



## Uganda Risk Management Guidelines Dec 2025 – Pillar 3 disclosure

### 1.1 Introduction

The disclosure is made based on the requirement noted in the Uganda Pillar 3 Disclosure Guidelines which states “SFI shall disclose their risk profile, specific exposures, and risk mitigation measures in an aggregate fashion and without breaching any confidentiality.”

The Citibank Uganda Limited utilizes a Risk Management Framework (RMF) that is aligned to the Enterprise Risk Management Framework (“ERMF”) and documents the Risk Management approach used to ensure robust management of the material risks facing Citibank Uganda Limited. The ERMF has been established to ensure that all of Citi’s risks are managed appropriately and consistently across the Group and at an aggregate, enterprise-level. The ERMF details the principles used to support effective enterprise-wide risk management across end-to-end risk management lifecycle and comprises of four component pillars: Culture, Governance, Risk Management and Enterprise Programs. Further details can be found in the ERMF.

The Citibank Uganda Limited RMF is designed to align with the ERMF and, in its implementation, leverages and applies Citi’s applicable frameworks, policies, standards, procedures and processes for risk management within the Legal Entity (“LE”). As a result, there are references to the ERMF and Citi risk management governance and processes throughout this document, where appropriate.

The Citibank Uganda Limited RMF aims to provide a comprehensive overview of how material risks are identified, measured, monitored, controlled, and reported within Citibank Uganda Limited and where processes are aligned to Citi-wide risk management policies and processes.

The RMF applies to Citibank Uganda Limited and all its businesses, functions and geographies that give rise to risk exposures in Citibank Uganda Limited.

The Citibank Uganda Limited RMF is owned by Citibank Uganda Limited Risk Management Country Officer (RMCO).

The RMF is reviewed and approved by Citibank Uganda Limited Country Coordinating Committee (CCC), Board Risk Committee (BRC) and Citibank Uganda Limited Board of Directors (The Board) annually, at a minimum to ensure that it remains fit-for-purpose. Reviews are led by Citibank Uganda Limited RMCO. Ad-hoc changes may be required following any material changes or updates to Citibank Uganda Limited’s risk profile, organizational structure, risk management practices, emerging or growing risks, strategic plan, regulatory requirements and other relevant internal or external factors as applicable. These material changes are presented by the Citibank Uganda Limited RMCO to be approved by the Citibank Uganda Limited CCC and the Board. The Citibank Uganda Limited RMCO is responsible for the oversight and administration of the Citibank Uganda Limited RMF.

## 2. Framework Provisions

### 2.1 Overview of the Citibank Uganda Limited Risk Management Framework

#### 2.1.1 Definition of the Risk Management Framework

Risk is defined as the potential for an adverse impact on Citi’s current or projected financial condition (i.e., diminished capital, earnings, and liquidity) and non-financial condition (i.e., ability to withstand stress, and unexpected or unfavourable outcomes). Citi engages in activities that expose the firm to risk across the Group. To address the potential for risk adversely impacting Citi, risk-mitigating activities must be undertaken consistently using Citi’s defined approach to risk management.

Citi has defined policies for the management of risk at an enterprise-wide level and by risk category. The Citibank Uganda Limited RMF describes the applications of these policies for managing risks at the legal entity level.

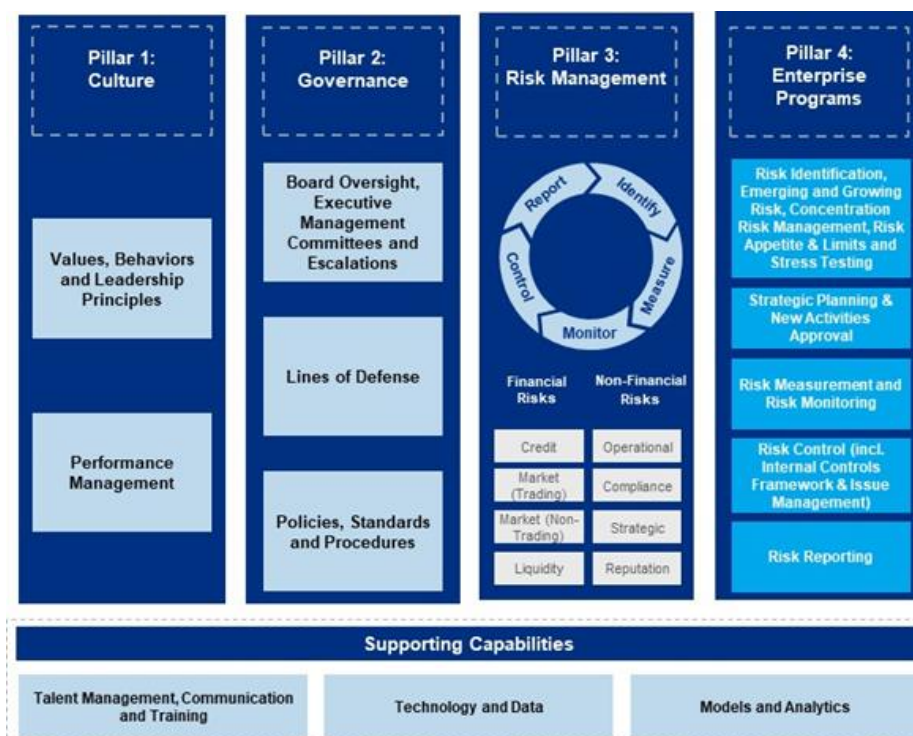
The Citibank Uganda Limited RMF (which aligns to the principles of the ERMF) identifies the ERMF Pillars most relevant for managing risks specifically within the legal entity and setting associated standards.

## 2.1.2 Components of the Citibank Uganda Limited RMF

The Citibank Uganda Limited RMF follows Citi’s ERMF and is depicted in the diagram below. The ERMF comprises of the following components:

- **Pillar 1: Culture** describes the core principles and behaviours that underpin a strong culture of risk awareness, in line with Citi’s Mission and Value Proposition, and Leadership principles;
- **Pillar 2: Governance** details the committee structure and reporting arrangements that support the appropriate oversight of risk management activities at the Board and Executive Management levels, and establishes Citi’s Lines of Defence model;
- **Pillar 3: Risk Management** details the end-to-end risk management lifecycle which comprises of activities to identify, measure, monitor, control and report all risks; including Top, Material, Growing, Idiosyncratic and Emerging risks, and aggregated to an enterprise-level; and
- **Pillar 4: Enterprise Programs** defines the key risk management programs performed across the risk management lifecycle for all risk categories.

Each of these pillars is underpinned by Section 2.8 Supporting Capabilities which include programs covering people, infrastructure and tools that are in place to enable the execution of the ERMF.



The ERMF is supported by policies and standards which provide greater detail on the minimum requirements associated with each enterprise program.

These policies and standards establish the minimum requirements for legal entity risk management, risk governance and the associated roles and responsibilities, according to the legal entity’s tiering classification. These requirements do not supersede any local jurisdictional requirements and regulatory expectations.

Pillar 4 programs that operate at a Citigroup / CBNA level may also operate at a legal entity level designed specifically to meet local regulatory requirements e.g., Risk identification, Risk Appetite, Stress Testing etc. These local applications will be documented in this Framework.

## 2.2 Risk Management Culture

### 2.2.1 Values, Behaviors, and Leadership Principles

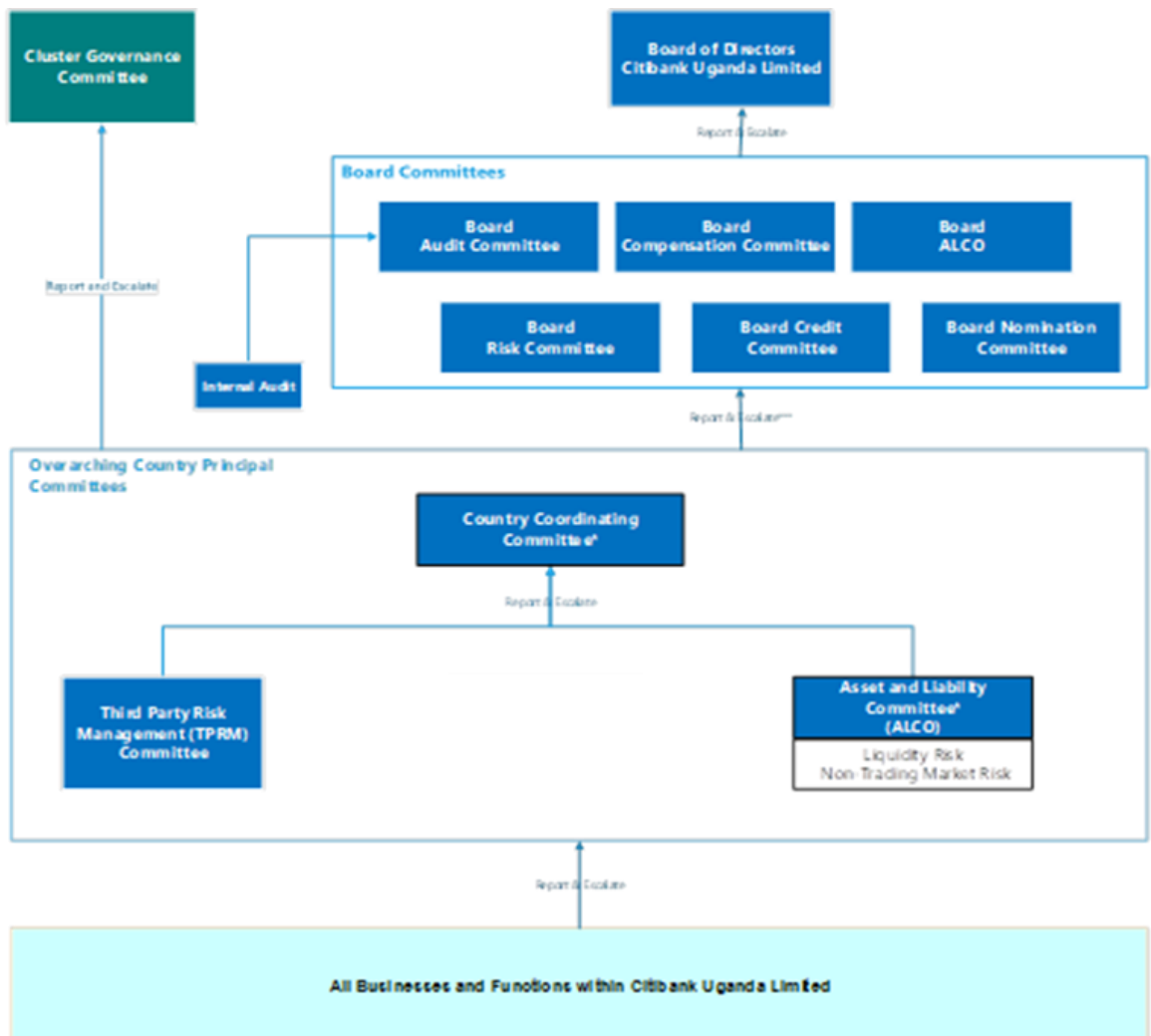
Citi’s Culture and Values drive a strong risk and control environment and are at the heart of our risk frameworks, underpinning the way Citi conducts business. It consists of the shared attitudes, values and expected behaviors that promote open discussions and decisions in line with Citi’s Strategy, Mission, Value Proposition, Leadership Principles and Risk Appetite.

In support of this culture, every employee of Citigroup Inc. and its consolidated subsidiaries, including other persons performing services for Citi that may be subject by contract or other agreement, are accountable for risk management and must identify, escalate, and mitigate risk-taking activities that exceed Citi’s risk appetite, in a timely manner.

## 2.3 Governance

### 2.3.1 Citibank Uganda Limited Oversight

The Citibank Uganda Limited is a Citi Subsidiary operating in Uganda. The Citibank Uganda Limited Board of Directors has the ultimate responsibility of ensuring that a risk management framework is in place at Citibank Uganda Limited. Citibank Uganda Limited’s overarching governance structure is presented below:



### 2.3.2 Citibank Uganda Limited Delegated Authority

The Board of Directors approves the Strategic Plan, and the outcome of the Risk Inventory Identification & Assessment process annually and sets the overall level of risk appetite in pursuit of Citibank Uganda Limited Strategy. This is outlined in the Citibank Uganda Limited’s RAS (Risk Appetite Statement) and reflected in



risk policies and standards. The Board reviews and approves the overall approach to risk governance as set out in this Framework document.

The Board is responsible for the oversight and approval of Citibank Uganda Limited risk policies and compliance of these policies with Citigroup Standards and local regulatory requirements.

The Board meets regularly and is given the opportunity to review reports prepared by the business, Independent Risk Management, ICRM, Internal Audit, and others, and exercise sound independent judgment to question and challenge recommendations and decisions made by management.

#### 2.3.2.1 Board of Directors

The Citibank Uganda Limited Board of Directors is the decision-making body that reviews, on a quarterly basis, the business of Citibank Uganda Limited is carried in compliance with all applicable laws and regulations in Uganda with appropriate oversight by senior management. In carrying out its regular duties, the Board is supported by the following committees:

#### 2.3.2.2 Board Audit Committee

Citibank Uganda Limited Audit Committee oversees (i) the integrity of financial statements and financial reporting process and systems of internal accounting and financial controls; (ii) the performance of Internal Audit (iii) providing any concerns or recommendations to the Citigroup Audit Committee regarding the annual independent integrated audit of financial statements and effectiveness of internal control over financial reporting, the engagement of the independent registered public accounting firm and the evaluation of the Independent Auditors' qualifications, independence and performance, where feasible for the local team; (iv) policy standards and guidelines for risk assessment and risk management; (v) the compliance by Citibank Uganda Limited with local legal and regulatory requirements, including disclosure controls and procedures

#### 2.3.2.3 Board Risk Committee

Citibank Uganda Limited has a Board Risk Committee established to provide oversight of risks of the institution. The Committee meets at least quarterly.

The Risk Committee is responsible for:

- Informing the Board of the status of risk exposures and risk management processes in the Bank
- Reviewing the Risk appetite processes, Risk Limits (Market risk, Credit risk, Operational risk, Compliance risk, Liquidity risk and Strategic risk) breaches and management corrective action plans to mitigate the breaches.
- Obtaining information on ongoing regulatory reviews/ potential/ actual issues
- Considering significant operational risk events, losses, near misses and ethics cases
- Review and recommend for Board approval any risk strategies, policies, procedures and any revisions.
- Overseeing the implementation and track progress of risk strategies and policies & procedures by senior management, in support of the financial institution's business activities
- Implementing and overseeing a comprehensive IT governance framework to support the effective and efficient management of IT resources.

#### 2.3.2.4 Board Asset and Liability Committee

The purpose of the Board ALCO is to assist the Board in fulfilling its oversight responsibility relating to establishing broad guidelines on Citibank Uganda Limited's tolerance for risk and expectations from investment. The Committee reviews and oversees the work of the management ALCO and for monitoring and influencing the balance sheet, investment securities and capital management activities.

#### 2.3.2.5 Board Compensation Committee

Citibank Uganda Limited Board has set up a Board Compensation Committee to perform two tasks:



- Conducting broad human resources policy making relating to compensation and benefits plans, in compliance with Citi Policy and local regulations
- Communication to the Board on relevant compensation and human resource issues

The Committee will meet quarterly.

### 2.3.2.6 Board Credit Committee

The Citibank Uganda Limited Board has set up a Board Credit Committee (BCC) to provide oversight on credit operations in line with the credit strategy and to ensure that effective credit governance is in place to provide for the adequate management, measurement, monitoring and control of credit risk.

### 2.3.2.7 Board Nominations Committee

The purpose of the Board Nominations Committee (NomCo) is to provide oversight in respect of the on-boarding of new Directors. To identify and nominate candidates to the Board in line with specified criteria. To assist the Board in ensuring the Directors on-boarded are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from management or outside concerns.

## 2.3.3 Citibank Uganda Limited Management Team and Committees

### 2.3.3.1 Country Coordinating Committee

The Country Coordinating Committee (“CCC”) is the principal Country Management Governance Committee in which the key Principals of the Country’s First, Second and Third Lines of Defense come together to discuss important franchise matters. Under the Citi Governance Policy, the CCC covers Strategic , Reputation, Credit, and Trading Market, Operational and Compliance Risks.

The CCC escalate matters directly to the Board and/or committees in addition to the relevant business, risk-stripe or functional Governance Committees for action.

The Citi Country Officer (“CCO”) is responsible for developing the most relevant agenda for the CCC and topics may include Franchise Management to review strategy, business performance, financials, Franchise Protection to review and address issues of local regulatory developments, significant risk and control matters, franchise issues escalated from other committees and forums, HR / Talent related, external relations, other significant Franchise topics as the CCO deems appropriate.

### 2.3.3.2 Third Party Risk Management Committee

Third Party Risk Management Committee (“TPRMC”) is a supplemental committee to ensure there is required visibility into Third Party Risk Management and/ or Outsourcing activities in the country. The Uganda TPRMC is chaired by the CCO or her alternate, and it meets on a quarterly basis, reporting to the Uganda CCC.

### 2.3.3.3 Uganda Asset and Liability Committee

The Uganda Asset and Liability Committee (“ALCO”) is responsible for prudent Balance Sheet planning and management through the monitoring and influencing of the balance sheet, investment securities, and capital management activities. Balance Sheet optimization is closely integrated with the overall business strategy, and its objective is to drive appropriate returns given the liquidity, capital and interest rate exposure risks associated with its assets and liabilities, as defined in Citi’s Asset and Liability Committee (ALCO) Standard for Citigroup (“ALCO Standard”). The ALCO covers Liquidity Risk and Non-Trading Market Risk at a Country level.

The CCO or her alternate chairs the country ALCO, and it meets at least quarterly. The scope, membership, and administration of ALCO is outlined in Citi’s ALCO Standard. Further details are outlined in the Country Governance Standard.



Citibank Uganda Limited also has a Board ALCO Committee at a Board level which covers Liquidity Risk and Non-Trading Market Risk into which country ALCO escalates to.

#### 2.3.4 Escalation

The Escalation Policy sets forth requirements on who, what to escalate, when to escalate, the parties to whom to escalate, and how to follow up on escalations for all Primary Risk Categories Employees must promptly escalate concerns in accordance with the Escalation Policy.

#### 2.3.5 Roles and Responsibilities – Lines of Defense

Citi uses a three Lines of Defense model as a key component to manage its risks. The Lines of Defense model brings together risk taking, risk oversight, and risk assurance under one umbrella and provides an avenue for risk accountability of first line of defense, a construct for effective challenge by Independent Risk Management (“IRM”) / Independent Compliance Risk Management (“ICRM”) (“Second Line of Defense”) and empowers independent risk assurance by Internal Audit (“third line of defense”). Additionally, Citi has Enterprise Support Functions.

The first, second and third lines of defense, along with enterprise support functions, have distinct roles and responsibilities and are empowered to perform their relevant risk management processes and responsibilities as outlined in the ERMF and supporting suite of policy documents in order to manage Citi’s risks in a consistent and effective manner.

##### **a. First Line of Defense**

The first line of defense (“first line”) owns the risks and associated controls inherent in, or arising from, the execution of their business activities and is responsible for identifying, measuring, monitoring, controlling, and reporting those risks consistent with Citi’s strategy, mission, value proposition, leadership principles and risk appetite. The key responsibilities of First Line of Defense are outlined in the ERMF. The first line of Defense is also subject to the oversight and challenge of IRM / ICRM.

In addition, the first line of defense includes the front-line unit activities of other organizational units. Front line units may also include enterprise support functions and/or conduct enterprise support activities.

##### **b. Second Line of Defense**

The second line of defense (“second line”) is comprised solely of IRM and ICRM. The second line is responsible for overseeing the risk-taking activities of the first line and challenging the first line in their execution of their risk management responsibilities. It is also responsible for independently identifying, measuring, monitoring, controlling and reporting aggregate risks and for setting standards for the management and oversight of risk. The key responsibilities of second line are outlined in the ERMF.

##### **c. Third Line of Defense**

The third line of defense (“third line”) is comprised solely of Internal Audit. The role of Internal Audit, as set out in the Internal Audit Charter, is to provide independent, objective, reliable, valued and timely assurance to the Board, the Board Audit Committee, senior management and regulators over the effectiveness of governance, risk management and controls that mitigate current and evolving risks and enhance the control culture within Citi. The key Internal Audit responsibilities are outlined in the ERMF.

##### **d. Enterprise Support Functions**



Enterprise support functions are comprised of HR and Global Legal Affairs & Compliance (exclusive of Compliance – i.e., ICRM, which is second line). Front line units may also include enterprise support functions and/or conduct enterprise support activities. Further details are provided in the ERMF.

### 2.3.6 Policies, Standards and Procedures

The Citibank Uganda Limited RMF is supported by a suite of risk management policy documents outlined in the ERMF to assist Citibank Uganda Limited in meeting its regulatory obligations and promote strong risk management practices across Citibank Uganda Limited.

The term “policy documents” encompasses hierarchy includes frameworks, policies, standards, procedures, jurisdictional and legal entity addenda established in Citi’s Policy Governance Policy and the Policy Governance Standard. But there may be instances where individual risk categories and risk programs require a framework to be in place, although this is not a mandated component of the policy hierarchy.

Citi establishes Frameworks, Policies and Standards which state how aggregate risks at Citi are effectively identified, measured, monitored, controlled and reported, consistent with Citi’s risk appetite. Procedures set forth instructions for implementation and operation of processes or systems required by a Policy or Standard. Further details are provided in the ERMF.

## 2.4 Risk Taxonomy

### 2.4.1 Risk Categories

Citi’s Risk Taxonomy classifies risk into separate Risk Categories, and also includes more granular sub-categories under each risk category. Below are summary definitions of primary Risk Categories per ERMF as well as their underlying Risk Category policies.

#### 2.4.1.1 Credit Risk

Credit Risk is defined in the ERMF 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. The policy governing Credit Risk is Wholesale Credit Risk Policy (“WCR”).

#### 2.4.1.2 Trading Market Risk

*Market Risk (Trading) (or “Trading Market Risk”)* is defined in the ERMF as 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, equity and commodity prices, FX, or credit spreads. Market Risk (Trading) coverage is on a mark-to market risk metrics rather than Non-Trading market risk metrics of accumulated other comprehensive Income (“AOCI”), economic value of equity (“EVE”), & net interest revenue (“NIR”). Price Risk equates to Market Risk (Trading), as defined above plus the Financial Statement Reporting Risks associated with independent price verification and profit attribution analysis captured under the Operational Risk category.

The Citi Mark to Market Risk Policy (“MTM Risk Policy”) articulates principles and key requirements for identifying, measuring, monitoring, managing and reporting Mark-to-Market (“MTM”) risk.

#### 2.4.1.3 Non-Trading Market Risk

Market Risk (Non-Trading) (or “Non-Trading Market Risk”) is defined in the ERMF as the risk of adverse changes in market variables such as interest rates, foreign exchange rates, credit spreads, and equity prices on Citi’s NIR, EVE, or AOCI. The management of Non-Trading Market Risk is governed by Citi’s Non-Trading Market Risk Policy.

#### 2.4.1.4 Liquidity Risk

Liquidity Risk is defined in the ERMF, as the risk that Citi will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without adversely affecting either daily operations or financial condition of Citi.

The management of Liquidity Risk is governed by Citi's Liquidity Risk Management Policy ("LRM Policy"), which sets forth the minimum requirements for identifying, measuring, monitoring, controlling and reporting Liquidity Risk consistent with Citi's risk appetite. The LRM Policy establishes the framework for sound management of Citi's Liquidity Risk to facilitate the transparency and comparability of Liquidity Risk-taking activities and to ensure Citi maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events including those involving the loss or impairment of both unsecured and secured funding sources.

#### 2.4.1.5 Strategic Risk

Strategic Risk is defined as the risk of a sustained impact (not episodic impact) to the firm's core strategic objectives as measured by impacts on anticipated earnings, market capitalization, or capital, arising from the external factors affecting the firm's operating environment; as well as the risks associated with defining the strategy (e.g., incorrect or faulty assumptions, appropriate governance) and executing the strategy (e.g., inadequate talent, poor implementation, lack of responsiveness to changes), which are identified, measured and managed as part of the Strategic Risk Framework at the Enterprise Level.

For Citibank Uganda, the Board is responsible for development of the strategy, and senior management is responsible for effective implementation.

The CCC serves as the country-level committee to govern Strategic Risk.

#### 2.4.1.6 Operational Risk

Operational Risk is defined in the ERMF as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition of Operational Risk includes legal risk – which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of Citi to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of Citi's business – but excludes strategic and reputation risks. Citi also recognises the impact of Operational Risk on the Reputation Risk associated with Citi's business activities.

The Operational Risk Management ("ORM") Policy enables effective management of Operational Risks across Citi., by amongst other things bringing or maintaining Operational Risk exposures within operational Risk Appetite and adhering to regulatory requirements.

#### 2.4.1.7 Compliance Risk

Compliance Risk is defined in the ERMF as the risk to current or projected financial condition and resilience arising from violations of Laws, Rules, Regulations ("LRRs"), or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.

The key Citi policy that governs the Compliance Risk management is the Compliance Risk Management Policy ("CRMP").

Compliance risk exposes Citi to fines, civil money penalties, payment of damages, and the voiding of contracts. It can result in diminished reputation, harm to Citi's customers, limited business opportunities, and lessened expansion potential. It also includes exposure to litigation (i.e., Legal Risk).

#### 2.4.1.8 Reputation Risk

Reputation Risk is defined in the Reputation Risk Policy as the risk to current or projected financial condition and resilience resulting from negative opinion held by key stakeholders. This risk may impair Citigroup, Inc. and its consolidated subsidiaries including Citibank N.A. (CBNA) (collectively "Citi") competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships. Reputation Risk for Citi is managed at an Enterprise level. Reputation Risk Policy outlines the roles and responsibilities in the management of Reputation Risk at Citi.



The CCC serves as the country-level committee to govern Reputation Risk.

## 2.4.2 Risk Types

In addition to the Primary Risk Categories, Citi defines risk types as Top, Material, Growing, Idiosyncratic or Emerging risks. Below are the definitions of each of the risk types per ERMF.

Risk Type	Definition
Top Risk	Risks that have the potential to produce an impact large enough to threaten: <ul style="list-style-type: none"> <li>• Citi's ability to maintain any of its core operations to serve its customers;</li> <li>• Citi's Earnings, Liquidity, Capital or Operating Model; or</li> <li>• Citigroup / CBNA's risk profile</li> </ul>
Material Risk	Risks that have the potential to produce a significant impact on: <ul style="list-style-type: none"> <li>• Citi's ability to maintain any of its core operations to serve its customers;</li> <li>• Citi's Earnings, Liquidity, Capital, or Operating Model; or</li> <li>• Citigroup / CBNA's risk profile</li> </ul>
Growing Risk	Risks that are not new, are rapidly increasing, and are appropriately assessed or quantified.
Idiosyncratic Risk	Risk of loss that arises from events or risk factors, either of which (i) disproportionately affect Citi or (ii) are unique to Citi.
Emerging Risk	Risks that are new to Citi's risk landscape or rapidly changing and are characterized by data unavailability or other uncertainties.

A separate Enterprise Risk Identification Framework is defined in the Enterprise Risk Identification Policy where it establishes the process to identify, measure, monitor and document these Risk Types in an Enterprise-wide risk inventory. More information about the Enterprise Risk Identification program are found in section 2.7.1.

## 2.5 Additional Risk Management Considerations

### 2.5.1 Internal Capital Adequacy Assessment Process (ICAAP)

To comply with requirements and principles set forth in the Citi Global ICAAP Standard and the Citi Enterprise Stress Testing Policy, Citibank Uganda Limited performs an annual Internal Capital Adequacy Assessment Process (ICAAP).

ICAAP Submission Document for Citibank Uganda Limited is prepared in accordance with the requirements of the Global ICAAP Standard, and in a manner proportionate to the legal entity's size, complexity, and risk profile, including local regulatory requirements.

Citibank Uganda Limited's ICAAP achieve the following objectives:

- Inform the Citibank Uganda Limited CCC, ALCO and Board of the on-going assessment of an entity's risks relative to its capital resources
- Explain how the entity mitigates those risks
- Estimate the impact of a potential downside scenario, and determine how much capital is necessary to hold in that entity
- Demonstrate the entity's internal capital adequacy assessment process, including both quantitative and qualitative considerations, in a manner that is commensurate with local regulatory requirements, firm-wide policies, BCBS Stress Testing Principles
- Show all relevant information necessary, for the firm's senior management and the local regulator, to make an informed decision on the appropriate capital level and risk management approach.

Ultimately, local regulatory requirements determine the structure and content of an ICAAP.

The Local ICAAP Senior Executive is the Citibank Uganda Limited CCO and is accountable for the overall ICAAP submission, including obtaining Citibank Uganda Limited CCC, ALCO and Board approval of the



ICAAP when required. The Citibank Uganda Limited ICAAP Local Coordinator is responsible for establishing appropriate governance and internal controls for the end-to-end ICAAP process including compliance with this Standard.

See Citi Global ICAAP Standard for ICAAP requirements.

## 2.6 Risk Lifecycle

### 2.6.1 Risk Lifecycle of Credit Risk

Credit Risk may be categorized as wholesale or retail. Credit Risk arises in both classifiably managed credit portfolios and delinquency managed credit portfolios.

Credit Risk can originate from business activities booked in Citibank Uganda Limited, which include, but are not limited to corporate lending, including lending to financial and sovereign institutions; capital markets derivative transactions and structured finance; settlement and clearing activities; and securities financing transactions.

#### **Inter-Affiliate Transactions**

The risk management approach outlined in sections 2.6.1.1 to 2.6.1.5 is also applicable for risk managing extensions of credit between Citibank Uganda Limited and other Citigroup Inc. affiliates. Further details on the establishment of credit facilities, limits, exception monitoring and approval requirements, can be found in the Inter-affiliate Risk Management Standard.

#### 2.6.1.1 Risk Identification

Risk identification and assessment is performed on an ongoing basis through a range of processes outlined in Citi Credit Risk policies.

For Wholesale Credit Risk, the review of a counterparty in classifiably managed credit underwriting transaction decisions, name-specific or portfolio-level reviews (e.g., by product types, industry sectors, classification) and evaluation of trends in delinquency managed portfolio indicators (e.g., approval rates, credit line utilization, roll rates, etc.) are all forms of risk identification and assessment. These processes take place at the Citi-wide level, with consideration for legal entity impacts.

#### 2.6.1.2 Risk Measurement

Citibank Uganda Limited measures Credit Risk within the entity as outlined in Wholesale Credit Risk Policy (“WCRP”) and associated standards and procedures.

Commonly used classifiably managed Credit Risk measures and metrics include counterparty risk rating (i.e., Probability of default), loss given default, exposure at default, credit classifications, Risk Capital, expected loss, stress loss, wholesale credit stress loss, wholesale lending stress loss, distribution risk, leveraged lending – direct, indirect, Derivative and Securities Financing Transactions (“DSFT”) portfolio, DSFT less liquid collateral, Commercial real estate exposure, etc.

Citibank Uganda maintains a Local Credit Desk Procedure that reflects the transposition of the local regulatory requirements into the process of credit classifications and approvals.

#### 2.6.1.3 Risk Monitoring

Credit Monitoring as outlined in the WCR policy is the process of monitoring Credit Risk at the obligor, facility, and portfolio levels against risk limits and tolerances via Key Risk Indicators (“KRIs”) benchmarks and financial measures.

It involves the ongoing review of existing Credit Risks and new Credit Risks, including emerging risks and early warning indicators, sizing risks relative to risk appetite, limits, stress loss, revenue opportunities, and taking appropriate mitigating actions.

Portfolio level monitoring involves the review and assessment of the composition and quality of the credit portfolio at different prescribed segments. The monitoring provides insight into concentration and risk appetite impacts.

Wholesale Credit Risk metrics and Risk Appetite are re-validated at least annually during the Risk Appetite and Tolerance Framework review process, or more frequently if there are any material changes to the target market, segmentation, or business strategy.

Limits management and monitoring involves setting, monitoring, and managing limits at various levels and dimensions in alignment with Citi's Enterprise Concentration Risk Management Policy.

#### 2.6.1.4 Risk Control

Citibank Uganda Limited maintains a risk appetite which includes risk limits, including concentration limits as managed by business segments. Risk limits include delegated authorities and escalation thresholds, driven by the senior management and/or business management requirements.

Credit Risk controls involve setting limits at various levels and dimensions covering individual counterparties (with sub-limits for products), portfolios (e.g., industry, country, and issuer), correlation risk and products with specialized risk profiles (e.g., Product Limits). In addition, the banking book, including a subset of Trading book positions associated with credit and counterparty Credit Risk, has a comprehensive limit framework for managing, reviewing, and approving concentrations around single names, correlation risk and products with specialized risk profiles. Concentration limits may be based on exposure or Risk Capital and may also be based on cost of credit or stress loss.

Limits can also be set at business segment (e.g., Services / Markets / Banking), legal entity, country, and cluster levels.

For transactions where thresholds may be breached, first line of defense requests for transaction approval from the Citibank Uganda Limited Credit Risk Manager. These requests and approvals are in adherence to approval grids specified in relevant Credit Risk Policies.

#### 2.6.1.5 Risk Reporting

Credit Risk Reports provide information on exposures and metrics related to individual counterparties, industries/sectors, portfolios, product programs and delinquent or impaired counterparties. Reporting is done at legal entity and country level. Reports are produced monthly (e.g., monitoring of Industry, Company Specific and Product Limits, Cross border limits, concentration limits, portfolio classification and Legal Lending Limits).

Credit Risk Reporting includes Management reports, Regulatory reports, and Risk reports that are used to provide an assessment of performance, effectiveness of controls, existing risks, emerging risks, concentrations, and other risk-related trends. Further details can be found in the WCRP.

In order to oversee the Credit Risk in Citibank Uganda Limited, a combination of reports is used by the Citibank Uganda Limited Senior Management for CCC and Board Credit Committee reporting.

### 2.6.2 Risk Lifecycle of Trading Market Risk

#### 2.6.2.1 Risk Identification

The identification of risks including Market Risk (Trading) (or "Trading Market Risk") aligned to the principles of the Enterprise Risk Identification Policy which defines the requirements for Risk Identification ("Risk ID") across Citi's Risk Taxonomy and underlying risk categories, and provides the principles and governance requirements for Risk ID.

The granularity of the limit framework depends on the complexity of risk being construed. For Tier 3 Limits, Independent Market Risk, working with the Business Sponsor ensure that all material Trading Market Risk factors to which a business is exposed to, are appropriately covered by the limit framework. Business units are responsible for the identification of material risk factors within Citibank Uganda Limited.

Each business unit (including Treasury) that incurs Trading Market Risk associated with its business activity, needs a Business Sponsor. Accordingly, that Business Sponsor ensures that the responsibilities of that business unit are carried out which include ensuring completeness and integrity of data supplied

to independent risk systems and notifying the Market Risk Manager of any shifts in business that require a change to the limit structure.

### 2.6.2.2 Risk Measurement

Within Independent Market Risk, there is a single set of standards for the measurement of Trading Market Risk to ensure consistency across businesses, stability in methodologies, and transparency of risk. Critical measurement concepts associated with the measurement of Trading Market Risk are outlined in section 3 of the Citi MTM Risk Policy. Citibank Uganda Limited measures Trading Market Risk within the entity consistent with the Citi-wide concepts outlined in the said policy.

The key Trading Market Risk measures include but are not limited to:

Value at Risk (“VaR”), Stressed VaR (“SVaR”), factor sensitivities and stress testing. Stress testing is performed on traded portfolios on a regular basis to estimate the impact of extreme market movements.

Enterprise Stress Testing Policy establishes the framework for stress testing across the Firm, described therein as the framework for evaluating the impact of adverse and / or stressful events and circumstances on the Firm’s operations and financial condition. The Stress Testing process for Trading Market Risk is classified into 2 key categories:

- Global Systematic Stress Testing (“GSST”)GSSTs are designed to quantify the potential impact of extreme market movements on a firm-wide basis and are performed at least monthly. The Enterprise Stress Testing Policy sets out the requirements for (amongst other things) governance of firm-wide Global Systematic Stress Tests scenarios and methodology.
- Business Specific Stress Testing (“BSST”)BSSTs are developed in response to business tailored or market-specific concerns and are performed periodically. Such stress scenarios are usually idiosyncratic in nature and are designed to probe the risks of each specific portfolio, particularly risks that are not fully captured by other risk measures like VaR or GSST.

Both categories of stress testing can be based on a range of historical periods of market stress or purely hypothetical future market events.

It is the joint responsibility of Market Risk Management, in consultation with the Business, to propose the need for and associated parameters of the BSST, and to review them at least quarterly to ensure that they are relevant, complete, and well documented.

### 2.6.2.3 Risk Monitoring

Business units are responsible for complying with this LE RMF and for remaining within the approved Trading Market Risk limits, as outlined in the Citi MTM Risk Policy. Businesses are only permitted to take Trading Market Risk exposure where it can be accurately and reliably measured, including at the Citibank Uganda Limited level. A business’s operational capability to provide this exposure to the Independent Market Risk systems (e.g., CitiRisk Market Risk) must be established prior to exceeding \$1.5 MM of VaR.

The Citi Market Risk Limit Monitoring and Breach Escalation Procedure sets out the processes and steps to be followed by the Market Risk Reporting team and Global Market Risk Management in order to monitor exposures against Trading Market Risk limits and escalate excesses in accordance with the requirements of the Citi MTM Risk Policy.

Legal entity limit structure may include T0, T1, T2 and T3 limits and relevant triggers. Risk Reporting teams are responsible for monitoring exposures against limits and triggers, including the MTM Trading Desk Tier 3 limits, and reporting breaches to the business and to Independent Market Risk Management.

#### 2.6.2.4 Risk Control

Citi's Trading Market Risk framework is described in detail in the Citi MTM Risk Policy. Under the MTM Risk Policy, each business is required to establish, with approval from the Independent Market Risk Management function, a Trading Market Risk Limit Framework for identified risk factors, including at the legal entity level for risks booked in Citibank Uganda Limited. The framework clearly defines the approved risk profiles, include permitted product lists ("PPLs"), follow the New Activity Approval process for complex products and remain within the parameters of Citi's and Citibank Uganda Limited overall Risk Appetite and established limits monitored by Market Risk Management.

Trading Market Risk limits are intended to prevent excessive exposure to a single risk factor or group of related risk factors, as well as to constrain the general level of risk-taking for a business.

Limits can be set at multiple levels in the organisational hierarchy including at the legal entity level. For Citibank Uganda Limited, each limit has a designated Business Sponsor. The granularity of the limit framework depends on the level of risk being construed.

Citibank Uganda Limited 's Trading Market Risk Limits and Management Triggers are reviewed on an annual basis with focus on risk appetite ratio adequacy and a re-assessment of limit cover. Citi Bank Uganda's scope for quarterly limit reviews focusing on historical utilizations and cumulative changes in risk metrics due to model inputs/assumptions changes described in the Market Risk Procedure for Setting and Reviewing of Limits, Triggers and Thresholds.

#### 2.6.2.5 Risk Reporting

All Market risk triggers are reported to ALCO. Market Risk Reporting Department is responsible for:

- Monitoring Market Risk in relation to limits and reporting limit violations to businesses and Treasury Risk Manager;
- Enhance reporting and capabilities for ongoing risk monitoring;
- Ensure data quality assessment processes are in place in relation to monitoring limits, triggers and related reporting;
- Provide risk reporting and limit monitoring content for Senior management reports;
- Escalate Limit Excesses to the respective management.

### 2.6.3 Risk Lifecycle of Non-Trading Market Risk

Non-Trading Market Risk is managed via a Risk-Taking Unit ("RTU") structure as defined by Treasury, reviewed and recommended by Non-Trading Market Risk Management ("NTMR"), and approved by the Interest Rate Risk Committee ("IRRC").

An RTU is any operating unit, or aggregation of operating units, that manages banking book activities as defined in the Non-Trading Market Risk Policy and generates Non-Trading Market Risk. An RTU must be defined to satisfy regulatory requirements, internal management purposes, and Legal Entity requirements and must be aligned to the standard Citi Finance hierarchies. It is the responsibility of Citibank Uganda Treasury, the Citibank Uganda Risk Manager, and where applicable, the Citibank Uganda ALCO, to ensure that Citibank Uganda is captured in an RTU.

Individual entities may be legal entity RTUs or aggregated into RTUs based on considerations of materiality, governance or internal management as defined in the Non-Trading Market Risk Policy which sets forth the minimum requirements for identifying, measuring, monitoring, controlling, and reporting non-trading market risk.

#### 2.6.3.1 Risk Identification

The Market Risk (Non-Trading) (or "Non-Trading Market Risk") Risk Identification process is a centralised process that applies Citigroup wide and is conducted in-line with the development and maintenance of the Non-Trading Market Risk framework. The Non-Trading Market Risk Identification process is centred



around the Material Risk Inventory (“MRI”), which drives the Non-Trading Market risk taxonomy, and KRIs:

- The Non-Trading Market Risk MRI documents the Top, Material, Emerging, Idiosyncratic, and Growing Non-Trading Market Risks faced by the firm and drives the Non-Trading Market Risk taxonomy.
- The Non-Trading Market Risk MRI at the Citigroup and CBNA levels is derived from the MRIs of Major Business Lines and underlying Business Segments, as applicable.
- KRIs (i.e., Interest Rate Exposure (“IRE”), Economic Value Sensitivity (“EVS”), and Other Comprehensive Income (“OCI”) Capital at Risk) align to the Non-Trading Market Risk taxonomy and used to help identify, measure, and/or monitor the Non-Trading Market Risk MRI.

### 2.6.3.2 Risk Measurement

As defined in the Non-Trading Market Risk Policy, the key metrics for managing Non-Trading Market Risk are risk factor sensitivities, stress testing metrics, IRE, Economic Value of Equity (“EVE”)/EVS, and OCI Capital at Risk measures. The metrics include consideration of repricing risk, curve risk, basis risk, options risk, and risk in each currency, or foreign exchange (“FX”).

Non-Trading Market Risk stress results are generated via models that translate stress test scenario inputs into stress losses or other metrics, such as income (e.g., IRE) and valuation (e.g., EVE, EVS, OCI) metrics. Non-Trading Market Risk stress testing results are used to manage and review Non-Trading Market Risk limits in alignment with the Non-Trading Market Risk appetite.

### 2.6.3.3 Risk Monitoring

The Non-Trading Market Risk Policy sets forth the minimum requirements for identifying, measuring, monitoring, controlling, and reporting Non-Trading Market Risk, consistent with Citi’s Risk appetite. It establishes the framework for sound management of Citi’s Non-Trading Market Risk to facilitate transparency, comparability, and aggregation of Non-Trading Market Risk-taking activities.

Dispensations and Waivers to the Policy are requested and approved in exceptional circumstances. Requests are approved and documented in accordance with the requirements set forth in the Citi Policy Governance Standard.

### 2.6.3.4 Risk Control

Non-Trading Market Risk limits/triggers are intended to prevent excessive exposure to changes in interest rates and other risk factors as outlined in the Non-Trading Market Risk Policy. Citibank Uganda via its RTU, implements a limits/triggers framework in line with the requirements of the Non-Trading Market Risk Policy, as deemed appropriate by Treasury and Non-Trading Market Risk Management, Cluster Finance CRO, or Country/Entity Risk Managers, as appropriate. Non-Trading Market Risk Management Action Triggers (MATs) are reviewed at least annually and approved by ALCO.

### 2.6.3.5 Reporting

Non-Trading Market Risk reports provide timely and comprehensive Non-Trading Market Risk information to Treasury, Non-Trading Market Risk Management, Cluster Finance CRO, Country/Entity Risk Managers, where appropriate, and the Board. Key information about existing and potential Non-Trading Market Risk is reported so exposures can be appropriately managed. As required by the Non-Trading Market Risk Policy:

- Each Non-Trading Market Risk Management Risk report has an owner who is responsible for ensuring accuracy and timely production of the report.
- Data used in Non-Trading Market Risk reports complies with the Citi Data Governance Policy.

Non-Trading Market Risk Management sets the standards for required Non-Trading Market Risk reporting, while the Head of Non-Trading Market Risk Management determines the required level(s) and frequency(ies) of reporting for RTUs.

## 2.6.4 Risk Lifecycle of Liquidity Risk

### 2.6.4.1 Risk Identification

The Liquidity Risk ID process ensures potential liquidity risk drivers are captured as part of liquidity stress testing and limits framework. The Liquidity Risk ID process is centred around the liquidity Material Risk Inventory (“MRI”), the Contingent Liquidity Risk Inventory (“CLRI”), which drives the liquidity risk taxonomy, and Key Risk Indicators (“KRIs”):

- The liquidity risk MRI documents Top, Material, Emerging, Idiosyncratic and Growing liquidity risks faced by the firm.
- The CLRI is a catalogue of these risks and drivers at the product level and drives the liquidity risk taxonomy.
- KRIs are aligned to the liquidity risk CLRI/taxonomy and used to help identify, measure, or monitor the liquidity risk MRI.

### 2.6.4.2 Risk Measurement

It is the responsibility of the Citibank Uganda Limited Treasurer to ensure that Citibank Uganda Limited meets the minimum requirements, scope, and frequency associated with liquidity metrics as required by the LRM Policy. At the discretion of the Citibank Uganda Limited Treasurer and Citibank Uganda Limited Treasury Risk Managers, the Citibank Uganda Limited may be subject to more granular measurements and standards.

A complete list of mandated Liquidity Risk metrics can be found in the LRM Policy and LRM Procedures.

### 2.6.4.3 Risk Monitoring

The Citibank Uganda Limited Treasurer and Citibank Uganda Limited Treasury Risk Manager are responsible for monitoring Liquidity Risk metrics against their established Limits and Triggers on daily, weekly, or monthly basis (depending on the metric).

Further details of Liquidity Risk metrics, limit/trigger setting, and escalation timelines can be found in the LRM Policy and LRM Procedures.

### 2.6.4.4 Risk Control

In line with the LRM Policy and LRM Procedures Citibank Uganda Limited Liquidity Risk is managed by the Citibank Uganda Limited Treasurer, ALCO and the Risk Manager.

All limit extensions are pre-notified by Citibank Uganda Limited Treasurer. Citibank Uganda Limited Treasury Risk Management is responsible for escalation of breaches to Citibank Uganda Limited Risk Management and Cluster FinCRO Head. Liquidity risk Management Action Triggers (MATs) are reviewed at least annually as part of the Balance Sheet Funding and Liquidity Plan review process and when needed. MATs should be approved by ALCO.

### 2.6.4.5 Risk Reporting

The LRM Policy, Standards and LRM Procedures define the Citibank Uganda Limited requirements for reporting, monitoring, and the escalation of breaches of limits and triggers established for key liquidity metrics and exposures.

Any exceptions to the LRM Policy and LRM Procedures are requested by the Citibank Uganda Treasurer and approved by the Head of Global Liquidity Risk Management or Finance CRO.

## 2.6.5 Risk Lifecycle of Strategic Risk

Citi’s Executive Management, with the Citigroup CEO as the lead, is ultimately responsible for the development and execution for the strategy of the firm.

The CCC serves as the country-level committee to govern Strategic Risk which it does by monitoring KRI's in relation to risks to the strategic plan, performance against Financial / Business plan and reviewing the output of ICAAP / other legal entity regulatory requirement where Strategic Risks may be identified.

#### 2.6.5.1 Risk Identification

Citi initially identifies and assesses Strategic Risk through the Strategic Planning process, which includes the Risk Assessment of the Strategic Plan. The risk assessment covers the risks inherent to the Strategic Plan and risks in executing the Strategic Plan. The Strategic and Financial Planning Policy details the key components of the framework.

Citibank Uganda Limited initially identifies and assesses Risks to the Strategic Plan. The risk assessment covers the risks inherent to the Strategic Plan and risks in executing the Strategic Plan. The Strategic and Financial Planning Policy details the key components of the framework.

Citibank Uganda Limited has developed a Strategic Plan as per Bank of Uganda's Risk Management Guidelines, 2010 where Strategic Risks are documented for Citibank Uganda Limited.

Citibank Uganda Limited Senior Management identifies and assesses Strategic Risk through the Strategic Planning process which includes a comprehensive risk assessment of the Plan in accordance with the ERMF. The risks inherent to and in executing the Strategic Plan are raised through that process.

#### **ICAAP / Other legal entity regulatory requirements process**

On a periodic basis, Citibank Uganda performs risk identification as part of ICAAP / Other regulatory requirements. The risks that are identified are reviewed against the Strategic Risk Taxonomy to evaluate if they may have an impact on the strategy of the legal entity i.e., a long-term impact that hinders the strategy from being executed and the desired outcome not being achieved.

#### **Financial / Business Plan**

The Legal Entity Board and the CCC monitor the financial performance of the legal entity against plan / budget as well as other KPI's.

Material deviations are discussed to understand the causes for the deviation including strategic risks.

#### 2.6.5.2 Risk Measurement

The First Line is responsible for identifying, assessing, and managing Strategic Risks with IRM and/or ICRM teams performing their review as part of Citibank Uganda ICAAP / other regulatory requirements process, the CCC and Citibank Uganda Board performance monitoring / Strategic Plan monitoring.

#### 2.6.5.3 Risk Monitoring

Strategic Risks are monitored by the CCC and Citibank Uganda Board through reviews of the ICAAP / other regulatory requirements process / Financial Plan monitoring / Strategic Plan Monitoring.

#### 2.6.5.4 Risk Control

The first line is responsible for identifying, assessing, and managing Strategic Risks with IRM and/or ICRM teams performing their review as part of the Legal Entity ICAAP / other legal entity regulatory requirements process, the CCC / LE Board performance monitoring / Strategic Plan monitoring.

#### 2.6.5.5 Risk Reporting

Strategic Risk metrics and key indicators are reported to Citibank Uganda Limited Senior Management, Board and Management Committees on a quarterly basis. Citibank Uganda ICAAP is performed annually and reviewed by the CCC and Citibank Uganda Board.

## 2.6.6 Risk Lifecycle of Operational Risk

### 2.6.6.1 Risk Identification

The Operational Risk Identification, Measurement, Monitoring and Mitigation Standard defines what Operational Risk identification methodology must be applied for what kind of Operational Risks, at what level of granularity and with what frequency, and includes but is not limited to requirements around Key Operational Risks, Manager's Control Assessments ("MCAs"), Emerging and Concentration of Operational Risks.

Businesses and Functions systemically, methodologically, periodically and in compliance with regulatory requirements identify the Operational Risks they are exposed to, including existing and emerging risks, and including Operational Risks that result from the introduction of new or changes to existing products, or result from significant changes in organizational structures, systems, processes or personnel.

Citibank Uganda Limited manages Operational Risk at the legal entity level.

#### **Material Operational Risks (MORs)**

ORM's definition of Material Risks aligns with that of ERMF. Qualitative and quantitative criteria are considerations when determining if a risk is material. Criteria such as Historical Operational Risk Event Effects (internal or external) as well as risks based on expert judgement.

#### **Manager's Control Assessment ("MCA")**

The MCA program, documented in the Operational Risk Identification, Measurement, Monitoring and Mitigation Standard, is a comprehensive self-assessment program, with methodology and tools to allow management to conduct risk and control identification, assessment and monitoring and residual risk management.

Businesses and Functions have processes in place to self-identify, assess, monitor, and mitigate operational risks, following MCA methodology. Further details can be found in the MCA Standard.

### 2.6.6.2 Risk Measurement

The Operational Risk Identification, Measurement, Monitoring and Mitigation Standard defines what estimation and aggregation methodologies is applied to determine the likelihood of materialization of Operational Risk exposures, and the resulting impact (potential or materialized), and includes but is not limited to requirements around the utilization of metrics, monitoring methodologies and other methodologies.

Citibank Uganda Limited follows the Operational Risk appetite and Risk identification procedure in estimating and aggregating the Operational Risks it is exposed to.

Citibank Uganda Limited has adopted the Standardised approach for calculating the Pillar 1 regulatory capital requirement for Operational Risk, in line with the regulatory requirement, as documented in the ICAAP.

### 2.6.6.3 Risk Monitoring

Businesses and Functions monitor and report the Operational Risk exposures to CCC and Board Risk Committee on a quarterly basis at a minimum. Further detail can be found in the ORM Policy and Standards.

The Operational Risk is monitored through various risk metrics, analysis of exposures including but not limited to the consideration of exposure rate of change, internal and external events/ factors / loss data, and analysis, MCAs, risks stemming from new business activities.

Citibank Uganda Limited monitors its Operational Risk Exposure, based on the methodologies as defined in the ORM Policy and Standards.

#### 2.6.6.4 Risk Control

Businesses and Functions have processes in place that allow them to bring Operational Risk exposures within acceptable levels as determined by the Operational Risk Appetite Framework as per the Operational Risk Management Policy.

Citibank Uganda Limited's Operational Risk Appetite is monitored and reported to the CCC and Board Risk Committee at least quarterly.

The First Line of Defense is responsible for implementing and maintaining effective controls to reduce the Operational Risks they are exposed to within Operational Risk appetite in accordance with the requirements of the Operational Risk Management Policy. The second line of defense provides credible challenge to the first line implementation of Operational Risk Management Policy and Standards.

Citibank Uganda Limited implements necessary controls in the entity management process, as required to manage risk to an acceptable level, and review the effectiveness of key controls implemented by the businesses operating in the entity.

#### Escalation

A critical element of active Operational Risk management is proactive anticipation of Operational Risk and related events to support timely escalation and mitigation.

The Operational Risk Policy in line with Citi's Escalation Policy defines what Operational Risk events are escalated to whom within what timeframe and what processes Businesses and Functions have in place that make sure that impact is avoided or reduced while an Operational Risk event unfolds, allowing for specialized treatment and day-to-day management of frequently occurring Operational Risk events.

Citibank Uganda Limited employees are required to escalate concerns in accordance with Citi's Escalation Policy.

#### 2.6.6.5 Reporting

Operational risk reports are produced at the global, managed segment and managed geographies level. This provides senior management with the relevant aggregated Operational Risk information in order to inform their risk decisions at all levels of governance.

Citibank Uganda Limited produces Operational Risk reports at a Legal Entity level that are reported to CCC and Board Risk Committee on a quarterly basis.

### 2.6.7 Risk Lifecycle of Compliance Risk

The key Citi policy that governs the Compliance Risk management processes to identify, measure, monitor, control, and report Compliance Risk is Compliance Risk Management Policy ("CRMP"). This is designed to achieve standardisation for consistent and comprehensive execution of Compliance Risk Management, which includes adherence with LRRs, Citi's policies, and procedures across the three Lines of Defense. Management of Compliance Risk, governed by Citi's CRMP, is the responsibility of all Citi employees.

Defined in the CRMP, the Compliance Risk Management Framework ("CRMF") details the processes and enablers that promote the identification, measurement, monitoring, controlling, and reporting of Compliance Risk. The CRMF is aligned to the ERMF, the CRMF supports the ERMF through its focus on the management of Compliance Risk enterprise wide. The CRMF supports the ERMF and the CBNA Risk Governance Framework through its focus on the management of Compliance Risk enterprise wide. The CRMF comprises of the following 4 Pillars which enable Citibank Uganda to holistically manage its Compliance Risks:

- Pillar 1: Risk Management Culture
- Pillar 2: Governance, Board and Management committees, Lines of Defense, Policies & Procedures
- Pillar 3: Risk Management Life Cycle
- Pillar 4: Enterprise Programs

Each of these Pillars is underpinned by Integrated Core Processes and Controls that enables Citibank Uganda to drive comprehensive Compliance Risk management.



In addition to the processes across the four Pillars, the following Compliance Risk management activities further support Citi's ability to comprehensively and effectively manage Compliance Risks as supporting capabilities:

- Compliance Training and Communication
- Talent and performance management
- Data and Technology, model and Analytics

### 2.6.7.1 Pillar 1: Risk Management Culture

Values, Behaviors and Leadership Principles: Citi's culture and values drive a strong risk and control environment and are at the heart of the ERMF, underpinning the way Citi conducts business.

#### **Performance Management:**

All employees of CUL are expected to demonstrate good conduct and behaviors to support a positive risk culture. Citi looks to attract, retain, promote and, where appropriate, reward employees who personify Citi's Mission and Value Proposition and Leadership Principles. Refer to i) Section 3.6 CRMF – Supporting Capabilities and ii) Section 3.6.4 Talent and Performance Management for additional detail. We are all Risk Managers, responsible for identifying, measuring, monitoring, controlling, and reporting the Compliance Risk(s) generated by a business activity, regardless of our role or our organizational unit's line of defense designation.

In turn, all Citi Uganda Employees will be held accountable for their Compliance Risk Management responsibilities and outcomes through the Risk & Control Pillar of Citi's performance management process. Further, CUL Employees who are in a senior management role, are subject to additional ICRM inputs in the evaluation of their Risk & Control Pillar performance, as outlined in the 'Procedure for Compliance Risk Management Accountability'. Where there is failure due to misconduct, or negative outcomes that result in Significant Events or breaches of material risk limits, the CUL Employee involved would additionally be subject to the processes as outlined in Human Resources' ("HR") Global Disciplinary Review Policy and Accountability Framework Procedure, where applicable. Collectively, these serve to encourage risk taking that is consistent with risk appetite and assign individual consequences where expected behaviours are not displayed.

### 2.6.7.2 Pillar 2: GOVERNANCE

At Citibank Uganda Limited's the following management meetings manage the risks addressed by the Compliance Risk Management Policy. Detailed information on Citi's Governance Committees can be found in the Citi Governance Policy, Citi ERMF and Risk Governance Framework.

#### **(a) Key Compliance Risk Governance Committees**

A subset of Key Compliance Risk Governance Committees is required to include Compliance Risk Appetite and Policy Governance (i.e., Policy breaches<sup>3</sup>) in their meeting agendas. At Country level, this includes:

- Country Coordinating Committee
- Board Risk Committee

#### **(b) CRM Governance and Oversight of Compliance Risk**

ICRM Senior Management (i.e., the Chief Compliance Officer's Executive Team) plays an integral role in ensuring Compliance Risks are consistently overseen and governed across Citi at Global and Cluster levels through the Key Compliance Risk Governance Committees.

#### **(c) Lines of Defense**

CUL uses a lines of defense model as a key component of its ERMF. The lines of defense model bring together risk-taking, risk oversight, and risk assurance under one umbrella and provides an avenue for



risk accountability of the First Line of Defense (“First Line”). This is a construct for effective challenge by IRM and ICRM within the Second Line of Defense (“Second Line”) and empowers independent risk assurance by Internal Audit (“IA”) within the Third Line of Defense (“Third Line”). In addition, the lines of defense model includes functions tasked with supporting a strong control environment (“Enterprise Support Functions”).

The First, Second and Third Lines, along with Enterprise Support Functions, have distinct roles and responsibilities and are empowered to perform their relevant risk management processes and responsibilities outlined in the ERMF and supporting suite of Policy Documents to manage Citi’s risks in a consistent and effective manner.

Clearly defined roles and responsibilities across the lines of defense support employees as they work to manage Compliance Risk. High-level roles and responsibilities pertaining to relevant CRMF Components are set in the appendix of the CRMP.

**(d) Policies, Standards, and Procedures (referred to as ICRM Policy Management).**

Policy Documents are used to guide staff on the management of LRRs and to set out the required roles and responsibilities relating to Compliance Risk across the three lines of defense. ICRM is responsible for establishing Policy Documents relating to Compliance Risk Management. All lines of defense are responsible for adhering to these Policy Documents, creating control processes and procedures to comply with those Policies, and for monitoring and reporting breaches and exceptions to ICRM.

**2.6.7.3 Pillar 3: Risk Management Lifecycle**

In alignment with the ERMF (Pillar 3), Citi’s CRMF comprises the end-to-end Risk Management Lifecycle (RML), which is comprised of activities that are used to identify, measure, monitor, control, and report risks. CRM Core Activities are applied individually and/or jointly to the management of risks, as described in: (i) Risk Category Policy Documents; (ii) Enterprise Program Policy Documents; and (iii) Policy Documents covering other risk management processes.

**a) Identify**

Compliance Risk Identification is the process for identifying and assessing the risks that CUL is exposed to through the course of its business activities. Processes for identifying Compliance Risk form part of Citi’s broader Enterprise Risk Identification program. Compliance Risk Identification informs Risk Measurement, and Risk Monitoring across the ERMF RML. CUL’s awareness of all applicable LRRs and associated material Compliance Risks that impact Citi, its businesses, and processes, is driven by Citi’s management of regulatory change and its inventory of LRRs in combination with processes, policies, procedures and training applicable to CUL. The Identified CRM Core Activities comprise Laws, Rules, and Regulations Management and Compliance Risk Identification as outlined in the Compliance Risk Management Policy.

**b) Measure**

Risk Measurement is the process for determining the materiality, exposure, and likelihood of risks. Compliance Risks are measured to determine their materiality, exposure, and likelihood to inform prioritization for controlling, monitoring, and reporting. Processes for measuring Compliance Risk form part of Citi’s Risk Appetite for Compliance under Pillar 4 Enterprise Programs. Risk Appetite for Compliance Risk supports how the Firm uses its Compliance Risk Appetite to guide staff in their management of Compliance Risk.

## **Compliance Risk Assessment**

Citi's Compliance Risk Assessments evaluate the: Inherent Compliance Risk, which is the Compliance Risk that an activity would pose in the absence of controls, and Residual Compliance Risk (this also includes the likelihood of the risk re-occurring), which is the level of Compliance Risk after controls are considered. Citi's businesses and functions assess key Compliance Risks through the Manager's Control Assessment ("MCA") which is a diagnostic, self-assessment tool for managers to identify and address weaknesses in the design and execution of internal controls that mitigate the most significant Operational and Compliance Risks. The assessment determines if actions need to be taken to strengthen risk management or to reduce risk. ICRM is responsible for conducting credible challenge of the Compliance Risk Assessment results in the MCA. ICRM also independently assesses the key Compliance Risks through ICRM Compliance Risk assessments, for all organizational units' CRM Core Activities. ICRM Compliance Risk assessments are comprised of four distinct risk assessments:

The Core Compliance Risk Assessment ("CRA"); Enterprise-Wide Anti-Money Laundering Risk Assessment ("EWARA"); as an extension of EWARA, horizontal Compliance Risk Assessments may be conducted on certain high-risk products, Enterprise-Wide OFAC / Sanctions Risk Assessment ("EWORA"), and Anti-Bribery Risk Assessment ("ABRA"). Together these four Compliance Risk Assessments address the Level 1 risks of the GRC Risk Taxonomy for Compliance (Level 0 GRC risks).

Compliance Risk Assessment outcomes inform applicable Compliance Independent Assessment (i.e., Compliance Risk Monitoring and Compliance Testing) activities, including evaluating third party Compliance Risk. For Level 1 Risks outside of Compliance (Level 0 GRC risks) Operational Risk Management ("ORM") the Second Line of Defense function are accountable for setting the ORM framework overall. This includes the following:

The Compliance Risk Assessment Activity is further outlined in the Global Compliance Risk Assessment Standard.

## **Compliance Risk Metrics**

The ERMF identifies Compliance Risk as a primary risk category. The Key Risk Indicator Standard sets out the requirements for Key Risk Indicators ("KRIs") as defined in the Enterprise Risk Identification Policy and associated monitoring and reporting.

Compliance KRIs are a set of measures that provide an objective view of the level or the direction of exposure to Compliance Risk and are used to identify, measure, monitor, control, and report Compliance risk exposure. They provide the data to enable managers within Citi's businesses and functions to understand, report, and manage Compliance Risk and to inform credible challenge.

The Compliance Key Risk Indicator Procedure establishes minimum requirements to identify, monitor, and manage Compliance KRIs across the First and Second Lines of Defense. ICRM oversees the establishment of the framework for the consistent measurement and reporting of data, metrics, and analytics related to Compliance Risk against established thresholds and Citi's Compliance Risk Appetite. The Compliance Risk Metrics Activity aligns to Risk Measurement, Risk Monitoring, and Risk Control within the ERMF RML.

### **c) Monitor**

Compliance Risk Monitoring is the activity for the ongoing review of risks and understanding if there have been any changes to the materiality of existing risks or the realization of new risks.

ICRM Compliance Independent Assessment supports the CRMF and ICRM's Compliance Risk management objectives by assessing significant Compliance Risks through monitoring and testing



activities that evaluate the compliance of First Line and Enterprise Support Functions with applicable LRRs as well as internal associated policies.

The First Line evaluates key Compliance Risks and controls for their organizational unit in alignment with the Control Standard, Manager's Control Assessment (MCA) Standard. Control Monitoring must be performed in accordance with these Policy Documents. This includes an evaluation of the design and performance of the controls and monitoring tools utilized.

As part of the coverage of the Second Line of Defense the Risk Management Independent Assurance Standard (RMIA) outlines the governance and principles for IRM's testing and monitoring of First Line of Defense risk processes, activities, and controls to assess for adherence to applicable Policies, Standards, Procedures, laws and regulations, aligned to their respective Risk Categories. The Compliance Independent Assessment Activity aligns to Risk Identification, Risk Measurement, Risk Monitoring, Risk Control, and Risk Reporting within the ERMF RML.

#### **d) Control**

Compliance Risk Control is the activity for managing risks such that they are at acceptable levels, or to accept risk exposures that cannot or will not be mitigated. The primary Compliance Risk Control activity is underpinned by requirements set out in the Risk Control Policy and Compliance Risk Issue Management procedure, which focuses on identifying potential or actual matters that may result in negative impacts to Citi (Events which comprised of Concerns and Incidents as defined by the Escalation Policy), Compliance Risk Issues or Compliance Risks that need to be addressed.

A Compliance Risk Issue relates to the non-compliance, or potential for non-compliance, with a law, rule, regulation, or associated Policy Document that is not mitigated to an acceptable level. For the purposes of clarity, a compliance risk issue is an issue in the Issue and Corrective Action Plan Management System ("iCAPS") which is tagged to compliance risk (either at the event risk level, or additional risk level). A Compliance Risk Issue can be owned by any area within the organization. The management of Compliance Risk Issues (Issue Management Lifecycle, or IML) follows the IML requirements detailed in the Global Issue Management Policy, Global Issue Management Standard, and Global Issue Management Procedure. Other business or functional procedures may also apply, e.g., for ICRM-owned Compliance Risk Issues, ICRM follows the ICRM Issue Management Procedure -a subordinate document of the Global Issue Management Policy.

### **2.6.7.4 PILLAR 4: ENTERPRISE PROGRAMS**

Citi's Enterprise Programs are the key risk management programs that are integral to the end-to-end Risk Management Lifecycle and are used to identify, measure, monitor, control, and report risks across Citi as highlighted above.

#### **2.6.8 Risk Lifecycle of Reputation Risk**

Citi's Reputation Risk Management framework is established through five core documents which focus on critical framework elements such as roles/responsibilities, governance, escalations, Risk Appetite, and reporting.

- **Reputation Risk Policy** – Outlines the roles and responsibilities for the identification, reporting, monitoring, and management of Reputation Risk at Citi.
- **Reputation Risk Management Procedure** – Establishes the processes to support Reputation Risk management, in line with the Reputation Risk Policy.
- **Reputation Risk Committee Standard** – Details the requirements for adhering to the Citi Governance Policy as it relates to the governance of Reputation Risk.



The Reputation Risks that Citi are exposed to are identified and managed as defined in the Citi Reputation Risk Policy. Citi does not manage Reputation Risk on a standalone basis. Citi applies the Reputation Risk Policy to all businesses booked within it as part of a Citi-wide assessment of Reputation Risk. The policy outlines the roles and responsibilities for identification, reporting, monitoring and management of Reputation Risk at Citi.

#### 2.6.8.1 Risk Identification

Notwithstanding the specific responsibilities set forth for each Line of Defense, all legal entities, product lines and functions are responsible for identifying and managing material Reputation Risks and for escalating concerns to the appropriate Committee via the relevant Coordinators.

#### 2.6.8.2 Risk Measurement

Citibank Uganda Limited does not measure Reputation Risk on a standalone Legal Entity basis. It is measured at the Citigroup/CBNA level, which aligns to the Citi Reputation Risk Policy.

The Procedures is comprised of inputs from Citi's key stakeholder groups (such as customers, clients, employees, regulators, general public, investors and other stakeholders).

#### 2.6.8.3 Risk Monitoring

Reputation Risk is monitored across Citi businesses, clusters and legal entities through Reputational Risk Review Forums (RRCs) and the Country Coordinating Committees (CCCs). CCCs provide oversight of Reputation Risk at the country-level. RRCs govern the processes by which material Reputation Risks are managed, in line with the firm-wide strategic objectives, Risk Appetite thresholds, and regulatory expectations, while promoting the culture of risk awareness and high standards of culture and conduct.

RRCs receive ad-hoc escalations of transactions, clients or product features that merit Reputation Risk review. Once a material Reputation Risk is identified, the matter is escalated to the appropriate RRC Coordinator. The matter may be resolved through discussion facilitated by the RRC Coordinator outside of a formal RRC meeting or escalated to the appropriate RRC.

As part of resolving an escalated Reputation Risk, appropriate legal entity representation and impacts are considered as part of RRC discussions and determinations. Discussion outside of a formal committee meeting also include appropriate representation.

Reputation Risk escalations can come from a number of sources. CCCs and subordinate RRCs may escalate issues to RRCs more appropriately scoped to resolve the issue. Group New Activity Committee ("GNAC") and its business segment sub-committees, and other risk committees are all sources of review and referrals for Reputation Risk escalations. The escalation template for RRCs requires the impacted Legal Entities to be identified and facilitate appropriate legal entity representation.

Independent Reputation Risk Management provides oversight and administration of the Reputation Risk Management framework, and provides reports to Senior Management and Reputation Risk governance committees.

#### 2.6.8.4 Risk Control

CCCs are responsible for escalation and notification to Business RRC Coordinators. The Group Reputation Risk Committee ("GRRC") is responsible for escalation and notification to the Citi and CBNA Board of Directors or their relevant committees, as appropriate.

An important safeguard for managing Reputation Risk is the integrity and training of employees. Citibank Uganda Limited expects employees to read and acknowledge their acceptance of the ethical standards in the Code of Conduct, to comply with all policies, including those that help to mitigate and manage Reputation Risk, and to escalate potential Reputation Risks.



#### 2.6.8.5 Risk Reporting

RRCs meet each quarter and review Reputation Risk Matters referred to or identified by a RRC Coordinator or escalated by the second line of defense. Separately, Reputation Risk Events in Citi or within the industry relevant to the business or function may result in a Lessons Learned Review (Refer to Citi Global Lessons Learned Policy), and results of the Reputation Risk Lessons Learned are provided to the relevant RRC.

Subordinate and Business Reputation Risk Committees escalate significant issues to the Group Reputation Risk Committee (GRRC), in line with the Escalation Policy. The GRRC escalates to the Citigroup or Citibank, N.A. Board(s) or their relevant Committees, as appropriate. The Group RRC Coordinator provides regular updates to the Nomination, Governance and Public Affairs Committee of the Citigroup Board, typically focusing on the Reputation Risk program and topics of interest.



## 2.7 Enterprise Programs

### 2.7.1 Enterprise Risk Identification (including Concentration)

The Enterprise runs an Enterprise-wide Risk Identification process on a Global Business and Functional basis to identify and manage those risks that are material to Citigroup and CBNA.

Citi-wide Risk Identification (“Risk ID”) program, described in ERMF, complements the range of business-as-usual risk identification processes performed as part of day-to-day risk management. These business-as-usual processes, feed the Citi-wide Risk ID program and its key components: MRI, and Top and Emerging Risks.

The Enterprise Risk Identification Policy defines the requirements for the effective identification, measurement, aggregation, monitoring, reporting, and governance of the different Risk Types (Top, Material, Growing, Idiosyncratic and Emerging risks) across Citi’s Risk Taxonomy. Moreover, the Policy provides further detail, including the full set of roles and responsibilities and the connectivity of risk identification to other Enterprise-wide processes such as risk appetite, comprehensive capital analysis and review (“CCAR”), concentration risk management, and risk assessment of operating plan.

### 2.7.2 Risk Appetite and Limits

#### 2.7.2.1 Risk Appetite

Risk appetite (RA) is the aggregate level and types of risk an entity is willing to take in order to meet its strategic objectives and business plan. The Legal Entity Governance and Risk Management Standard provide further details on the implementation of core principles, obligations, and governance requirements through which Risk Appetite is established, communicated and governed.

In accordance with Legal Entity Governance and Risk Management Standard, Citibank Uganda maintains a Risk Appetite that meets the requirements of both Citi’s Policies and the applicable local regulations. Citibank Uganda adheres to the risk appetite requirements as per the Risk Management Guidelines, 2010 and Guidelines on Internal Capital Adequacy Assessment Process, 2023.

The Risk Appetite Statements consist of qualitative and quantitative components and cover, at a minimum, all Primary Risk Categories (see Section E Risk Categories). The Risk Appetite Policy and Risk Appetite Standard provide further detail on the implementation of core principles, obligations, and governance requirements through which risk appetite is established, communicated and governed.

Citibank Uganda Limited’s RAS consists of a Combined Statement (with limits and thresholds) that articulates both qualitative and quantitative components across all applicable risk categories. The RAS articulates application of the risk appetite principles, implication of strategy considerations, and applicable risk pillars, inclusive of supporting risk metrics and / or key indicators and associated risk limits and thresholds. These qualitative components are supported by risk metrics, key indicators, and the quantitative components of the RAS.

The Citibank Uganda Limited RAS is updated and approved annually by Citibank Uganda Limited’s Board where the RAS is developed, reviewed, and approved in alignment with Strategic Planning / ICAAP / other process. On a quarterly basis, Citibank Uganda Limited Board receives an assessment of Citibank Uganda Limited’s risk profile against its approved risk appetite.

When the risk profile exceeds the approved level of risk appetite for a given risk category, CCC and ALCO must be notified of risk category breach on a quarterly basis and breaches must be reported to the Board Risk Committee on a quarterly basis through regular committee(s) meeting reporting.

#### 2.7.2.2 Risk Limits and Thresholds



Citibank Uganda Limited risk limits are established and communicated through policy documents that outline requirements and responsibilities for limit setting, approval, monitoring and on the escalation and remediation of breaches on a timely basis. Limit frameworks provide a structural mechanism to monitor adherence to risk appetite and are a means to control the exposure. Citibank Uganda Limited's RAS includes risk metrics and/or key indicators with associated limits and thresholds.

### 2.7.2.3 Enterprise Concentration Risk Management

Citi has established the Enterprise Concentration Risk Management ("ECRM") Policy, which defines concentration risk at the enterprise level and leverages quantitative metrics and qualitative criteria to identify concentration risk. The ECRM framework requires active participation of all Lines of Defense and effective processes to identify, measure, monitor, control, and report concentration risks in and across risk categories.

Concentration risks are identified at Legal Entity level, with limits established as needed and included in regular monthly reports across Credit, Market (Trading and Non-Trading) and Liquidity Risks. The oversight and governance of Citibank Uganda - Concentration Risks are reported to Management and to the Board through the Board Risk Committee.

### Stress Testing

Enterprise Stress testing is carried out by Citigroup / CBNA.

Risk measurement, including stress testing is an integral component that support risk management and capital and liquidity planning. Stress tests are forward-looking assessments of the potential impact of various adverse events and circumstances on Citi.

The Citi Enterprise Stress Testing Policy ("ESTP") established the framework for evaluating the impact of the adverse and/or stress events and circumstances on Citi's operations and financial condition. Citibank Uganda contributes to the ESTP and its Transition Plan (Appendix E of ESTP) with respect to stress testing capabilities, particularly in reference to single risk, multi risk, and integrated risk scenarios as well as principles and roles and responsibilities relating to stress testing.

Citi performs different stress tests at enterprise, legal entity and risk pool levels. Citi defines two types of stress tests including:

- Multi-risk: Stress tests covering more than one Risk Category, as defined in the Citi Risk Taxonomy
- Single-risk: Stress tests covering a single Risk Category

Further details on the methodology and responsibilities can be found in the Enterprise Stress Testing Policy and ERMF.

Enterprise stress tests are conducted at a consolidated Group level and consider both material risks and emerging risks.

Stress testing results provide analysis and decision-making for a particular use:

- Business-as-usual risk management: Risk identification, measurement and mitigation including limit monitoring.
- Strategic and operating planning: Impact on business line profitability to inform business strategy.
- Capital adequacy assessment and planning: Assessment of metrics used to define, measure, monitor, and govern capital management.
- Liquidity adequacy assessment and planning: Assessment of metrics used to define, measure, limit, and report the firm's liquidity position to ensure the firm is maintaining sufficient liquidity resources to meeting its liquidity goals.
- Recovery and resolution planning: Definition of triggers and actions over the stress continuum (e.g., recovery, runway, stabilization).

### 2.7.3 Strategic Planning

Citi Executive Management, with Citigroup's CEO as the lead, are ultimately responsible for the development and execution of the strategy of the firm. The Citigroup Board is responsible for overseeing Management's



execution of the strategy. Citi's strategy and decisions taken to achieve the strategy are consistent with the firm's risk appetite.

Each year, Citibank Uganda Limited conducts a Legal Entity strategic planning process, which is closely linked with the capital planning process, and develops a Strategic Plan. In order to achieve its strategic objectives, Citibank Uganda Limited will need to assume a certain level of risk and Citibank Uganda Limited's risk profile and risk appetite are key considerations in the strategic planning process. The Legal Entity strategic plan is aligned with the overall Group Strategic Plan. Further information on the principles related to Strategic Planning and roles and responsibilities can be found in the ERMF.

The Citibank Uganda Limited Board reviews and approves the plan annually.

### 2.7.5 New Activities Approval

In order to successfully serve clients and achieve commercial goals, Citi must be responsive to changing circumstances. This may require Citi to review and approve any new or modified business activity that impacts clients, counterparties or partners, in relation to Citi products, services, capabilities, and business operating model, platforms, and other aspects of our business that affect our client interactions. A new activities approval process is in place across Citi, and applies to all entities, in order to ensure that the risks of a proposed new activity have been appropriately characterized and the mitigating control environment is adequate. Further details including roles and responsibilities can be found in the ERMF and the New Activity Policy.

### 2.7.6 Climate Risk Management

The Citi Climate Risk Management Framework provides a globally consistent approach to manage Climate Risk across the firm and forms the basis for addressing local requirements unless required to adhere to specific local or regulatory requirements not included within the Climate Risk Management framework. Where local requirements and/or regulations are shared, identifying potential gaps relative to this framework, and in consultation with and support from the Climate Risk Team, making any required enhancements and maintaining legal entity specific approaches as necessary. Legal entity specific approaches may be developed in instances where a local legal entity requirement is not met by this framework. the Climate Risk Management Framework.

## 2.8 Supporting Capabilities

In order to ensure effective enterprise-wide risk management across Citi, the Enterprise Risk Management Function, in coordination with HR, Enterprise, Operations & Technology, Legal and other key functions, facilitates several supporting capabilities.

### 2.8.1 Talent and Performance Management and Compensation

Citi's talent, performance management and compensation programs, in relation to risk management, are designed to attract, develop, recognize, and reward individuals with the knowledge, skills, abilities, and demonstrated behaviours that support the design, implementation and embedding of effective risk management across Citi. This is reflected in Citi's incentive (including remuneration and promotion) and performance management frameworks, which assess achievements and behaviours in line with Citi's values. Further details can be found in the ERMF.

### 2.8.2 Communication and Training

Communications relating to risk management are coordinated through a communications strategy which ensures messages are delivered effectively and appropriately and all employees are informed of relevant risk management matters as outlined in the ERMF.

In order to support effective risk management across Citi, comprehensive ongoing training as well as specific learning and development opportunities are provided to all employees. Further details can be found in the ERMF.



### 2.8.3 Data and Technology

Consistent quality, management and use of data are critical to support risk management activities across the Risk Management Lifecycle. The Citi Data Governance Policy sets forth the principles for the implementation of a consistent and controlled approach to create, maintain, and use Enterprise Data as a critical corporate asset. The Citi Data Governance Policy applies throughout Citi.

Further details can be found in the ERMF.

Citi's technology and infrastructure supports risk management activities across the Risk Management Lifecycle. Further details can be found in the ERMF.

### 2.8.4 Models and Analytics

Timely, accurate, and comprehensive analytics of Citi's risk profile and risk generating activities is essential to facilitate safe and sound risk management. Further details can be found in the ERMF.

Models are used within the Group to process input data into quantitative estimates using quantitative methods, systems or approaches that apply statistical, economic, financial, or mathematical theories, techniques, and assumptions. Further information about the use of models and model risk management can be found in the Citi Model Risk Management Policy.



## Appendix A – Glossary

<b>Term</b>	<b>Definition</b>
ALCO	Asset & Liability Committee
ALM	Asset & Liability Management
APAC	Asia Pacific
BAU / Non-BAU	Business-as-Usual / Non-Business-as-Usual
BCBS	Basel Committee on Banking Supervision
BSST	Business Specific Stress Test
CBNA	Citibank National Association
CCAR	Comprehensive Capital Analysis and Review
CCC	Country Coordinating Committee
CCO	Citi Country Officer
CEO	Chief Executive Officer
CLRI	Contingent Liquidity Risk Inventory
CPB	Citi Private Bank
CRMC	Country Risk Management Committee
CRMF	Climate Risk Management Framework
CRMR	CitiRisk Market Risk
CRO	Chief Risk Officer
CT	Compliance Testing
CVA	Credit Valuation Adjustment
DFAST	Dodd Frank Act Stress Test
DSFT	Derivatives & Securities Financing Transactions
DV01	Interest rate risk per basis point movement
ECRM	Enterprise Concentration Risk Management
EMEA	Europe, Middle East and Africa
ERMF	Enterprise Risk Management Framework
EVS	Economic Value Sensitivity
FICO	Credit Scoring System
FLU	Front Line Units
GLM	Global Liquidity Management
GNAC	Global New Activity Committee
GSRC	Global Strategic Risk Committee
GSST	Global Systemic Stress Test
HLA	Highly Liquid Asset
ICAAP	Internal Capital Adequacy Assessment Process
ICRM	Independent Compliance Risk Management
IML	Issue Management Lifecycle
IRE	Interest Rate Exposure



IRM	Independent Risk Management
KI, KRI, UKI	Key Indicators, Key Risk Indicators, Universal Key Indicators
KOR	Key Operational Risks
LATAM	Latin America
LCR	Liquidity Coverage Ratio
LE	Legal Entity
LoD	Lines of Defense. Used as 1LoD, 2LoD, or 3LoD.
LRR	Laws, Regulations and Rules
MAT	Management Action Trigger
MCA	Manager's Control Assessment
MLE	Material Legal Entity
MRI	Material Risk Inventory
MTM	Mark to Market
NAM	North America
NIR	Net Interest Revenue
OCI	Other Comprehensive Income
ORM	Operational Risk Management
PPLs	Permitted Product Lists
QAF	Quality Assurance Framework
RAF	Risk Appetite Framework
RAR	Risk Appetite Ratio
RAS	Risk Appetite Statement
RLAP	Resolution Liquidity Adequacy & Positioning
RMC	Risk Management Committee
RMF	Risk Management Framework
ROTA	Return on Total Assets
ROTCE	Return on Tangible Common Equity
RRC, GRRC	Reputation Risk Committee, Group Reputation Risk Committee
RTU	Risk Taking Unit
SMR	Standard Management Report, based on BCBS239 requirement
SPOE	Single Point of Entry
SPQR	Standardized Portfolio Quality Review
SRC, GSRC	Strategic Risk Committee, Group Strategic Risk Committee
SVaR	Stressed Value at Risk
TLST	Term Liquidity Stress Test
TRM	Treasury Risk Management
VaR	Value at Risk



## Appendix B – Key local Regulations

Regulation/Law Name	Issuer Body
Consolidated Corporate Governance Guidelines 2022	Bank of Uganda (BoU)
Risk Management Guidelines 2010	Bank of Uganda (BoU)