>0.8</b>  | -   | -   | <b>0.5</b>   | <b>0.5</b>   |
| Of which: cash-based                                    | 0.2  | -            | 0.2   | -   | -   | 0.1  | 0.1  |
| Of which: shares or other share-linked instruments      | 0.3  | 0.3          | 0.6   | -   | -   | 0.4  | 0.3  |
| Of which: other forms                                   | -  | -            | -   | -   | -   | -  | -  |
| <b>All Other</b>  | <b>0.8</b>   | <b>0.4</b>   | <b>1.2</b>  | -   | -   | <b>0.7</b>   | <b>0.7</b>   |
| Of which: cash-based                                    | 0.3  | -            | 0.3   | -   | -   | 0.1  | 0.2  |
| Of which: shares or other share-linked instruments      | 0.5  | 0.4          | 0.9   | -   | -   | 0.6  | 0.5  |
| Of which: other forms                                   | -  | -            | -   | -   | -   | -  | -  |

**Additional Notes**

i. Value of all non-EUR cash and share awards are converted using the European Commission exchange rate for financial programming and the budget for December 2019.

ii. Value of outstanding share awards is calculated using Citi closing share price as at December 31, 2019.

iii. Total outstanding deferred remuneration that has vested but is under restriction as at December 31, 2019. Value of shares has been calculated as of vest date.

iv. Includes both shares and any stock units granted

v. Shares are considered paid when vested. The Fair Market Value (FMV) is determined by the closing New York Stock Exchange stock price for Citigroup common stock on the trading day immediately prior to the award's vest date.

vi. Value of share-based awards made in 2019 represents value at grant.

**Table 72: 2019 Remuneration Banding for Annual Compensation of Individuals Earning at least EUR 1 million**

| Total Remuneration (in EUR) | Number of individuals(ii) |
|-----------------------------|---------------------------|
| 1,000,000 to 1,500,000      | 6                         |
| 1,500,000 to 2,000,000      | 2                         |
| 2,000,000 to 2,500,000      | -                         |
| 2,500,000 to 3,000,000      | 1                         |
| 3,000,000 to 3,500,000      | -                         |
| 3,500,000 to 4,000,000      | -                         |
| 4,000,000 to 4,500,000      | -                         |
| 4,500,000 to 5,000,000      | -                         |
| 5,000,000 to 6,000,000      | -                         |
| 6,000,000 to 7,000,000      | -                         |
| 7,000,000 to 8,000,000      | -                         |
| 8,000,000 to 9,000,000      | -                         |
| 9,000,000 to 10,000,000     | -                         |
| Greater than 10,000,000     | -                         |
| <b>TOTAL(iii)</b>           | <b>9</b>                  |

**Additional Notes**

i. All non-EUR awards are converted using the European Commission exchange rate for financial programming and the budget for December 2019.

ii. The number of individuals reflects those remunerated over EUR 1 Million within the MRT population as at 31st December 2019.

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

# 17 CEP & CHIL Board and Senior Management Disclosures

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

## Board Composition

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

- Four Independent Non-Executive Directors, meaning that they are considered to meet the criteria for independence.
- Three Non-Executive Directors, one being directors without executive management responsibility in CEP but who have executive management responsibilities within the Group and two being directors without executive management responsibilities within CEP or Group.
- Two Executive Directors, being directors employed by CEP, with executive day-to-day management responsibilities.

The CEP Board is committed to identifying and appointing the best qualified people to serve on the Board. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. The 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 2019, 44 percent of the Board were female.

The selection criteria for Non-Executive Directors of CEP are designed to ensure that they bring an independent view point to the deliberations of the Board that is objective and independent of the activities of management and CEP. A key responsibility of the CEP Nomination Committee is to lead the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The Board's 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. 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 a 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;
- 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 73: Directorships held by Citibank Europe plc Board of Directors 31 December 2019  
(including Citi Directorships)**

| <b>Name</b>     | <b>Total number of Directorships</b> |
|-----------------|--------------------------------------|
| Susan Dean      | 2                                    |
| Breffni Byrne   | 3                                    |
| Desmond Crowley | 3                                    |
| Patrick Dewilde | 3                                    |
| John Gollan     | 5                                    |
| Ebru Packan     | 1                                    |
| Cecilia Ronan   | 4                                    |
| Jeanne Short    | 1                                    |
| Zdenek Turek    | 3                                    |
| <b>Total</b>    | <b>25</b>                            |

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

**Table 74: Memberships of the CEP Board of Directors 31 December 2019**

Membership 31 December 2019

| <b>Name</b>     | <b>Gender</b> | <b>Role</b>   | <b>Duration of Board Membership</b> |
|-----------------|---------------|---|-------------------------------------|
| Susan Dean      | Female        | Non-Executive Director – Chair                                    | 3 yrs 9 mths                        |
| Breffni Byrne   | Male          | Independent Non-Executive Director                                | 6 yrs 8 mths                        |
| Desmond Crowley | Male          | Independent Non-Executive Director                                | 2 mths                              |
| Patrick Dewilde | Male          | Non-Executive Director  | 11 mths                             |
| John Gollan     | Male          | Independent Non-Executive Director                                | 9 mths                              |
| Ebru Pakcan     | Female        | Non-Executive Director  | 2 yrs 10 mths                       |
| Cecilia Ronan   | Female        | Executive – Chief Administrative Officer and Citi Country Officer | 9 yrs 5 mth                         |
| Jeanne Short    | Female        | Independent Non-Executive Director                                | 2 yrs 6 mths                        |
| Zdenek Turek    | Male          | Executive – Chief Executive Officer                               | 6 yrs 1 mth                         |

**CHIL Board Composition**

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

**Table 75: Directorships held by CHIL Board of Directors 31 December 2019**

| <b>Name</b>       | <b>Total number of Directorships</b> |
|-------------------|--------------------------------------|
| Susan Dean        | 2                                    |
| Zdenek Turek      | 3                                    |
| John Gollan       | 5                                    |
| Silvia Carpitella | 3                                    |
| <b>Total</b>      | <b>13</b>                            |

**Table 76: Memberships of the CHIL Board 31 December 2019**

Membership 31 December 2019

| <b>Name</b>       | <b>Gender</b> | <b>Role</b>                         | <b>Duration of Board Membership</b> |
|-------------------|---------------|-------------------------------------|-------------------------------------|
| Susan Dean        | Female        | Non-Executive Director – Chair      | 3 yrs 2 mths                        |
| Zdenek Turek      | Male          | Executive – Chief Executive Officer | 4 yrs                               |
| Silvia Carpitella | Female        | Executive – Chief Financial Officer | 8 mths                              |
| John Gollan       | Male          | Independent Non-Executive Director  | 8 mths                              |



# 18 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 and appropriate, mitigated. The Executive Committee is the delegated committee of the Board with responsibility for overseeing the risk management committees. In addition, the Chief Risk Officer (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 77: CEP Board Risk Committee Composition**

[Membership 31 December 2019](#)

|                 |  |
|-----------------|--|
| Jeanne Short    | Chair – Independent Non-Executive Director |
| John Gollan     | Independent Non-Executive Director         |
| Breffni Byrne   | Independent Non-Executive Director         |
| Desmond Crowley | Independent Non-Executive Director         |
| Susan Dean      | 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 78: CEP Board Audit Committee Composition**

[Membership 31 December 2019](#)

|                 |  |
|-----------------|--|
| John Gollan     | Chair – Independent Non-Executive Director |
| Breffni Byrne   | Independent Non-Executive Director         |
| Desmond Crowley | Independent Non-Executive Director         |
| Jeanne Short    | Independent Non-Executive Director         |

## Remuneration Committee

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

The Remuneration Committee assists with the design and implementation the CEP's Remuneration Policy to ensure that remuneration practices do not promote excessive risk taking. The Remuneration Committee also evaluates CEP's compliance with the Remuneration Policy, and assesses whether CEP's remuneration practices are creating the desired incentives for managing risk, capital and liquidity.

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

**Table 79: CEP Remuneration Committee Composition**

[Membership 31 December 2019](#)

|                 |  |
|-----------------|--|
| Jeanne Short    | Chair (Interim) – Independent Non-Executive Director |
| Breffni Byrne   | Independent Non-Executive Director                   |
| Desmond Crowley | 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 80: CEP Nomination Committee Composition**

[Membership 31 December 2019](#)

|               |  |
|---------------|--|
| Breffni Byrne | Chair – Independent Non-Executive Director |
| Susan Dean    | Independent Non-Executive Director         |
| Jeanne Short  | Independent Non-Executive Director         |

## Related Party Lending Committee

The Related Party Lending (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 81: CEP Related Party Lending Committee Composition**

Membership 31 December 2019

|                    |   |
|--------------------|---|
| Cecilia Ronan      | Chief Administrative Officer and Citi Country Officer – Chair |
| Silvia Carpitella  | Chief Financial Officer                                       |
| Monika Starzak     | Country Controller  |
| Martina Williams   | Head of Human Resources                                       |
| Mark Satterthwaite | Head of Compliance  |
| Silvia Carpitella  | CEP Treasurer (Interim)                                       |
| Anthony Brennan    | Risk Representative and Head of Credit Risk                   |
| Stephen Fedor      | Head of Private Bank  |
| Davinia Conlan     | Ireland Country Counsel                                       |

## Management Committees

### Executive Committee

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

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

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

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

- Monitoring CEP's overall financial and business performance against key objectives
- Reviewing, prior to Board approval, CEP's financial plan for the forthcoming financial year including a profit and loss statement, balance sheet, funding structure, capital structure, liquidity, solvency and rating targets.
- Monitoring on a continuous basis the internal operations of CEP against the financial plan set for each financial year, including financial plans relating to operations, liquidity, capital resources and investments and report regularly to the Board the outcome of such monitoring.

- Either directly or in conjunction with the ALCO, reviewing and recommending to the Board proposals for the allocation of capital within CEP
- Taking decisions regarding material matters escalated to it for decision by the ALCO in the discharge of its responsibilities relating to the capital, liquidity and balance sheet position of CEP.
- Receiving updates on the overall risk profile of CEP along with key risk issues from the Chief Risk Officer and taking such action as may be required in the light of those updates
- Ensuring that all appropriate risk considerations are incorporated within the strategic planning and budgeting process, risk appetite setting, recovery planning and capital and liquidity planning processes on an ongoing basis
- Taking decisions regarding material matters escalated to it for decision by the Credit Committee in the discharge of its responsibilities relating to the monitoring, oversight and control of CEP's credit portfolios
- Taking decisions regarding material matters escalated to it for decision by the Operational Risk Committee, including relating to outsourcing activities.

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

**Table 82: CEP Executive Committee Composition**

Membership 31 December 2019

|                    |   |
|--------------------|---|
| Zdenek Turek       | Chief Executive Officer                               |
| Cecilia Ronan      | Chief Administrative Officer and Citi Country Officer |
| Silvia Carpitella  | Chief Financial Officer                               |
| Mark Satterthwaite | Head of Compliance                                    |
| Barry Ryan         | Chief Risk Officer                                    |
| Nigel Kemp         | General Counsel                                       |
| Colin Moreland     | Head of TTS   |
| Cormac Donohoe     | Head of Markets                                       |
| Auke Leenstra      | Head of Banking                                       |

The Company Secretary to the Board also act as Company Secretary to the Executive Committee. In addition, the Executive Committee has a number of permanent attendees including the Chief Auditor, Head of Human Resources and the Head of Operations and Technology.

### Credit Committee

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

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

- Review CEP's Credit Risk Management Framework (Framework) and any associated policies, which sets out good governance, roles and responsibilities and applicable regulatory guidance, on an annual basis and recommend any changes to the Executive Committee for onward approval by the Board
- Monitor and review credit risk exposure, profile and adherence to credit risk appetite and approval in line with the Credit Risk Management Framework, Credit Policies and the Risk Appetite Statement
- Approve large credit facilities in line with the threshold set out as part of CEP's credit approval authorities
- Undertake portfolio reviews and business deep dives and invite relevant business and risk employees to attend meetings to discuss specific portfolio and credit related matters.

- Review the portfolio and any concentrations therein from numerous perspectives including, but not limited to, single name obligors, industry, country and sovereign risk.
- Review the non-performing exposures and their level of provision.
- Receive regular reports from the Credit Risk Management Function and branches in relation to credit risk assessment and credit risk management.
- Review material matters from the Impairment Working Group including Expected Credit Loss (ECL) under IFRS9 added
- Review the output of the Credit Quality Assurance Function which validates that the credit risk assessment and credit risk management processes are completed in line with Irish and European regulatory standards and requirements

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

**Table 83: CEP Credit Committee Composition**

Membership 31 December 2019

|                              |
|------------------------------|
| Chief Risk Officer – Chair   |
| Chief Executive Officer      |
| Chief Administrative Officer |
| Chief Financial Officer      |
| Head of Credit Risk          |
| CEP Treasurer                |
| Head of Trade                |
| Head of Banking              |

### Product Review Committee

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

The Executive Committee has delegated authority to the Product Review Committee to:

- Review the Company’s New Product Approval Framework (Framework), any associated policies and applicable regulatory guidance on an annual basis and recommend any changes to the Framework to the Executive Committee for onward approval by the Board
- Review proposals for new products or services, changes to existing products or services or entering new markets proposed by a business unit, and consider the risk impacts of such proposals
- Review post-implementation assessments of approved proposals at agreed intervals to evaluate performance against business case
- Report to the Executive Committee on a regular basis regarding new product review approvals and issues identified.
- In reviewing proposals, the Committee shall take into account the impact of the new activities and the specific associated risks, including the impact on the Company’s regulatory compliance, risk profile, liquidity, market, credit, operational and reputational risk.

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

**Table 84: CEP Product Review Committee Composition**

Membership 31 December 2019

|                                     |
|-------------------------------------|
| Chief Risk Officer – Chair          |
| Chief Executive Officer             |
| Chief Administrative Officer        |
| Chief Financial Officer             |
| General Counsel                     |
| CEP Treasurer                       |
| Head of Compliance                  |
| Head of Credit Risk                 |
| Head of Market and Liquidity Risk   |
| Head of Operational Risk Management |
| Head of Enterprise Risk             |
| Head of Risk Analytics              |
| Head of O&T                         |

### **Operational Risk Committee**

The Operational Risk Committee (ORC) is a subcommittee of the Executive Committee. The purpose of the Committee is to assist the Executive Committee in identifying and assessing the operational risks associated with the activities of Citibank Europe plc (Company) and maintain oversight over the adequacy and effectiveness of CEP's Operational Risk Management Framework, associated policies and internal control processes.

The Executive Committee has delegated authority to Operational Risk Committee to:

- Review CEP's Operational Risk Management Framework, sub-frameworks (and associated frameworks, which set out the principles of good operational risk management, roles and responsibilities and applicable regulatory guidance on an annual basis and recommend any changes to the Executive Committee.
- Identification and assessment of the operational risk inherent in all material products, activities, process and systems to ensure that the inherent risks and incentives are understood.
- Ongoing monitoring of CEP's operational risks, changes in the operational risk profile, adherence with the operational risk appetite approved by the Board in CEP's Risk Appetite Statement, potential exposures to material losses and emerging risks and escalate matters requiring attention to the Executive, Risk and/or Audit Committees, in a timely manner.
- Consider significant control issues that do or may impact CEP's business activities and escalate as appropriate, review and approve remedial action plans, oversee implementation of remedial action plans within agreed timeframes and monitor closure.
- Review the results of the annual risk and controls assessments process performed by CEP as part of the Manager's Control Assessment and the results of regular risk and control assessments of CEP.
- Review regulatory reports on operational risk post submission of those reports to the relevant regulatory body as appropriate.
- Monitor the level of operational risk training undertaken at all levels throughout CEP to assist in ensuring a strong and proactive risk management culture in CEP.

The current composition of the table is set out below.

**Table 85: CEP Operational Risk Committee Composition**

Membership 31 December 2019

|                              |
|------------------------------|
| Chief Risk Officer – Chair   |
| Head of Operational Risk     |
| Chief Executive Officer      |
| Chief Administrative Officer |
| Head of Compliance           |
| Chief Financial Officer      |
| General Counsel              |
| Head of TTS                  |
| Head of Markets              |
| Head of Private Banking      |
| Head of Banking              |
| CEP O&T Head                 |

## Operating Committee

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

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

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

**Table 86: CEP Operating Committee Composition**

Membership 31 December 2019

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

## Financial Crime Governance Committee

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

The membership of the Committee is set out below:

**Table 87: Financial Crime Governance Committee**

Membership 31 December 2019

|   |
|---|
| Head of Compliance – Chair                            |
| EMEA AML, Sanctions and AB&C Head                     |
| Chief Administrative Officer and Citi Country Officer |
| Ireland AML Head/AML Compliance Officer               |
| Ireland AML Compliance Officer                        |
| Continental Europe AML Cluster Head                   |
| EMEA Regional FIU Oversight & Governance Head         |
| EMEA Sanctions Head                                   |
| CEP Fraud Oversight (GIFR)                            |
| Ireland Sanctions and AB&C Compliance Officer         |
| AML Compliance Assurance Officer                      |
| Funds Transfer Agency Compliance Officer              |
| EMEA Head of Transfer Agency                          |
| Dublin KYC Business Support Unit Head                 |
| Fraud Management Officer                              |
| Head of Information Security                          |
| CEP Internal Legal Counsel                            |
| CEP Internal Audit                                    |

## Asset and Liability Committee

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

The primary responsibilities of the ALCO are to:

- Provide country oversight of market and liquidity risks, transfer pricing and balance sheet management across businesses.
- Understand the economic and rate views of the countries within the region as used in forecasts and scenarios.
- Evaluate the proposed asset and deposit levels on balance sheets of the region's significant legal vehicles by country, including key initiatives for asset reduction, structural liquidity usage, capital market debt and regional funding plans.
- Endorse that the CEP legal vehicle is appropriately capitalized.
- Review the stress tests associated with these risks.
- Endorse Annual Funding & Liquidity plans and the associated liquidity limits, structural funding and cross currency limits ratios.



- Monitor any limit breaches and target shortfalls, & monitor progress against liquidity plans, Risk Appetite Limits and Recovery Triggers including modifications of plans.
- Approve the transfer pricing and liquidity benchmarks for CEP.
- Understand key legal and regulatory constraints the CEP legal vehicle, as well as emerging issues.
- Review Company key documents in order to recommend for approval, including the ILAAP and ICAAP, and Group policies applicable to the Company, insofar as they are relevant to the Committee's responsibilities.

The current composition of the ALCO is set out below:

**Table 88: CEP Asset and Liability Committee Composition**

Membership 31 December 2019

|   |
|---|
| Chief Executive Officer – Chair                       |
| Chief Financial Officer                               |
| CEP Treasurer   |
| European Bank Treasurer                               |
| Chief Risk Officer                                    |
| Head of Compliance                                    |
| Chief Administration Officer and Citi Country Officer |
| Treasurer Hungary                                     |
| CEP Head of TTS                                       |
| CEP Head of Markets and Securities Services           |
| Treasurer Bulgaria and Romania                        |
| Treasurer Czech and Slovakia                          |
| Head of Market & Liquidity Risk                       |
| CEP Head of Banking                                   |

## 19 Conflict of interest policy

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

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

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

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

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

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

# 20 Business Continuity Management

## 20.1 Governance and Oversight

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

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

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

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

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

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

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

### **CEP CoB Coordinator:**

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

### **Country CoB Coordinator**

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

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

### **CITI Country Officer (covering all legal entities including CEP)**

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

## **20.2 Risk Assessment**

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

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

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

### **Planning**

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

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

## **Risks**

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

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

## **20.3 Key Controls**

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

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

### **Testing**

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

### **CoB Monthly Operating Report ('MOR')**

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

### **Monitoring & Reporting (M&R) Survey**

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

# Appendix 1: CEP & CHIL Board Member Biographies

## CEP Directors' Board Membership and Experience 31 December 2019

### Executive Directors

#### Zdenek Turek

Zdenek Turek is an Executive Director of CEP and is the Chief Executive Officer of CEP, as well as Europe Cluster Head, which includes 25 countries across the region.

Zdenek joined Citi in his native Czech Republic in 1991 where he held a number of banking and corporate finance management roles, before moving to Citi Romania in 1998 as Citi Country Officer. In 2002, Zdenek became Citi Country Officer of Hungary while also overseeing the Central European Cluster of five countries including Hungary, Czech Republic, Romania, Slovakia and Bulgaria.

In 2005, Zdenek was appointed Citi Country Officer for South Africa and Division Head for Africa with responsibility for the bank's business in the 16 countries of Citi operations in this region, based in Johannesburg.

In 2008, Zdenek joined Citi Russia as Citi Country Officer and served as CEO of Central and Eastern Europe, which included eight countries across the region.

Zdenek moved from Moscow to London in 2013, where he took on the role of Western Europe Cluster Head and subsequently EMEA Corporate Banking Head.

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

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

#### Cecilia Ronan

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

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

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

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

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

## **Independent Non-Executive Directors**

### **Breffni Byrne**

Breffni Byrne is an Independent Non-Executive Director of CEP and Chair of the Nomination Committee. He is a Non-Executive Director for Zurich Insurance plc and CPL plc, a company listed on the Irish Stock Exchange.

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

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

### **Desmond Crowley**

Desmond (Des) Crowley is an Independent Non-Executive Director of CEP and Chair of the Remuneration Committee. Des attended Trinity College Dublin from 1976 – 1980, Economic & Social Studies (now BESS) and graduated with a B.A. Mod. (Economics and Mathematical Economics). 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 until 1988, when he joined bank of Ireland Group to lead the Technology development team.

Des was previously employed by Bank of Ireland Group, 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 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 was previously chair of Post Office Financial Services and is Director of First Rate Exchange Services, the foreign exchange joint venture with UK Post Office. Des is also Director of New Ireland Assurance Company plc.

### **John Gollan**

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

John is also a member of the Supervisory Board and chair of the Audit Committee of Euronext NV. He chairs the Board of Euronext London Ltd. Currently he is also Chair of the charity, Brain Research UK, which funds research into neurological conditions.

Previously John was a board member of NYSE LIFFE 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. John 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.

## **Jeanne Short**

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

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

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

## **Non-Executive Directors**

### **Susan Dean**

Susan joined the board of CEP as a Non-Executive Director in March 2016 and in September 2016, she was appointed as Chair.

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

Susan qualified as an accountant with PriceWaterhouseCoopers.

### **Ebru Pakcan**

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

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

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

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

Ebru holds a degree in Computer Engineering from Bogazici University in Istanbul, Turkey.

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

### **Patrick Dewilde**

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



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

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

## **Other CHIL Directors' Board Membership and Experience 31 December 2019**

### **Executive Directors**

#### **Silvia Carpitella**

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

Silvia was previously Chief Financial Officer of Germany/Austria and Principality of Monaco, and Cluster Chief Financial Officer for Switzerland, Israel, Russia, Ukraine and Kazakhstan. Her coverage included Switzerland, Germany and Italy where the main legal entities were subsidiaries and branches of Citibank N.A.

Silvia also serves on the Board of Citibank Espana S.A. and of Citigroup Wealth Management S.A.M. in the Principality of Monaco. She graduated 110 cum laude in Business Administration at the University of Florence.