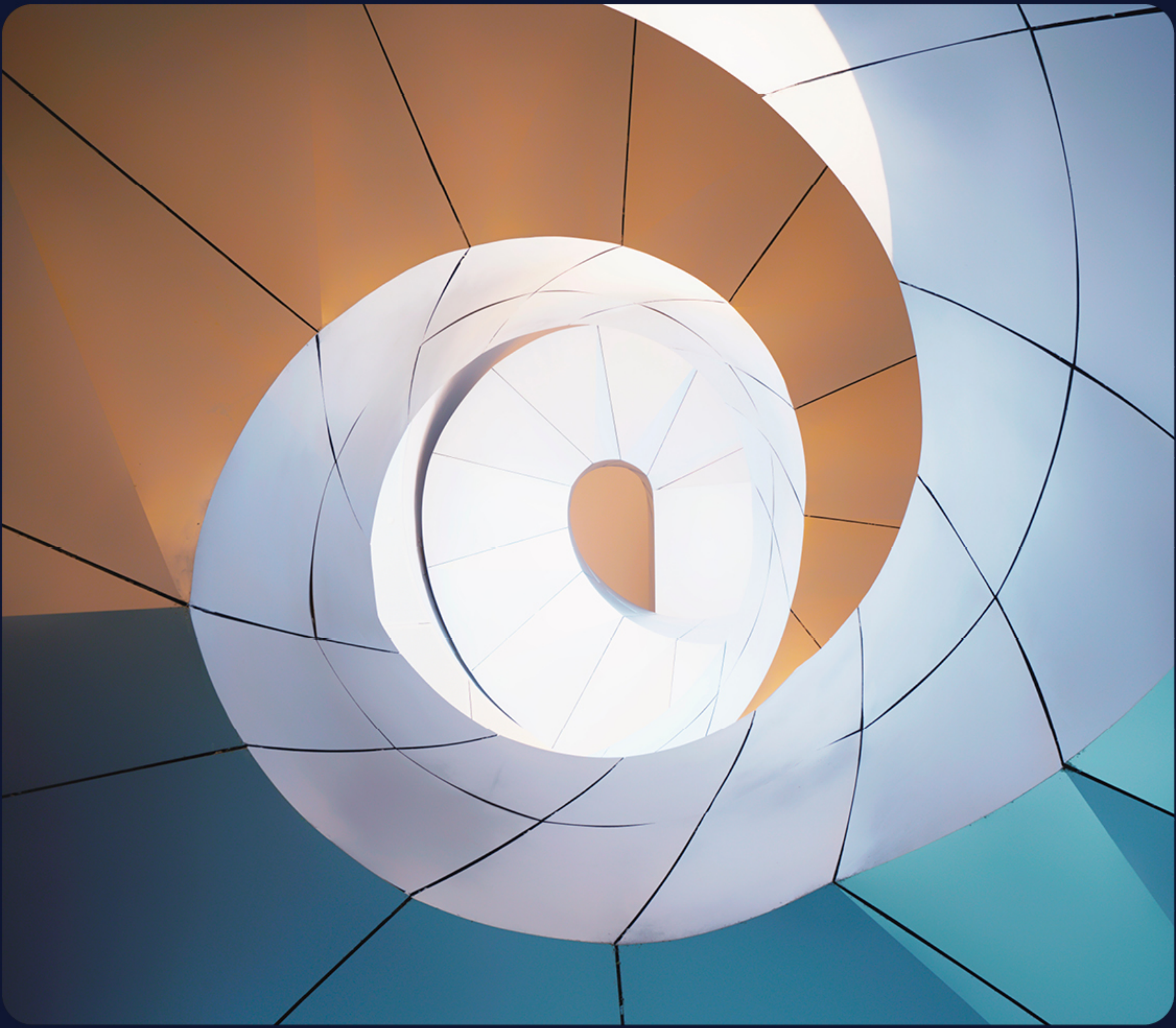

Citibank Europe Plc.

Pillar 3 Disclosures

30 June 2024

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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 2023 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 2023 Annual Report and CEP's 2023 financial statement.

Introduction

Citibank Europe Plc. ("the Company" or "CEP") and the "Group" (CEP and its' subsidiaries) are recognised as being an integral part of the Citi network, both regionally and globally. The core activities of the Group comprise of Markets, Services, Banking, Wealth and Personal Banking.

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

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

In November 2023, as required under the Capital Requirements Directive IV, the establishment of the Intermediate Parent Undertaking ("IPU"),was successfully completed. Citibank Holdings Ireland Ltd (("CHIL") the former parent of CEP) was removed from the holding structure and Citibank Overseas Investment Corporation's ("COIC") 75% controlling interest in Bank Handlowy w Warszawie S.A ("BHW") was transferred to CEP increasing the total assets by $19bn. The changes to the ownership of CEP, distribution of CHIL's holdings in CEP to Citi Overseas Holdings Bahamas Limited ("COHBL") are intra-group and do not involve a new entity entering the chain of ownership of CEP. In addition to the change of ownership, CEP has re-assigned the existing subordinated debt facilities from CHIL to Citibank N.A. ("CBNA"). Following completion of the IPU Transaction, BHW is included within the consolidated financial statements of CEP.

BHW is a subsidiary of CEP but, as before, will continue to operate independently. BHW offers its products and services under the Citi Handlowy brand.

CEP is Citi's principal European banking subsidiary, providing services to Citi's clients who require or wish to transact via an EU licensed bank. Citi's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress.

CEP continues to progress on its strategic priorities in tandem with the reorganisation announced by Citi in Q3 2023. The objective of the reorganisation is to ensure that Citi has much clearer lines of accountability, is much more effective in ensuring a best-in-class client experience and to deliver higher returns in the medium-term. Transformation execution continues to be Citi's number one priority. CEP remains aligned with Citi's core strategy and these strategic priorities.

As a result of Citi's reorganisation and efforts to simplify its structure and operating model, the five businesses within Citi are now comprised of: Services, Markets, Banking, Wealth and Personal Banking. An overview of the changes applicable to the CEP's businesses are outlined below.

The new Banking organization comprises three businesses: Investment, Corporate and Commercial Banking. Investment Banking combines both the advisory business and capital markets products. Corporate Banking provides institutions with financial services and access to Citi Global Bank. Commercial Banking is similar to Corporate Banking with the differentiating factor the target market size.

The new Services organization combines Trade and Transaction Services ("TTS") and Securities Services (One Custody, Fund Services – which provides the valuation, fund accounting, investment administration and depository services; and Issuer Services – which provides services to institutional clients who are raising, deploying, or mobilising capital).

Wealth serves two client segments in CEP – Citi Private Bank (CPB) and Wealth at Work (WaW). The CEP businesses have identified client acquisition and product strategies that cross multiple verticals and geographies.

Regulatory framework for disclosure

The Capital Requirements Directive (CRD V) package was transposed into Irish law on 22 December 2020. It implements the provisions of the Basel Capital Accord in the European Union (EU) and mandates a framework of capital adequacy regulation for banks and investment firms incorporating three distinct pillars:

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

The basis of the disclosure for CEP is on a consolidated basis (Group) for the periods June 2024, March 2024 and December 2023, and individual basis (Company) for the period June 2023.

These disclosures are made in accordance with Part Eight of Regulation (EU) No 575/2013 of the Capital Requirements Regulation (CRR), as amended under Capital Requirements Regulation II (CRR II). In addition, CEP has implemented the disclosure templates and instructions as set out in the European Banking Authority's (EBA) final Implementing Technical Standards (ITS) on public disclosures in Commission Implementing Regulation (EU) 2021/637.

Scope

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

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

CEP is now required to make a disclosure of Environmental, Social and Governance ("ESG") risks as laid down in CRR Article 449a as it meets the criteria of a "large institution which has issued securities that are admitted to trading on a regulated market of any Member State"

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

Frequency of disclosure

In accordance with Article 433 of the CRR, as amended by CRR II, CEP publishes disclosures in the manner set out in Article 433a (1) and 433a (3), which specifies disclosure requirements for listed large Institutions as defined by Article 4 (146 and 148). CEP publishes Pillar 3 Disclosures quarterly, with a more comprehensive disclosure on an annual basis. All disclosures are made in EUR, unless otherwise stated. CEP publishes its Pillar 3 Disclosures at: https://www.citigroup.com/citi/investor/reg.htm.

Policy and Verification

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

This Pillar 3 document is subject to a formal governance process and was reviewed by the CEP Executive Committee.

Attestation by Chief Financial Officer ("CFO")

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

Natalia Bozek
CEP Chief Financial Officer

Regulatory Outlook

Basel Reforms

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

In June 2024, the European Commission published the final CRR text (known as CRR III) in the Official Journal of the EU. The implementation date for these rules is 1 January 2025 with the exception of market risk where the European Commission has adopted a delegated act to move the FRTB start date to 1 January 2026 in order to maintain a level playing field with other jurisdictions.

Standardised Approach to Credit Risk (SA-CR)

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

New CVA Framework

A new Standardised Approach (SA-CVA) is introduced that may only be applied by a firm that has the relevant supervisory approval. The firm must have a CVA desk and have the ability to model exposure and calculate CVA sensitivities, in order to obtain that approval. The alternative is for firms to apply the Basic Approach (BA-CVA) which has two versions: a simpler version for firms that do not hedge their CVA and a full version for those that do.

Revisions to the approach to Securities Financing Transactions ("SFTs")

This revises the approach to SFTs under master netting agreements to allow greater recognition of diversification.

Fundamental Review of the Trading Book ("FRTB")

Pursuant to the delegated act adopted by the European Commission, existing CRRII reporting and disclosure requirements will continue until FRTB is implemented as a binding requirement.

Output Floor

Total Risk Weighted Exposures Amounts ("RWEAs") are floored at 72.5% of a firm's RWEAs under the standardised approach (SA). This is phased in from 50% to 72.5% over 6 years. The European Banking Authority has provided clarification that during the 1-year FRTB deferral period, the floored risk weighted exposure amounts (S-TREA) should be determined on the basis of the standardised approach of the FRTB (FRTB-SA) .

Standardised Approach to Operational Risk

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

Environmental, Social and Governance ("ESG") Risks

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

Crypto Asset Exposures

CRRIII introduces a transitional regime for cryptoasset exposures. Tokenised traditional assets shall be treated as exposures to the traditional assets that they represent, and specific types of stable coins shall be assigned a 250% risk weight. Other cryptoasset exposures shall be assigned a 1,250% risk weight.

Key Metrics

CEP's capital resources consist predominately of Common Equity Tier 1 (CET1) capital. As at June 2024, CEP's total capital ratio was 25.99%, which significantly exceeds the regulatory overall capital requirement of 14.84%, and the leverage ratio of 10.14% is significantly in excess of the 3.0% regulatory requirement.

Table 1: EU KM1 – Key Metrics template[1]

		30 June 2024	31 March 2024	31 December 2023	30 June 2023
	Available own funds	**€ million**		€ million	€ million
1	Common Equity Tier 1 (CET1) capital	**17,350**	17,260	16,957	13,847
2	Tier 1 capital	**17,350**	17,260	16,957	13,847
3	Total capital	**17,350**	17,260	16,957	13,847
	Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	**66,770**	63,622	66,977	58,790
	Capital ratios				
5	Common Equity Tier 1 ratio (%)	**25.99%**	27.13%	25.32%	23.55%
6	Tier 1 ratio (%)	**25.99%**	27.13%	25.32%	23.55%
7	Total capital ratio (%)	**25.99%**	27.13%	25.32%	23.55%
	Additional own funds requirements to address risks other than the risk excessive leverage				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	**2.50%**	2.50%	2.50%	2.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	**1.41%**	1.41%	1.41%	1.41%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	**1.88%**	1.88%	1.88%	1.88%
EU 7d	Total SREP own funds requirements (%)	**10.50%**	10.50%	10.50%	10.50%
	Combined buffer requirement				
8	Capital conservation buffer (%)	**2.50%**	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**0.00%**	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	**0.84%**	0.76%	0.71%	0.62%
EU 9a	Systemic risk buffer (%)	**0.00%**	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	**0.00%**	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	**1.00%**	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	**4.34%**	4.26%	4.21%	4.12%
EU 11a	Overall capital requirements (%)	**14.84%**	14.76%	14.71%	14.62%
12	CET1 available after meeting the total SREP own funds requirements (%)	**15.49%**	16.63%	14.82%	13.05%
	Leverage ratio				
13	Total exposure measure	**171,192**	165,062	153,380	153,914
14	Leverage ratio (%)	**10.14%**	10.46%	11.06%	9.00%
	Additional own funds requirements to address the risk of excessive leverage				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	**0.00%**	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	**0.00%**	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirement (%)	**3.00%**	3.00%	3.00%	3.00%
EU 14d	Leverage ratio buffer requirement (%)	**0.00%**	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	**3.00%**	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	**44,653**	41,689	38,912	36,648
EU 16a	Cash outflows - Total weighted value	**41,773**	39,182	36,761	35,422
EU 16b	Cash inflows - Total weighted value	**8,931**	9,341	10,395	11,316
16	Total net cash outflows (adjustment value)	**32,842**	29,840	26,366	24,107
17	Liquidity coverage ratio (%)	**136.13%**	140.98%	148.68%	152.23%
	Net Stable Funding Ratio				
18	Total available stable funding	**56,628**	54,778	53,351	39,296
19	Total required stable funding	**36,479**	34,030	29,764	24,498
20	NSFR ratio (%)	**155.23%**	160.97%	179.25%	160.40%

[1] Please note that from 31 December 2023 data refers to the CEP Consolidated (Group).. For prior periods, the metrics are disclosed on a CEP individual (Company) basis. All references to CEP in this document are taken to be Group unless otherwise stated.

As at 30 June 2024, CEP's total capital ratio stands at 25.99%, an increase of 0.67% compared to year-end.. This is mainly driven by an increase of 0,5% in Own funds due to the EUR/USD FX Rate change.

CEP's leverage ratio increased to 10.14% as at 30 June 2024, due to an increase in Regular Way Sale, SFTs and increase in Other Asset driven by an increase in Central Bank Deposits.

Movements in liquidity coverage ratio and net stable funding ratio are explained under tables 39 and 40.

Own Funds

Capital Resources

Under CRD V, CEP is required to comply with minimum capital standards and maintain a prescribed excess of total capital resources over Pillar I capital requirement. Capital resources are measured and reported in accordance with the CRD.

CEP's regulatory capital resources are comprised of the following distinct elements:

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

Table 2 show the regulatory capital resources of CEP as at 30 June 2024 and 31 December 2023.

Table 2: EU CC1 - Composition of regulatory own funds

This table presents CEP's capital resources as at 30 June 2024 and 31 December 2023.

		30 June 2024	Reference to EU CC2 table	31 December 2023
		€ million		€ million
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	1,843	(a)	1,786
2	Retained earnings	11,068	(c)	9,157
3	Accumulated other comprehensive income (and other reserves)	4,743	(b)	4,611
5	**Minority interests (amount allowed in consolidated CET1)**	205		277
EU-5a	**Independently reviewed interim profits net of any foreseeable charge of dividend**	—	(c)	1,597
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	17,859	(d)	17,428
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(68)		(54)
8	Intangible assets (net of related tax liability) (negative amount)	(354)	(f)	(335)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(44)	(e)	(43)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—		—
15	Defined-benefit pension fund assets (negative amount)	—		
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(3)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	(i)	—
27a	Other regulatory adjustments	(40)	(h)	(39)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(508)		(471)
29	**Common Equity Tier 1 (CET1) capital**	17,350		16,957
Additional Tier 1 (AT1) capital: instruments				
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	—		—
Additional Tier 1 (AT1) capital: regulatory adjustments				
43	**Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital**	—		—
44	**Additional Tier 1 (AT1) capital**	—		—
45	**Tier 1 capital (T1 = CET1 + AT1)**	17,350		16,957
Tier 2 (T2) capital: instruments				
51	**Tier 2 (T2) capital before regulatory adjustments**	—		—
Tier 2 (T2) capital: regulatory adjustments				
57	**Total regulatory adjustments to Tier 2 (T2) capital**	—		—
58	**Tier 2 (T2) capital**	—		—
59	**Total capital (TC = T1 + T2)**	17,350		16,957
60	**Total Risk exposure amount**	66,770		66,977
Capital ratios and requirements including buffers				
61	Common Equity Tier 1	25.99%		25.32%
62	Tier 1	25.99%		25.32%
63	Total capital	25.99%		25.32%
64	Institution CET1 overall capital requirements	10.25%		10.12%
65	of which: capital conservation buffer requirement	2.50%		2.50%
66	of which: countercyclical capital buffer requirement	0.84%		0.71%
EU-67a	**of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement**	1.00%		1.00%
EU-67b	**of which: additional own funds requirements to address the risks other than the risk of excessive leverage**	1.41%		1.41%

		30 June 2024	Reference to EU CC2 table	31 December 2023
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	15.49%		14.82%
Amounts below the thresholds for deduction (before risk weighting)				
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	182	(g)	176
Applicable caps on the inclusion of provisions in Tier 2		—		—
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		—		—

CEP's Own Funds increase is driven by EUR/USD FX Rate change.

Overview of Risk Weighted Exposure Amounts

Table 3: EU OV1 - Overview of total risk exposure amounts

		30 June 2024	31 December 2023	30 June 2024
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		€ million	€ million	€ million
1	**Credit risk (excluding CCR)**	**45,314**	43,386	**3,625**
2	Of which the standardised approach	45,314	43,386	3,625
3	Of which the Foundation IRB (F-IRB) approach	—	—	—
4	Of which: slotting approach	—	—	—
EU 4a	Of which: equities under the simple risk weighted approach	—	—	—
5	Of which the Advanced IRB (A-IRB) approach	—	—	—
6	**Counterparty credit risk - CCR**	**7,470**	7,843	**598**
7	Of which the standardised approach	1,122	1,401	90
8	Of which internal model method (IMM)	3,435	3,821	275
EU 8a	Of which exposures to a CCP	165	120	13
EU 8b	Of which credit valuation adjustment - CVA	1,473	2,071	118
9	Of which other CCR	1,275	429	102
15	**Settlement risk**	—	—	—
16	**Securitisation exposures in the non-trading book (after the cap)**	106	129	8
17	Of which SEC-IRBA approach	—	—	—
18	Of which SEC-ERBA (including IAA)	—	1	—
19	Of which SEC-SA approach	106	128	8
EU 19a	Of which 1250%	—	—	—
20	**Position, foreign exchange and commodities risk (Market risk)**	7,477	9,416	598
21	Of which the standardised approach	2,754	3,576	220
22	Of which IMA	4,723	5,840	378
EU 22a	**Large exposures**[1]	—	—	—
23	**Operational risk**	6,403	6,203	512
EU 23a	Of which basic indicator approach	—	—	—
EU 23b	Of which standardised approach	6,403	6,203	512
EU 23c	Of which advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	455	441	36
29	**Total**	66,770	66,977	5,342

[1] Large Exposure (LEX) capital requirements are calculated on the trading book excess. As at 30 June 2024 CEP had no LEX related RWEA.

Credit Risk

RWEA increased by €1.9 billion mainly driven by a €1.3 billion increase in Commercial Loans and a €0.7 billion increase in Overdrafts.

Counterparty Credit Risk

RWEA decreased by €0.4 billion mainly driven by the decrease in equity derivatives in the private bank business.

Operational risk

RWEA increased by €0.2 billion due to increasing revenues.

Market Risk

RWEA decreased by €1.9 billion driven by FX risk due to a decrease on net long EUR positions and by a decrease in internal model approach on VaR and SVaR due to reduced levels of risk taken by the EGB and Swap desks .

Table 4: EU CCR7 - RWEA flow statements of CCR exposures under the IMM

This table presents a flow statement explaining changes in the CCR RWEAs under the IMM calculation. This table is disclosed at CEP Individual level. There are no BHW positions calculated under IMM, as BHW do not have permission.

		RWA
		€ million
1	**RWA as at 31 March 2024**	3,106
2	Asset size	330
3	Credit quality of counterparties	(1)
4	Model updates (IMM only)	—
5	Methodology and policy (IMM only)	—
6	Acquisitions and disposals	—
7	Foreign exchange movements	—
8	Other	—
9	**RWA as at 30 June 2024**	3,435

CEP's CCR RWEAs under IMM increased by €0.3 billion, driven by the increase in trade volumes.

Table 5: EU MR2-B: RWEA flow statements of market risk exposure under the IMA

This table presents a flow statement explaining variations in the market risk RWEAs. This table is disclosed at CEP Individual level as BHW calculates market risk under the standardised approach.

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**RWEAs as at 31 March 2024**	952	2,838	1,126	—	—	4,916	393
1a	*Regulatory adjustment*	(751)	(1,821)	—	—	—	(2,572)	(206)
1b	*RWEAs at 31 March 2024 (end of the day)*	201	1,017	1,126	—	—	2,344	187
2	Movement in risk levels	27	(331)	(157)	—	—	(461)	(37)
3	Model updates/changes	(15)	22	—	—	—	7	1
4	Methodology and policy						—	—
5	Acquisitions and disposals						—	—
6	Foreign exchange movements	2	10	11	—	—	23	2
7	Other						—	—
8a	*RWEAs at 30 June 2024 (end of the day)*	216	718	980	—	—	1,913	153
8b	*Regulatory adjustment*	693	1,950	167	—	—	2,810	225
8	**RWAs as at 30 June 2024**	908	2,668	1,147	—	—	4,723	378

CEP calculated market risk exposure under the IMA decreased €0.2 billion, there were no notable movements in VaR, SVaR and IRC quarter on quarter.

Leverage Ratio

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

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

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under CRR rules. A binding minimum requirement of 3% became effective from 28 June 2021.

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

CEP's leverage ratio is calculated based on the current CRR exposure measure and during the period was in excess of the minimum requirements; CEP has a leverage ratio of 10.14% as at 30 June 2024.

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

Table 6: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

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

		30 June 2024
		€ million
1	Total assets as per published financial statements	155,949
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory prudential consolidation	—
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—
4	(Adjustment for temporary exemption of exposures to central banks (if applicable)	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	—
7	Adjustment for eligible cash pooling transactions	—
8	Adjustment for derivative financial instruments	(10,866)
9	Adjustment for securities financing transactions (SFTs)	390
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	31,126
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	—
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	—
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	—
12	Other adjustments	(5,406)
13	**Total exposure measure**	**171,192**

Table 7: EU LR2 - LRCom: Leverage ratio common disclosure

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

		30 June 2024	31 December 2023
		€ million	€ million
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	114,625	98,157
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	—	—
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(4,027)	(3,687)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	—	—
5	(General credit risk adjustments to on-balance sheet items)	—	—
6	(Asset amounts deducted in determining Tier 1 capital)	(400)	(379)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	110,198	94,091
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	3,070	3,415
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	9,332	9,577
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	—	—
11	Adjusted effective notional amount of written credit derivatives	5,129	5,560
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(4,539)	(4,444)
13	**Total derivatives exposures**	12,991	14,107
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	23,075	20,576
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(5,371)	(5,596)
16	Counterparty credit risk exposure for SFT assets	152	270
17	Agent transaction exposures	—	—
18	**Total securities financing transaction exposures**	17,856	15,250
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	51,450	51,476
20	(Adjustments for conversion to credit equivalent amounts)	(20,324)	(20,781)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—
22	**Off-balance sheet exposures**	31,126	30,695
Excluded exposures			
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	(979)	(764)
EU-22k	**(Total exempted exposures)**	(979)	(764)
Capital and total exposure measure			
23	Tier 1 capital	17,350	16,957
24	**Total exposure measure**	171,192	153,380
Leverage ratio			
25	Leverage ratio	10.14%	11.06%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) %)	10.14%	11.06%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.14%	11.06%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement(%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	18,015	15,187
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	17,704	14,980
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	171,502	153,587
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	171,502	153,587
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	10.12%	11.04%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	10.12%	11.04%

CEP's leverage ratio decreased to 10.14% as at 30 June 2024, due to an increase in Regular Way Sale, SFTs and in Other Asset driven by an increase in Central Bank Deposits.

Table 8: EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		30 June 2024
		CRR leverage ratio exposures
		€ million
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	109,793
EU-2	Trading book exposures	7,062
EU-3	Banking book exposures, of which:	102,732
EU-4	Covered bonds	—
EU-5	Exposures treated as sovereigns	52,501
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	3
EU-7	Institutions	12,228
EU-8	Secured by mortgages of immovable properties	1,903
EU-9	Retail exposures	882
EU-10	Corporates	31,220
EU-11	Exposures in default	41
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	3,952

Minimum Requirement for Own Funds and Eligible Liabilities

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

CEP is deemed a Relevant Legal Entity as per the Single Resolution Board (SRB) MREL policy published in June 2022; and is subject to an internal MREL requirement. MREL requirements have applied to CEP since 1 January 2022 and as at 31 December 2023, CEP was required to comply with an intermediate binding requirement of 18.71% (plus its combined buffer requirement "CBR," which was 4.21% as at 31 Dec 2023) of Total Risk Exposure Amount (TREA) and 5.87% of Leverage Ratio Exposure (LRE), as communicated by the SRB. In their updated decision letter of Sep 2023 SRB communicated with CEP its final binding MREL for 1 January 2024 which increased the requirement to 24.29% of TREA (plus CBR which was 4.34% as at 30 June 2024) and 6% of LRE.

TLAC

Under the CRR II, firms that are material subsidiaries of non-EU Global Systemically Important Institutions (non-EU G-SIIs) per the CRR definition are subject to an internal minimum amount of Total Loss-Absorbing Capacity (iTLAC). As at 31 December 2023, CEP meets the definition of material subsidiary as per Art 4(135) of CRR, hence is also subject to the iTLAC requirements in addition to the MREL requirements under BRRD II.

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

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

Table 9: EU iLAC – Internal loss absorbing capacity

	€ million	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU 1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			Y
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
EU 2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	17,350	17,350	
EU 4	Eligible Additional Tier 1 instruments	—	—	
EU 5	Eligible Tier 2 instruments	—	—	
EU 6	Eligible own funds	17,350	17,350	
EU 7	Eligible liabilities	7,730	7730	
EU 8	Of which permitted guarantees	—		
EU 9a	(Adjustments)	—		
EU 9b	Own funds and eligible liabilities items after adjustments	25,080	25,080	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	66,770	66,770	
EU 11	Total exposure measure	171,192	171,192	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	37.56%	37.56%	
EU 13	>>> of which permitted guarantees	0.00%		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	14.65%	14.65%	
EU 15	>>> of which permitted guarantees	0.00%		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	13.27%	13.27%	
EU 17	Institution-specific combined buffer requirement*		4.34%	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	28.63%	16.20%	
EU 19	>>> of which may be met with guarantees	0.00%		
EU 20	Internal MREL expressed as percentage of the total exposure measure	6.00%	6.08%	
EU 21	>>> of which may be met with guarantees	0.00%		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR**		118,227	

* Row EU 17 requires reporting Institution-specific combined buffer requirement, but EBA template mapping refers to cell M 03.00, r0540, c0020 (O-SII requirement). CEP is reporting the Institution-specific combined buffer requirement in this row.
** Row EU 22 requires reporting Total amount of excluded liabilities referred to in Article 72a(2) CRR, but EBA template mapping refers to cell M 03.00, r0590, c0020 (Other bailinable liabilities with residual maturity of >= 1 year and < 2 years). CEP is reporting Total amount of excluded liabilities in this row.

Table 10: EU TLAC2a – Creditor ranking – Entity that is not a resolution entity

This table shows the ranking of eligible liabilities in the creditor hierarchy. In line with commission implementing regulation (EU) 2021/763 this table is disclosed at the level of individual entity.

	€ million	Insolvency ranking								
		1 (most junior) resolution entity	1 (most junior) other	2 (most junior) resolution entity	2 (most junior) other	3 (most junior) resolution entity	3 (most junior) other	5 (most junior) resolution entity	5 (most junior) other	Sum of 1 to 5
2	Description of insolvency rank (free text)	—	Equity	—	Subordinated claims	—	Unsecured claims	—	Certain deposit claims	
3	Liabilities and own funds including derivative liabilities	—	17,313	—	7,730	—	66,772	—	1,928	93,743
4	of which excluded liabilities	—	—	—	—	—	—	—	—	—
5	Liabilities and own funds less excluded liabilities	—	17,313	—	7,730	—	66,772	—	1,928	93,743
6	Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of internal TLAC & internal MREL.	—	17,313	—	7,730	—	—	—	—	25,043
7	of which residual maturity ≥ 1 year < 2 years	—	—	—	—	—	—	—	—	—
8	of which residual maturity ≥ 2 year < 5 years	—	—	—	4,396	—	—	—	—	4,396
9	of which residual maturity ≥ 5 years < 10 years	—	—	—	3,334	—	—	—	—	3,334
10	of which residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	—	—	—	—	—
11	of which perpetual securities	—	17,313	—	—	—	—	—	—	17,313

Credit Risk

Credit and Counterparty Risk Overview

Credit Risk

Credit risk is defined as the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honour its financial or contractual obligations. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

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

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, trade receivables and off-balance sheet commitments such as unused commitments to lend and letters of credit.

AFS assets are those financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. BHW Retail portfolio is primarily comprised of Credit Cards, Personal Instalment Loans and Mortgage lending.

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

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

Counterparty Risk

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

Counterparty credit risk for CEP arises as a result of market sales and trading business activities including:

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

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

Credit Risk Governance and Reporting

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

The first line of defence is involved in underwriting applications for lines of credit, along with conducting regular (at least annual) assessments and evaluations of material obligors which includes Banking and Institutional Credit Management (ICM).

The second line of defence comes through the responsibility for oversight and challenge of these risks by Independent Risk Management led by the CEP CRO. CEP's Head of Credit Risk reports to the CRO. The Credit Risk Management function reports to the Head of Credit Risk and is responsible for approving credit lines and exposures in line with delegated approval authority limits set out in the CEP Credit Management Standard, and for ongoing monitoring and reporting on credit risk exposures and trends including portfolio and delinquency based monitoring and management.

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

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

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

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

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

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

Credit and Counterparty Risk Management

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

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

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

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

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

Methodology Used to Assign Credit Limits

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

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

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

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

Stress Testing

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

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

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

CEP utilises scenario analyses, which are both dynamic and forward looking. Scenarios appropriately impact all material risk types, risk factors and specific vulnerabilities relevant to CEP. Reverse stress testing is used by CEP to assess its business model vulnerabilities and is appropriate to the nature, size and complexity of its business and the risks it bears.

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 Exposure Amount (RWEA). Risk weights reduce with increasing credit quality of the obligor.

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

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

For OTC Derivatives, CEP uses the Internal Model Method (IMM) where eligible as per model permission, and the Standardised Approach (SA-CCR) for the rest of the population, to measure the exposure of a derivative contract in the case of a counterparty default. Exchange Traded Derivatives (ETDs) are not eligible for IMM, they are measured under SA-CCR. With IMM, exposure values are calculated using an internal risk model that assesses the distribution of future positive market values of derivatives based on modelled market price movements. SA-CCR assigns to each transaction a regulatory stipulated exposure based on the mark-to-market value and a measure of potential future exposure which is mainly dependent on notional, maturity, and the type of contract (i.e. interest rate, equities etc.).

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

Where appropriate for SFT and OTC derivatives, netting and collateral may be recognised as credit risk mitigants provided that they meet certain eligibility criteria.
For clarity, sovereign bond holdings in AFS are risk-weighted per CRR, Article 114.

Internal Credit Risk Capital Assessment

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

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

Credit and Counterparty Risk Mitigation

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

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

CEP's core principles of collateral management are:

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

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

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

CEP has processes and procedures in place to ensure that appropriate information is available to support the collateral process, including timely and accurate information relating to margin calls. Key to the process is a daily credit exposure report as well as reports identifying counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is firm wide risk reporting of counterparty exposures at an individual and an aggregated level.

Quantitative collateral related disclosures in line with the CRR requirements and the EBA Guidelines are provided in the Credit Risk Mitigation (Page 28) and Counterparty Credit Risk (Page 31) section.

Collateral

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

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

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

Valuation

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

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

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

Collateral Concentrations

Apart from a concentration of cash and high-grade liquid bonds such as U.S. Treasury, OECD Government or U.S. Agency bonds, there were no other material concentrations of collateral as at 30 June 2024.

Counterparty Risk

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

Credit Reserve

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

Derivative Master Netting Agreements

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

CEP considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process.

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

Primary Types of Collateral

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

Valuation

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

Wrong Way Risk and Rating Downgrades

Wrong Way Risk

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

For CEP, SFTs and OTC derivatives may incur wrong way risk.

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

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

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

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 amount of expected credit losses (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 3 Stage model under which financial assets are classified in 3 stages depending on the extent of credit deterioration. Stage 1 includes assets with no Significant Increase in Credit Risk (SICR) since initial recognition. ECL is estimated over the next 12 months of the asset; Stage 2 includes assets that have experienced SICR since initial recognition, but the exposure is not yet defaulted/credit impaired. ECL is estimated over the lifetime; and Stage 3 includes assets deemed to be credit-impaired and lifetime ECL is estimated.

Definitions of Past Due and Impairment

Exposures are considered to be past due if contractually agreed payments of principal, interest or fees have not been paid at the date due.

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

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

In line with the default definition under Article 178 of the CRR, exposures which are 90 days past due are treated as defaulted, and classified Stage 3 from an IFRS 9 perspective. In line with the ECB Regulation (EU) 2018/1845, CEP assesses an amount to be material for past due purposes if the amount past due is equal to or above €500 and represents an amount greater than 1% of the total amount of all on-balance sheet exposures to the obligor excluding equity exposures. There is no difference between regulatory and accounting definitions of "past due" or "default" for CEP.

A financial asset is credit-impaired (and classified stage 3 and defaulted) when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

A loss allowance for credit-impaired financial assets with material exposure is determined through an individual impairment assessment. Materiality is typically determined based on the obligor's exposure, as follows: aggregate Outstanding and Unused Commitments (OSUC) above $10million in Wholesale excluding Citi Commercial Bank (CCB); $5million in CCB and $500,000 in Wealth.

A loss allowance is determined using the IFRS 9 ECL model for financial assets which do not have material exposures.

Credit Risk Profile

For completeness, the tables in this section are disclosed at the CEP Consolidated level for the current period and CEP Individual level for the prior period.

These tables detail CEP's credit risk profile focusing on the on-balance sheet and off-balance sheet exposures that are not held for sale. As of 30 June 2024, for these exposures the gross carrying amount of CEP's total on-balance sheet and off-balance sheet exposures were €157.59 billion.

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

Table 11: EU CQ1 - Credit quality of forborne exposures (current period)

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

	€ million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
5	**Cash balances at central banks and other demand deposits**	—	—	—	—	—	—	—	—
10	**Loans and advances**	157	47	47	47	(10)	(15)	77	4
20	*Central banks*	—	—	—	—	—	—	—	—
30	*General governments*	—	—	—	—	—	—	—	—
40	*Credit institutions*	—	—	—	—	—	—	—	—
50	*Other financial corporations*	—	—	—	—	—	—	—	—
60	*Non-financial corporations*	154	38	38	38	(9)	(14)	74	4
70	*Households*	3	9	9	9	(1)	(2)	2	—
80	**Debt Securities**	—	—	—	—	—	—	—	—
90	**Loan commitments given**	147	—	—	—	2	—	—	—
100	***Total as at 30 June 2024***	304	47	47	47	(12)	(15)	77	4

Table 12: EU CQ1 - Credit quality of forborne exposures (previous period)

	€ million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
5	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
10	Loans and advances	107	82	82	82	(7)	(28)	66	15
20	*Central banks*	—	—	—	—	—	—	—	—
30	*General governments*	—	—	—	—	—	—	—	—
40	*Credit institutions*	—	—	—	—	—	—	—	—
50	*Other financial corporations*	—	—	—	—	—	—	—	—
60	*Non-financial corporations*	104	72	72	72	(6)	(25)	63	14
70	*Households*	3	10	10	10	(1)	(3)	2	—
80	Debt Securities	—	—	—	—	—	—	—	—
90	Loan commitments given	157	16	16	16	2	—	—	—
100	Total as at 31 December 2023	264	98	98	98	(9)	(28)	66	15

There was a total of €11 million decrease across performing and non-performing forborne exposures, with the majority of the decrease being attributed to Loan commitments given.

Table 13: EU CR1 - Performing and non-performing exposures and related provisions (current period)

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

	€ million	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-off	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3			
5	**Cash balances at central banks and other demand deposits**	43,073	43,045	28	1	1	(4)	(2)	(2)	—	—	—	—	—
10	**Loans and advances**	43,531	41,635	1,896	151	151	(87)	(38)	(49)	(83)	(83)	—	23,483	15
20	*Central banks*	2,835	2,835	—	—	—	—	—	—	—	—	—	2,655	—
30	*General governments*	460	460	—	—	—	—	—	—	—	—	—	384	—
40	*Credit institutions*	10,695	10,673	22	—	—	(7)	(7)	—	—	—	—	9,985	—
50	*Other financial corporations*	6,499	6,475	24	3	3	(5)	(5)	—	(2)	(2)	—	5,505	—
60	*Non-financial corporations*	20,430	18,886	1,544	67	67	(53)	(19)	(34)	(23)	(23)	—	3,886	15
70	*Of which SMEs*	367	289	78	26	26	(5)	(1)	(3)	(9)	(9)	—	278	6
80	*Households*	2,612	2,306	306	81	81	(23)	(7)	(15)	(57)	(57)	—	1,067	1
90	**Debt securities**	19,403	19,403	—	—	—	(5)	(5)	—	—	—	—	—	—
100	*Central banks*	4,020	4,020	—	—	—	—	—	—	—	—	—	—	—
110	*General governments*	13,899	13,899	—	—	—	(4)	(4)	—	—	—	—	—	—
120	*Credit institutions*	371	371	—	—	—	—	—	—	—	—	—	—	—
130	*Other financial corporations*	1,113	1,113	—	—	—	(1)	(1)	—	—	—	—	—	—
140	*Non-financial corporations*	—	—	—	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	51,371	48,675	2,696	65	65	76	26	49	6	6	—	—	—
160	*Central banks*	—	—	—	—	—	—	—	—	—	—		—	—
170	*General governments*	169	169	—	—	—	—	—	—	—	—		—	—
180	*Credit institutions*	2,537	2,332	205	25	25	3	2	2	2	2		—	—
190	*Other financial corporations*	12,555	12,409	146	—	—	5	3	2	—	—		—	—
200	*Non-financial corporations*	34,783	32,810	1,973	39	39	64	21	43	3	3		—	—
210	*Households*	1,328	956	372	1	1	3	—	3	1	1		—	—
220	**Total as at 30 June 2024**	157,378	152,758	4,620	216	216	(172)	(72)	(100)	(89)	(89)	—	23,483	15

Table 14: EU CR1 - Performing and non-performing exposures and related provisions (previous period)

	€ million	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		**Accumulated partial write-off**	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3			
5	Cash balances at central banks and other demand deposits	41,051	41,051	—	—	—	(2)	(2)	—	—	—	—	—	—
10	Loans and advances	39,328	36,795	2,534	252	252	(107)	(35)	(71)	(127)	(127)	—	19,340	15
20	*Central banks*	2,585	2,585	—	—	—	—	—	—	—	—	—	2,240	—
30	*General governments*	344	344	—	—	—	—	—	—	—	—	—	247	—
40	*Credit institutions*	12,383	11,977	406	—	—	(7)	(4)	(4)	—	—	—	9,658	—
50	*Other financial corporations*	1,669	1,567	101	—	—	(1)	(1)	(1)	—	—	—	1,667	—
60	*Non-financial corporations*	19,498	17,829	1,668	152	152	(64)	(21)	(43)	(52)	(52)	—	4,510	14
70	*Of which SMEs*	348	275	73	31	31	(6)	(2)	(4)	(14)	(14)	—	238	10
80	*Households*	2,850	2,493	358	100	100	(34)	(10)	(24)	(75)	(75)	—	1,108	1
90	Debt securities	15,623	15,623	—	—	—	(4)	(4)	—	—	—	—	—	—
100	*Central banks*	1,149	1,149	—	—	—	—	—	—	—	—	—	—	—
110	*General governments*	11,010	11,010	—	—	—	(4)	(4)	—	—	—	—	—	—
120	*Credit institutions*	3,232	3,232	—	—	—	—	—	— —		—	—	—	—
130	*Other financial corporations*	—	—	—	—	—	—	—	—	—	—	—	—	—
140	*Non-financial corporations*	232	232	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	51,672	48,420	3,252	78	78	75	27	48	6	6	—	—	—
160	*Central banks*	—	—	—	—	—	—	— —		—	—		—	—
170	*General governments*	152	152	—	—	—	—	—	—	—	—		—	—
180	*Credit institutions*	2,163	1,514	649	11	11	4	1	4	1	1		—	—
190	*Other financial corporations*	11,710	11,626	84	—	—	4	2	2	—	—		—	—
200	*Non-financial corporations*	36,336	34,156	2,180	65	65	63	24	39	4	4		—	—
210	*Households*	1,311	972	339	1	1	4	1	3	787	1		—	—
220	**Total as at 31 December 2023**	147,675	141,889	5,786	331	331	(187)	(68)	(119)	(133)	(133)	—	19,340	15

Table 15: EU CQ4 – Quality of non-performing exposures by geography

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

	€ million	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
10	**On-balance-sheet exposures**	63,084	—	—	—	(175)	—	
20	UNITED KINGDOM	11,355	—	—	—	(7)	—	
30	POLAND	10,064	—	—	—	(94)	—	
40	UNITED STATES	5,740	—	—	—	(2)	—	
50	CZECH REPUBLIC	4,632	—	—	—	(9)	—	
60	*FRANCE*	4,274	—	—	—	(2)	—	
70	*SWITZERLAND*	2,739	—	—	—	(8)	—	
80	*ROMANIA*	2,374	—	—	—	(6)	—	
90	*NETHERLANDS*	2,344	—	—	—	(4)	—	
100	*GERMANY*	1,993	—	—	—	(6)	—	
110	*LUXEMBOURG*	1,806	—	—	—	(3)	—	
120	Other countries	15,764	—	—	—	(34)	—	
130	**Off-balance-sheet exposures**	51,437	—	—	—	—	82	
140	FRANCE	10,511	—	—	—	—	14	
150	GERMANY	7,055	—	—	—	—	10	
160	*NETHERLANDS*	4,384	—	—	—	—	8	
170	*BERMUDA*	4,103	—	—	—	—	—	
180	*POLAND*	3,935	—	—	—	—	8	
190	*UNITED KINGDOM*	2,820	—	—	—	—	4	
200	*SPAIN*	2,519	—	—	—	—	5	
210	*UNITED STATES*	2,504	—	—	—	—	2	
220	*SWITZERLAND*	1,733	—	—	—	—	1	
230	*SWEDEN*	1,616	—	—	—	—	6	
240	Other countries[1]	10,254	—	—	—	—	24	
250	**Total**	114,521	—	—	—	(175)	82	

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

Table 16: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

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

	€ million	a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
10	Agriculture, forestry and fishing	37	—	—	37	—	—
20	Mining and quarrying	338	—	—	338	—	—
30	Manufacturing	8,363	27	27	8,363	(23)	—
40	Electricity, gas, steam and air conditioning supply	791	—	—	791	—	—
50	Water supply	39	—	—	39	(3)	—
60	Construction	221	5	5	221	(2)	—
70	Wholesale and retail trade	3,223	25	25	3,180	(22)	—
80	Transport and storage	430	3	3	430	(2)	—
90	Accommodation and food service activities	464	—	—	464	—	—
100	Information and communication	2,180	—	—	2,180	(3)	—
110	Financial and insurance actvities	1,125	—	—	629	(2)	—
120	Real estate activities	1,619	—	—	1,619	(10)	—
130	Professional, scientific and technical activities	824	6	6	824	(4)	—
140	Administrative and support service activities	669	—	—	669	(2)	—

€ million		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
150	Public administration and defense, compulsory social security	—	—	—	—	—	—
160	Education	—	—	—	—	—	—
170	Human health services and social work activities	13	—	—	13	—	—
180	Arts, entertainment and recreation	93	—	—	93	(1)	—
190	Other services	67	—	—	67	—	—
200	***Total***	20,497	67	67	19,958	(75)	—

Table 17: EU CR1-A: Maturity of exposures

This table shows the impairment stage for performing and non-performing exposures by exposure class.

€ million		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances[1]	—	33,752	7,512	2,247	—	43,512
2	Debt securities	—	6,497	10,205	2,697	—	19,398
3	**Total**	—	40,249	17,717	4,944	—	62,909

[1] Loans and advances category includes Reverse repurchase agreement amounts.

Table 18: EU CR2: Changes in the stock of non-performing loans and advances

		a
		Gross carrying amount
		€ million
010	Initial stock of non-performing loans and advances	341
020	Inflows to non-performing portfolios	36
030	Outflows from non-performing portfolios	(4)
040	Outflows due to write-offs	(70)
050	Outflow due to other situations	(88)
060	Final stock of non-performing loans and advances	216

Credit Risk Mitigation (CRM)

Table 19: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

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

€ million		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	**Loans and advances**	63,082	23,499	22,013	1,486	—
2	**Debt securities**	19,398	—	—	—	—
3	**Total as at 30 June 2024**	82,479	23,499	22,013	1,486	—
4	*Of which non-performing exposures*	61	15	7	9	—
5	*Of which defaulted*	61	15	—	—	—

Table 20: EU CR4 - Standardised approach – Credit risk exposure and CRM effects (current period)

This table shows the effect of CCF and CRM techniques applied on total on-balance sheet and off-balance sheet credit risk exposures, across exposure classes. RWEA density is expressed as total risk weighted exposures divided by exposures post-CCF and post-CRM.

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWEAs and RWEA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		€ million	€ million	€ million	€ million	€ million	
	Exposure classes						
1	Central governments or central banks	50,583	65	54,196	401	567	1.04%
2	Regional government or local authorities	—	123	—	63	13	20.00%
3	Public sector entities	323	602	323	301	102	16.42%
4	Multilateral development banks	826	5	826	3	2	0.25%
5	International organisations	694	—	694	—	—	0.00%
6	Institutions	12,228	2,197	9,420	1,590	3,573	32.45%
7	Corporates	20,259	46,359	19,365	21,341	37,248	91.50%
8	Retail	882	1,212	882	6	666	75.00%
9	Secured by mortgages on immovable property	1,903	389	1,903	154	1,734	84.26%
10	Exposures in default	41	78	41	44	115	134.59%
11	Exposures associated with particularly high risk	317	340	315	205	780	150.00%
12	Covered bonds	—	—	—	—	—	0.00%
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	#DIV/0!
15	Equity	200	—	200	—	200	100.00%
16	Other items	416	—	416	—	314	75.57%
17	**Total as at 30 June 2024**	**88,672**	**51,369**	**88,581**	**24,108**	**45,314**	**40.21%**

Table 21: EU CR4 - Standardised approach – Credit risk exposure and CRM effects (previous period)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWEAs and RWEAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		€ million	€ million	€ million	€ million	€ million	
	Exposure classes						
1	Central governments or central banks	45,031	15	47,754	800	559	1.15 %
2	Regional government or local authorities	—	122	—	62	14	22.78 %
3	Public sector entities	134	189	134	94	27	11.93 %
4	Multilateral development banks	830	6	830	3	95	11.40 %
5	International organisations	621	—	621	—	—	0.00 %
6	Institutions	9,219	1,658	6,855	1,110	2,911	36.54 %
7	Corporates	17,622	46,367	16,644	20,697	34,530	92.47 %
8	Retail	862	1,201	862	6	651	75.00 %
9	Secured by mortgages on immovable property	1,767	346	1,767	144	1,608	84.17 %
10	Exposures in default	44	23	44	13	70	121.73 %
11	Exposures associated with particularly high risk	517	567	513	313	1,239	150.00 %
12	Covered bonds	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	4,047	902	3,973	718	1,246	26.57 %
15	Equity	53		53	—	53	100.00 %
16	Other items	435	—	435	—	384	88.16 %
17	Total as at 31 December 2023	81,182	51,396	80,484	23,960	43,386	41.54 %

RWEA density decreased by 1.33% compared to year-end due to the improvement in the credit quality of Corporate and Institution Exposures.

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

The nominated ECAIs used by CEP are Standard & Poor's, Moody's, Dominion Bond Rating Service (DBRS) and Fitch. These are used for all credit risk exposure classes. Credit assessments applied to items in the trading book and banking book alike, are assigned in accordance with the requirements laid out in the CRD, including the use of the credit quality assessment scale.

The credit quality assessment scale assigns a credit quality step to each rating provided by the ECAIs, as set out in the Table 28 below.

Risk weightings are assigned to each exposure depending on its credit quality step and other factors, including exposure class and maturity. Exposures for which no rating is available receive the rating of the central government where the entity is incorporated or 100% if the central government is unrated. Additionally Table 28 below sets out a simplified summary of how credit quality is linked to risk weighting.

Table 22: Credit Quality Assessment Scale

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

Table 23: EU CR5 - Standardised approach (current period)

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

	Exposure classes	Risk weight 0%	10 %	20%	35%	50%	75%	100%	150%	250 %	Others	Total	Of which: unrated
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Central governments or central banks	53,717	460	4	—	4	—	7	—	182	224	54,597	—
2	Regional government or local authorities	—	—	63	—	—	—	—	—	—	—	63	9
3	Public sector entities	322	—	162	—	140	—	—	—	—	—	624	2
4	Multilateral development banks	826	—	—	—	—	—	2	—	—	—	828	2
5	International organisations	694	—	—	—	—	—	—	—	—	—	694	20
6	Institutions	—	—	7,090	—	3,530	—	390	—	—	—	11,011	—
7	Corporates	8	—	2,380	—	3,771	—	33,868	679	—	—	40,706	25,204
8	Retail	—	—	—	—	—	887	—	—	—	—	887	887
9	Secured by mortgages on immovable property	—	—	—	503	—	—	1,547	7	—	—	2,057	2,057
10	Exposures in default	—	—	—	—	—	—	26	59	—	—	85	76
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	520	—	—	520	346
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity	—	—	—	—	—	—	200	—	—	—	200	—
16	Other items	97	—	5	—	—	—	313	—	—	—	416	100
17	**Total as at 30 June 2024**	55,665	460	9,704	503	7,446	887	36,354	1,265	182	224	112,689	28,703

Table 24: EU CR5 – Standardised approach (previous period)

	Exposure classes	Risk weight										Total	Of which: unrated
		0%	4 %	10 %	20%	35%	50%	75%	100%	150%	250 %		
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Central governments or central banks	47,342	540	116	368	—	1	—	11	—	176	48,554	—
2	Regional government or local authorities	—	—	—	56	—	6	—	—	—	—	62	9
3	Public sector entities	133	—	—	69	—	26	—	—	—	—	228	1
4	Multilateral development banks	738	—	—	—	—	—	—	95	—	—	833	95
5	International organisations	621	—	—	—	—	—	—	—	—	—	621	215
6	Institutions	—	—	—	4,249	—	3,311	—	406	—	—	7,965	—
7	Corporates	—	—	—	1,726	—	3,508	—	31,459	648	—	37,341	22,698
8	Retail	—	—	—	—	—	—	868	—	—	—	868	868
9	Secured by mortgages on immovable property	—	—	—	—	471	—	—	1,431	8	—	1,910	1,910
10	Exposures in default	—	—	—	—	—	—	—	32	25	—	57	54
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	—	826	—	826	476
13	Institutions and corporates with a short-term credit assessment	—	—	—	3,956	—	640	—	12	82	—	4,691	695
15	Equity	—	—	—	—	—	—	—	53	—	—	53	—
16	Other items	50	—	—	2	—	—	—	383	—	—	435	62
17	Total as at 31 December 2023	48,885	540	116	10,426	471	7,491	868	33,882	1,588	176	104,444	27,083

Credit risk exposures under the standardised approach increased by €8.2 billion mainly due to an increase in AFS of €3.2 billion and Central Bank Deposits of €2.4 billion.

Counterparty Credit Risk ("CCR")

CCR is the risk a transaction could default before the final settlement of the transaction's cash flows. The following table provides a comprehensive view of the methods used by CEP. CEP's CCR arise from derivatives and SFTs across banking and trading book exposures. The measure of Exposure at Default ("EAD") used to determine these requirements are described below.

Risk Category	Methods for Calculating Exposure	Application
Derivatives	SA-CCR	The exposure amount for a derivative contract is equal to an alpha factor of 1.4 multiplied by the sum of the replacement cost and the PFE of the netting set. The PFE portion consists of a multiplier and an aggregate add-on, which is derived from add-ons developed for each asset class. SA-CCR differentiates between margined and non-margined trades and recognizes netting benefits. This method applies to all derivatives not calculated under IMM.
	IMM	IMM applies to all derivatives provided for in the ECB modelled permission. These derivative exposures are calculated as the supervisory alpha factor of 1.5 multiplied by the Effective Expected Positive Exposure (EEPE), modelled using the Monte Carlo simulation.
SFTs	Financial Collateral Comprehensive Method (FCCM)	Under FCCM, the exposure value is calculated as positive difference in the exposure value of securities, commodities or cash sold, posted or lent and the value of securities, commodities or cash received in return, and applying regulatory haircuts for security volatility adjustments and any applicable currency mismatches.

Table 25: EU CCR1 - Analysis of CCR exposure by approach (current period)

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

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
EU1	EU - Original Exposure Method (for derivatives)	—	—		1.4	—	—	—	—
EU2	EU - Simplified SA-CCR (for derivatives)	—	—		1.4	—	—	—	—
1	SA-CCR (for derivatives)	393	784		1.4	3,309	1,652	1,651	1,122
2	IMM (for derivatives and SFTs)			3,919	1.5	16,791	5,878	5,860	3,435
2b	Of which derivatives and long settlement transactions netting sets			3,919		16,791	5,878	5,860	3,435
3	Financial collateral simple method (for SFTs)					—	—	—	—
4	Financial collateral comprehensive method (for SFTs)					17,355	5,438	5,438	1,275
5	VaR for SFTs					—	—	—	—
6	**Total as at 30 June 2024**					**37,455**	**12,968**	**12,950**	**5,832**

Table 26: EU CCR1 - Analysis of CCR exposure by approach (previous period)

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
EU1	EU - Original Exposure Method (for derivatives)	—	—		1.4	—	—	—	—
EU2	EU - Simplified SA-CCR (for derivatives)	—	—		1.4	—	—	—	—
1	SA-CCR (for derivatives)	316	1,134	—	1.4	3,901	2,030	2,030	1,401
2	IMM (for derivatives and SFTs)			4,232	1.5	15,988	6,348	6,329	3,821
2b	Of which derivatives and long settlement transactions netting sets			4,232		15,988	6,348	6,329	3,821
3	Financial collateral simple method (for SFTs)					—	—	—	—
4	Financial collateral comprehensive method (for SFTs)					14,208	3,330	3,330	453
5	VaR for SFTs					—	—	—	—
6	Total as at 31 December 2023					34,098	11,708	11,689	5,676

CCR RWEA excluding exposures to CCPs increased by €0.2 billion compared to year-end primarily driven by an increase in SFTs.

Table 27: EU CCR2 – Transactions subject to own funds requirements for CVA risk

This table provides the regulatory calculations for CVA.

		30 June 2024		31 December 2023	
		Exposure value	RWEA	Exposure value	RWEA
		€ million	€ million	€ million	€ million
1	Total transactions subject to the Advanced method	3,218	789	3,898	920
2	(i) VaR component (including the 3.3× multiplier)		168		229
3	(ii) stressed VaR component (including the 3.3× multiplier)		621		692
4	Transactions subject to the Standardised method	1,417	683	1,834	1151
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—	—	—
5	**Total transactions subject to own funds requirements for CVA risk**	4,635	1,473	5,733	2071

Decrease in standardised CVA is driven by a decrease in SFTs within the CVA scope, along with decrease in equity derivatives in the private bank business..

Table 28: EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights (current period)

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

	Risk weight								
	0%	2%	4%	20%	50%	100%	150%	Others	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Central governments or central banks	3,477	—	—	168	59	26	—	—	3,730
Regional government or local authorities	—	—	—	—	—	—	—	—	—
Public sector entities	116	—	—	248	6	—	—	—	370
Multilateral development banks	205	—	—	49	—	—	—	—	253
International organizations	—	—	—	—	—	—	—	—	—
Institutions	—	6,895	—	671	4,073	86	—	—	11,725
Corporates	—	—	—	63	643	3,000	5	—	3,711
Retail	—	—	—	—	—	—	—	—	—
Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	—	—	54	—	54
Total as at 30 June 2024	3,798	6,895	—	1,198	4,782	3,112	59	—	19,844

Table 29: EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights (previous period)

	Risk weight								
	0%	2%	4%	20%	50%	100%	150%	Others	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Central governments or central banks	2,915	—	—	123	55	34	—	—	3,128
Regional government or local authorities	—	—	—	—	—	—	—	—	—
Public sector entities	49	—	—	204	—	—	—	—	253
Multilateral development banks	200	—	—	31	—	—	—	—	231
International organizations	2	—	—	—	—	—	—	—	2
Institutions	—	4,527	—	946	3,040	107	—	—	8,620
Corporates	—	—	—	46	539	3,272	12	—	3,869
Retail	—	—	—	—	—	—	—	—	—
Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	—	—	89	—	89
Claims in the form of CIU	—	—	—	—	—	—	—	—	—
Total as at 31 December 2023	3,167	4,527	—	1,350	3,634	3,413	101	—	16,192

Counterparty credit risk exposures increased by €3.7 billion compared to prior year-end due to higher derivatives exposures mainly traded with central clearing houses and a increase in volume of the SFT portfolio.

Table 30: EU CCR5 – Composition of collateral for CCR exposures (current period)

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

		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
	Collateral type	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Cash – domestic currency	—	3,308	5	2,681	—	5,924	—	13,913
2	Cash – other currency	—	1,065	10	2,556	—	2,460	—	10,101
3	Domestic sovereign debt	—	—	—	—	—	559	—	5
4	Other sovereign debt	214	174	265	378	—	15,611	—	6,281
5	Government agency debt	—	—	—	—	—	1,517	—	627
6	Corporate bonds	187	9	138	7	—	5,818	—	1,488
7	Equity securities	12	—	—	—	—	1,046	—	—
8	Other collateral	—	—	—	—	—	—	—	—
9	**Total as at 30 June 2024**	413	4,557	418	5,623	—	32,935	—	32,414

Table 31: EU CCR5 – Composition of collateral for CCR exposures (previous period)

		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
	Collateral type	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Cash – domestic currency	-	3,400	2	3,343	-	5,931	-	15,303
2	Cash – other currency	-	1,179	8	1,805	-	711	-	5,974
3	Domestic sovereign debt	-	-	-	-	-	244	-	27
4	Other sovereign debt	344	86	299	86	-	12,726	-	6,217
5	Government agency debt	-	-	-	-	-	1,051	-	390
6	Corporate bonds	122	-	159	—	-	3,023	-	-
7	Equity securities	34	511	-	-	-	1,186	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	Total as at 31 December 2023	500	5,175	469	5,234	-	24,872	-	27,911

Collateral used in SFTs increase is related to the increase in volume of the SFT portfolio.

Table 32: EU CCR6 – Credit derivatives exposures

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

		Protection bought JUN 2024	Protection sold JUN 2024	Protection bought DEC 2023	Protection sold DEC 2023
		€ million	€ million	€ million	€ million
Notionals					
1	Single-name credit default swaps	2,619	814	2,026	1,800
2	Index credit default swaps	3,829	3,797	3,829	3,772
3	Total return swaps	28	—	69	—
4	Credit options	—	—	—	—
5	Other credit derivatives	290	517	—	—
6	**Total notionals**	6,765	5,129	5,923	5,572
Fair values					
7	Positive fair value (asset)	17	171	38	226
8	Negative fair value (liability)	(189)	(14)	(226)	(29)

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

Table 33: EU CCR8 – Exposures to CCPs

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

		As at 30 June 2024		As at 31 December 2023	
		Exposure value	RWEA	Exposure value	RWEA
		€ million	€ million	€ million	€ million
1	**Exposures to QCCPs (total)**		165		120
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,974	119	3,718	74
3	(i) OTC derivatives	5,485	110	3,155	63
4	(ii) Exchange-traded derivatives	—	—	—	—
5	(iii) SFTs	489	10	564	11
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	—		—	
8	Non-segregated initial margin	921	18	808	16
9	Prefunded default fund contributions	89	27	89	29
10	Unfunded default fund contributions	164	—	153	—
11	**Exposures to non-QCCPs (total)**		—	—	—
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—	—	—

		As at 30 June 2024		As at 31 December 2023	
		Exposure value	**RWEA**	Exposure value	RWEA
		€ million	**€ million**	€ million	€ million
13	(i) OTC derivatives	—	—	—	—
14	(ii) Exchange-traded derivatives	—	—	—	—
15	(iii) SFTs	—	—	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
17	Segregated initial margin	—		—	
18	Non-segregated initial margin	—	—	—	—
19	Prefunded default fund contributions	—	—	—	—
20	Unfunded default fund contributions	—	—	—	—

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

Market Risk

Trading Book Market Risk Overview

Market risk in the trading book is the risk of economic or trading loss arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables such as interest rates, FX or credit spreads.

Price risk equates to market risk in the trading book, as defined above, plus the financial statement reporting risks associated with independent price verification and profit attribution analysis captured under the Operational Risk category above.

The trading book comprises positions held with trading intent or to hedge positions held with trading intent, where the business seeks to capture the differences between buying and selling prices and which primarily derive from customer flows. The products traded on CEP include sovereign and other bonds, interest rate derivatives, par loans and foreign exchange (FX) spot, forwards and derivatives.

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

Trading Book Governance and Organisation

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

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

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

The Risk Management Committee is the primary committee tasked with governing market risk in the trading book in CEP, and is supported by the Market Risk Review Group, which monitors and oversees trading book market risk in CEP. The Executive Committee ensures that appropriate risk considerations are incorporated in the strategic planning process. The Board Risk Committee oversees the implementation of CEP's market risk strategy and the market risk management function.
The Head of Market Risk reports directly to CEP's CRO and is responsible for second line of defence oversight of the market risk in the trading book of CEP. The Market Risk team monitors the market risk profile on an ongoing basis and reports to the Risk Management Committee and BRC/Board on trading book exposures against approved limits.

Trading Book Risk Management and Measurement

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

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

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

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

Stress testing is performed on trading books on a daily basis to estimate the impact of abnormal market movements. Independent Risk Management develops stress scenarios, reviews the output of daily and other periodic stress testing exercises and uses the information to make judgements as to the ongoing appropriateness of exposure levels and limits.

Trading Book Regulatory Capital

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

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

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

Internal Trading Book Risk Capital Assessment

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

Table 34: EU MR1 - Market Risk under the standardised approach

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

		30 June 2024	31 December 2023
		RWEAs	RWEAs
		€ million	€ million
	Outright products		
1	Interest rate risk (general and specific)	980	730
2	Equity risk (general and specific)	11	4
3	Foreign exchange risk	1,763	2,842
4	Commodity risk	—	—
	Options		

		30 June 2024	31 December 2023
		RWEAs	RWEAs
		€ million	€ million
5	Simplified approach	—	—
6	Delta-plus method	—	—
7	Scenario approach	—	—
8	Securitisation (specific risk)	—	—
9	**Total**	**2,754**	3,576

Market risk RWEA under standardised approach decreased by €0.8 billion mainly driven by FX Risk due to a decrease in net long EUR positions.

Internal Model Approach

Scope of VaR & SVaR Model Permission

CEP uses VaR and SVaR models for the calculation of market risk own funds requirements in accordance with IMA permission granted by the ECB. The permission allows for inclusion of General Risk of Debt Instruments and Specific Risk of Debt Instruments in the scope of the model. The models are also used, with identical scope and results, for market risk own funds requirements at the Group and Company level. BHW is not included in scope of the permission, and continues to calculate its market risk capital requirements using standardised approach.

Model Characteristics

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

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

Management's Regulatory Differences

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

VaR Models

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

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

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

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

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

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

SVaR Models

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

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

CEP bases the stress period selection on a broad set of market factors that represent all assets held by CEP. The market factor selection is based on the materiality of risk. A 12-monthstress period is selected as the covariance matrix calibrated from this period maximises VaR for CEP's portfolio, in accordance with regulatory requirement. The stressed period selection is reviewed by Market Risk Management, Market Risk Analytics and the IMA Control Committee at least on a quarterly basis. The 12 month period ending July 2012, was consistently selected throughout the period as the most stressed, driven by exposure to European Sovereigns located in the Eurozone.

Stress Testing

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

RWEA Back-testing / Validation Approach for Internal Models & Modelling Processes

The accuracy of the VaR model is assessed through daily back-testing performed by VaR Operations with oversight from Market Risk Management. The back-testing results are reported quarterly to the regulator.

Back-testing is the comparison of VaR to profit and loss results and is conducted daily, at both legal entity and business levels. In line with regulatory requirements, Citi performs back-testing against both actual profit or loss and hypothetical profit or loss (the daily profit or loss that would arise from a constant trading portfolio) in order to ensure that the firm's VaR model meets supervisory standards for the measurement of regulatory capital.

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

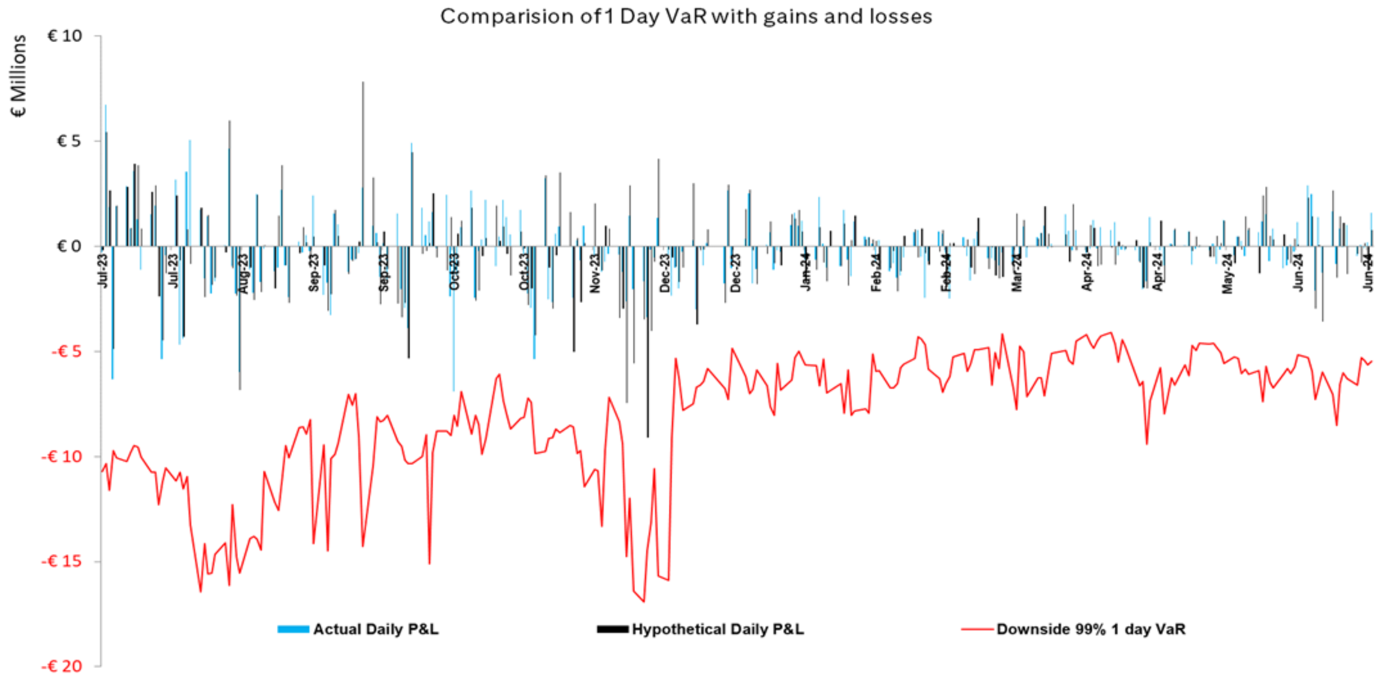
Additionally, VaR/SVaR models are subject to periodic independent validation to ensure technical and functional soundness of the model.

Overshootings during the reporting period

Under normal and stable market conditions, Citi would expect the number of days where trading losses exceed its VaR to be no more than two or three occasions per year. Periods of unstable market conditions can increase the number of these exceptions.

CEP experienced no overshootings during the reporting period.

Table 35: EU MR4 - Comparison of VaR estimates with gains/losses



Scope of IRC Model Permission

CEP uses the IRC model for the calculation of market risk own funds requirements for incremental default and migration risk of specific risk of debt instruments in accordance with the permission granted by the ECB. The model is also used, with identical scope and results at the Group and Company level. Similarly as with the VaR and SVaR models, BHW is not included in the scope of the permission.

Incremental Risk Charge Methodology

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

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

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

Recovery rates are also simulated with their parameters properly calibrated to market data.

A fixed one-year liquidity horizon is used consistently across all positions. The approach also includes positions that have maturities of less than one year, and for such positions the time of default is determined and the P&L effect is estimated accordingly.
The IRC model, which is used to calculate the incremental risk capital over a one-year time horizon at a one–tailed 99.9% confidence level, is consistent with regulatory requirements and meets the required soundness standard.

Stress Testing

CEP design bespoke scenarios on an annual basis as part of the ICAAP process and stresses the input parameters of the IRC model i.e. rating transition matrix and credit spreads.

IRC Model Validation Approach

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

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

Back-testing is not feasible because the IRC model captures default losses at a very high confidence level (99.9%), which is in line with regulatory standards. However, the accuracy and internal consistency of data and parameters used for the IRC model and modelling processes are subject to independent validation to ensure the technical and functional soundness of the model.

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

The risks not in model engine (RNIME) are risks that are missing from the VaR/SVaR and IRC models. The RNIME are assessed and reviewed periodically in line with Citi's internal processes. There were no material RNIME identified in the reporting period, which would require additional own fund buffer to compensate.

Table 36: EU MR2-A: Market risk under the Internal Model Approach

		As at 30 June 2024		As at 31 December 2023	
		RWEAs	**Own funds requirements**	RWEAs	Own funds requirements
		€ million	**€ million**	€ million	€ million
1	**VaR** (higher of values a and b)	908	73	1,447	116
(a)	Previous day's VaR (VaR_{t-1})		17		15
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		73		116
2	**SVaR** (higher of values a and b)	2,668	213	3,525	282
(a)	Latest available SVaR ($SVaR_{t-1}$)		57		35
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		213		282
3	**IRC** (higher of values a and b)	1,147	92	867	69
(a)	Most recent IRC measure		78		56
(b)	12 weeks average IRC measure		92		69
4	**Comprehensive risk measure** (higher of values a, b and c)	—	—	—	—
(a)	Most recent risk measure of comprehensive risk measure		—		—
(b)	12 weeks average of comprehensive risk measure		—		—
(c)	Comprehensive risk measure - Floor		—		—
5	**Other**			—	—
6	**Total**	4,723	378	5,840	467

CEP's Market Risk's RWEA's calculated under IMA decreased by €1.1 billion compared to year-end in VaR and SVaR, largely as a result of reduced level of risk taking on the EGB and Swap desks.

Table 37: EU MR3 - IMA values for trading portfolios

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

		30 June 2024	31 December 2023
		€ million	€ million
VaR (10 day 99%)			
1	Maximum value	30	73
2	Average value	19	39
3	Minimum value	13	15
4	Period end	17	15
SVar (10 day 99%)			
5	Maximum value	105	256
6	Average value	56	98
7	Minimum value	29	31
8	Period end	57	35
IRC (99.9%)			
9	Maximum value	157	256
10	Average value	78	79
11	Minimum value	19	13
12	Period end	78	56
Comprehensive risk measure (99.9%)			
13	Maximum value	—	—
14	Average value	—	—
15	Minimum value	—	—
16	Period end	—	—

Valuation Methodology

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

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

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

Non-Trading Market Risk Governance and Organisation

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

- Board Risk Committee;
- Executive Committee;
- Asset & Liability Committee (ALCO); and,
- ALCO Technical Review Forum (A-TRF)

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

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

FinCRO is responsible for second line of defence oversight of the NTMR book market risk of CEP, with the Head of FinCRO reporting directly to the CRO. The FinCRO team monitors the NTMR profile on an ongoing basis and reports to the ALCO and the BRC/Board on the NTMR portfolio exposures against approved limits and risk appetite.

Non-Trading Market Risk Management and Measurement

Positions in the NTMR Book arise primarily from customer flows. The main products include loans held at amortised cost, non-maturing deposits (NMD), and available-for-sale (AFS) securities. Throughout the natural course of business, these positions generate IRRBB (Interest Rate Risk in the Banking Book).
IRRBB refers to the current and prospective risk of a negative impact to CEP's economic value of equity, or to CEP's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk. The risk is estimated using a cashflow-based approach and a common set of standards that define, measure, limit and report the exposures to ALCO on a monthly basis.

CEP's measure of IRRBB from an earnings perspective is Interest Rate Exposure (IRE). IRE measures the potential pre-tax impact on Net Interest Revenue (NIR) for NTMR book positions due to defined shifts in interest rates over a 12-month period under a static balance sheet approach. Net Interest revenue (NIR) is the difference between the interest income earned on the NTMR book portfolio assets and the interest expense paid on the liabilities.

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

For internal IRRBB management, CEP uses four shocks to assess interest rate risk, namely +/-100bps & +/-200bps scenarios, all of which incorporate a -200bps shock rate floor, commercial margins and are aggregated without adjustment. These are supplemented by additional non-parallel currency specific scenarios, other comprehensive income (OCI) stress scenarios and the prescribed EBA Supervisory Shocks, the results of which are presented in table 46 below.

For modelling purposes, components such as balance runoffs and behavioural assumptions are applied to NMDs to assign maturity profiles and interest rate sensitivity, including a maximum truncation period of 60 months and a deposits stability bifurcation. These components are determined and supported by, inter alia, statistical analysis of historical customer information.

The IRRBB generated by NMDs is mitigated through the purchase of securities accounted for as Fair Value through OCI. The capital at risk arising from the securities is measured and monitored against approved limits and risk appetite. Prepayment risk and optionality risk are regularly assessed and are currently deemed non-material post mitigating factors.

The CEP's Board approves the IRRBB risk appetite statements (RAS) and hedging strategy. CEP's ALCO receives updates on IRRBB metrics monthly, including trends and details on various topics impacting IRRBB. Stress testing is performed for IRRBB, where systemic stresses are designed to quantify the potential impact of extreme market movements and are constructed using both historical periods of market stress and projections of adverse economic scenarios. CEP's current level of IRRBB exposure is deemed low.

The establishment of the IPU and the subsequent inclusion of BHW does not change the drivers, sources, or IRRBB profile of CEP in a significant manner other than increasing the balance sheet, introducing PLN as a material currency and an active Interest Rate Swap (IRS) hedge program. CEP's risk appetite was updated post IPU to accommodate the consolidated IRRBB exposures.

For CEP's risk capital assessment, the IRRBB Risk Capital model captures risk to Citi portfolio related to interest rate movements. The model is a VaR model at the 99.97% confidence level over the one-year horizon, and is based on multi-factor Monte Carlo Simulation model, similar to the trading portfolio VaR

Table 38: EU IRRBB1 - Interest Rate Risks of Non-trading Market RIsk Activities

	Supervisory shock scenarios	30 June 2024	31 December 2023	30 June 2024	31 December 2023
		Changes of the economic value of equity		Changes of the net interest income	
1	Parallel up	148,051	202,462	512,959	505,357
2	Parallel down	(534,743)	(513,490)	(584,019)	(525,371)
3	Steepener	143,085	132,809	—	—
4	Flattener	(195,668)	(156,975)	—	—
5	Short rates up	(63,545)	(16,462)	—	—
6	Short rates down	(20,371)	(28,773)	—	—

Liquidity Risk

Table 39: EU LIQ1 - Quantitative information of LCR

The amounts reported in September 2023 are the average of the previous 12-month end amounts preceding that particular quarter, and disclosed on a CEP individual basis. Values and figures disclosed for December 2023, March 2024 and June 2024 are simple averages for the Group (CEP Consolidated).

		Total unweighted value				Total weighted value			
		June 2024	March 2024	December 2023	September 2023	June 2024	March 2024	December 2023	September 2023
Number of data points used in the calculation of averages		**12**	12	12	12	**12**	12	12	12
		€ million	€ million	€ million	€ million	**€ million**	€ million	€ million	€ million
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					44,653	41,689	38,912	38,145
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	4,632	3,344	2,132	1,702	1,432	1,206	1,024	916
3	*Stable deposits*	883	502	124	—	44	25	6	—
4	*Less stable deposits*	2,788	1,981	1,211	983	427	320	220	197
5	Unsecured wholesale funding	57,605	53,770	50,321	49,223	30,323	28,307	26,270	25,747
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	20,926	19,751	18,540	18,083	5,214	4,922	4,622	4,507
7	*Non-operational deposits (all counterparties)*	36,679	34,019	31,781	31,140	25,110	23,385	21,649	21,240
8	*Unsecured debt*	—	—	—	—	—	—	—	—
9	Secured wholesale funding					22	13	9	7
10	Additional requirements	35,570	33,846	32,072	30,923	6,765	6,594	6,506	6,539
11	*Outflows related to derivative exposures and other collateral requirements*	2,296	2,458	2,657	2,874	2,296	2,458	2,657	2,874
12	*Outflows related to loss of funding on debt products*	—	—	—	—	—	—	—	—
13	*Credit and liquidity facilities*	33,274	31,387	29,415	28,049	4,469	4,136	3,849	3,665
14	Other contractual funding obligations	8,797	10,330	11,565	12,221	2,819	2,658	2,551	2,359
15	Other contingent funding obligations	15,996	15,949	16,000	16,224	411	404	400	405
16	**TOTAL CASH OUTFLOWS**					41,773	39,182	36,761	35,973
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	15,449	16,875	18,271	19,122	743	953	1,014	1,013
18	Inflows from fully performing exposures	6,442	6,755	7,774	8,178	5,210	5,460	6,357	6,612
19	Other cash inflows	4,397	4,219	4,258	4,484	2,978	2,928	3,024	3,272
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	—	—	—	—	—	—	—	—
EU-19b	(Excess inflows from a related specialized credit institution)	—	—	—	—	—	—	—	—
20	**TOTAL CASH INFLOWS**	26,287	27,849	30,303	31,784	8,931	9,341	10,395	10,898
EU-20a	***Fully exempt inflows***	—	—	—	—	—	—	—	—
EU-20b	***Inflows Subject to 90% Cap***	—	—	—	—	—	—	—	—
EU-20c	***Inflows Subject to 75% Cap***	26,287	27,849	30,303	31,784	8,931	9,341	10,395	10,898

TOTAL ADJUSTMENT VALUE					
21	LIQUIDITY BUFFER	44,653	41,689	38,912	38,145
22	TOTAL NET CASH OUTFLOWS	32,842	29,840	26,366	25,075
23	LIQUIDITY COVERAGE RATIO (%)	136.13 %	140.98 %	148.68 %	152.86 %

LCR Evolution and Drivers

At all times, CEP's LCR remained well in excess of all internal and regulatory limits.
From December 2023, the LCR has trended lower compared to prior periods as disclosures since then refer to CEP Consolidated metrics. The decline is due to the regulatory required reporting treatment of HQLA under the CEP Consolidated entity, that reflects restrictions to the free transferability of liquid assets from BHW to CEP. Therefore, BHW HQLA in excess of BHW net outflows in LCR, is not be recognized as HQLA for CEP Consolidated and constitutes trapped liquidity with CEP Consolidated entity. CEP customer deposits remain at elevated levels in 2024, significantly above the prior year volumes, contributing to a highly liquid CEP position. Consequently, the consolidated LCR ratio was at all times above 130%, significantly higher than internal and regulatory limits..

The liquidity buffer is the primary mechanism for ensuring that CEP can withstand the prescribed stresses under LCR. In line with the criteria set out in the LCR Delegated Regulation, the assets held in the buffer are unencumbered, well diversified, under the control of Corporate Treasury and monetisable in a stress scenario. CEP also ensures that the currency denomination of its buffer is consistent with the distribution by significant currency of its net liquidity outflows. The buffer is comprised of cash placed with European central banks and high quality, unencumbered securities. The composition of the liquidity buffer remained largely unchanged in the first quarter of 2024. As at 30 June 2024, the liquidity buffer equated to €53 billion. This comprised of cash held at central banks (63%) and high-quality securities (37%), mainly European and US government bonds. .

MREL is a long-term and stable funding and therefore does not generate an outflow in the LCR.The largest component of outflows for CEP is unsecured wholesale funding. Other material drivers of CEP's outflows include committed credit and liquidity facilities and derivatives. LCR inflows are primarily from loans receivable in the next 30 days. The acquisition of Bank Handlowy significantly increased the amount of retail deposits in the consolidated funding profile.

Currency mismatch in the LCR

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

CEP reports and monitors LCR on a consolidated basis in the reporting currency (EUR) and on an individual currency basis for significant currencies. Significant currencies are defined as currencies in which aggregate liabilities are greater than 5% of total liabilities.

As of 30 June 2024 significant currencies in CEP were EUR, USD, PLN and GBP. To monitor significant currencies, CEP has a currency limits framework comprised of a suite of LCR and internal limits.

Derivative exposures and potential collateral calls

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

CEP's LCR reports additional collateral outflows per the historical lookback approach. This additional outflow is based on the past 24 months of net daily collateral flows over any consecutive 30-day period. The highest point of which is considered as outflow weighted at 100%, simulating the impact of an adverse market scenario on CEP's derivative portfolio. Throughout 2023 and 2024, contingent outflows relating to downgrade triggers were immaterial.

Other items relevant for the LCR calculation

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

NSFR Disclosure

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

CEP's funding composition is made up of Third-party Deposits, MREL, Intercompany Deposits and Equity. The NSFR has decreased in 2024 (compared to Dec-2023) primarily due to an increase in RSF related to encumbered or long-term secured financing transactions..

CEP consolidated numbers shown below:

Table 40: EU LIQ2 – Net Stable Funding Ratio

Net Stable Funding Ratio is calculated as per CRR II rules with daily monitoring of consolidated ratio currently in place. CEP's stable funding composition is made up of third-party deposits, MREL, and equity. The NSFR has increased in 2023 due to increases in stable deposits (Organic growth seen on the funding side was exceeded by an increase in RSF in relation to SFTs, with ratio at June-2024 lower than the year-end one, in part due to algebra as both side of the metric rose materially.

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

	€ million	Unweighted value by residual maturity				
	Available stable funding (ASF) Items	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted value**
1	Capital items and instruments	17,827	—	—	—	17,827
2	*Own funds*	17,827	—	—	—	17,827
3	*Other capital instruments*		—	—	—	
4	Retail deposits		6,813	22	—	6,275
5	*Stable deposits*		2,468			2,344
6	*Less stable deposits*		4,346	22		6,275
7	Wholesale funding:		70,712	253	8,509	32,526
8	*Operational deposits*		22,724	—	—	11,362
9	*Other wholesale funding*		47,988	253	8,509	21,164
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	—	24,750	—	—	—
12	*NSFR derivative liabilities*	—				
13	*All other liabilities and capital instruments not included in the above categories*		24,750	—	—	—
14	**Total available stable funding (ASF)**					56,628
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					1,597
EU-15a	Assets encumbered for more than 12m in cover pool		—	—	—	—
16	Deposits held at other financial institutions for operational purposes		59			29
17	Performing loans and securities:		26,875	3,261	18,487	27,302
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		10,772	20	489	5,097
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		7,276	2,036	4,886	5,097
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		7,481	1,063	11,008	13,611
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		17	—	89	67
22	*Performing residential mortgages, of which:*		—	—	1,408	1,197
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		—	—	—	—
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		1,346	141	696	797
25	Interdependent assets		—	—	—	—
26	Other assets:	-	20,297	5	3,005	5,063
27	*Physical traded commodities*				—	—
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		870	—	417	1,094
29	*NSFR derivative assets*		913			913
30	*NSFR derivative liabilities before deduction of variation margin posted*		5,565			278
31	*All other assets not included in the above categories*		12,949	5	2,587	2,778
32	Off-balance sheet items		8,764	10,307	32,363	2,488

33	Total RSF		36,479
34	Net Stable Funding Ratio (%)		155.23 %

Environmental, Social and Governance Risk (ESG)

Environmental risk

Business strategy and processes

a) ***Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning***

For CEP, sustainability includes integrating relevant ESG commitments and priorities into its business strategy consistent with Citi's policies. CEP is contributing to Citi's commitment to achieve net zero emissions associated with financing activities by 2050, net zero emissions for our operations by 2030, and is also contributing to Citi's goal to reach $1 trillion in sustainable finance by 2030.

The sustainable transformation across industries is expected to lead to challenges and opportunities for CEP and its clients. Environmental and social issues are closely linked with economic stability and have an impact on CEP, its clients and wider stakeholders. Therefore, CEP is embedding ESG matters into its operating culture through the implementation of its ESG strategy. Within this context, CEP regularly scans its business environment for Climate and Environmental (C&E) risks, and monitors the impact of such risks in the short, medium and long term to help make informed strategic and business decisions.

At Citi, ESG priorities are identified in line with business priorities. We believe that effective management of our ESG priorities helps to improve business resiliency, risk mitigation and value generation. The same is true for our clients, with whom we partner to support and finance their key ESG objectives.

With this approach in mind, CEP enhanced its ESG strategy throughout 2023 and redefined three strategic pillars in line with Citi's commitments, considerations and priorities around ESG issues:

- Clients expectations and products: Support our clients in financing their ESG objectives and embrace new business opportunities resulting from the sustainability transformation.
- Policies and regulations: Ensure compliance with regulatory requirements and supervisory expectations, including incorporating ESG risks in our risk management practices, policy developments and stakeholder engagement, as well as enhancing our ESG disclosures in line with sustainability reporting requirements.
- Sustainable operations: Reduce the impact of our operations in line with Citi's Operational Footprint Goals and strengthen sustainability culture across our organisation.

CEP performs ongoing Business Environment Scanning to monitor Climate and Environmental (C&E) risks which may impact the effectiveness of its strategy. In addition it sets ESG related Key Performance Indicators (KPIs) at institution and business line level to monitor the implementation of the strategy.

The ESG Business Environment Scanning (BES) process considers internal and external ESG-related developments, by identifying key attention areas arising from regulatory developments, macroeconomic changes, competitive landscape, technological, societal/demographic and geopolitical trends. CEP performs the BES periodically to monitor C&E risks over the short, medium and long term and determines an appropriate action when an impact is identified. The outcome of this assessment is reported to CEP's management body to consider in the strategy where significant. The key developments and trends observed are considered in CEP's ESG strategy, ESG-related KPIs and metrics and taken into account in the Climate and Environmental Risk Identification and Assessment Process (RIAP).

CEP measures and monitors a range of KPIs and metrics in relation to E, S and G and continues to evolve the process in line with its ESG strategy, data availability and industry best practice. CEP reports these metrics at both the Legal Entity and business line level where appropriate. CEP's KPIs are currently focused on climate transition risk under the environmental component of ESG, however through 2024 these will be further reviewed and enhanced to consider climate physical and other environmental risks in line with the risk materiality assessment. Management is expected to monitor the development of these metrics and report on the progress against defined targets periodically and take action where required.

Bank Handlowy (or BHW) identifies environmental, social and governance matters as important from the point of view of both risk management and developing its client business. At the same time, the bank is constantly taking steps to further integrate ESG issues with its operations.

Bank Handlowy identifies and manages environmental and social matters in its business model through the implementation of its Sustainable Strategy, which forms an integral part of BHW's 2022-2024 business strategy. Its principal objective in the area of sustainable development is to provide clients with financial services that facilitate their economic development while taking into account environmental and social factors. BHW supports its customers, sustainable business transformation, and incorporates environmental and social factors in the decision-making processes. To that end, Bank Handlowy identifies climate risk (including physical and transition risk) as material, and has mapped associated risk factors to specific industries and credit exposures, creating an industry heatmap. The industry heatmap is reviewed on a regular basis (at least annually) to reflect changes in, for example, the regulatory environment, macroeconomic or societal trends. Moreover, an individual assessment is performed with respect to social and governance risk. The governance risk assessment entails management practices, including the quality of governance structures, employee relations, employee compensation policies and tax compliance.

In addition, Bank Handlowy's strategic objective is to reduce its Scope 1 and 2 emissions (2019 base year). Bank Handlowy aims to increase the share of electricity generated from renewable energy.

b) ***Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes***

In 2021, Citi announced its commitment to net zero greenhouse gas (GHG emissions) by 2050 in alignment with the objectives of the Paris Agreement and prevailing climate science. The net zero commitment includes both financed emissions and own operations. For operations, Citi is targeting net zero emissions by 2030 which builds on the global operational footprint goals and the 100% renewable electricity goal that Citi achieved in 2020. CEP's ESG strategy is aligned to Citi's policies and initiatives, including the Net Zero commitment and Operational Footprint Goals outlined in the Climate Report.

Citi's Net Zero Transition Principles and the Net Zero Plan provide the foundation for the firm to implement the goal of achieving net zero operational emissions by 2030 and for financing by 2050. Citi's sector-specific interim targets for each of the in-scope lending portfolios include Auto Manufacturing, Commercial Real Estate (U.S.), Energy, Power, Steel and Thermal Coal Mining.

Citi continues to make progress toward its goal of financing and facilitating $1 trillion in sustainable finance by 2030. The transactions that are counted toward the $1 trillion goal meet environmental criteria such as renewable energy, energy efficiency, clean technology and sustainable transportation or social criteria such as affordable housing, healthcare, economic inclusion and food security. CEP's Banking and Treasury and Trade Solutions businesses may undertake transactions that are included in the sustainable finance goal including sustainability-linked loans and sustainability-focused project-related loans, in line with Citi's $1 Trillion Sustainable Finance Goal criteria.

CEP has developed additional new internal climate-related KPIs that are cascaded down to relevant business lines as applicable. Relevant KPIs with set targets and other metrics are monitored at the relevant governance bodies. CEP will continue to enhance these metrics through its annual planning cycle and look to incorporate broader environmental risk metrics in the future including financed emissions for certain sectors.

In its Sustainable Strategy, Bank Handlowy has defined quantitative goals:

- PLN 1 billion of financing to support low emission customer transformation based on its own sustainable finance framework;
- Reduction of own greenhouse gas emissions (Scope 1 and Scope 2) by at least 50% (base year 2019);
- Electricity consumption reduction by at least 40% (base year 2012).

As of first half of 2024, BHW achieved 40% of the PLN 1 billion goal with clear path to achieve this goal thanks to the adoption of sustainable finance classification framework and 100% of GHG emissions and energy consumption reduction goals.

c) Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities.

Citi has committed to finance and facilitate USD $1 trillion in sustainable finance by 2030, to help accelerate the transition to a sustainable, low-carbon economy that supports society's environmental, social and economic needs. The goal includes environmental and/or social use of proceeds finance, general corporate finance for sustainable activities and sustainability-linked financing.

Bank Handlowy is the part of above sustainable finance goal. Additionally, in order to identify, classify and monitor sustainable financing including Taxonomy – aligned assets, Bank Handlowy adopted a sustainable finance framework (Sustainable Products Classification Framework in the Capital Group of Bank Handlowy w Warszawie S.A.) which is aligned with Citi's approach (i.e. based on common environmental criteria).

The 2023 annual Pillar 3 disclosure and the 2023 CEP NFRD report is the first time that the Group discloses Taxonomy alignment information regarding the first two environmental objectives (climate change mitigation and climate change adaptation).

A performance indicator for credit institutions for on-balance sheet exposures is the Green Asset Ratio (GAR) that shows the proportion of credit institution's assets financing and invested in Taxonomy-aligned economic activities as a proportion of total covered assets. Please refer to quantitative templates 6-8 for details on the GAR. [We note that the EU Commission is due to review Delegated Regulation 2021/2178, including the methodology of the GAR].

According to the EU Taxonomy Regulation, eligibility and alignment related disclosures of financial undertakings in scope of Article 8 of the Taxonomy Regulation shall use the most recently available data and KPIs of their counterparties to calculate their own KPIs. The Group KPIs are calculated based on the most recently available reported information of its counterparties by using data acquired from a third party data provider.

As the EU Taxonomy develops further and Taxonomy-alignment data becomes available, the Group will be in a position to increase the completeness of its reporting and aims to utilise the Taxonomy to a greater extent within the business strategy, product design processes and engagement with clients.

d) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks.

Under Citi's Environmental and Social Risk Management (ESRM) processes, CEP and Bank Handlowy have implemented both the relevant exclusion criteria and counterparty level assessment as a part of the underwriting process. Under the ESRM Policy, Citi has outlined specific Sector Approaches for a number of sectors, including Thermal Coal Mining, Coal-Fired Power, Mining, Oil & Gas, and certain Agribusiness industries. The policy is updated periodically and a summary is publicly available. As part of the Policy any transaction over US$50mm directed to a specific physical project or asset with potential environmental or social risks triggers the Citi ESRM Policy, and requires assessment of the client's ability to manage the relevant risks.

In addition, to help with understanding of the climate-related risk profiles of the individual corporate clients in certain sectors, Citi created a tool called the Climate Risk Assessment & Scorecard (CRAS). The CRAS was designed to identify our clients' material climate-related risks and their plans to adapt and/or mitigate those risks, using both quantitative and qualitative inputs. The tool assesses clients' vulnerability to climate-related risk, the feasibility of their plans to transition to a low-carbon environment and the quality of their governance and disclosure. It relies on information disclosed by clients, either publicly or privately, as well as output from third-party tools, Citi's sector heatmaps and certain climate-related risk metrics. In 2023, the CRAS was formally implemented in Citi in client-level credit review processes in a phased manner across a number of vulnerable sectors.

Governance

e) Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels.

f) Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions.

g) Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels.

h) Lines of reporting and frequency of reporting relating to environmental risk.

i) Alignment of the remuneration policy with institution's environmental risk-related objectives.

Roles and Responsibilities of Management Body

Roles and responsibilities for the management of Climate and Environmental (C&E) risks are assigned within CEP's organisational structure including the Board and its Committees, Management Committees and across its three lines of defence. In addition to the roles and responsibilities at the legal entity level, CEP also collaborates with various subject matter experts and teams across Citi to support a holistic implementation of C&E framework.

In order to meet regulatory, client and other stakeholder requirements as well as to mitigate and manage ESG-related risks, CEP continues to integrate environmental and social risk considerations into its relevant products and operations as needed. In addition, to progress its ESG priorities and contribute to Citi's sustainability commitments, while appropriately mitigating and managing identified ESG risks and their impact, CEP aims to monitor KPIs per ESG risk categories: Environmental, Social, and Governance. This will facilitate CEP's effective monitoring and progress towards Citi's Sustainability goals and its contribution to commitments made.

CEP also recognises the importance of diversity at the Board level. At the end of 2023, the number of independent non-executive Directors on the Board was 5 out of 10 Directors (2022: 4 out of 8 Directors) and the percentage of female members was 30% (2022: 50%).

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

Executive Committee
The CEP Executive Committee is responsible for ensuring CEP adequately embeds ESG considerations, opportunities and risks in the overall business strategy and risk management framework and monitor, and report to the Board as necessary, related metrics, including those set out in the Strategic Plan.

Risk Management Committee
The key responsibilities of the committee include discussing risk issues inclusive of considering the risk components of climate and Environmental, Social and Governance (ESG) matters.

ESG Steering Group
The purpose of the CEP ESG Steering Group is to act as a cross functional forum across CEP to progress ESG risk integration, to provide support and oversight to the ESG program.

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

Citi is continuously evaluating and developing the employee training program on climate change and sustainability Please refer to the 2023 Citi Climate report, section- Capacity Building and Expertise for more information.

CEP Board Risk Committee and Risk Management committee receive regular updates on climate related and environmental risk related matters. The focus of such updates is based on the outcome of existing processes (listed below) and regulatory updates. The frequency of processes can range from quarterly to annual. Some of the key processes are listed below:

- Strategic Plan: The strategic planning process is performed in the context of the changing environment and perceived business opportunities and includes a risk assessment of the material risks facing the firm, including C&E risk. The strategic planning process includes setting KPIs to monitor the progress against the strategic climate and environmental risk related goals of CEP.
- Risk Appetite and Limits: CEP recognizes C&E risks as a driver of its existing risk categories. CEP operates within the Board-approved risk appetite which takes into consideration C&E risks within the management processes and governance of these impacted risk categories.
- New Product Approval Process: CEP integrates climate risk into the New Activities Approval Process through the introduction of C&E related questions and guidelines.
- Risk Monitoring: As C&E risks are a driver of existing risk categories, the First line of defence is responsible for integrating C&E considerations into the monitoring of respective risk categories. This includes the identification, escalation, and remediation of breaches of any applicable risk appetite, limits, and/or thresholds. CEP has established a regular monitoring process that covers the climate risk exposure, monitoring of the climate risk metrics and status of embedding of climate risk management tools.
- Quarterly Material Risk Statements: the results of BES process (refer to section a) informs the quarterly review of the CEP's material risk statements.

In 2023 Bank Handlowy's Management Board clarified the responsibilities of the Chief Executive Officer (CEO) and the Vice President in charge of the Risk Management Sector (Chief Risk Officer, CRO) in the area of managing ESG issues and risks. The CEO is directly responsible for overseeing the definition and implementation of BHW's sustainability strategy, while the CRO is responsible for managing ESG risks and implementing regulatory requirements related to the management of these risks.

In addition, Bank Handlowy launched a bank-wide ESG key project with the goal to meet the requirements of EBA regarding ESG risk management ("EBA Report on Management and Supervision of ESG risks for credit institutions and investment firms") and prepare for CSRD reporting. The project is divided into 4 pillars: strategy, governance, risk management and non-financial disclosure, with each pillar having its own project manager. The project is supervised directly by Bank Handlowy's CEO, with the Steering Committee consisting of representatives of Bank Handlowy's Management Board.

To oversee the classification of financing as sustainable, Bank Handlowy has established a dedicated Sustainable Development Product Commission. It is supervised by the Risk and Capital Management Committee.

Bank Handlowy also recognises the importance of diversity at the Board level. At the end of first half of 2024, the number of independent non-executive Directors on the Board was 3 out of 8 Directors (2023: 3 out of 7 Directors) and the percentage of female members was 38% (2023: 57%).

The risk management system used in Bank Handlowy, which is based on the shared responsibility concept, is arranged on three independent levels (called "three lines of defense"):

- Line 1, i.e. organizational units responsible for the activity which results in taking risks and responsible for risk management in Bank Handlowy's operational activity, as well as for risk identification and reporting to the second-line units,
- Line 2, i.e. risk management at organizational units, regardless of the first-line risk management, and the activity of the compliance unit – units or persons responsible for setting risk management standards in identifying, measuring or assessing, limiting, controlling, monitoring and reporting and for supervising control mechanisms applied by other organizational units of Bank Handlowy to mitigate risk – organizational units of the Risk Management Sector, Compliance Department, Finance Management Sector, Legal Division, Human Resources Division;
- Line 3, i.e. Internal Audit units which ensure independent assessment of both risk management processes and internal control system.

Bank Handlowy's approach to risk management is set out by the Principles of Prudent and Stable Risk Management in the Capital Group of Bank Handlowy w Warszawie S.A., which consists of 4 pillars. One of the pillar relates to Governance, that is the risk management structure, the division of roles and responsibilities to ensure effective risk management at Bank Handlowy, and the relevant policies and procedures that detail the Principles, taking into account the roles and responsibilities of employees in the three lines of defense with respect to each risk category.

In the first half of 2024, Bank Handlowy developed the document "ESG Risk Management Framework", which: i) describes the key elements of the organizational structure and processes used by Bank Handlowy to identify, measure, monitor, control and report ESG risk; ii) clarifies the roles and responsibilities in the area of ESG risk management across the three Lines of Defense.

Alignment to Remuneration Policy

For CEP, please refer to the section - Environmental, Social and Governance under the Remuneration Statement of the annual 2023 Pillar 3 disclosure.

At Bank Handlowy, the remuneration policy is carefully formulated so that it is in line with Bank Handlowy's risk management strategy and reflects its risk appetite - according to which the risk of ESG is or becoming an important risk factor. The risk of ESG is integrated with Bank Handlowy's approach to risk management in the same way as other types of risk. Pools for variable remuneration are determined on the basis of financial results of Bank Handlowy corrected by financial and non -financial risk to reduce the potential incentives of employees to take excessive risk.

Risk management

j) Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework.

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

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

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

CEP considers C&E risk as a crosscutting risk which can manifest through or amplify existing risks within CEP's risk taxonomy. These impacts may be from either physical- or transition-related climate and environmental drivers and may vary depending on the time horizon. CEP defines transmission channels that are the causal chains that explain how C&E risk drivers may materialize directly or indirectly as sources of financial or non-financial risk to CEP. Citi's Climate Risk Report 2023 provides examples of potential transition and physical risks associated with Citi's risk categories and the impacts that climate risk drivers can have on these same categories.

CEP Climate Related and Environment Risk Management Framework ("Framework") has been approved by its Board. It details the governance, principles, and requirements for integration of the C&E Risk into business-as-usual risk management activities across the risk management lifecycle (risk identification, risk measurement, risk monitoring, risk control and risk reporting) and through Risk Enterprise Programs. The Framework has been formulated in conjunction with Citi Climate Risk Management Framework that applies to Citi and all of its businesses, functions, geographies, and legal entities that give rise to risk exposure. Transmission channels are the causal chains that explain how C&E risk drivers may materialize directly or indirectly as sources of financial or non-financial risk to CEP.

The identification of C&E risk is based on a set of standard C&E risk drivers linked to the CEP Risk Taxonomy, its transmission channels and materiality of the risk impact assessed over different time horizons. CEP has reflected the Citigroup developments with regard to climate risk identification and assessment and further expanded an approach to other environmental risks in line with regulatory requirements. Therefore, the climate and environmental risks are reflected as a cross cutting risk in CEP's Risk Taxonomy. Results of the assessment inform development of the CEP Strategic Plan, CEP Risk Appetite Statement and ICAAP/ILAAP processes.

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

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

The materiality assessment is based on the results of qualitative and quantitative metrics as applicable in case of a particular risk stripe. The latest RIAP was completed in Q4 and the results for the medium term are given under Table 53. Table 54, provides further details on the results of the materiality assessment across all time horizons.

Table 41: RIAP Result for the medium term time horizon (based on heat-map/qualitative analysis)

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

Table 42: RIAP results for short (SME judgement), medium (based on heat-map/ qualitative analysis) and long term (SME judgment) time horizons

Risk Stripe	Climate Risk			Environmental Risk		
	Short Term (1 - 3 Years)	Medium Term (3 - 5 Years)	Long Term (>5 Years)	Short Term (1 - 3 Years)	Medium Term (3 - 5 Years)	Long Term (>5 Years)
Credit Risk	Material	Material	Material	Not Material	Not Material	Material
Market Risk	Not Material	Not Material	Not Material	Not Material	Not Material	Not Material
Liquidity Risk	Material	Material	Material	Not Material	Not Material	Not Material
Operational Risk	Not Material	Material	Material	Not Material	Not Material	Not Material
Reputational Risk	Material	Material	Material	Not Material	Not Material	Material
Strategic Risk	Material	Material	Material	Not Material	Not Material	Material
Compliance Risk	Material	Material	Material	Material	Material	Material

ESG Factors assessment: Following the publication of the EBA Guidelines on Loan Origination and Monitoring in May 2020, CEP developed the ESG Credit Assessment Procedure which includes in its credit-decision process the quantitative assessment of a borrower's exposure to climate risk and qualitative assessment of other environmental, social and governance risks. For the climate risk assessment CEP has embedded a quantitative tool called the Climate Risk Assessment & Scorecard (CRAS) that has been developed by Citi to better understand the climate risk profiles of individual corporate clients. The CRAS was designed to identify the most material climate risks Citi clients face and the management plans in place for adaptation and mitigation of those risks, using both quantitative and qualitative inputs. The tool assesses clients' vulnerability to climate risk, the feasibility of their plans to transition to a low carbon environment and the quality of their governance and disclosure. Citi's Climate Risk Report 2023 provides more details regarding components, usage, and development of CRAS.

CEP's Board approved Risk Appetite Statement (RAS) contains statements and levels across all material risks, and a suite of supporting metrics to support the Board in monitoring adherence to its risk appetite. Climate-related and environmental risks were assessed as part of the 2023-2025 RAS process, and CEP's risk appetite statements were updated to reflect the materiality of C&E risk in CEP. In addition, a C&E related supporting RAS metric was included which illustrates the ratio of exposure to 'Major' and 'Moderate' climate vulnerable industries as a % of CEP's total Credit risk exposure. Furthermore, a number of key risk indicators (KRI's) are measured quarterly as part of the Non-Financial Risk Appetite process. A RAS limit of 50% was approved with the escalation trigger of 45% to allow monitoring of the exposure while the climate risk related tools for credit risk are being rolled out. Latest utilisation is approximately 30%, well-below the threshold/limit levels.

The heatmaps framework has been developed by Citi to deepen the understanding of the sectors or areas of Citi business that are most sensitive to climate risk. The climate risk heat mapping categorizes sectors under one of four vulnerability scores, ranging from "low" to "high" . The climate vulnerable industries are aligned to the Citi Heatmap. In addition, several existing indicators for operational risk, strategic risk, reputational risk, and compliance risk have been linked to climate risk transmission channels in line with the Risk ID results. The established limit or trigger breach management escalation protocols are followed in line with the existing risk management framework and practices applicable to each risk stripe.

ICAAP and ILAAP, Scenario Analysis and Stress Testing: CEP uses climate risk scenario analysis, including stress testing, to assess the potential impact of climate-related risk drivers on CEP's risk profile across plausible climate-related pathways. Considering the limitations of historical benchmarks, climate scenario analysis requires the adoption of emergent methodologies that may be extended through prudent application of expert judgment and qualitative approaches.

A single climate risk scenario has been developed to stress CEP's exposure to a rapid change in climate policy and transition to a net-zero economy. The scenario is based on the Network for Greening the Financial System (NGFS) global climate scenarios. In line with other risk types, scenario analyses are conducted to capture the specific vulnerabilities of the institution informed by the climate related and environmental risk materiality assessment. CEP has used a climate specific model to stress the impact of the transition to a low carbon economy on credit exposures. In addition, sector specific adjustments were made to market risk exposures which target climate vulnerable sectors. The outcome of this scenario analysis for climate risk is reported in CEP's ICAAP and for regulatory stress testing purposes. Regulatory Stress Testing is conducted in line with the requirements set by supervisors to understand system wide effects for climate risk on financial institutions. Developments made during the regulatory stress test augment CEP's internal stress testing capabilities including ICAAP.

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

Bank Handlowy developed tools in order to manage of environment risks e.g. including conducting stress tests for credit exposures (sensitivity analysis) and compliance risk (operational risk scenario analysis) or creating industry climate risk heatmap. The climate risk rating heatmap table includes the assessment of physical and transition risks for each industry. For physical risk, the risk heatmap was based on an assessment of the impact of extreme weather events or permanent changes in climate conditions on companies operating in a particular industry. For transition risk, the assessment was based on an evaluation of the extent to which industries are exposed to regulatory, technological and/or market changes in the short to medium time horizon. The Climate Risk Rating is assigned to a client based on a combination of Transition and Physical ratings. The Industry Climate Risk Ratings are reviewed on a regular basis (at least annually) to reflect changes in, for example, the regulatory environment, macroeconomic trends or social expectations.

As part of the Internal Capital Adequacy Assessment Process (ICAAP), Bank Handlowy performs annually a detailed analysis and assessment of the industry structure of Bank Handlowy's portfolio, including the degree of utilization of concentration limits. As part of the ICAAP for 2023, Bank Handlowy performed a dedicated analysis of climate risk. The analysis was based on an assessment of the impact of this risk on the potential deterioration of clients' ratings in industries with heightened climate risk. The results of these stress tests showed the resilience of Bank Handlowy's portfolio to climate factors. Bank Handlowy assessed the materiality of climate risk and included it in Bank Handlowy's risk taxonomy and risk appetite. As a complementary measure to its risk appetite, Bank Handlowy has set a limit for exposures with negative environmental and social impacts.

k) Definitions, methodologies and international standards on which the environmental risk management framework is based

Citi and CEP's policies are guided by the external principles and standards listed below, which inform our approach to environmental risk management:

- IFC Performance Standards
- World Bank / IFC Environmental, Health and Safety Guidelines
- Equator Principles
- Forest Stewardship Council Certification
- Roundtable on Sustainable Palm Oil (RSPO)

In addition, our approach to sustainable finance and net zero is informed by the following external principles, standards and industry groups:

- Green Bond Principles
- Social Bond Principles
- Sustainability-Linked Bond Principles
- Net Zero Banking Alliance (NZBA)
- Partnership for Carbon Accounting Financials (PCAF)
- Principles for Responsible Banking
- Poseidon Principles
- United Nations Environment Programme Finance Initiative (UNEP FI)
- United Nations Global Compact

CEP and BHW has adopted a set of rules for effective C&E risk management that has been informed by reference to the following non-exhaustive list of regulatory guidance:

- European Central Bank (ECB), Guide on Climate-related & Environmental risks
- European Commission Delegated Regulation (EU) 2021/1253 (MiFID II sustainability-related amendments)
- European Banking Authority (EBA), Guidelines on Loan Origination and Monitoring.
- European Banking Authority (EBA), Report on management and supervision of ESG risks for credit institutions and investment firm
- Basel Committee on Banking Supervision (BCBS), Principles for the Effective Management and Supervision of Climate-Related Financial Risks
- Basel Committee on Banking Supervision (BCBS), Climate-related risk drivers and their transmission channels
- Basel Committee on Banking Supervision (BCBS), Climate-related financial risks – measurement methodologies
- Network for Greening the Financial System (NGFS), Guide to climate scenario analysis for central banks supervisors
- Financial Stability Board, Recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)
- Office of the Comptroller of the Currency (OCC), Principles for Climate-Related Financial Risk Management for Large Banks

l) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels

m) Activities, commitments and exposures contributing to mitigate environmental risks

CEP and Bank Handlowy in line with Citi, manage and mitigate the credit and reputation risks from climate and environmental change thorough numerous internal initiatives, including Citi's ESRM Policy. The ESRM Policy provides the framework for how Citi identifies, mitigates, and manages the potential environmental and social risks associated with clients' activities that could lead to credit or reputation risks to the firm. It guides how Citi evaluates lending, underwriting and advisory services in environmentally sensitive and/or high-carbon sectors, and presents opportunities for Citi to engage with clients on solutions to thematic risks. Citi's ESRM Policy covers lending and underwriting with identified use of proceeds directed to physical assets and activities, as well as sector-specific requirements for corporate relationships in higher-risk sectors, including carbon-intensive sectors.

Activities and exposures that may be exposed to environmental risk are identified prior to execution of a transaction. As set out in the ESRM policy, clients in certain sectors that have particularly sensitive environmental and social risks require ESRM screening. These include Agribusiness, Mining, Coal-Fired Power and Oil and Gas. In addition, where a relationship manager or risk manager identifies a concern relating to an Area of High Caution which include high biodiversity risk among other social risks, the transaction should be submitted to the ESRM unit for further review. The ESRM unit applies a risk-based approach when considering counterparties' management of environmental and social risks.

Currently, Citi has committed not to finance any new coal-fired power plants or expansions of existing plants globally. The ESRM Policy Sector-Specific Requirements on thermal coal mining also includes a commitment to eliminate our credit exposure to clients with greater than 25% revenues from thermal coal mining by 2030 and restrict financing for clients with coal-fired power generation by 2030 for clients in OECD countries and 2040 for clients in non-OECD countries in alignment with the goals of the Paris Agreement.

Please refer to section h) and j) for details regarding how ESG factors are assessed in line with the EBA Guidelines on Loan Origination and Monitoring for CEP and for further details regarding the risk identification process.

Bank Handlowy aims to facilitate transactions which consider the impacts of environmental and social risk. Based on the assessment of the impact of the client's activities on the environment and of the type of financing, collateral used by the client, standards and compliance with industry or legal and regulatory requirements, an appropriate risk category is assigned. For BHW the Credit Assessment is regulated in the Commercial Banking and Corporate Banking Credit Procedures.

Citi has committed to achieving net zero emissions associated with our financing activities by 2050, and net zero emissions for our operations by 2030. Our climate risk and net zero work relate to and reinforce one another, relying on common data elements to help drive our understanding and progress in both. Our climate risk work focuses on the identification, measurement and management of key risks arising from climate change, while our net zero work focuses on Citi's impacts on the climate, striving toward our net zero emissions reduction targets and supporting clients in the clean energy transition.

n) *Implementation of tools for identification, measurement and management of environmental risks*

CEP and BHW have a range of tools for the purposes of identification and management of environmental risks which are further detailed in sections h) & j).

o) *Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile*

As noted in section j), CEP has developed a single climate risk scenario, the impact of which on capital and liquidity is included in CEP's ICAAP and ILAAP.

The impact of the single climate risk scenario on capital adequacy manifests in increased capital depletion from the aggregated impact of climate risks on Credit Risk, Market Risk (Price Risk & CVA) and Counterparty Credit Risk and Net Income. The scenario is supplemented by an idiosyncratic physical risk scenario. The results of both scenarios are incorporated into the quantitative assessment of the CEP's capital adequacy under the ICAAP Normative Perspective.

In respect of liquidity, in addition to the impact of the single climate risk scenario, CEP's ILAAP also includes an idiosyncratic climate scenario which assumes a stress on two of CEP's key material liquidity risk drivers as a result of the climate transition event.

p) *Data availability, quality and accuracy, and efforts to improve these aspects*

The availability and quality of climate and wider ESG data and metrics continues to present a challenge in non-financial reporting. CEP, as part of Citi, is committed to contributing to methodology improvements and developing tools to assess climate risk and climate data, including the quantification of the greenhouse gas (GHG) emissions; these capabilities will continue to evolve as the underlying data improves.

Citi Global Data Insights (CGDI) have developed a Climate Data Hub (CDH) since 2021. The CDH is a central utility which makes available climate related data which have common use across different businesses in Citi. CDH ingests public datasets, and makes available data, models and model outputs to Citi businesses. This central function manages data governance, data quality validations, and automation. It then helps process and make this data available to the relevant internal teams.

Previously the data consumers extracted public, vendor curated, climate related data manually and compiled climate data into the source material used in their reporting. The CDH now streamlines this process, and governs the sourcing of the data to allow systematic collection and distribution of relevant public data.

Through Citi's transformation, Citi and CEP are working to modernise and simplify the firm so that risk can be managed better, service to customers and clients are improved. Through the modernisation of the data infrastructure and operations, we look to strengthen and improve safety and soundness of Citi and CEP's data capabilities.

Data scarcity is also a challenge for Bank Handlowy to conduct an effective assessment of environmental risk of our clients. Bank Handlowy improves the ESG data availability through participation in cross banking initiatives e.g. ESG Platform prepared by Credit Information Bureau.

q) *Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits*

For details on the risk limits in place to manage C&E risk refer to section j).

r) *Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework*

CEP and BHW views climate and environmental (C&E) risks as a cross-cutting risk that can manifest itself within each of the main risks categories, i.e. strategic, credit, market, liquidity, operational, compliance and reputational risk. Citi has also identified transmission channels through which climate risk may impact other risk stripes. Transmission channels are the causal chains that explain how C&E risk drivers may materialize directly or indirectly as sources of financial or non-financial risk to CEP with the following considerations:

- Vulnerability to transition drivers and transmission channels includes an assessment of the impact of decarbonization efforts on the long-term demand profile of the sector.
- Vulnerability to physical risk drivers and transmission channels includes an assessment of the dependency of the sector's business model on its fixed assets base, the geographic concentration of fixed assets and/or its supply chain.

For CEP the identification and assessment of C&E risk is a part of day-to-day risk management and incorporates current and forward-looking views. For BHW, aim to integrate the management of C&E risk into their standard risk management processes and programs and the integration will continue in 2024.

Social risk

Business strategy and processes

a) Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning

Social risk as defined by Art 449a guidance relates to those social risks approaches undertaken by the institutions counterparties which the remainder of this section of the document articulates. In addition, CEP have a number of processes related to its own social risk practices including customers, employees and society which can be found in the 2023 Non-Financial Reporting Directive (NFRD) disclosure. For CEP and Bank Handlowy, social risks such as labour relations, human rights and community health and safety may create financial or reputational risks for counterparties, which may then become a credit or reputational risk for banks. Social factors such as security, social inequity, health, education and migration can be a driver of macroeconomic factors which may affect the business environment of our counterparties.

Management of social risks at Citi occurs through the Environmental and Social Risk Policy Framework which outlines our approach and the standards we apply to environmental and social issues, including human rights issues, within financing of our clients' activities. The policy framework is updated from time-to-time, informed by emerging risks and stakeholder engagement. This Policy includes prohibitions against doing business with companies who our due diligence has identified as being directly involved in forced labour or harmful child labour. In addition, the Policy has Areas of High Caution describing the most sensitive risks to screen for, such as elevated human rights risks, Indigenous Peoples risks or conflict risk (from community-company conflict).

Social responsibility is also considered in Citi's Net Zero Plan, since the transition to a low carbon economy may have social impacts such as the need to ensure energy access, changes to job and skills needs and changes in consumer preferences. We recognize that while there is an imperative for a transition to a low-carbon economy, we must be mindful that countries are in different stages of development with different energy and social needs.

Banks have a role to play in enabling flow of capital to economic activities that enable society to progress. Citi has an on-the-ground presence in 90+ countries and does business in nearly 160 countries. Social finance, such as financing of basic infrastructure, education and healthcare for underserved populations, is integrated into Citi's $1 trillion by 2030 sustainable finance goal and is supported by a specialist Social Finance team.

b) Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes

Citi, CEP and Bank Handlowy are committed to respecting human rights wherever we do business. We engage with a range of stakeholders, such as employees, clients, suppliers, peers, as well as human rights experts, civil society organizations and investors, to support our efforts to respect human rights in line with the U.N. Guiding Principles on Business and Human Rights — a global framework for preventing and addressing the risk of adverse impacts on human rights linked to business activity. The U.N. Guiding Principles are informed by established international human rights instruments whose principles Citi endorses, such as the U.N. Universal Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions.

Our commitment to fair, ethical and responsible business practices, as we engage with employees, clients, vendors and communities around the world, is embodied in our values and Code of Conduct.

Citi's Environmental and Social Risk Management (ESRM) Policy guides our approach to assessing environmental and social risks related to financing our clients' business activities.

Citi has committed to finance and facilitate USD $1 trillion in sustainable finance by 2030, to help accelerate the transition to a sustainable, low-carbon economy that supports society's environmental, social and economic needs. Transactions must meet specified environmental or social criteria to contribute towards this goal.

Citi's specialist Social Finance team works across Citi businesses globally to develop scalable business platforms and client solutions that enable the bank, our clients and partners to expand financial inclusion, accelerate access to basic services, boost job creation and scale social infrastructure development in emerging markets.

c) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities

Citi's Environmental and Social Risk Management (ESRM) Policy guides our approach to engaging with clients to help us responsibly mitigate environmental and social risks in our financing. The ESRM Policy covers a broad scope of financial products and client sectors and guides how we assess client impacts and associated risks.

Under the policy, we have outlined specific Sector-Specific Requirements for a number of sectors as well as Areas of High Caution for any transaction which include potential risks to project-induced community conflict , indigenous rights, cultural heritage, human rights , environmental justice and involuntary resettlement.

Our approach to project-related transactions is informed by internationally recognized standards and frameworks including those articulated by the World Bank, the International Finance Corporation (IFC) and the Equator Principles. Project-related transactions are evaluated on social aspects such as employee health and safety and community engagement.

We screen clients for risks related to forced labour and modern slavery through Citi's Global Anti-Money Laundering Program and Know Your Customer protocols. These protocols designate human trafficking as among the most severe types of risks for financial crimes due to the risks of traffickers laundering their illicit proceeds via our financial products, services, or those of our correspondent banking relationships.

The Citi Requirements for Suppliers document detail some of the obligations that Suppliers must meet while doing business with Citi.

Governance

- *d)* ***Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to:***
  - *i* ***Activities towards the community and society***
  - *ii* ***Employee relationships and labour standards***
  - *iii* ***Customer protection and product responsibility***
  - *iv* ***Human rights***

- *e)* ***Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body***

- *f)* ***Lines of reporting and frequency of reporting relating to social risk***

- *g)* ***Alignment of the remuneration policy in line with institution's social risk-related objectives***

Citi's (inclusive of CEP) and BHW's ESRM Policies govern their respective approaches to identifying potential social risks related to our client activities. The ESRM Policy considers our clients approach to employee health and safety, community health and safety and community engagement. The ESRM Policy also has Areas of High Caution that can be triggered in any sector if there are concerns on human rights risks, Indigenous Peoples risks, or community-company conflict risk.

Implementation of the ESRM Policy is a shared responsibility across Citi. The first line of defence, including bankers and/or relationship managers are responsible for identifying transactions and clients subject to the ESRM Policy, and when required, contacting the ESRM team for review. Citi has a specialized ESRM team in 2nd line Risk Management responsible for reviewing transactions and client relationships subject to the ESRM Policy when referred by the 1st line of defence. In the course of their credit review, the relevant Risk Manager independently determines whether requisite ESRM process requirements have been fulfilled in consultation with bankers and the ESRM unit. Citi's ESRM team may further escalate human rights risks identified to relevant reputation risk forums.

The Citi Board of Directors has ultimate oversight of our work to identify, assess and integrate environmental and social-related risks and opportunities throughout Citi, including our climate-related work and Diversity, Equity & Inclusion and Talent Management efforts. The Nomination, Governance and Public Affairs Committee receives reports from management on our activities pertaining to environmental sustainability, climate change, human rights and other environmental and social issues, as well as our strategy for engagement with external stakeholders. The Audit Committee has oversight over the controls and procedures related to Citi group-level ESG and climate-related reporting. The Risk Management Committee of the Board provides oversight of the Citi Risk Management Framework and risk culture and reviews our key risk policies and frameworks, including updates on climate-related topics. Bank Handlowy's approach to risk management is set out by the Principles of prudent and stable risk management in the Capital Group of Bank Handlowy w Warszawie S.A., which consists of 4 pillars: culture, governance structure, risk management and risk management programs.

Citi's commitments to human rights are disclosed in the Statement on Human Rights. In addition, Citi reports on social issues in the global Environmental, Social and Governance (ESG) Report on an annual basis. This includes diversity, equity inclusion and talent management, as well as human rights issues. Bank Handlowy supports the defense and observance of human rights worldwide by adhering to the fundamental principles enshrined in the Universal Declaration of Human Rights of the United Nations, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization and the United Nations Guiding Principles on Business and Human Rights.

In addition, the ESG Key Project has been launched with clear priorities in the Risk Management Sector. Bank Handlowy is planning to enhance the management of social risks.

CEP's and BHW's remuneration approach is described in section i) of the Environmental Risk section.

Risk management

- *h)* ***Definitions, methodologies and international standards on which the social risk management framework is based***

CEP and BHW, in alignment to Citi are committed to respecting human rights wherever we do business. We engage with a range of stakeholders, such as employees, clients, suppliers, peers, as well as human rights experts, civil society organizations and investors, to support our efforts to respect human rights in line with the U.N. Guiding Principles on Business and Human Rights — a global framework for preventing and addressing the risk of adverse impacts on human rights linked to business activity. The U.N. Guiding Principles are informed by established international human rights instruments whose principles Citi endorses, such as the U.N. Universal Declaration of Human Rights and the International Labour Organization's (ILO) Core Conventions.

Other applicable regulations and frameworks CEP and BHW consider are detailed in Environment Section k) of this report.

- *i)* ***Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels***

- *j)* ***Activities, commitments and assets contributing to mitigate social risk***

- *k)* ***Implementation of tools for identification and management of social risk***

Activities and exposures that may be exposed to social risk are identified prior to execution of a transaction. As set out in the respective ESRM policies for Citi and Bank Handlowy, where a relationship manager or risk manager identifies a concern relating to an Area of High Caution which include conflict risk, indigenous rights, cultural heritage, elevated human rights risks, environmental justice and involuntary resettlement, the transaction should be submitted to the ESRM unit for further review. The ESRM unit applies a risk-based approach when considering counterparties social risks and management of social risks.

For the purposes of identifying Social Risk, ESRM uses third party vendors to help screen for social risks as part of its Reputational Risk Management Policy.

Citi's ESG commitments are disclosed in the global Environmental, Social and Governance (ESG) Report. This includes Citi's commitment to sustainable finance. It aims to further accelerate the transition to a sustainable, low-carbon economy that balances society's environmental, social and economic needs. CEP's Corporate Banking and Treasury and Trade Solutions business may undertake transactions that are included in the sustainable finance goal including sustainability-linked loans and sustainability-focused project-related loans, in line with Citi's Sustainable Finance Goal guidance.

Please refer to Environmental and Social Policy Framework, section- Environmental and Social Risk Management (ESRM) and Bank Handlowy's 2023 Non-Financial Statements, section 2.3- Environmental and Social Risk for additional details.

l) *Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits*

Any concerns with social risk related to a client or transaction can be referred to the ESRM team for review, and if significant unmitigated concerns are ESRM may refer the matter to Reputation Risk Forums or Committees for further review. As detailed in the Citi Environmental and Social Policy Framework. CEP and Bank Handlowy in alignment to Citi do not do business with companies when our due diligence indicates that they are active in the following activities:

- Production or activities involving modern slavery, human trafficking or forced labor, defined as all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty;
- Production or activities involving harmful or exploitative forms of child labor. Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or interfere with, the child's education, or be harmful to the child's health, or physical, mental, spiritual, moral or social development;

In addition, Citi's Environmental and Social Policy Framework includes a number of Areas of High Caution related to social risks.

Areas of High Caution

Consistent with the precautionary principle of "do no harm," Citi recognizes that there are certain Areas of High Caution that require special attention, focus and respect due to heightened risks which may also subject Citi to associated credit, reputation and legal risks. These Areas of High Caution apply where these risks are identified, regardless of financial product or sector. Citi only proceeds with transactions that impact such Areas of High Caution after a careful review of impacts and risks, and confirmation that mitigation measures have been or will be designed to align with international responsible industry practice. Where applicable, Citi considers relevant national laws and international standards such as the U.N. Guiding Principles on Business and Human Rights, and, for emerging markets, the IFC Performance Standards. In addition, in project-related transactions where these risks are present, Independent Review of social and environmental assessment documentation by a qualified independent consultant with the relevant expertise may be required, as determined by the ESRM unit, to evaluate whether risks and impacts are being appropriately managed. These Areas of High Caution include the following thematic areas.

Project-Induced Conflict Risk

Project development in sectors with large land requirements, such as mining, oil & gas and agribusiness, may trigger conflict due to land conversion needs. This need for resources and land may also trigger company-community conflict presenting risk to rights holders. In these project-related financing cases, Citi carefully considers key conflict factors such as sources of tension, root causes of conflict, different stakeholders' perspectives and motivations, and ability to address such risks. In addition, projects in fragile and conflict-affected areas present risk in the management of project security, for example mining projects involving "conflict minerals." In these cases, we recommend our clients use the Voluntary Principles on Security and Human Rights as guidance for managing their engagement of security forces.

Elevated Human Rights Risks

Certain risk factors in client activities can lead to elevated human rights risks that require special attention. If a transaction involves a project with any of the following risk factors, it receives enhanced human rights due diligence:

- Projects in countries or regions with both the presence of significant vulnerable populations and with a history of known human rights abuses relevant to the sector. Vulnerable groups may have increased difficulty in adapting to changes brought by projects and may not have access to adequate protection, respect and remedy for their human rights, and thus significant presence of these groups in the project area of influence increases the social risks;
- Projects in countries or regions with a history of known human rights abuses related to the sector and weak enforcement of labor laws, especially occupational health and safety and freedom of association;
- Projects involving in-migration of large labor forces, which can lead to a higher risk of human trafficking or forced labor.
- Projects with environmental justice concerns due to disproportionate or adverse environmental and health impacts on racial or ethnic minority communities.

Indigenous Peoples

Citi recognizes and respects the unique historical treatment and collective rights of Indigenous Peoples, and understands that these communities' languages, beliefs, cultural values and lands are often under threat, representing a higher degree of vulnerability than other project-affected communities. Citi will use extra caution and conduct enhanced due diligence (which may require independent review by a qualified social expert) when the transaction may pose adverse effects to:

- An area used or traditionally claimed by an indigenous community;
- Their communal self-preservation based on traditional ways of life; or
- Their use or enjoyment of critical cultural heritage that is essential to their identity and/or the cultural, ceremonial or spiritual aspects of their lives.

Building upon government efforts, companies must not infringe upon the rights and protections for Indigenous Peoples contained in relevant national law, including those laws implementing host country obligations under international law. Globally, in project-related lending for projects involving involuntary resettlement of indigenous communities, significant impacts on land and natural resources traditionally used by the community, or significant impacts on critical cultural heritage, project sponsors are expected to have engaged in meaningful consultation with directly affected Indigenous Peoples, with the goal of achieving Free Prior and Informed Consent (FPIC).

Large-scale Resettlement

All transactions involving large-scale resettlement or displacement of people require special attention and enhanced due diligence.

m) *Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework*

Environmental and Social risks related to counterparties' activities are categorized in Citi's risk taxonomy as part of Reputation Risk –

Institutional Client Activity Reputation Risk. Social risk as defined in the ESRM Policy refers to the risk of negative impacts arising from our clients' treatment and oversight of employees, contractors and subcontractors, negative impacts to clients' surrounding communities or customers or employee strikes, customer boycotts, community protests, NGO campaigns, divestment or negative public attention to the company as a result of clients' negative environmental or social impacts. Social risk analysis includes consideration of human rights risks. Social risks may be further amplified when they affect vulnerable or marginalized populations.

Governance risk

Governance & Risk Management

a) ***Institution's integration in their governance arrangements of the governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics***

Citi has policies, procedures and internal controls to comply with anti-bribery laws and conducts an annual bribery risk assessment of all global business lines. Anti-Bribery & Corruption related training is provided to Citi staff annually and is supplemented with targeted training and communications as needed. For more information, see the Citi Anti-Bribery & Corruption Program Statement, which is updated at least annually.

Citi established a number of enterprise-level programs and training to combat financial crimes in alignment with CEP Compliance as well as with business lines and functions:

- The Global Sanctions Program monitors and fosters awareness of applicable sanctions laws and regulations, assesses sanctions risk exposure, oversees the quality of sanctions control processes, and sets global policies/ standards/processes to identify, measure, monitor, and manage sanctions risk. CEP also has an EU Trade Restrictive Measures ("TRM") ICRM function that monitors and fosters awareness of applicable EU TRM laws and regulations, assesses CEP's businesses exposure to EU TRM risk, and oversees the quality of TRM controls.
- CEP's AML Program is designed to protect both our clients and our franchise from the risks of money laundering, terrorist financing and other financial crimes.
- Global Financial Crimes Investigations and Intelligence (GFCII) is uniquely positioned within Citi's Compliance function to tackle financial crime and provide a globally consistent approach to the prevention and detection of risk.

These rigorous practices support Citi's and CEP's efforts to grow a successful, respected business that delivers the best possible results for clients, customers, and communities, while managing the inherent risks associated with financial crimes.

Citi's Global Conduct Risk Management Policy and Standard sets out the requirements for managing the risk that Citi may cause harm to customers, clients and integrity of markets. The Conduct Program, along with that of the Culture Program:

- Set, reinforce, and enhance Citi's risk culture;
- Integrate its values and conduct expectations into the organization; and
- Provide employees with tools to assist them with making prudent and ethical risk decisions and to escalate issues appropriately.

Citi's Code of Conduct outlines the standards of ethics and professional behaviour expected of employees and representatives of Citi when dealing with clients, business colleagues, shareholders, communities and each other. It also provides an overview of key legal and regulatory requirements and select global policies..

Our Code of Conduct emphasizes the principle that, when in doubt, employees should always err on the side of escalating concerns. Employees are encouraged to raise concerns to their manager, but if they feel uncomfortable doing so, Citi provides a number of escalation resources, including the Ethics Hotline. The Ethics Hotline provides different channels for employees and any third party, including members of the general public, to report concerns about unethical behaviour to our Ethics Office. Citi prohibits any form of retaliation against anyone who raises a concern or question regarding ethics, discrimination or harassment matters, as well as against anyone who participates in a subsequent investigation.

Hearing from employees is one important way that Citi assesses the strength of ethics and accountability across our company. As part of our annual Voice of the Employee survey, we include an Ethics Index to gather feedback from employees. This survey is conducted in CEP also and provides valuable insights regarding colleague engagement and perceptions about Citi.

CEP maintains a mandatory training program underpinned by a standard operating procedure and process, which is owned and monitored by the Compliance function. This includes training on, amongst other things, the Company's Code of Conduct, whistleblowing, anti-money laundering and market abuse. Acquiring knowledge in the ethical standards support the dissemination of the core values and principles applied by Citi and CEP.

Citi's Environmental and Social Risk Management (ESRM) Policy guides our approach to engaging with clients to help us responsibly mitigate environmental and social risks in our financing. The ESRM Policy covers a broad scope of financial products and client sectors and guides how we assess client impacts and associated risks.

Social and Governance risk factors are also considered as part of the CEP Credit Assessment and the assessment is documented in the ESG Section in CEP Credit Approval Package / Credit Approval Package - CCB Social and Governance Form. By completing this section Bankers / Analysts describe and assess the impact of Social and Governance factors to the creditworthiness of the borrower.

Implementation of the ESRM Policy is a shared responsibility across Citi:

- ESRM unit – The ESRM unit sits in Independent Risk and serves as a global technical advisor to risk managers and bankers across the bank on environmental and social risks related to financing client activities. The ESRM unit reviews, categorizes and approves transactions and clients subject to the ESRM Policy;
- Banker – The Banker is the main client contact and leads transactions and client relationships. The Banker is responsible for complying with the approval, analysis, documentation, and process requirements for ESRM-covered transactions and clients. Bankers partner with the ESRM Unit on ESRM Policy implementation;

Risk Manager – Risk Managers are members of Citi's Independent Risk Management team who review ESRM covered transactions from a credit perspective, ensuring they meet Citi's credit policy and requisite standards. In the course of their credit review, the relevant Risk Manager independently determines whether requisite ESRM process requirements have been fulfilled in consultation with bankers and the ESRM unit.

In connection to Bank Handlowy, the Polish Financial Supervision Authority (KNF) in a resolution 218/2014 of 22 July 2014 issued a document entitled "Principles of Corporate Governance for Supervised Institutions" ("Principles"), which came in force on 1 January 2015. The principles are a set of rules governing internal and external relations of institutions supervised by the KNF, including their relationships with shareholders and clients, their organization, the operation of internal oversight as well as of key internal systems and functions, and of corporate bodies and their cooperation. The purpose of the Principles is to enhance corporate governance in financial institutions and transparency of their operations, which is designed to promote public confidence in the Polish financial market. The text of the Principles is available on KNF website at: https://www.knf.gov.pl/knf/en/komponenty/img/principles_of_corporate_governance_39736.pdf

Bank Handlowy has adopted the Principles of Corporate Governance for Supervised Institutions by resolutions of the Management Board and the Supervisory Board. Bank Handlowy's Supervisory Board performs a cyclical annual independent assessment of the application of the Principles at Bank Handlowy.

The Code of Conduct for Employees of Bank Handlowy ("Ethics Code") was adopted by the Management Board of Bank Handlowy and approved by Bank Handlowy's Supervisory Board. It constitutes a set of best practices guaranteeing actions toward clients and co-workers that are ethical, compliant with the law and social coexistence principles, as well as Bank Handlowy values. Bank Handlowy requires all its employees to abide by the standards and values set out in the Code of Conduct. All Bank employees regardless of their position are obliged to follow ethics in their conduct, which means, among other things:

- seeing actual or potential problems of an ethical nature,
- being aware of the duty to report such problems and respond to them,
- elimination of factors which may discourage us from reporting problems of an ethical nature.

Each employee of Bank Handlowy is obliged to report immediately any unethical behaviour. The rules specifying methods of reporting violations of law, ethical standards and procedures applicable in Bank Handlowy, and also the procedure for their consideration are set out in the "Procedures in the event of violation of law, ethical standards and procedures in effect at Bank Handlowy w Warszawie S.A.". While the rules specifying how cases involving discrimination, mobbing, (sexual) harassment or any unequal treatment during employment other than discrimination are to be reported by employees of Bank Handlowy, candidates for work and former employees and the procedure for their examination are set out in the "Procedure for dealing with complaints filed by employees of Bank Handlowy (Employee Complaints)". Bank employees may anonymously notify any breaches of law, ethical standards as well as procedures in force in Bank Handlowy via the Board Member's Ethical Helpline. This is a special, independent and autonomous communication channel in the form of a separate, dedicated telephone line to a Member of the Management Board and postal address for correspondence. Anonymous reports are passed to the appropriate Member of the Management Board supervising the Risk Management Sector or Financial Markets and Corporate Banking Sector of (in the case of employees of the Brokerage Department of Bank Handlowy), by phone or mail via the Ethics Helpline: If a report concerns a Member of the Management Board, the report may be passed to the Supervisory Board by mail or via electronic channels.

Confidential Reports may be delivered directly to the following persons or business units:

- the direct superior or a higher-level superior,
- a Director of the Brokerage Department of Bank Handlowy or employees of the Supervision and Internal Control Unit – in the case of employees of the Brokerage Department of Bank Handlowy,
- an employee of the Compliance Division,
- a representative of the Human Resources Division,
- an employee of the Audit Department,
- an employee of the Legal Division if legal provisions have been infringed,
- a Member of the Management Board of Bank Handlowy supervising the Risk Management Sector or Financial Markets and Corporate Banking Sector of (in the case of employees of the Brokerage Department of Bank Handlowy).

Bank Handlowy also conducts an annual anonymous employee satisfaction survey called Voice of Employee (VoE). The results of the VoE survey are thoroughly analyzed and discussed among senior managers and top management. The analysis of the VoE results is used to design actions aimed at creating a work environment conducive to building employee engagement and satisfaction. The employee satisfaction results in the various categories reached in 2023 levels higher than a year ago. The key metrics such employee commitment and manager effectiveness indicators went up.

Development offerings for employees are delivered through multiple modalities. Its goal is to ensure that each employee can benefit from knowledge in a way that is most convenient for them. For this reason, a Bank Handlowy employee can take part in processes such as learning labs, training courses, sessions oriented on changing roles or places in the organization, internal knowledge sharing and networking conferences, coaching, mentoring or reverse mentoring processes. In addition, each employee has access to platforms such as Leadership Development Catalogue and Degreed.

b) Institution's accounting of the counterparty's highest governance body's role in non-financial reporting

c)- d) Institution's integration in governance and risk management arrangements of the governance performance of their counterparties including:

a) Ethical considerations
b) Strategy and risk management
c) Inclusiveness
d) Transparency
e) Management of conflict of interest
f) Internal communication on critical concerns

CEP maintains local governance over the provision of non financial reporting. This is detailed further in section e) of the Environmental Risk section. Citi may use counterparties' non-financial reporting for a number of purposes including Environmental and Social Risk Management, Climate Risk Assessment scorecard and Net Zero review. Citi (and CEP) expect that the availability and quality of non-financial reporting will improve in the EU as counterparties implement the Corporate Sustainability Reporting Directive.

Bank Handlowy's non-financial report is prepared by the Strategy and Investor Relations Department which is separate organizational unit of the Finance Management Sector and reports directly to the Chief Financial Officer of the Bank, who is also a Vice President of the Bank's Management Board. The process of preparation of report is covered by an internal control system and attested by the independent second party company. The non-financial report is accepted by the Management Board and the Supervisory Board.

Social and Governance risk factors are considered as part of the CEP Credit Assessment and the assessment is documented in the ESG Section in CEP Credit Approval Package / Credit Approval Package – CCB Social and Governance Form. By completing this section Bankers / Analysts describe and assess the impact of Social and Governance factors to the creditworthiness of the borrower.

Citi's Environmental and Social Risk Management (ESRM) Policy guides our approach to engaging with clients to help us responsibly mitigate environmental and social risks in our financing. The ESRM Policy covers a broad scope of financial products and client sectors and guides how we assess client impacts and associated risks.

The Citi Group Reputation Risk Committee (the "Committee") has subsequently been established to provide governance and oversight for reputation risk, which is defined at Citi as "the risk to current or projected financial condition and resilience resulting from negative opinion held by key stakeholders". The mandate of the Committee is to govern the processes by which material reputation risks are identified, monitored, reported, managed, escalated, and addressed, in line with the firm-wide strategic objectives, risk appetite thresholds, and regulatory expectation, while promoting the culture of risk awareness and high standards of culture and conduct.

The Global AML Program which is an enterprise-level program established to combat financial crimes in alignment with CEP Compliance as well as with business lines and functions. This program is designed to protect both our clients and our franchise from the risks of money laundering, terrorist financing and other financial crimes.

At Bank Handlowy, the President of Management Board supervises the risk of non-compliance of Bank Handlowy with the respect to the law, internal regulations and market standards, supervises the HR Policy, is responsible for shaping Bank Handlowy's image, supervises legal services, the area of security at Bank Handlowy with respect to protection of persons and property and supervises the formulation and implementation of the strategy of Bank Handlowy.

In addition, Bank Handlowy has implemented a number of regulations that define binding ethical standards and operating procedures in case of violations. The most important regulations are:

- “Code of Conduct for Employees of Bank Handlowy w Warszawie S.A.” (Code of Ethics),
- “Procedure for dealing with violations of law, ethical standards and procedures in effect at Bank Handlowy w Warszawie S.A.”,
- “Diversity policy for employees of Bank Handlowy w Warszawie S.A.",
- “Policy of managing conflicts of interest at Bank Handlowy w Warszawie S.A.,
- “Ethical Business Practices of Bank Handlowy w Warszawie S.A.”.

Quantitative disclosures

Climate change transition risk

Climate change presents short-term, medium-term and long-term risks to the Group and to its clients and customers, with the risks expected to increase over time. Climate-related and environment risk refers to the risk of loss arising either through physical risk and/ or through transition risk. Further information related to climate change transition risk is set out on page 46.

Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Template 1 provides information on the exposures that are more prone to the risks that institutions may face from the transition to a low-carbon and climate resilient economy. Information disclosed shows the gross carrying amount of the Group’s loans and advances, debt securities and equity instruments to non-financial corporations, other than those held for trading towards non-financial corporates operating in carbon-related sectors, and on the quality of those exposures, including non-performing status, stage 2 classification, and related provisions as well as maturity buckets.
Identification of companies excluded from EU Paris-aligned Benchmarks as specified in Article 12(1), points (d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818 was done on a best effort basis using available reported counterparty data.

The Group starts disclosing information on scope 1, 2 and 3 emissions of their counterparties with first disclosure reference date as of 30 June 2024. Target setting for financed emissions will be evaluated in the next CEP strategic planning cycle in 2025.

As subsidiaries of Citigroup Inc (“Citi”), the ultimate parent group, the Group is subject to the strategy, policies and targets of Citi relating to Environmental, Social and Governance (“ESG”) matters, including climate, and follows Citi’s Baseline Emissions and Sector Intensity Methodology. The June 2024 financed emission calculation encompass data on the Aluminium, Auto Manufacturing, Energy, Power, Shipping and Steel sectors.

The financed emission metrics leverage June 2024 client loan exposures and calendar year 2021 emissions and production data, available from the recent Citi annual calculation cycle. These were sourced from S&P Sustainable1, and sector-specifiic production datasets, and align with the Partnership for Carbon Accounting Financials (PCAF) Standards for the scope of covered activities.

The PCAF Standard provides guidance to identify data quality across the various asset classes in a scorecard format. The PCAF data quality score promotes high data quality and increased transparency of data robustness. In the table below, gross carrying amount percentage of the portfolio derived from company-specific reporting (column k) represents portion of calculated financed emission derived from verified emissions from company reporting.

The Group, as part of Citi, is committed to contributing to methodology improvements and developing tools to assess climate risk and climate data, including the quantification of the greenhouse gas (GHG) emissions; these capabilities will continue to evolve as the underlying data improves and as Citi widens the scope of covered activities. As Citi continues its annual calculation process, some changes in scope and boundary may better reflect Citi’s emissions. Citi plan to update these as needed and will continue to disclose any changes.

For further details on the Citi’s Baseline Emissions and Sector Intensity Methodology please reference to the 2023 Citi Climate Report.

Table 43: ESG Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

June 30, 2024

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change*	15,525	354	172	1,220	60	-62	-31	-20	2,616,323	1,190,838	8.82 %	14,736	263	527	—	1.0
2	A - Agriculture, forestry and fishing	37	—	—	3	—	—	—	—	—	—	— %	37	—	—	—	2.0
3	B - Mining and quarrying	338	—	—	3	—	—	—	—	329,914	312,081	33.14 %	338	—	—	—	—
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	—	—	—	— %	—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	227	—	—	1	—	—	—	—	268,475	256,464	42.90 %	227	—	—	—	1.0
6	*B.07 - Mining of metal ores*	2	—	—	—	—	—	—	—	—	—	— %	2	—	—	—	—
7	*B.08 - Other mining and quarrying*	2	—	—	—	—	—	—	—	15	—	— %	2	—	—	—	—
8	*B.09 - Mining support service activities*	107	—	—	2	—	—	—	—	61,424	55,617	13.77 %	107	—	—	—	—
9	C - Manufacturing	8,364	207	129	592	27	-23	-12	-4	802,976	629,080	4.36 %	8,176	144	44	—	1.0
10	*C.10 - Manufacture of food products*	1,012	—	—	13	13	-2	—	-1	222	—	— %	998	14	—	—	1.0
11	*C.11 - Manufacture of beverages*	548	—	—	23	—	-1	-1	—	—	—	— %	548	—	—	—	—
12	*C.12 - Manufacture of tobacco products*	36	—	—	—	—	—	—	—	—	—	— %	36	—	—	—	—
13	*C.13 - Manufacture of textiles*	78	—	—	27	1	-1	—	—	—	—	— %	78	—	—	—	1.0
14	*C.14 - Manufacture of wearing apparel*	7	—	—	1	—	—	—	—	—	—	— %	7	—	—	—	1.0
15	*C.15 - Manufacture of leather and related products*	3	—	—	—	—	—	—	—	—	—	— %	3	—	—	—	—

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	48	—	—	6	—	—	—	—	2,991	1,034	0.56 %	22	26	—	—	4.0
17	C.17 - Manufacture of pulp, paper and paperboard	529	—	—	23	—	—	—	—	8	—	— %	528	1	—	—	—
18	C.18 - Printing and service activities related to printing	60	—	—	—	—	—	—	—	—	—	— %	58	2	—	—	—
19	C.19 - Manufacture of coke oven products	215	207	37	3	—	—	—	—	518,742	465,047	61.79 %	215	—	—	—	2.0
20	C.20 - Production of chemicals	780	—	—	285	—	-5	-5	—	169	153	— %	751	29	—	—	1.0
21	C.21 - Manufacture of pharmaceutical preparations	455	—	—	5	1	-1	—	—	—	—	— %	455	—	—	—	1.0
22	C.22 - Manufacture of rubber products	137	—	1	42	2	—	—	—	976	—	— %	135	1	—	—	1.0
23	C.23 - Manufacture of other non-metallic mineral products	288	—	—	—	—	—	—	—	81	1	— %	288	—	—	—	—
24	C.24 - Manufacture of basic metals	257	—	37	12	—	—	—	—	76,776	14,349	41.86 %	249	8	—	—	1.0
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	470	—	—	24	1	-2	-1	—	49,302	—	— %	457	13	—	—	2.0
26	C.26 - Manufacture of computer, electronic and optical products	716	—	—	1	—	-1	—	—	2	—	0.01 %	716	—	—	—	1.0
27	C.27 - Manufacture of electrical equipment	536	—	45	5	3	-2	—	-1	—	—	— %	536	—	—	—	1.0

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
28	C.28 - Manufacture of machinery and equipment n.e.c.	896	—	1	52	7	-5	-2	-2	191	—	— %	869	28	—	—	1.0
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	706	—	8	7	—	-1	—	—	151,649	148,319	17.56 %	689	18	—	—	1.0
30	C.30 - Manufacture of other transport equipment	398	—	—	58	—	-1	-1	—	1,867	177	0.02 %	353	1	44	—	2.0
31	C.31 - Manufacture of furniture	18	—	—	3	—	—	—	—	—	—	— %	18	—	—	—	2.0
32	C.32 - Other manufacturing	140	—	—	2	—	—	—	—	—	—	— %	140	—	—	—	—
33	C.33 - Repair and installation of machinery and equipment	31	—	—	2	—	—	—	—	—	—	— %	29	2	—	—	1.0
34	D - Electricity, gas, steam and air conditioning supply	791	147	14	—	—	—	—	—	231,422	3,462	72.23 %	391	40	360	—	8.0
35	D35.1 - Electric power generation, transmission and distribution	701	147	—	—	—	—	—	—	175,317	5	69.06 %	301	40	360	—	9.0
36	D35.11 - Production of electricity	112	—	14	—	—	—	—	—	9,048	—	2.08 %	112	—	—	—	1.0
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	1	—	—	—	—	—	—	—	3,772	3,457	98.94 %	1	—	—	—	—
38	D35.3 - Steam and air conditioning supply	89	—	—	—	—	—	—	—	52,333	—	97.05 %	89	—	—	—	2.0
39	E - Water supply; sewerage, waste management and remediation activities	39	—	—	23	—	-3	-3	—	5,522	—	23.37 %	39	—	—	—	2.0
40	F - Construction	185	—	20	4	5	-2	—	-1	145,704	53,176	1.43 %	185	—	—	—	1.0
41	F.41 - Construction of buildings	11	—	1	—	—	—	—	—	2,438	—	— %	11	—	—	—	—

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
42	*F.42 - Civil engineering*	120	—	18	4	4	-2	—	-1	141,661	53,176	— %	120	—	—	—	1.0
43	*F.43 - Specialised construction activities*	54	—	1	—	1	—	—	—	1,605	—	4.93 %	54	—	—	—	1.0
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,259	—	3	175	25	-22	-5	-14	969,317	193,039	5.53 %	3,214	45	—	—	1.0
45	H - Transportation and storage	429	—	6	45	3	-2	-1	-1	129,865	—	28.85 %	276	31	123	—	5.0
46	*H.49 - Land transport and transport via pipelines*	46	—	—	5	1	—	—	—	94,930	—	— %	46	—	—	—	2.0
47	*H.50 - Water transport*	82	—	—	38	2	-1	—	-1	27,862	—	37.09 %	45	—	37	—	6.0
48	*H.51 - Air transport*	50	—	—	1	—	—	—	—	—	—	— %	50	—	—	—	4.0
49	*H.52 - Warehousing and support activities for transportation*	216	—	—	1	—	—	—	—	7,073	—	43.13 %	100	31	86	—	6.0
50	*H.53 - Postal and courier activities*	35	—	6	—	—	—	—	—	—	—	— %	35	—	—	—	2.0
51	I - Accommodation and food service activities	464	—	—	—	—	—	—	—	—	—	— %	464	—	—	—	—
52	L - Real estate activities	1,619	—	—	375	—	-10	-10	—	1,603	—	0.16 %	1,616	3	—	—	1.0
53	**Exposures towards sectors other than those that highly contribute to climate change***	4,972	—	4	325	6	-12	-4	-2	—	—		4,826	145	—	1	1.0
54	K - Financial and insurance activities	1,125	—	—	68	—	-2	-1	—	—	—		1,101	23	—	1	1.0
55	Exposures to other sectors (NACE codes J, M - U)	3,847	—	4	257	6	-10	-3	-2	—	—		3,725	122	—	—	1.0
56	TOTAL	20,497	354	176	1,545	66	-74	-35	-22	2,616,323	1,190,838	8.82 %	19,562	408	527	1	1.0

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

December 31, 2023

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	12,792	323	150	1,268	58	-71	-37	-22				12,522	184	86	—	1.0
2	A - Agriculture, forestry and fishing	22		—	—	—	—	—	—				22	—	—	—	—
3	B - Mining and quarrying	146	—	—	2	—	—	—	—				146	—	—	—	—
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	—				—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	38		—	1	—	—	—	—				38	—	—	—	1.0
6	*B.07 - Mining of metal ores*	1		—	—	—	—	—	—				1	—	—	—	—
7	*B.08 - Other mining and quarrying*	3		—	—	—	—	—	—				3	—	—	—	—
8	*B.09 - Mining support service activities*	103		—	1	—	—	—	—				103	—	—	—	—
9	C - Manufacturing	7,119	136	113	590	28	-25	-11	-7				6,971	103	46	—	1.0
10	*C.10 - Manufacture of food products*	773		—	36	13	-3	-1	-1				764	9	—	—	1.0
11	*C.11 - Manufacture of beverages*	480		—	92	—	-1	-1	—				480	—	—	—	1.0
12	*C.12 - Manufacture of tobacco products*	23		—	—	—	—	—	—				23	—	—	—	—
13	*C.13 - Manufacture of textiles*	73		—	21	3	-2	-1	-1				73	—	—	—	1.0
14	*C.14 - Manufacture of wearing apparel*	13		—	—	—	—	—	—				13	—	—	—	1.0
15	*C.15 - Manufacture of leather and related products*	1		—	—	—	—	—	—				1	—	—	—	1.0

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environment ally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	24		—	4	—	—	—	—				23	1	—	—	3.0
17	C.17 - Manufacture of pulp, paper and paperboard	323		—	1	—	—	—	—				318	4	—	—	1.0
18	C.18 - Printing and service activities related to printing	56		—	—	—	—	—	—				53	3	—	—	1.0
19	C.19 - Manufacture of coke oven products	140	136	1	3	—	—	—	—				140	—	—	—	—
20	C.20 - Production of chemicals	830		—	255	—	-2	-1	—				809	21	—	—	1.0
21	C.21 - Manufacture of pharmaceutical preparations	467		—	3	2	—	—	—				466	—	—	—	1.0
22	C.22 - Manufacture of rubber products	131		—	34	4	-1	—	—				129	2	—	—	1.0
23	C.23 - Manufacture of other non-metallic mineral products	214		—	—	—	—	—	—				214	—	—	—	1.0
24	C.24 - Manufacture of basic metals	264		31	13	3	-3	—	-3				256	8	—	—	2.0
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	464		—	48	—	-3	-1	—				452	12	—	—	2.0
26	C.26 - Manufacture of computer, electronic and optical products	511		—	—	—	—	—	—				510	1	—	—	1.0
27	C.27 - Manufacture of electrical equipment	567		73	16	—	-1	—	—				567	—	—	—	1.0

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	*761*		*2*	*43*	*5*	*-5*	*-3*	*-1*				727	34	—	—	1.0
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	*659*		*7*	*4*	—	*-2*	—	—				656	3	—	—	1.0
30	*C.30 - Manufacture of other transport equipment*	*206*		—	*11*	—	*-1*	*-1*	—				159	1	46	—	3.0
31	*C.31 - Manufacture of furniture*	*29*		—	*3*	—	—	—	—				29	—	—	—	2.0
32	*C.32 - Other manufacturing*	*85*		—	—	—	—	—	—				85	—	—	—	—
33	*C.33 - Repair and installation of machinery and equipment*	*25*		—	*2*	—	—	—	—				23	2	—	—	1.0
34	D - Electricity, gas, steam and air conditioning supply	*615*	*186*	*17*	*88*	—	*-3*	*-2*	—				615	—	—	—	2.0
35	*D35.1 - Electric power generation, transmission and distribution*	*263*	*133*	*7*	*86*	—	*-3*	*-2*	—				263	—	—	—	2.0
36	*D35.11 - Production of electricity*	*72*		—	*2*	—	—	—	—				72	—	—	—	1.0
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	*103*	*53*	*10*	—	—	—	—	—				103	—	—	—	—
38	*D35.3 - Steam and air conditioning supply*	*249*		—	—	—	—	—	—				249	—	—	—	2.0
39	E - Water supply; sewerage, waste management and remediation activities	*40*		—	*1*	—	—	—	—				40	—	—	—	—
40	F - Construction	*190*		*17*	*6*	*5*	*-2*	—	*-2*				190	—	—	—	2.0
41	*F.41 - Construction of buildings*	*41*		*1*	*2*	—	—	—	—				41	—	—	—	3.0

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
42	*F.42 - Civil engineering*	86		16	4	4	-2	—	-1				86	—	—	—	1.0
43	*F.43 - Specialised construction activities*	63		1	—	1	—	—	—				63	—	—	—	2.0
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,566		1	190	22	-20	-4	-13				2,518	48	—	—	1.0
45	H - Transportation and storage	409		1	23	2	-3	-1	-1				338	31	40	—	3.0
46	*H.49 - Land transport and transport via pipelines*	55		—	8	—	—	—	—				55	—	—	—	2.0
47	*H.50 - Water transport*	100		1	—	2	-1	—	-1				59	—	40	—	5.0
48	*H.51 - Air transport*	98		—	—	—	—	—	—				98	—	—	—	3.0
49	*H.52 - Warehousing and support activities for transportation*	124		—	15	1	-1	-1	—				92	31	—	—	3.0
50	*H.53 - Postal and courier activities*	33		1	—	—	—	—	—				33	—	—	—	2.0
51	I - Accommodation and food service activities	236		—	—	—	—	—	—				236	—	—	—	—
52	L - Real estate activities	1,449		—	367	—	-18	-18	—				1,447	2	—	—	1.0
53	**Exposures towards sectors other than those that highly contribute to climate change***	7,732		8	401	93	-45	-5	-30				7,102	475	154	—	2.0
54	K - Financial and insurance activities	3,066		6	108	—	-5	-2	—				2,668	247	150	—	2.0
55	Exposures to other sectors (NACE codes J, M - U)	4,666		2	293	93	-40	-4	-30				4,434	228	4	—	2.0
56	TOTAL	20,524	323	157	1,669	150	-116	-43	-52				19,624	659	240	—	1.0

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral

Directive 2010/31/EU of the European Parliament and of the Council (*16) and Directive 2012/27/EU of the European Parliament and of the Council promote policies that aim to achieve a highly energy efficient and decarbonised building stock by 2050. Directive 2010/31/EU introduced the Energy performance certificates (EPC) as instruments for improving the energy performance of buildings, with A indicating the best and G the worst in terms of energy efficiency. This template shows the gross carrying amount of loans collateralised with commercial and residential immovable property and of repossessed real estate collaterals, including information on the level of energy efficiency of the collaterals measured in terms of kWh/m2 energy consumption and in terms of the label of the energy performance certificate (EPC) of the collateral where a mapping to the Union EPC label exists.

The gross carrying amount of exposures by energy efficiency buckets based on the specific energy consumption of the collateral in kWh/m2 is disclosed either as indicated in the EPC label of the collateral, collected from clients or estimated in the absence of kWh/m2 information. In the case of exposures to entities located in third countries where there is no EPC label equivalent, the Group leaves the EPC label columns blank. For those exposures linked to more than one collateral, the Group calculates the share of each collateral in the gross carrying amount of exposure based on the value of the collateral and disclose under the energy efficiency bucket linked to each collateral.

EPC data reported is collected through internal processes for loans collateralised by commercial immovable property. Currently the Group is not collecting EPC data systematically for household's loans collateralised by residential immovable property. The Group aims to continue to enhance its methodology and data collection processes to align with the ESG prudential disclosure requirements.

Table 44: ESG Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral

June 30, 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Counterparty sector	Total gross carrying amount amount (in MEUR)															
		Level of energy efficiency (EP score in kWh/m² of collateral)							Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	1,835	54	98	7	14	7	2	69	18	22	49	49	1	4	1,624	—
2	Of which Loans collateralised by commercial immovable property	1,288	13	74	5	13	7	2	69	18	22	49	49	1	4	1,077	—
3	Of which Loans collateralised by residential immovable property	547	41	24	2	1	—	—	—	—	—	—	—	—	—	547	—
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—								—	—
6	**Total non-EU area**	416	—	—	—	—	—	—	9	19	33	6	3	14	—	332	—
7	Of which Loans collateralised by commercial immovable property	115	—	—	—	—	—	—	9	19	33	6	3	14	—	31	—
8	Of which Loans collateralised by residential immovable property	301	—	—	—	—	—	—	—	—	—	—	—	—	—	301	—
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—								—	—

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		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Counterparty sector	Total gross carrying amount amount (in MEUR)															
		Level of energy efficiency (EP score in kWh/m² of collateral)							Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	1,791	220	211	36	22	8	3	37	58	70	81	70	17	9	1,450	—
2	Of which Loans collateralised by commercial immovable property	1,298	174	183	33	22	8	3	37	58	70	81	70	17	9	956	—
3	Of which Loans collateralised by residential immovable property	494	46	28	3	—	—	—	—	—	—	—	—	—	—	494	—
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	152	72	71	8	—	—	—								—	—
6	**Total non-EU area**	526	—	—	—	—	—	—	—	—	—	—	—	—	—	526	—
7	Of which Loans collateralised by commercial immovable property	208	—	—	—	—	—	—	—	—	—	—	—	—	—	208	—
8	Of which Loans collateralised by residential immovable property	318	—	—	—	—	—	—	—	—	—	—	—	—	—	318	—
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—								—	—

Banking book – Climate change transition risk: Alignment metrics

In 2021, Citi announced the commitment to net zero greenhouse gas (GHG emissions) by 2050 in alignment with the objectives of the Paris Agreement and prevailing climate science. Group's ESG strategy is aligned to Citi's policies and initiatives, including the Net Zero commitment and Operational Footprint Goals outlined in the 2023 Citi Climate Report.

The Group is contributing to Citi's commitment to achieve net zero emissions associated with financing activities by 2050. The below table shows the sectors in Scope for monitoring progress towards Citi's net zero plan.

Table 45: ESG Template 3: Banking book – Climate change transition risk: Alignment metrics

June 30, 2024

	a	c	d	e	f	g
	Sector	Portfolio gross carrying amount (Mn EUR)	Alignment metric*	Year of reference	Distance to IEA NZE2050 in % **	Target (year of reference + 3 years)***
1	Power	742	86.6 gCO2/kWh	2022	(53.44)%	—
2	Fossil fuel combustion	753	88.4 gCO2/MJ	2022	68.19 %	—
3	Automotive	701	133.7 gCO2/km	2022	45.55 %	—
4	Aviation	304	—	—	—	—
5	Maritime transport	325	—	—	—	—
6	Cement, clinker and lime production	55	—	—	—	—
7	Iron and steel, coke, and metal ore production	512	—	—	—	—

*Alignment metrics (column D) reflect metrics set by Citi group level which are also applicable to the Group. Not all exposures disclosed in carrying value (column C) are in scope for the alignment metrics, due to limited emissions data availability and the material emissions generating activity within each sector. For example, the alignment metric for power is a generation intensity metric which doesn't capture transmission and distribution activities also included within the power sector absolute emissions. Financed emissions are subject to fluctuations year-to-year due to a number of contributing factors, for example, company value and credit exposure and emissions data availability and quality is expected to improve in the future.
** PiT distance to 2030 NZE2050 scenario in % (for each metric)
***Sectoral targets are set by Citi group level and disclosed in the 2023 Citi Climate Report.

Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

The table below includes information on the gross carrying amount of exposures towards the counterparties of the Group that are among the top 20 most carbon-intensive corporates worldwide. The Group identified the top carbon-emitting companies based on the Carbon Majors Database referenced by the EBA Guidelines. Included are exposures to any company that are part of the group of any of the top twenty polluting firms.

Table 46: ESG Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

June 30, 2024

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	91	0.44 %	—	1.6	8

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	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	101	0.49 %	—	1.1	11

*For counterparties among the top 20 carbon emitting companies in the world

Climate change Physical risk

Physical risk originates from the increase in severity and frequency of either acute physical risks, which are related to extreme weather events, or chronic physical events which stem from longer term shifts caused by climate change (e.g., average precipitation changes which may drive long-term shifts in agriculture and water availability).

Banking book – Climate change physical risk: Exposures subject to physical risk

The template shows exposures in the banking book, including loans and advances, debt securities and equity instruments not held-for-trading and not held-for-sale, towards non-financial corporates, on loans collateralized with immovable property and on repossessed real estate collaterals, exposed to chronic and acute climate-related hazards, with a breakdown by sector of economic activity (NACE classification) and by geography of location of the activity of the counterparty or of the collateral, for those sectors and geographical areas subject to climate change acute and chronic events.

Values show the concentration of exposures and collateral in countries and geographies highly exposed to physical risks. CEP uses reference data of Thinkhazard's physical risk mapping that defines geographical areas exposed to climate change related acute and chronic events
The exposures towards physical risks were further examined in the portfolios of counterparties according to their primary operational locations according to sectors that highly contribute to climate change as defined above (NACE A-I, L).

Table 47: ESG Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk

June 30, 2024

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	37	37	—	—	—	2	—	—	37	3	—	—	—	—
2	B - Mining and quarrying	338	338	—	—	—	—	2	122	214	3	—	—	—	—
3	C - Manufacturing	8,364	8,007	303	51	—	1	185	1,430	6,746	592	27	(23)	(11)	(4)
4	D - Electricity, gas, steam and air conditioning supply	791	791	—	—	—	8	—	111	680	—	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	39	39	—	—	—	2	—	—	39	23	—	(3)	(3)	—
6	F - Construction	185	185	—	—	—	1	—	1	184	4	5	(2)	—	(1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,259	3,220	39	—	—	1	69	595	2,595	172	25	(22)	(5)	(14)
8	H - Transportation and storage	429	365	26	38	—	5	—	7	422	45	3	(2)	(1)	(1)
9	L - Real estate activities	1,619	1,618	1	—	—	1	—	141	1,478	259	—	(6)	(5)	—
10	Loans collateralised by residential immovable property	848	847	1	—	—	—	3	167	678	74	3	(4)	(2)	(2)
11	Loans collateralised by commercial immovable property	1,403	1,403	—	—	—	—	—	140	1,263	398	10	(18)	(13)	(3)
12	Repossessed colalterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	464	464	—	—	—	—	—	68	396	—	—	—	—	—

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	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	22	22	—	—	—	—	—	—	22	—	—	—	—	—
2	B - Mining and quarrying	146	123	—	—	—	—	5	—	117	—	—	—	—	—
3	C - Manufacturing	7,119	5,199	61	46	—	1	73	136	5,096	114	8	(7)	(3)	(2)
4	D - Electricity, gas, steam and air conditioning supply	615	497	—	—	—	2	—	49	448	—	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	40	29	—	—	—	—	—	—	29	—	—	—	—	—
6	F - Construction	190	100	—	—	—	2	—	1	99	—	—	—	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,566	1,660	9	—	—	1	21	24	1,623	18	3	(2)	(1)	(1)
8	H - Transportation and storage	409	273	31	40	—	3	—	—	344	1	—	—	—	—
9	L - Real estate activities	1,449	821	2	—	—	1	1	—	822	253	—	(17)	(17)	—
10	Loans collateralised by residential immovable property	811	3	—	—	—	—	—	—	3	—	—	—	—	—
11	Loans collateralised by commercial immovable property	1,506	973	91	—	—	—	—	—	1,064	—	—	—	—	—
12	Repossessed colalterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	48	3	—	—	—	2	—	—	3	—	—	—	—	—

Mitigating actions

Information regarding EU Taxonomy is set out on page 57.

The key performance indicator for credit institutions for on balance sheet exposures is the GAR that shows the proportion of the of credit institution's assets financing and invested in Taxonomy-aligned economic activities as a proportion of total covered assets.

The definition of the GAR is based on the following components:

a) the numerator, which shall cover the loans and advances, debt securities, equities and repossessed collaterals, financing Taxonomy-aligned economic activities based on turnover KPI and CapEx KPI of underlying assets;
b) the denominator, which shall cover the total loans and advances, total debt securities, total equities and total repossessed collaterals and all other covered on-balance sheet assets.

For determining the proportion of financed taxonomy-eligible and -aligned assets there are certain rules set out by article 7 paragraphs 1-3 of the Delegated Regulation (EU) 2021/2178 which the Group follows:

- The exposures to central governments, central banks and supranational issuers shall be excluded from the calculation of the numerator and denominator of key performance indicators of financial undertakings.
- Derivatives shall be excluded from the numerator of key performance indicators of financial undertakings.
- Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of key performance indicators of financial undertakings.

Alongside the assets falling under the definition of Article 7 (1) Delegated Regulation (EU) 2021/2178 the trading book was excluded from the GAR calculation. Besides the above-mentioned categories on demand interbank loans, cash and cash-related assets and other categories of assets are excluded from the numerator for GAR calculation. These requirements lead to the exclusion of a substantial part of the Group's portfolio, especially due to excluding exposures to non-NFRD undertakings. With the successive implementation of the CSRD and the increasing scope it is expected that in the future parts of this portfolio can be considered, as more companies will be obliged to report non-financial information. For the EU Taxonomy Reporting, the baseline for the categories of assets is the Group's Banking Book.

The Group KPIs are calculated based on the most recently available reported information of its counterparties by using data acquired from a third party data provider. Due to the structure of the Group's portfolio as well as data limitations the driver for the alignment comes from general purpose financing of non-financial undertakings. In these cases, the KPIs published by the counterparties were used to calculate the GAR.

Table 48: ESG Template 6. Summary of GAR KPIs

June 30, 2024

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	0.28 %	0.01 %	0.29 %	7.95 %
GAR flow	0.09 %	— %	0.09 %	0.03 %

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	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	0.27 %	0.02 %	0.29 %	9.50 %
GAR flow	0.03 %	— %	0.03 %	0.01 %

* % of assets covered by the KPI over banks´ total assets

Table 49: ESG Template 7 - Mitigating actions: Assets for the calculation of GAR

	€ million	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	12,419	521	194	—	43	90	62	8	—	—	5	583	202	—	43	95
2	**Financial corporations**	7,863	251	18	—	2	3	26	—	—	—	—	277	18	—	2	3
3	Credit institutions	2,439	238	17	—	2	3	14	—	—	—	—	252	17	—	2	3
4	Loans and advances	2,014	229	17	—	2	3	14	—	—	—	—	243	17	—	2	3
5	Debt securities, including UoP	371	9	—		—							9	—	—	—	—
6	Equity instruments	54											—	—		—	—
7	Other financial corporations	5,424	13	1	—	—	—	12	—	—	—	—	25	1	—	—	—
8	of which investment firms	2,559											—	—	—	—	—
9	Loans and advances	2,510											—	—	—	—	—
10	Debt securities, including UoP	—											—	—	—	—	—
11	Equity instruments	49											—	—		—	—
12	of which management companies	2											—	—	—	—	—
13	Loans and advances	2											—	—	—	—	—
14	Debt securities, including UoP	—											—	—	—	—	—
15	Equity instruments	—											—	—		—	—
16	of which insurance undertakings	68											—	—	—	—	—
17	Loans and advances	68											—	—	—	—	—
18	Debt securities, including UoP	—											—	—	—	—	—
19	Equity instruments	—											—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	1,863	270	176	—	41	87	36	8	—	—	5	306	184	—	41	92
21	Loans and advances	1,863	270	176		41	87	36	8			5	306	184	—	41	92
22	Debt securities, including UoP	—											—	—	—	—	—
23	Equity instruments	—											—	—		—	—
24	**Households**	2,693											—	—	—	—	—

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
	€ million	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
25	of which loans collateralised by residential immovable property	1,454											—	—	—	—	—
26	of which building renovation loans	—											—	—	—	—	—
27	of which motor vehicle loans	—											—	—	—	—	—
28	**Local governments financing**	—											—	—	—	—	—
29	Housing financing	—											—	—	—	—	—
30	Other local governments financing	—											—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	—											—	—	—	—	—
32	**TOTAL GAR ASSETS**	12,419	521	194	—	43	90	62	8	—	—	5	583	202	—	43	95
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	13,277															
34	Loans and advances	13,258															
35	Debt securities	—															
36	Equity instruments	19															
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	5,376															
38	Loans and advances	5,376															
39	Debt securities	—															
40	Equity instruments	—															
41	Derivatives	16															
42	On demand interbank loans	7,643															
43	Cash and cash-related assets	97															
44	Other assets (e.g. Goodwill, commodities etc.)	29,878															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	68,706															
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	23,570															

€ million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
47	Central banks exposure	42,423															
48	Trading book	21,429															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	87,422															
50	**TOTAL ASSETS**	156,128															

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		December 31, 2023															
	€ million	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	13,297	881	158	—	37	55	19	10	—	—	3	900	168	—	37	58
2	**Financial corporations**	8,347	596	—	—	—	—	—	—	—	—	—	596	—	—	—	—
3	Credit institutions	6,439	596	—	—	—	—	—	—	—	—	—	596	—	—	—	—
4	Loans and advances	3,158	591	—	—	—	—	—	—	—	—	—	591	—	—	—	—
5	Debt securities, including UoP	3,232	5	—	—	—	—	—	—	—	—	—	5	—	—	—	—
6	Equity instruments	50	—	—		—	—	—	—		—	—	—	—		—	—
7	Other financial corporations	1,908	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	of which investment firms	1,670	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Loans and advances	1,670	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
12	of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
16	of which insurance undertakings	82	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Loans and advances	82	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	2,018	285	157	—	37	55	19	10	—	—	3	304	168	—	37	58
21	Loans and advances	2,017	285	157	—	37	55	19	10	—	—	3	304	168	—	37	58
22	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
23	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
24	**Households**	2,932	—	—	—	—	—						—	—	—	—	—

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	December 31, 2023															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
€ million	Total gross carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
25 of which loans collateralised by residential immovable property	1,372	—	—	—	—	—						—	—	—	—	—
26 of which building renovation loans	—	—	—	—	—	—						—	—	—	—	—
27 of which motor vehicle loans	—	—	—	—	—	—						—	—	—	—	—
28 **Local governments financing**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
29 Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
30 Other local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31 Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
32 **TOTAL GAR ASSETS**	13,297	881	158	—	37	55	19	10	—	—	3	900	168	—	37	58
Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33 **EU Non-financial corporations (not subject to NFRD disclosure obligations)**	13,512															
34 Loans and advances	12,656															
35 Debt securities	831															
36 Equity instruments	24															
37 **Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	14,112															
38 Loans and advances	13,977															
39 Debt securities	—															
40 Equity instruments	135															
41 Derivatives	2															
42 On demand interbank loans	8,230															
43 Cash and cash-related assets	105															
44 Other assets (e.g. Goodwill, commodities etc.)	9,551															
45 **TOTAL ASSETS IN THE DENOMINATOR (GAR)**	58,807															
Other assets excluded from both the numerator and denominator for GAR calculation																
46 Sovereigns	22,193															

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	€ million	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					**Of which environmentally sustainable (Taxonomy-aligned)**					**Of which environmentally sustainable (Taxonomy-aligned)**			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling
47	Central banks exposure	36,677															
48	Trading book	22,264															
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	81,133															
50	**TOTAL ASSETS**	139,941															

Table 50: ESG Template 8 - GAR (%)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		June 30, 2024: KPIs on stock																June 30, 2024: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors						Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
1	ared to total covered assets in the deno GAR	0.8	0.3	—	0.1	0.1	0.1	—	—	—	—	0.9	0.3	—	0.1	0.1	8.0	0.4	0.1	—	—	—	—	—	—	—	—	0.4	0.1	—	—	—	—
2	urities and equity instruments not	0.8	0.3	—	0.1	0.1	0.1	—	—	—	—	0.9	0.3	—	0.1	0.1	8.0	0.4	0.1	—	—	—	—	—	—	—	—	0.4	0.1	—	—	—	—
3	c c r	0.4	—	—	—	—	—	—	—	—	—	0.4	—	—	—	—	5.0	0.3	—	—	—	—	—	—	—	—	—	0.3	—	—	—	—	—
4		0.4	—	—	—	—	—	—	—	—	—	0.4	—	—	—	—	2.0	0.3	—	—	—	—	—	—	—	—	—	0.3	—	—	—	—	—
5		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	t b j e c t	0.4	0.3	—	0.1	0.1	0.1	—	—	—	—	0.5	0.3	—	0.1	0.1	1.0	0.1	0.1	—	—	—	—	—	—	—	—	0.1	0.1	—	—	—	—
10	t s e r	—	—	—	—	—						—	—	—	—	—	2.0	—	—	—	—	—						—	—	—	—	—	—

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	June 30, 2024: KPIs on stock																June 30, 2024: KPIs on flows															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors						Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
ared to total covered assets in the deno			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
11	—	—	—	—	—						—	—	—	—	—	1.0	—	—	—	—	—						—	—	—	—	—	—
12	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
13	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
14	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
15	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
16	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17 sion: residential	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		December 31, 2023: KPIs on stock																December 31, 2023: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors						Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	GAR	1.5	0.3	—	0.1	0.1	—	—	—	—	—	1.5	0.3	—	0.1	0.1	9.5	0.1	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.5	0.3	—	0.1	0.1	—	—	—	—	—	1.5	0.3	—	0.1	0.1	9.5	0.1	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—
3	Financial corporations	1.0	—	—	—	—	—	—	—	—	—	1.0	—	—	—	—	6.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Credit institutions	1.0	—	—	—	—	—	—	—	—	—	1.0	—	—	—	—	4.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Non-financial corporations subject to NFRD disclosure obligations	0.5	0.3	—	0.1	0.1	—	—	—	—	—	0.5	0.3	—	0.1	0.1	1.4	0.1	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—
10	Households	—	—	—	—	—						—	—	—	—	—	2.1	—	—	—	—	—						—	—	—	—	—	—

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		December 31, 2023: KPIs on stock																December 31, 2023: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors						Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
11	of which loans collateralised by residential immovable property	—	—	—	—	—						—	—	—	—	—	1.0	—	—	—	—	—						—	—	—	—	—	—
12	of which building renovation loans	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
13	of which motor vehicle loans	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
14	Local government financing	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
15	Housing financing	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—
16	Other local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—						—	—	—	—	—	—	—	—	—	—	—						—	—	—	—	—	—

Other climate change mitigating actions that are not covered in the EU Taxonomy

The template below covers other climate change mitigating actions and includes exposures of the institutions that are not taxonomy-aligned as referred to in Regulation (EU) 2020/852 according to templates 7 and 8 but that still support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. The mitigating actions and activities include bonds and loans issued under standards other than the Union standards, including green bonds; sustainable bonds that are linked to aspects on climate change; sustainability-linked bonds that are linked to aspects on climate change; green loans; sustainability-linked loans that are linked to aspects on climate change; sustainability-linked loans that are linked to aspects on climate change. Green loans are any loan instrument made available exclusively to finance or refinance, in whole or in part, new and/or existing eligible green projects. Sustainability linked loans are any loan instrument which incentivize the borrower's achievement of predetermined sustainability performance objectives.

Table 51: ESG Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy

June 30, 2024

	a	b	c	d	e	f
	Type of financial instrument	**Type of counterparty**	**Gross carrying amount (million EUR)**	**Type of risk mitigated (Climate change transition risk)**	**Type of risk mitigated (Climate change physical risk)**	**Qualitative information on the nature of the mitigating actions**
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	—			
2		Non-financial corporations	—			
3		Of which Loans collateralised by commercial immovable property	—			
4		Households	—			
5		Of which Loans collateralised by residential immovable property	—			
6		Of which building renovation loans	—			
7		Other counterparties	—			
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	—			
9		Non-financial corporations	301	Transition Risk		This includes sustainability-linked loans that have at least one sustainability performance target (SPT) pertaining to climate change.
10		Of which Loans collateralised by commercial immovable property	110	Transition Risk		
11		Households	—			
12		Of which Loans collateralised by residential immovable property	—			
13		Of which building renovation loans	—			
14		Other counterparties	—			

December 31, 2023

	a	b	c	d	e	f
	Type of financial instrument	**Type of counterparty**	**Gross carrying amount (million EUR)**	**Type of risk mitigated (Climate change transition risk)**	**Type of risk mitigated (Climate change physical risk)**	**Qualitative information on the nature of the mitigating actions**
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	—			
2		Non-financial corporations	—			
3		Of which Loans collateralised by commercial immovable property	—			
4		Households	—			
5		Of which Loans collateralised by residential immovable property	—			
6		Of which building renovation loans	—			
7		Other counterparties	—			
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	—			
9		Non-financial corporations	330	Transition Risk		This includes both green loans and sustainability-linked loans that have at least one sustainability performance target (SPT) pertaining to climate change. Sustainability-linked loans make up the majority of the total. Sustainability-linked loans to counterparties, totalling EUR30m, reported some Taxonomy alignment and have been excluded from the table in total.
10		Of which Loans collateralised by commercial immovable property	95	Transition Risk		
11		Households	—			
12		Of which Loans collateralised by residential immovable property	—			
13		Of which building renovation loans	—			
14		Other counterparties	—			

Securitisation

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

Securitisation activity

CEP acted as arranger and lead manager on securitisation positions held at 30 June 2024, with CBNA London Branch acting as sponsor. CEP invested into these positions or as a means of compensation for the role, received the positions in the form of S-class certificates. These positions are deemed traditional securitisations in the banking book which are subject to the securitisation framework for capital requirements as outlined in the CRR.

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

Regulatory Capital and Accounting Treatment

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

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

Table 52: EU SEC1 - Securitisation exposures in the non-trading book

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

		30 June 2024			31 December 2023		
		Institution acts as investor			Institution acts as investor		
		Traditional Non-STS	Synthetic	Sub-total	Traditional Non-STS	Synthetic	Sub-total
		€ million	€ million	€ million	€ million	€ million	€ million
1	**Total exposures**	706	—	706	704	—	704
2	**Retail (total)**	243	—	243	241	—	241
3	Residential mortgage	11	—	11	10	—	10
4	Credit card	—	—	—	—	—	—
5	Other retail exposures	233	—	233	231	—	231
6	Re-securitisation	—	—	—	—	—	—
7	**Wholesale (total)**	463	—	463	463	—	463
8	Loans to corporates	113	—	113	113	—	113
9	Commercial mortgage	—	—	—	—	—	—
10	Lease and receivables	350	—	350	350	—	350
11	Other wholesale	—	—	—	—	—	—
12	Re-securitisation	—	—	—	—	—	—

Table 53: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total as at 30 June 2024**	706	—	—	—	—	—	2	704	—
2	**Traditional securitisation**	706	—	—	—	—	—	2	704	—
3	Of which securitisation	706	—	—	—	—	—	2	704	—
4	Of which retail underlying	243	—	—	—	—	—	2	242	—
6	Of which wholesale	463	—	—	—	—	—	—	463	—
8	Of which re-securitisation	—	—	—	—	—	—	—	—	—
9	**Synthetic securitisation**	—	—	—	—	—	—	—	—	—

		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl uding IAA)	SEC-SA	1250%/ deductions
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Total as at 31 December 2023	703	1	—	—	—	—	3	701	—
2	Traditional securitisation	703	1	—	—	—	—	3	701	—
3	Of which securitisation	703	1	—	—	—	—	3	701	—
4	Of which retail underlying	240	1	—	—	—	—	3	238	—
6	Of which wholesale	463	—	—	—	—	—	—	463	—
8	Of which re-securitisation	—	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—	—

Table 54: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (continued)

		RWA				Capital charge after cap			
		SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%/ deductions[1]	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%/ deductions[1]
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	**Total as at 30 June 2024**	—	—	106	—	—	—	8	—
2	Traditional securitisation	—	—	106	—	—	—	8	—
3	Of which securitisation	—	—	106	—	—	—	8	—
4	Of which retail underlying	—	—	36	—	—	—	3	—
6	Of which wholesale	—	—	69	—	—	—	6	—
8	Of which re-securitisation	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—

		RWA				Capital charge after cap			
		SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%/ deductions[1]	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%/ deductions[1]
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
1	Total as at 31 December 2023	—	1	128	—	—	—	10	—
2	Traditional securitisation	—	1	128	—	—	—	10	—
3	Of which securitisation	—	1	128	—	—	—	10	—
4	Of which retail underlying	—	1	36	—	—	—	3	—
6	Of which wholesale	—	—	93	—	—	—	7	—
8	Of which re-securitisation	—	—	—	—	—	—	—	—
9	Synthetic securitisation	—	—	—	—	—	—	—	—

Appendix 1: Countercyclical Capital Buffer

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

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

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

The following tables set out CEP's countercyclical buffer requirement for 30 June 2024.

Table 55: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures	Relevant credit exposures – Market risk				Own funds requirements						
Breakdown by country	Exposure value under the standardised approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure values	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit risk exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million		
Armenia	9	—	—	—	9	1	—	—	1	9	0.02%	1.50%
Australia	28	—	—	—	28	2	—	—	2	28	0.06%	1.00%
Belgium	564	—	—	—	564	45	—	—	45	564	1.25%	0.50%
Bulgaria	351	—	—	—	351	28	—	—	28	351	0.78%	2.00%
Switzerland	2,228	—	—	—	2,228	152	—	—	152	1,901	4.23%	0.00%
Chile	2	—	—	—	2	—	—	—	—	2	0.00%	0.50%
Cyprus	99	—	—	—	99	8	—	—	8	99	0.22%	1.00%
Czech Republic	1,117	—	—	—	1,117	91	—	—	91	1,139	2.53%	1.75%
Germany	4,790	25	4	—	4,819	336	3	—	338	4,228	9.40%	0.75%
Denmark	764	—	—	—	764	55	—	—	55	687	1.53%	2.50%
Estonia	32	—	—	—	32	3	—	—	3	32	0.07%	1.50%
Spain	2,442	1	—	—	2,443	194	—	—	194	2,429	5.40%	0.00%
Finland	1,045	—	—	—	1,045	76	—	—	76	947	2.10%	0.00%
France	6,498	51	26	—	6,575	401	6	—	407	5,087	11.31%	1.00%
United Kingdom	4,131	25	15	7	4,178	326	4	—	330	4,120	9.16%	2.00%
Hong Kong	94	—	—	—	94	8	—	—	8	94	0.21%	1.00%
Croatia	7	—	—	—	7	1	—	—	1	7	0.02%	1.50%
Hungary	913	—	—	—	913	73	—	—	73	916	2.04%	0.00%

Ireland	1,532	23	—	464	2,019	120	2	6	128	1,601	3.56%	1.50%
Iceland	—	—	—	—	—	—	—	—	—	—	0.00%	2.50%
Korea, Republic Of	48	—	—	—	48	4	—	—	4	48	0.11%	1.00%
Lithuania	56	—	—	—	56	4	—	—	4	56	0.12%	1.00%
Luxembourg	1,789	40	3	—	1,832	145	4	—	148	1,850	4.11%	0.50%
Netherlands	3,727	31	—	3	3,761	280	3	—	283	3,537	7.86%	2.00%
Norway	376	—	—	—	376	29	—	—	29	368	0.82%	2.50%
Poland	6,197	7	—	233	6,436	453	1	3	456	5,704	12.68%	0.00%
Romania	735	—	—	—	735	60	—	—	60	745	1.66%	1.00%
Sweden	1,915	2	2	—	1,919	147	—	—	147	1,842	4.09%	2.00%
Slovenia	1	—	—	—	1	—	—	—	—	1	0.00%	0.50%
Slovakia	267	—	—	—	267	21	—	—	21	267	0.59%	1.50%
United States	2,405	39	—	—	2,444	157	4	—	161	2,011	4.47%	0.00%
All other countries[1]	4,475	70	—	—	4,545	339	6	—	345	4,309	9.58%	
Total as at 30 June 2024	48,637	314	51	706	49,709	3,558	31	8	3,598	44,979	100.00%	

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

	Amount of Institution-specific countercyclical capital buffer	
1	Total risk exposure amount (€ million) as at 30 June 2024	66,770
2	Institution specific countercyclical capital buffer rate	0.84%
3	Institution specific countercyclical capital buffer requirement (EUR million)	560

Appendix 2: Omissions

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

Table 56: Non-disclosed tables

Table	Rationale
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	CEP's gross NPL ratio is under the 5% threshold
EU CQ2: Quality of forbearance	
EU CQ6: Collateral valuation - loans and advances	
EU-SEC2 - Securitisation exposures in the trading book	CEP acts only as investor in its Securitisation book and does not have trading book securitisation exposures as at 31 December 2023.
EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	
EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	
ESG Template 9 - Mitigating actions: BTAR	The first disclosure reference date of this template is as of 31 December 2024. Institutions are not required to disclose this information before 1 January 2025.

Abbreviations

Please refer to the below abbreviations used frequently throughout the document.

ALCO	Asset and Liability Committee
AVA	Additional Valuation Adjustment
BRC	Board Risk Committee
BRRD	Band Recovery and Resolution Directive
CCB	Citi Commercial Banking
CCF	Credit Conversion Factor
CCP	Corporate and Commercial Banking
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEO	Chief Executive Officer
CEP	Citigroup Europe Plc
CET1	Common Equity Tier 1
CFO	Chief Finance Officer
CRD	Capital Requirements Directive
CRM	Credit Risk Mitigation
CRO	Chief Risk Officier
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECL	Expected Credit Loss
EEA	European Economic Area
EEPE	Effective Expected Positive Exposures
EMEA	Europe, Middle East and Africa
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Risk Management
EU	European Union
EVS	Economic Value Sensitivity
EWMA	Exponentially Weighted Moving Average
ExCo	Executive Committee
FCCM	Financial Collateral Comprehensive Method
FRTB	Fundamental Review of the Trading Book
FX	Foreign exchange
G10	Group of Ten (refers to the countries that have agreed to participate in the General Arrangements to Borrow (GAB))
SVaR	Stressed Value at Risk
TCFD	Task Force on Climate-Related Financial Disclosures
TLAC	Total Loss Absorbing Capacity
G-SII	Global Systemically Important Institution
HQLA	High-Quality Liquid Assets
H-EWMA	Hybrid Exponentially Weighted Moving Average
ICAAP	Internal Capital Adequacy Assessment Process
ICRM	Independent Compliance Risk Management
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
ILOC	Insurance Letters of Credit
IMA	Internal Model Approach
IMM	Internal Models Method
IPU	Intermediate Parent Undertaking
IRC	Incremental Risk Charge
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standard
JST	Joint Supervisory Team
LCR	Liquidity Coverage Ratio
LEX	Large Exposure
LGD	Loss Given Default
MDB	Multilateral Development Bank
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NIR	Net Interest Revenue
NMD	Non-maturity Deposit
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Probability of Default
PFE	Potential Future Exposure
PRA	Prudential Regulation Authority
RAS	Risk Appetite Statement
RWEA	Risk Weighted Exposure Amount
SA	Standardised Approach
SA-CCR	Counterparty Credit Risk
SA-CR	Standardised Approach to Credit Risk
SA-CVA	Standardised Approach to Credit Valuation Adjustment
SEC-ERBA	Securitisation External Ratings Based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SICR	Seignificant Inrease in Credit Risk
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
TSCR	Total Supervisory Capital Requirement
VA	Valuation Adjustment
VaR	Value at Risk