CITIBANK EUROPE PLC

(Registered Number: 132781)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2023

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BOARD OF DIRECTORS AND OTHER INFORMATION

DIRECTORS	Susan Dean - Chairperson - Independent Non-Executive Silvia Carpitella - Chief Financial Officer and Interim Chief Executive Officer, (resigned on 30 April 2023) Desmond Crowley - Independent Non-Executive Gillian Lungley - Independent Non-Executive Jeanne Short - Independent Non-Executive John Gollan - Independent Non-Executive Patrick Dewilde - Non-Executive Peter McCarthy - Chief Executive Officer (Temporary Officer) (appointed on 17 November 2023), Non Executive Peter Jameson - Executive (appointed on 4 January 2023) Kristine Braden- Chief Executive Officer (CEO) (appointed on 1 April 2023, resigned on 16 November 2023) Ryan Davis-Non- Executive (appointed on 4 May 2023) Fabio Lisanti-Executive (appointed on 6 September 2023)
COMPANY SECRETARY	Fiona Mahon
REGISTERED OFFICE	1 North Wall Quay, Dublin 1
SOLICITORS	A&L Goodbody LLP International Financial Services Centre, 3 Dublin Landings, North Wall Quay, Dublin 1 Arthur Cox LLP Ten Earlsfort Terrace, Dublin 2 Matheson LLP 70 Sir John Rogersons Quay, Dublin 2
AUDITOR	KPMG Statutory Auditor and Chartered Accountants 1 Harbourmaster Place, IFSC, Dublin 1
BANKERS	Citibank NA, London Branch Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB

DIRECTORS' REPORT

For the year ended 31 December 2023

The Directors present their report and the annual financial statements of Citibank Europe Plc ("the Company" or "CEP") and the "Group" (CEP and its' subsidiaries) for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Principal Activities

The Group is headquartered in Dublin, Ireland and for the year under review had two subsidiaries (2022: one subsidiary) and branches across 21 European countries (2022: 21 European countries). Its ultimate parent is Citigroup Inc. (hereafter referred to as either "Citigroup" or "Citi").

The Company, which holds a banking licence from the Central Bank of Ireland (CBI) under Section 9 of the Central Bank Act 1971, provides financial services to clients and other Citigroup businesses on a worldwide basis. From 1 January 2017 the Group has been directly regulated by the European Central Bank (ECB) through the Single Supervisory Mechanism ("SSM" or "The Regulator").

The Company is passported under the EU Banking Consolidation Directive and accordingly is permitted to conduct a broad range of banking and financial services activities across the European Economic Area (EEA) through its branches and on a cross-border basis.

The core activities of the Group comprise Services, Markets, Banking, Wealth and Legacy Franchises. Services include Securities Services and Treasury and Trade Solutions (TTS). Markets activities include the provision of underwriting, sales and trading and distribution capabilities across a span of asset classes including rates, spread products, currencies, equities and commodities. Banking segment comprise of investment banking, corporate banking and commercial banking. Wealth activities comprise private banking services to high net worth individuals and family offices. Legacy Franchises is a operating segment created in 2022 that primarily consists of consumer businesses that Citi plan to exit as part of simplification strategy including retail banking activities. These businesses service a wide range of target market clients including financial institutions, fund managers, governments, public sector clients, large local and multinational corporations, and high net worth individuals.

Business Review

For the year ended 31 December 2023, the Group reported a profit after tax of $1,743 million (31 December 2022: $1,031 million) and has maintained robust capital and liquidity positions during that period.

The net income before impairment was $4,347 million for the year ended 31 December 2023 (31 December 2022: $3,005 million), which increased 45%, driven by Services, Markets and Banking, partially offset by decline in Wealth. Within Services, TTS delivered a strong performance primarily benefiting from higher interest rates and volume growth in deposits reflecting broadened client base. This was combined with increase in Securities Services revenue due to growth in assets under custody and administration. Markets revenue increased since prior year due to gains in fixed income supported by higher interest rates. Commercial banking revenue improved since prior year due to higher interest rates on a bigger loan portfolio arising from western Europe expansion. Wealth revenue decreased due to lower deposit spreads.

The Group recorded a net impairment gain of $38 million (31 December 2022: net impairment loss of $70 million). This was primarily driven by a reserve release due to improvements in the macroeconomic outlook and better credit quality composition in the portfolio offset by an increase in reserves due to the acquisition of the Bank Handlowy ("BHW") consumer portfolio. Note 23 contains further details within the credit risk section.

Total operating expenses increased to $2,244 million (31 December 2022: $1,660 million) which was driven primarily by a rise in personnel expenses, continued investments in Citi's transformation including strengthening of risk and control environment, as well as restructuring charges and inflation.

The Group's total assets increased to $154.6 billion (31 December 2022: $129.3 billion). The growth was led by the acquisition of BHW, an increase in placements due to customer deposit growth which resulted in placing excess liquidity with central bank and the positive impact of the repricing of derivative instruments associated with the markets business.

Intermediate Parent Undertaking (IPU) Transaction

In November 2023, the establishment of the IPU was successfully completed by the removal of Citibank Holdings Ireland Ltd ("CHIL" the former parent of CEP) from the holding structure and by the transfer of Citibank Overseas Investment Corporation's ("COIC") 75% controlling interest in BHW to CEP increasing the total assets by $19bn.

The changes to the ownership of CEP, distribution of CHIL's holdings in CEP to Citi Overseas Holdings Bahamas Limited ("COHBL") are intra-group and do not involve a new entity entering the chain of ownership of CEP. In addition to the change of ownership, CEP has re-assigned the existing subordinated debt facilities from CHIL to Citibank N.A. ("CBNA").

Following completion of the IPU Transaction BHW is included within the consolidated financial statements of CEP. Please refer to Note 35 - Business transfer under common control for further details.

Future Developments

The Group continues to monitor the evolving macroeconomic and geopolitical outlook which remains complex. There are signs which indicates that global inflation and the higher interest rates environment within US, UK and Europe may have peaked, which is expected to continue to benefit the Services business.

The Group plans to further grow its wallet share within Services in addition to expanding Commercial Banking and Wealth services in Western Europe as well as Markets business and build ESG capabilities in its product offerings.

ESG will continue to be a major focus area and the Group will continue to further evolve its strategy in line with key stakeholder expectations. The strategy outlines the Group's vision and values as well as risk and opportunities that arise due to the evolving landscape of climate change and its related regulation.

The effects of simplification of structure at the ultimate Parent will renew through the Group to ensure alignment and standardization. As part of the divestiture strategy the Group will re-assess its current consumer portfolio under the subsidiary, BHW.

The Group is engaged in a multi-year transformation initiative to modernise its risk and control environment, and enhance the technology infrastructure which are fundamental to serving the Company's clients and maintaining a robust governance framework.

DIRECTORS' REPORT

For the year ended 31 December 2023

Key Performance Indicators

The Group's key financial indicators during the year were as follows:

	Group		
	31 December 2023	**31 December 2022**	**Variance**
Profit before tax (USD m)	2,141	1,275	68%
Profit for the year (USD m)	1,743	1,031	69%
Cost income ratio [1]	51%	57%	(6%)
Shareholders' funds (USD m)[2]	19,569	14,096	39%
Return on capital employed[3]	11%	9%	2%
Return on assets[4]	1.4%	1.0%	0.4%

The Company's key financial indicators during the year were as follows:

	Company		
	31 December 2023	**31 December 2022**	**Variance**
Profit before tax (USD m)	2,061	1,274	62%
Profit for the year (USD m)	1,685	1,030	64%
Cost income ratio [1]	51%	57%	(6%)
Shareholders' funds (USD m)[2]	18,797	14,095	33%
Return on capital employed[3]	11%	9%	2%
Return on assets[4]	1.5%	1.0%	1%

The key performance indicators above consider both IFRS and Alternative Performance Measures (APM) to analyse the Group's performance, providing comparability year on year. These performance measures are consistent with those presented to the Board. These performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures used by other companies. These measures should be considered in conjunction with IFRS measures as set out in the financial statements from page 31.

Please refer to a list and description of APM below:

[1] Cost income ratio is calculated as Total operating expenses divided by Net operating income.

		Group		Company	
		2023	**2022**	**2023**	**2022**
Calculation	Source	**$m**	**$m**	**$m**	**$m**
Total operating expenses	Income Statement	(2,244)	(1,660)	(2,175)	(1,659)
Net Operating Income	Income Statement	4,385	2,935	4,236	2,933
Cost income ratio		51%	57%	51%	57%

[2] The Shareholders' funds equate to total equity attributable to equity shareholders, which is different from regulatory capital. Shareholders' funds increase is primarily driven by $1.2bn capital injection, capital contribution on acquisition of BHW of $1,544 million, Profit for the year of $1,743 million and post tax fair value reserve gains on debt securities at FVOCI of $291 million. Fair value gains on debt securities held at FVOCI can primarily be attributed to the valuation impact of stabilising interest rates on fixed rate debt securities.

Key Performance Indicators (continued)

[3] Return on Capital Employed is profit before tax over total equity attributable to shareholders.

		Group		Company	
		2023	**2022**	**2023**	**2022**
Calculation	**Source**	**$m**	**$m**	**$m**	**$m**
Profit before tax	Income Statement	2,141	1,275	2,061	1,274
Total equity attributable to shareholders	Statement of Financial Position	19,569	14,096	18,797	14,095
Return on capital employed		11%	9%	11%	9%

[4] Return on assets is profit before tax over total assets.

		Group		Company	
		2023	**2022**	**2023**	**2022**
Calculation	Source	**$m**	**$m**	**$m**	**$m**
Profit before tax	Income Statement	2,141	1,275	2,061	1,274
Total Assets	Statement of Financial Position	154,635	129,339	137,899	129,287
Return on Assets		1%	1%	1%	1%

Credit Rating

The long-term credit rating for the Company is A+ (Standard & Poor's) (2022: A+ (Standard & Poor's)), Aa3 (Moody's) (2022: Aa3 (Moody's)) and A+ (Fitch) (2022: A+ (Fitch)). The outlook from all three rating agencies is "stable".

Capital Management

The Company had regulatory capital of $16.5 billion as at 31 December 2023 ($12.8 billion as at 31 December 2022) which is entirely made up of Tier One equity. The capital ratio at 31 December 2023 was 23.4% (19% as at 31 December 2022) which exceeds the minimum regulatory requirement of 15.48%.

The Group had regulatory capital of $ 16.3 billion as at 31 December 2023, which is entirely made up of Tier One equity. The capital ratio at 31 December 2023 was 22.4%, which exceeds the minimum regulatory requirement of 15.46%.

Further information on the Company's capital requirements and risk management is available in the Pillar 3 disclosure document (http://citigroup.com/citi/investor/reg.htm). For further details, please refer to Note 23 – 'Risk management'.

Dividends

Within the calendar year 2024, it is the intention of the Board to pass a resolution to facilitate a dividend remittance to its shareholder and parent Citibank Overseas Holdings Bahamas Limited.

As at the signing date of these financial statements there is no dividend proposed (2022: $nil).

Corporate Governance

Internal Accounting and Financial Controls

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law. The Board of Directors (Board) has established an Audit Committee that operates within specific terms of reference approved by the Board. The Company's Finance function is responsible for preparing the financial statements in accordance with IFRS and with respect to local legal requirements.

Audit Committee

The Audit Committee is a sub-committee of the Board. Its role is to oversee the adequacy of the internal control environment established by management in relation to the Group's businesses. The Audit Committee also assists the Board in fulfilling its oversight responsibility relating to the integrity of the Group's financial statements, financial reporting process and systems of internal accounting and financial controls. The Audit Committee draws on the work of the Internal Audit function and Senior Management.

Risk Committee

The Risk Committee is a sub-committee of the Board. Its role is to review the Group's overall risk management framework and advise the Board on the Group's risk appetite by taking account of the current and future financial position of the Group as well as the business strategy, objectives, corporate culture, and values. The Risk Committee also reviews amendments to the Group's risk policies including regulatory developments and is responsible for the monitoring of economic capital and material risks. The Risk Committee draws on the work of the Senior Management and the Independent Risk Management function.

Remuneration Committee

The Remuneration Committee is a sub-committee of the Board. It is responsible for assisting the Board on decisions regarding remuneration, including those which have implications for risk management. The Remuneration Committee is also responsible for designing and implementing the Group's Remuneration Policy to ensure that remuneration practices do not promote excessive risk taking, evaluating compliance with this policy and assessing whether these remuneration practices are creating the desired incentives for managing risk, capital and liquidity, and that the remuneration policy is gender neutral.

Nomination Committee

The Nomination Committee is a sub-committee of the Board. It is responsible for assisting the Board on decisions regarding the appointment of Directors and Senior Management and related matters including succession planning, fitness and probity, and diversity and inclusion.

Related Party Lending Committee

The Related Party Lending Committee is a sub-committee of the Board and is responsible for assisting the Company in the discharge of its obligations under the Code of Practice on Lending to Related Parties 2013 issued by the Central Bank of Ireland.

Executive Committee

The Executive Committee reports to the Board and makes key decisions regarding the management of the Company, in line with the Group's strategic plan and as directed by the Board.

Corporate Governance Code for Credit Institutions 2015

The Company is designated as a High Impact credit institution per the Central Bank of Ireland's Corporate Governance Requirements for Credit Institutions 2015 (Code). As such, the Company has complied with the additional requirements for High Impact designated institutions.

DIRECTORS' REPORT

For the year ended 31 December 2023

Corporate Governance Code for Credit Institutions 2015 (continued)

The Company is rated as an Other Systemically Important Institution (O-SII) under Regulation 121(1) of the European Union (Capital Requirements) Regulations 2014 (S.I. No. 158 of 2014) (CRD Regulations).

Political Donations

During the year the Group did not make any political donations (2022: $nil).

Directors, Company Secretary and their interests

The names of the persons who were Directors at any time during the financial year ended 31 December 2023 are set out on page 4. Neither the Directors, nor the Company Secretary, have any beneficial interest in the share capital of the Group. Neither the Directors, nor the Company Secretary, had an interest in more than 1% of the nominal value of the ultimate holding company's issued share capital during the year ended 31 December 2023 and 2022.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the Finance function. The accounting records of the Group are available at 1 North Wall Quay, Dublin 1.

Principal Risks and Uncertainties

Information regarding the principal risks and uncertainties facing the Group and its management is described in Note 23 – 'Risk management' on page 124.

Going Concern

To assess any potential impact on the Group, the Directors assessed the components of capital, liquidity and the financial position of the Group and have a reasonable expectation that it has adequate resources to continue in operational existence for the 12 months from the approval of the financial statements. Therefore the Directors have prepared these financial statements on the going concern basis.

Non-Financial Statement

The Directors are responsible for ensuring the Group's compliance with the directive 214/95/EU 'Non-Financial Reporting Directive' (NFRD). Please see the Non-Financial Statement on pages 13 to 58.

Auditor

KPMG, Statutory Auditor and Chartered Accountants, were first appointed in 1989, and will resign as auditor following the completion of the 2023 year end audit.

Following a tender process, due to mandatory rotation requirement and on the basis of the Audit Committee's recommendation, the Board resolved that BDO should be appointed as the Company's statutory auditor for the financial year ending 31 December 2024. This appointment will be presented to the shareholder at the next General Meeting in accordance with Section 383(1) of the Companies Act 2014.

The Directors have taken all requisite steps to make themselves aware of all audit information and to establish that auditors are aware of all such information and, so far as the Directors are aware, there is no relevant audit information of which the auditors are unaware, in accordance with Section 330 (1)-(3) of the Companies Act 2014.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the Directors acknowledge that they are responsible for ensuring the Company's compliance with its "relevant obligations" (as defined in that legislation). The Directors further confirm that a compliance policy statement has been drawn up, and that appropriate arrangements and structures have been put in place that are, in the Directors' opinion, designed to ensure material compliance with the relevant obligations. A review of those arrangements and structures has been conducted in the financial year to which this report relates.

Statement of Directors' responsibilities in respect of the Directors' Report and the audited financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union (EU).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Directors' responsibilities in respect of the Directors' Report and the audited financial statements (continued)

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014 and with the requirements of the European Union (Credit Institutions: Financial Statements) Regulations 2015. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking all reasonable steps to ensure such records are kept by its subsidiaries. This enables the Company to ensure that the financial statements of the Company comply with the provisions of the Companies Act 2014 and with the requirements of the European Union (Credit Institutions: Financial Statements) Regulations 2015.

They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

On behalf of the board: 27 March 2024

Susan Dean	Peter McCarthy	John Gollan	Fiona Mahon
Chairperson	Chief Executive Officer (Temporary Officer)	Audit Committee Chair	Company Secretary

CITIBANK EUROPE PLC

NON-FINANCIAL STATEMENT

1. Introduction

As an important subsidiary of Citigroup Inc ("Citi"), the ultimate parent group, Citibank Europe Plc. ("the Company" or "CEP") and CEP and its subsidiaries ("the Group") are subject to the strategy, policies and targets of Citi relating to Environmental, Social and Governance ("ESG") matters. Citi's approach to environmental and social matters including its approach to human rights and financial crimes is outlined in its Environmental, Social and Governance Report, Citi Climate Report, and Environmental and Social Policy Framework which can be accessed on the Citi website www.citigroup.com/citi/about/esg/

The Group is developing its local environmental and social processes and related disclosures in alignment with Citi, based on applicable sustainable finance regulation and guidance, including the ECB Guide on Climate-Related and Environmental Risks, the EBA Roadmap on Sustainable Finance, the Non-Financial Reporting Directive and the EU Taxonomy, Capital Requirements Regulation, the MiFID II Sustainability Amendments and the Sustainable Finance Disclosure Regulation.

This statement intends to meet the disclosure and information requirements applicable to the Group on non-financial matters. ESG matters and the implementation of ESG-related regulatory and supervisory requirements are a key focus area for the Group. The Group expects to continue to develop its ESG disclosures over future iterations to address evolving regulatory expectations and stakeholder needs. The availability and quality of climate and wider ESG data and metrics continues to present a challenge in non-financial reporting. Citi continues to contribute to methodology improvements and developing tools to assess climate risk and climate data, including the quantification of the greenhouse gas (GHG) emissions; these capabilities will continue to evolve as the underlying data improves.

Non-financial statements are regulated by Directive 2014/95/EU (Non-Financial Reporting Directive, "NFRD") amending Directive 2013/34/EU. NFRD requires companies to disclose their view of how climate change impacts their business model and strategy, and how their activities can affect the climate; information on the involvement of the board and management, their responsibilities in relation to climate change; information on how companies identify climate-related risks, and how they manage those risks. The Group's non-financial statement discloses information on environmental, social and employee, diversity, anti-bribery and anti-corruption matters. Climate-related information is included in the category of environmental matters. The report provides qualitative and quantitative information to enable the understanding of the Group's development, performance, position and impact in regard to these activities.

2. Sustainability strategy

ESG Strategy and Business Model

Citi and CEP have progressively developed their understanding of sustainability issues, including climate change, and recognise the important role of the financial sector in addressing this crisis by supporting the transition to a sustainable and low-carbon economy.

Citi has a demonstrated record of ESG progress and is guided by principles for sustainable business and banking, including the United Nations Environment Programme Finance Initiative Principles for Responsible Banking and the UN Guiding Principles on Business and Human Rights. As part of Citi, CEP follows the group strategy, goals and enterprise-wide risk management frameworks.

For CEP, sustainability includes integrating relevant ESG commitments and priorities into its business strategy consistent with Citi's policies. CEP is contributing to Citi's commitment to achieve net zero emissions associated with financing activities by 2050, net zero emissions for our operations by 2030, and is also contributing to Citi's goal to reach $1 trillion in sustainable finance by 2030. It aims to further accelerate the transition to a sustainable, low-carbon economy that balances society's environmental, social and economic needs.

2. Sustainability strategy (continued)

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

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

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

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

Further information on the CEP business model is included under the Principal Activities section of the Directors Report.

ESG Governance

Roles and responsibilities for the management of ESG risks focused on Climate and Environmental Risks are assigned within CEP's organisational structure including the Board and its Committees, Management Committees and across its three lines of defence. In addition to the roles and responsibilities at the legal entity level, CEP also collaborates with various subject matter experts and teams across Citi to support a holistic implementation of ESG governance. In order to meet regulatory, client and other stakeholder requirements as well as to mitigate and manage ESG-related risks, CEP continues to integrate environmental and social risk considerations into its relevant products and operations as needed. To progress its ESG priorities and contribute to Citi's commitments, while appropriately mitigating and managing identified ESG risks and their impact, CEP aims to monitor key performance indicators (KPIs) per ESG risk categories: Environmental, Social, and Governance. This will facilitate CEP's effective monitoring and progress towards ESG goals and its contribution to commitments made.

CEP recognizes the role of remuneration policy and practices to stimulate behaviour consistent with climate-related and environmental risk approach and is working towards considering climate-related risks in its remuneration practices. We recognise the importance of diversity including at the Board level. At the end of 2023, the number of independent non-executive Directors on the Board was 5 out of 10 Directors (2022: 5 out of 8 Directors) and the percentage of female members was 30% (2022: 50%).

Board of Directors

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

2. Sustainability strategy (continued)

Executive Committee

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

Risk Management Committee

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

ESG Steering Group

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

Next to the ESG Governance at legal entity level, CEP allocated ESG roles and responsibilities to ensure an effective ESG risk management focused on Climate and Environmental Risks across the 3 Lines of Defence (3LoD), including the First Line of Defence (responsible for the management of climate-related and environment risk, sustainable products and services, resourcing, and training), Risk Management, Independent Compliance Risk Management, and Internal Audit.

Materiality assessment

In line with Citi, the ESG topics identified, which we refer to as “material ESG issues” throughout this report, inform which issues we report on and which issues are considered to be raised to the Board.

Citi recognises that, in general, assessing materiality requires thoughtful consideration not only of any applicable materiality standards, but also of our purpose in assessing materiality and in communicating to stakeholders. Citi’s public disclosures related to ESG include a range of topics that are relevant to the Group’s businesses and that are of interest to investors and wider stakeholders.

The Group applies a double materiality approach for the materiality assessment in line with the Guidelines on Non-Financial Reporting published by the European Commission. The Group’s approach is guided by four steps for materiality assessment, enabling the organisation to determine its material topics and report them:

- Step 1: Understand the organisation’s context
- Step 2: Identify actual and potential impacts
- Step 3: Assess the significance of the impacts
- Step 4: Prioritise the most significant impacts for reporting

The first three steps relate to the organisation’s ongoing identification and assessment of impacts. The fourth step determines the material topics through organisational prioritisation of the most significant impacts for reporting.

2. Sustainability strategy (continued)

The following table outlines the Group's key material ESG issues included in the report:

ESG factors	Material ESG issues	Reference chapter
Environmental	GHG emissions and climate change	3. Environmental matters - climate change
	Operational footprint	3. Environmental matters - climate change
Social	Attractive employer	4. Customers, employees and society
	Social engagement	4. Customers, employees and society
	Human rights	4. Customers, employees and society
	Innovation & digitisation	4. Customers, employees and society
Governance	Anti-corruption and bribery matters, anti-financial crime , business ethics	5. Leadership and governance
	Data Security/ Financial Product Safety	5. Leadership and governance

2. Sustainability strategy (continued)

Stakeholder dialogue

The Group is committed to meeting its legal obligations and voluntary commitments to sustainability and the advancement of human and worker rights. The Group actively engages with its regulators, clients, and workforce to understand key areas of concern and opportunities for improvement.

The CEP Board considers and discusses a wide range of information to help it understand the impact on CEP's operations and the interests and views of its key stakeholders.

Stakeholder group	***Engagement***
Clients and customers The Company's clients include corporates, financial institutions and public sector entities.	The businesses within CEP operate a coordinated client-centric sales and relationship management organisation. CEP performs a Voice of the Client survey which provides in-depth understanding of the corporate clients' needs and expectations, alongside regular client performance and service benchmarking, leveraging external reporting and analysis where relevant and appropriate.
Employees	Employees are encouraged to present their suggestions and views to CEP through various channels, including the Voice of the Employee survey, the results of which are presented to the Board each year by Human Resources. The Board request updates on important actions identified as areas of focus.
Suppliers	CEP has a well-established framework for the engagement with, and on-going relationship management and controls relating to risks of its key suppliers and is, focused on responsible business practices.
Communities	Through its Public Affairs teams, CEP is in regular dialogue with charities and non-governmental organisations (NGOs), as part of its community investing commitment and mission to support the communities in which it operates. CEP works closely with community partners in most of its branch countries.
Government and regulators	CEP maintains an open and regular engagement with regulators to ensure clarity and transparency over its strategy and plan, key risks and opportunities, and progress on ongoing initiatives. Primary regulatory engagement for CEP is with the Joint Supervisory Team - Central Bank of Ireland and the European Central Bank. Regulatory engagement is maintained both at the Board as well as the Executive Management level to ensure regulatory requirements and expectations are consistently understood and met.
Policymakers	CEP engages with policymakers both directly and as part of industry efforts, as a member of a number of financial services trade associations. This is done primarily by Citi's Government Affairs team across CEP branch countries.
Investors – Bank Handlowy	Bank Handlowy's investor group consists of strategic majority shareholder (Citibank Europe Plc holding 75% of shares in equity), institutional (incl. pension funds) and individual investors, rating agencies and capital market analysts. BHW interacts with investors through its Investor Relations unit, for example, in earnings conference calls and investors meetings organized by brokerage houses.

2. Sustainability strategy (continued)

ESG Risks and Risk management

ESG risks include environmental, social and governance risks which can be defined as the negative materialisation of ESG factors through their counterparties or invested assets.

Environmental risks are divided into climate-related and other environmental risks resulting from climate change and environmental degradation. Social risks are related to human rights, well-being and health of people and communities, and include factors such as diversity, equality, inclusiveness, labour relations, workplace health and safety. Governance risks are related to governance practices, including business ethics, anti-corruption and bribery, transparency and trust, data security, tax honesty, shareholder rights, board remuneration and information disclosure.

Working towards a broader climate risk integration in business, the Group has developed Climate Related and Environmental Risk Management Framework (CRMF) that provides a consistent approach to managing climate risk across the bank. The Group is committed to maintaining strong and consistent climate risk management practices. In addition to the CRMF, Citi's Environmental and Social Risk Management (ESRM) Policy applies to all Citi entities globally and provides a framework for how the Group identifies, assesses and manages the potential risk to Citi, including credit and reputational risk, associated with the environmental and social risks of our clients' activities.

Climate-related and Environmental Risk Management

Climate change presents short-term, medium-term and long-term risks to the Group and to its clients and customers, with the risks expected to increase over time. Climate-related and environment risk refers to the risk of loss arising either through physical risk and/or through transition risk. Physical risk originates from the increase in severity and frequency of either acute physical risks, which are related to extreme weather events, or chronic physical events which stem from longer term shifts caused by climate change (e.g., average precipitation changes which may drive long-term shifts in agriculture and water availability). Transition Risks result from action (or lack of action) to transition to a low-carbon economy and more environmentally sustainable economy, such as changes in regulations, technological developments, stakeholder expectations and legal implications.

The Group Climate Related and Environment Risk Management Framework ("Framework") has been approved by CEP's Board. It details the governance, principles, and requirements for integration of the climate-related and environment risk into business-as-usual risk management activities across the risk management lifecycle (risk identification, risk measurement, risk monitoring, risk control and risk reporting) and through Risk Enterprise Programs. The Framework has been formulated in conjunction with Citi Climate Risk Management Framework that applies to Citi and all of its businesses, functions, geographies, and legal entities that give rise to risk exposure. The Group views climate-related and environment risk as a crosscutting risk which can manifest through or amplify existing risks within CEP's risk taxonomy. Transmission channels are the causal chains that explain how climate-related and environment risk drivers may materialise directly or indirectly as sources of financial or non-financial risk to CEP. Climate-related and environment risk is integrated into business-as-usual risk management activities across the risk management lifecycle (risk identification, risk measurement, risk monitoring, risk control and risk reporting) and through Risk Enterprise Programs.

To assess how environmental and in particular climate risk drivers may impact the credit profile of the Group's obligors, the Group assesses the associated transition and physical risks. Using industry & country classifications, based on data and internal expert insights, Citi has assessed the exposure of different sectors to climate risk and has created a heat map. The heat map allows the Group to efficiently screen its loan portfolio to identify the areas of the portfolio with the highest exposure to transition and physical risks and accordingly focus on further assessing and managing these risks.

For physical risk, the heat map is based on the extent to which sectors and subsectors are exposed to the impacts of extreme weather events or changes to weather patterns.

For transition risk, the heat map is based on the extent to which sectors,subsectors and countries are exposed to policy, technology and/or market shifts in the short to medium term.

2. Sustainability strategy (continued)

ESG Risks and Risk management (continued)

The Group in line with Citi, manages and mitigates the credit and reputation risks from climate and environmental change thorough numerous internal initiatives, including Citi's Environmental and Social Risk Management (ESRM) Framework and Policy.

Citi's ESRM Policy guides our approach to engaging with clients to help us responsibly mitigate environmental and social risks in our financing within our Banking, Markets and Services businesses. The Policy was established in 2003 and covers a broad scope of financial products and sectors to guide how we assess client impacts and associated risks related to air quality, water quality, climate change, biodiversity, local communities, labour, human rights and other environmental and social issues. A specialised review team in independent Risk Management supports the development and implementation of the policy. Under our ESRM Policy, Citi screens for environmental and social risks in project-related transactions and clients subject to ESRM sector-specific requirements. In addition, the Policy includes Areas of High Caution, which identify flags for heightened risk factors to escalate to the ESRM team for review regardless of financial product or sector.

The Policy includes certain sector-specific requirements, for example, in the coal mining sector, Citi will not provide project-related financing for new thermal coal mines or significant expansion of existing mines Citi has set targets to phase out mergers and acquisitions advisory, capital markets transactions and credit exposure to companies that derive more than 25% of their revenue from thermal coal mining by 2030. Citi's commitments related to coal-fired power generation have also been updated over time as the credit and reputational risk related to coal has increased, for example, Citi has committed not to provide any project-related finance for new coal-fired power plants or expansions of existing plants globally and has established a set of increasing expectations over time for our clients with coal-fired power generation. The policy is reviewed periodically in response to emerging risks. For example, in 2022, the policy's approach to the agribusiness sector was updated to include new requirements for the soy and beef sectors in sensitive ecoregions. A summary of Citi's current Environmental and Social Risk Policy Framework can be found on Citi's website.

Following the publication of the EBA Guidelines on Loan Origination and Monitoring in May 2020, the Group developed the Climate and Environmental Factors Credit Assessment Procedure which includes in its credit-decision process the qualitative assessment of a borrower's exposure to ESG risks. Citi developed a quantitative tool called the Climate Risk Assessment & Scorecard (CRAS) to better understand the climate-related and environmental risk profiles of individual corporate clients, with the goal to progressively embed this tool into underwriting process during 2023 and 2024. The CRAS was designed to help identify the material climate-related and environmental risks Citi clients face and the management plans in place for adaptation and mitigation of those risks, using both quantitative and qualitative inputs. The tool assesses clients' vulnerability to climate-related and environmental risk, the feasibility of their plans to transition to a low carbon environment and the quality of their governance and disclosure. The Group made enhancements to the tool in 2023, which are planned to be embedded in Q1, 2024.

Risk identification

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

- Climate Risk
- Other Environmental Risks

2. Sustainability strategy (continued)

ESG Risks and Risk management (continued)

CEP established a horizon scanning process in the second quarter of 2023 to monitor regulatory and external business environment to assess impacts on business strategy and risk management. Outcomes are used to inform the downstream processes like material risk statements, scenario design and stress testing. Outcome of exercise informs the materiality assessment and vice versa.

Risk Measurement & Materiality assessment

The Group performs a risk materiality assessment on an annual basis across risk stripes to inform the annual risk identification and assessment process. Assessment is based on qualitative and quantitative methodology.

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

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

The materiality assessment is based on the results of qualitative and quantitative metrics as applicable in case of a particular risk stripe. The Results of the assessment inform development of the CEP Strategic Plan, CEP Risk Appetite Statement and Internal Capital Adequacy Assessment Process (ICAAP) / Internal Liquidity Adequacy Assessment Process (ILAAP).

Risk Reporting

The Group has established a quarterly dashboard for reporting key risk metrics.

The Group's Risk Appetite framework provides statements and metrics aligned to key material risks to support the bank in monitoring adherence to its risk appetite. Climate-related and environmental risks have been embedded in the Group Risk Appetite Statement reflecting the materiality assessment of Climate-related and environmental risk. The Group has embedded the Climate-related and environmental risk into qualitative risk appetite statement and added a metric reflecting the the Group exposure to climate risk. This metric is the ratio of exposure to 'Major' and 'Moderate' climate vulnerable industries as a % of the total Group's Credit risk exposure. Vulnerable industries are aligned to the Citi Heatmap. The heatmaps framework has been developed by Citi to deepen the understanding of the sectors or areas of Citi business that are most sensitive to climate risk. The climate risk heat mapping categorizes sectors under one of four vulnerability scores, ranging from "low" to "high".

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

2. Sustainability strategy (continued)

ESG Risks and Risk management (continued)

Scenario analysis and stress testing

CEP uses climate risk scenario analysis, including stress testing, to assess the potential impact of climate-related risk drivers on CEP’s risk profile. Climate change is expected to have far-reaching systemic impacts in breadth and magnitude, affecting governments, businesses and households across all geographies and sectors. The associated effects are expected to feed through the economy via two principal channels — transition and physical risks — which are both characterised by deep uncertainty and non-linearity.

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

3. Environmental matters

Climate change

Addressing climate change is a priority for Citi and for many of our clients. Citi’s goal to finance and facilitate activities that accelerate the transition to a low-carbon economy is a core element of the global $1 Trillion Sustainable Finance by 2030 Goal and the pledge to achieve net zero greenhouse gas (GHG) emissions for Citi’s financing by 2050.

CEP understands the complexity of developing solutions to these challenges, which require a combination of strong governmental policy and regulatory frameworks, corporate leadership, investor engagement and individual actions.

Net Zero

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

Sustainable Finance

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

3. Environmental matters (continued)

Metrics

As it relates to CEP, the following metrics were identified to monitor the carbon intensity of the entity's assets. KPIs have been selected and calculated based on the recommendations of the Guidelines on Non-Financial Reporting and in alignment with the CEP ESG Strategy.

Amount and volume of carbon-related assets among the Non-trading Loan assets

Description	Description	Unit of measure	Loan portfolio Group (2023)	Banking book Group (2023)	Loan portfolio Company (2023)	Banking book Company (2023)	Loan portfolio Company (2022)	Banking book Company (2022)
Amount of carbon-related assets in the Non-trading Loan portfolio	Exposures towards sectors that highly contribute to climate change (NACE A-I, L categories) calculated from Banking book (Gross carrying amount of loans and advances, debt securities, equity securities) other than those held for trading	$ million	14,176	14,176	11,823	11,823	12,785	12,785
Carbon-related assets in the non-trading portfolio as a percentage of the current portfolio value		%	33	23	34	26	29	24

Banking book includes debt security and equity instrument portfolios besides the loan portfolio. Volume of carbon-related assets is relevant for the loan portfolio of the banking book, representing 33% of the total loan portfolio, or 23% of the total loan, equity instrument and debt portfolio. The ratio provides information on the volume of the Group's portfolio covered by carbon-related assets as defined by Commission delegated regulation (EU) 2020/1818.

The concentration of exposures to major and moderate climate-related vulnerability sectors as at 31 December 2023 was:

Vulnerability category in $million	Balance Group 2023	%	Balance Company 2023	%	Balance Company 2022	%
Major	2,383	4%	2,223	4%	2,814	5%
of which Energy sector	*1,148*	*2%*	*1,105*	*2%*	*1,695*	*3%*
Moderate	10,581	17%	9,069	15%	8,691	16%
of which Power sector	*632*	*1%*	*227*	*1%*	*570*	*1%*
Other	48,389	79%	33,804	55%	42,035	79%
Total	61,353	100%	45,096	74%	53,540	100%

Exposures are grouped based on vulnerability to the Citi climate risk heat map[1] calculated for the banking book covering Gross carrying amount of loans and advances, debt securities, equity securities other than those held for trading. CEP's ESG strategy is aligned to Citi policies and initiatives, while meeting European regulatory requirements. 21% of the Group's banking book portfolio is identified as vulnerable (including major and moderate impacts), of which the energy sector represents 2% , and the power sector represents 1% .

[1] Major impact industries based on Citi heatmap 2023: Oil & Gas, Auto and Motorcycle Manufacturers, Coal and consumable fuels, Shipping and Maritime logistics – Offshore. Moderate impact industries based on Citi heatmap 2023: Chemicals, Commercial Real Estate, Residential Real Estate, Capital goods, Multi-Utilities, Electric Utilities and Power other, Gas and Water utilities, Agricultural Products, Airlines and Tour Operators, Aviation Operation lessors, Aviation transitional Finance, Auto-related Fincos, Beverages, Building products and related, Reinsurance, Metals and mining exl. coal, Food products, Paper Forest Products and Packaging, Shipping and Maritime Logistics excl. Offshore, Commodity Trader

3. Environmental matters (continued)

Metrics (continued)

Credit risk exposures with an indication of those countries/geographies highly exposed to physical risk:

	Unit of measure	Group 2023	Company 2023	Company 2022
Exposure with countries and sectors which are vulnerable to climate risk - physical risk	$ million	2,498	2,496	2,826
Exposure with countries and sectors which are vulnerable to climate risk - physical risk as a percentage of the total portfolio value	%	4%	6%	5%

Values show the concentration of exposures and collateral in countries and geographies highly exposed to physical risks. The Group uses a dedicated portal and database recommended by the European Banking Authority guidelines that defines geographical areas exposed to climate change related acute and chronic events. For the disclosures the Group applied reference data of Thinkhazard's physical risk mapping.

According to the reference data, seven countries are identified as highly affected within the Group's jurisdictions: Greece, Italy, Portugal, Spain, France, Romania and Bulgaria. The exposures towards physical risks were further examined in the portfolios of counterparties according to their primary operational locations according to sectors that highly contribute to climate change as defined above (NACE A-I, L). Altogether 4% of the Group's banking book is impacted by high vulnerability factor regarding physical risk.

Collateral instruments are important in addressing climate risk mitigation, and relevant for both residential, and commercial property portfolio of the Group. The total balance of loan portfolios collateralised by immovable property in countries determined to have a high level physical risk can be regarded as immaterial.

Operational Footprint and GHG Emissions

Operational footprint

As part of Citi, the Group is working toward the 2025 operational footprint goals, which aim to reduce GHG emissions and energy consumption for the operations. These goals cover GHG emissions, energy use, water consumption, waste reduction and diversion, and sustainable building design.

Citi's emissions are calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach and cover the emissions the Group is responsible for across Scope 1, (building emissions such as direct gas, diesel consumption or emissions of Citi's car fleet), Scope 2 (location-based building emissions such as electricity, district steam) and Scope 3 business travel (car, air, rail emissions). Due to a change in the travel agency company, the source of data for Scope 3 car mileage has changed, affecting availability for emissions calculation. However, it should be noted that this change is not considered material in terms of total emissions reported, as it represented in 2022 less than 1% of total Scope 3 emissions.

Citi's Net Zero Operations team gathers data from its operations on an ongoing basis, with primary evidence sourced from vendors and power companies. Where Citi pays for occupancy via service charges and the share of consumption is not known, consumption is calculated by benchmarking the energy/square foot against our global portfolio. The Group calculates GHG emissions in line with Citi's methodology. A summary of the Group's GHG emissions in 2022 is provided below. For 2023 the Group focused on calculating emissions from its own operations including the emissions resulting from business travel.

3. Environmental matters (continued)

Greenhouse Gas (GHG) Emissions	Unit	2023	2022
Scope 1 – Direct	tCO2e	455	598
Scope 2 – Indirect	tCO2e	7,226	7,272
Scope 3 – Business travel	tCO2e	321	2,225
Total	tCO2e	8,002	10,095

From the acquisition of Bank Handlowy in 2023 and considering the operational control approach, this acquisition only represented 77 tons of CO2e of total Scope 2 emissions.

As the methodology is still evolving in relation to Scope 3 emissions, the Group is disclosing information for financial year ended 2023 for its operational emissions for all locations (Scope 1 and 2) and for business travel (Scope 3). In 2023, there was a significant reduction for non-essential flights due to an internal travel restriction policy which reduces up to 80% of scope 3 emissions from air travel in some countries.

The Group is committed to reducing its operational footprint by using energy and other resources efficiently, by purchasing renewable energy and leasing certified office buildings.

Citi sources 100% renewable electricity through green tariffs for electricity purchased directly at locations in France, Germany, UK, Ireland, Italy, Luxembourg, Netherlands (Landlord purchase). Where electricity is obtained in leased properties from landlords, EU Guarantee of Origin certificates are purchased for the equivalent amount used. Over 50% of the Group's locations are certified by the Leadership in Energy and Environmental Design (LEED) programme.

Business travel emissions (Scope 3 Category 6) include emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, and passenger cars.

Sustainable Building Principles

Whether undertaking new construction or renovating existing buildings, the Group shares Citi's principles in prioritising efficiency and sustainability, to minimize the environmental impact of our facilities across the globe. Since Citi's own operations consist largely of buildings, Citi has developed and is piloting requirements for new and newly leased buildings to be zero carbon by 2030, in support of its net zero commitments. These requirements address both operational and embodied carbon emissions, inclusive of energy use, energy supply, integration with utilities and material use.

Efficient Travel Options

For many years, Citi has encouraged employees to use video and web conferencing technologies rather than travelling, whenever possible. With the onset of the global pandemic, Citi quickly transitioned the entire company to adopt use of these platforms for their daily interactions. Many offices of the Group are centrally located near public transportation, which reduces the need for employees to drive to work.

4. Customers, employees and society

Attractive employer

Characteristics of the undertaking's employees

The average number of persons employed by the Group during the year was 16,833 (2022: 12,644). This comprises 16,640 Direct Staff Full Time and 193 Direct Staff Part-time. Bank Handlowy's average direct staff headcount was 2,832 during 2023.

Diversity and inclusion

Diversity, equity and inclusion is critical to the future success and growth of CEP. CEP is fully aligned with the overall Citi diversity policy, strategy and agenda. At CEP, we recognise diversity as one of our competitive advantages. In a global marketplace, it is imperative that an organization provides a wide range of ideas and solutions to its clients. A diverse workforce understands clients better and is more creative and innovative on their behalf. To seize this competitive advantage, we must foster a workforce with different backgrounds, perspectives and ideas, and provide employees with a wide range of experiences and skills to develop to their full potential.

CEP is fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of laws regarding fair employment practices and non-discrimination. Promoting a diverse workforce is a part of leadership selection, all people-related processes and performance discussions. CEP will continue to increase workforce diversity through programmes and initiatives designed to attract, promote, and retain under-represented groups. We benefit from the many global Diversity, Equality and Inclusion (DEI) initiatives that have high priority throughout Citi.

The CEP Board considers that its diversity is a vital asset to the business, and particular focus is given to ensure that CEP has achieved balanced gender diversity in senior leadership positions and critical roles, through the use of diverse slates in the selection process and a diversity lens in our talent reviews when identifying succession plans.

Diversity of the Governance Body

	Strategic ESG KPIs	**Description**	**Unit**	**2023**	**2022**
Social	Diversity	CEP Board of Directors Female Representation	%	30	50

Diversity of governance bodies and employees

		Description	**Unit**	**2023**	**2022**
Social	Diversity	CEP Director and Managing Director Female Representation	%	33	31
		CEP Assistant Vice President and above Female Representation	%	40	38

CEP is committed to enhance our diversity and inclusion practices through hiring, promoting and retaining more women and minorities. The entity will continue working towards Citi's aspirational representation goal of achieving at least 30% women's representation at C15+ levels by 2025.

4. Customers, employees and society (continued)

Remuneration

Employee compensation is a critical tool for Citi to attract and retain top talent and successfully execute our corporate goals. CEP's Compensation Philosophy is consistent with Citi's Compensation Philosophy. Citi aims to implement a broadly consistent global philosophy and framework in relation to its remuneration policies and practices. Remuneration Policy is non-discriminatory and gender neutral, and Citi seeks to operate all remuneration policies and practices in a non-discriminatory way. Citi's (and therefore CEP's) Compensation Philosophy is closely linked to the ongoing work on embedding appropriate culture, including through the Citi Mission and Values Proposition and the Citi Leadership Principles. Citi's Mission, Values Proposition and Leadership Principles are reflective of Citi's business strategy and objectives and feed into Citi's reward programs and performance assessment approach.

Environmental, Social, and Governance (ESG) considerations are an essential part of Citi's firm-wide strategy and integrated into business and long-term priorities. Reinforcing gender neutrality and inclusion, continues to be a key focus area, particularly as Citi considers this to be one of the key elements of its ESG approach, and is one of the sustainable development goals highlighted in the Citi 2022 ESG Report. Citi is committed to reducing pay gaps by increasing the diversity of workforce, including increasing the representation of women at all levels, particularly at senior levels and in high-paying roles, as well as other underrepresented demographics.

Senior-level accountability has been introduced for representation efforts, with gender goals and diversity, equity and inclusion factors documented in balanced scorecards and performance measures. Compensation decisions are supported by analysis from the annual global pay equity review assessments. The annual market data review is based on Citi roles which are categorized into job functions and families, with job codes and career levels. Market data is gender neutral and is assessed via role levelling. Citi's commitment to transparency around pay equity and reducing the raw pay gap also strengthens its approach to incorporating ESG factors within the HR policies. Annual salary and incentive budgets are gender neutral, and salary increase accruals are based on the same percentage accrual by location and regardless of gender.

Talent and Training

The Citi talent management strategy covers the entire life cycle of our employees. It is fully aligned with CEP leadership, mobility, performance management strategy, diversity and engagement strategy and integrated into its people management processes to bring CEP's strategy to life. With an employee base of approximately 14,000 staff across 22 countries CEP is committed to identify, attract, develop and retain talent to ensure it has the best people and leaders to drive future business growth. CEP recognises that the success of its business depends on the implementation of, and an effective management of the talent framework.

Citi is committed to developing all employees to reach their potential. Citi runs an annual process which focuses on all employees updating their talent profiles and development plans in Workday which is supported by a development conversation with their manager. It is these conversations that help managers work with employees to identify developmental and training requirements which may be linked to an employee's current role or their future career aspirations. Citi classifies these as opportunities for Experience, Exposure and Education rather than solely relying on formal training interventions.

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

All employees are onboarded to CEP through the Hello Citi programme, an enterprise wide recommended programme designed to help new hires navigate the organisation, make connections and become familiar with our values and culture. This gives an employee a better understanding of Citi, its structure, management approaches and the dynamics of the employee lifecycle. In addition, other resources, courses and development experiences are made available to individuals to support applicable development in their individual roles. A further suite of training is provided to managers to ensure they are appropriately trained on how to communicate and have crucial conversations, effective delegation, giving feedback and coaching, promoting teamwork, inclusion and managing risk responsibly.

4. Customers, employees and society (continued)

Well-being at work

Citi aims to create workspaces that promote employee wellness, and engaging employees in order to maintain a culture of safety, sustainability and wellness.

CEP is fully aligned to Live Well programme designed to support the physical and mental well-being of Citi employees by promoting a culture of health, learn more about healthy nutrition and exercise, prevention, living tobacco free, and mental health and balance.

Social engagement

In pursuit of Citi's mission, CEP is committed to enabling growth and progress in the communities where we operate. In most countries where CEP operates, it is in regular dialogue with charities and non-governmental organisations (NGOs), as part of its community investing commitment and mission to support local communities.

In 2023, Citi announced the recipients of its Global Innovation Challenge, a fund that is providing a total of $25 million to 50 community organisations working to improve food security and strengthen the financial health of low-income communities around the world. In Europe, funding of $500,000 was awarded to four NGOs, for projects in five European countries with grants of $500,000 each.

Community Affairs is a deeply embedded part of the culture in CEP’s headquarters in Ireland. For more than 24 years, Citi Ireland has partnered with Junior Achievement to help young people reach their full potential through access to entrepreneurship and employability training. To date, more than 1,000 Citi volunteers have taught Junior Achievement programs to over 18,000 students in Ireland.

CEP Ireland branch has worked with Enactus since 2017. Enactus is a global organisation that works with university students to develop social entrepreneurship by partnering business leaders with the students to work on projects to tackle community issues. Each year, teams from universities around Ireland take part in Citi’s Pathways to Progress program. They are provided with training, mentoring and seed funding to develop entrepreneurial ideas to tackle social issues facing young people in disadvantaged communities.

Additionally, CEP Ireland branch works with Business in the Community and supports their programs for helping schoolchildren in disadvantaged areas with reading and maths. Citi volunteers go into these local schools on a weekly basis for the duration of the programme to provide reading and maths support.

In 2022 and 2023, CEP had a two-year partnership with LauraLynn, Ireland's only Children's Hospice. Employees in CEP Ireland branch raised €250,000 in support of the organisation through a variety of employee-led fundraising activities. This partnership finished at the end of 2023. A new charity partner has been selected for 2024-2025.

Each year employees in CEP branches take part in Global Community Day, which is a global Citi initiative where employees volunteer a day to work in the local community. Over 600 employees in CEP Ireland volunteered in 2023. Some highlights include: collecting 188kgs in waste from Burrow Beach and Bull Island; building a sensory garden for young people with special needs; blood bank donations; running a Tech Café to help elderly individuals from the local area to use smartphones.

Innovation and Digitisation

Through Citi’s transformation, Citi and the Group are working to modernise and simplify the organisation so that risk can be managed better, service to customers and clients are improved. Through the modernisation of the data infrastructure and operations, and by evolving the culture, safety and soundness is strengthened and the Group’s ability in the digital age is improved.

4. Customers, employees and society (continued)

Citi, and the Group, is observing the shift to digital delivery and architecture by its customers, financial market intermediaries, central banks and the fintech industry. Citi has been making investments across the Company, including, for example, hiring front office colleagues and enhancing product capabilities and platforms to improve client digital experiences and add scalability and implementing new capabilities and partnerships. Citi has also been pursuing productivity improvements through various technology and digital initiatives, organisational simplification and location strategies.

Human rights

Citi and the Group support the protection and fulfilment of human rights around the world and are guided by fundamental principles of human rights, such as those in the UN Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and UN Guiding Principles on Business and Human Rights. Our commitment to fair, ethical and responsible business practices, as we engage with employees, clients, vendors and communities around the world, is embodied in our values and Code of Conduct

Citi's policies, standards and due diligence practices guide our business decisions with respect to human rights. To learn more about Citi's commitment to human rights, see Statement on Human Rights.

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

Citi's Environmental and Social Policy Framework additionally sets out Citi's process for reviewing social risks associated with transactions, and includes certain policy prohibitions and areas of high caution.

5. Leadership and governance

Anti-corruption and bribery matters, anti-financial crime and business ethics

As a global financial institution that offers banking, securities and insurance products to millions of customers around the world, Citi recognises its obligation to join with governments, international organisations and other members of the financial industry to help close off the financial channels that terrorists and money launderers use for their illicit purposes. The Group embraces Citi's mission of enabling growth and economic progress, while adhering to the highest ethical standards. The Group asks its colleagues to ensure their decisions pass three tests: they are in our clients' interests, create economic value, and are always systemically responsible.

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

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

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

5. Leadership and governance (continued)

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

The Group aims to ensure regulatory compliance through robust internal controls that contribute to building trust with clients, leading to increased economic value, and to protecting shareholder value by minimising losses incurred as a result of legal proceedings.

As part of Citi, the Group complies with required transparency requirements, at both the European Union (EU) and individual country level. Citi is a signatory to the EU Transparency Register, which requires it to comply with the register's code of conduct.

Data Security/ Financial Product Safety

Ensuring the privacy and data security of financial data is an essential responsibility of the financial industry. As growth in mobile banking and cloud storage continues and more of the Group's operations become technology- and internet-dependent, data security will be an increasingly important topic to manage.

Sophisticated technology and continuous training of personnel are essential in a world of growing cybersecurity threats. The Group makes significant efforts related to safeguarding data against emerging and continuously evolving cybersecurity threats and technologies, and actual security breaches compromising customers' personally identifiable information (PII).

Citi's cyber and information security program sets the requirements under which Citi, its subsidiaries, affiliates, and third parties safeguard the confidentiality, integrity, and availability of information and information assets. Protecting information is essential to meeting Citi's obligations to its customers, partners, and workers, as well as complying with applicable cyber and information security laws, regulations, and due care obligations, and meeting the expectations of regulators and authorities.

EU Taxonomy Regulation

The EU Taxonomy is a classification system that converts the climate and environmental goals of the European Union into criteria for environmentally sustainable economic activities. The reporting obligation under Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) and the Delegated Acts (Regulation (EU) 2021/2178) define key reporting requirements and are to be carried out in two stages.

The EU Taxonomy is being implemented on a phased basis. For 2022, financial undertakings are were only required to report on Taxonomy-eligible economic activities. An economic activity is considered taxonomy-eligible if it is an economic activity that is described within the Technical Screening Criteria of the EU Taxonomy.

A Taxonomy-eligible activity becomes taxonomy-aligned, if it substantially contributes to one or more of the six EU Taxonomy environmental objectives (including compliance with the supporting Technical Screening Criteria) while also not doing significant harm to any of those objectives and meeting minimum safeguards on human rights and labour standards.

As per article 9 of the EU Taxonomy Regulation the six environmental objectives are:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The EU Taxonomy Technical Screening Criteria supplementing the Taxonomy Regulation have been defined under Commission Delegated Regulation (EU) (EU) 2021/2139 (the “Climate Delegated Act”), Commission Delegated Regulation (EU) 2022/1214 (the “Complementary Climate Delegated Act” adding the fossil gas and nuclear sectors), Commission Delegated Regulation (EU) 2023/2485 amending the Climate Delegated Act and Commission Delegated Regulation (EU) 2023/2486 (the “Environmental Delegated Act”). The specifications of the content and presentation of the information to be disclosed by undertakings in scope of the EU Taxonomy disclosure requirements pursuant to Article 8 of the EU Taxonomy Regulation are set out under Commission Delegated Regulation (EU) 2021/2178, as amended (the “Taxonomy Disclosures Delegated Act”). On 21 December 2023, the European Commission published a Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets. The purpose of the Notice is to provide further interpretative and implementation guidance to financial undertakings. The Group complied with these requirements as much as possible although this is a draft Notice and its content is subject to final approval.

This is the first time, that the Group discloses Taxonomy alignment information regarding the first two environmental objectives (climate change mitigation and climate change adaptation) and Taxonomy eligibility information regarding the four remaining environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems).

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

EU Taxonomy Regulation (continued)

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

a) the numerator, which shall cover the loans and advances, debt securities, equities and repossessed collaterals, financing Taxonomy-aligned economic activities based on turnover KPI and CapEx KPI of underlying assets;

b) the denominator, which shall cover the total loans and advances, total debt securities, total equities and total repossessed collaterals and all other covered on-balance sheet assets.

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

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

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

According to the EU Taxonomy Regulation, eligibility and alignment related disclosures of financial undertakings in scope of Article 8 of the Taxonomy Regulation shall use the most recently available data and key performance indicators of their counterparties to calculate their own key performance indicators. The Group KPIs are calculated based on the most recently available reported information of its counterparties by using data acquired from a third party data provider. Due to the structure of the Group's portfolio as well as data limitations the driver for the alignment comes from general purpose financing of non-financial undertakings. In these cases, the KPIs published by the counterparties were used to calculate the GAR.

As the EU Taxonomy is being phased in, there is still limited data availability from our counterparties on the Taxonomy-alignment of their economic activities. As per Art. 5 of Commission Delegated Regulation 2023/2486, Taxonomy eligibility information regarding the four remaining environmental objectives of our non-financial counterparties will be reported for 2023 and Taxonomy alignment information for 2024. For financial counterparties, Taxonomy eligibility for the four remaining environmental objectives will be reported for 2023 and 2024 and Taxonomy alignment for 2025. Therefore, data availability continues to be a challenge for this year's Taxonomy reporting.

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

Disclosures in accordance with Article 8 of the Taxonomy Regulation

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets (Turnover) $m	**KPI (Turnover) %**	**Total environmentally sustainable assets (CAPEX) $m**	**KPI (CAPEX) %**	**% coverage (over total assets)*** **	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Main KPI	Green asset ratio (GAR) stock	155	0.24	282	0.43	42.02	32.51	57.98

		Total environmentally sustainable assets (Turnover) $m	**KPI (Turnover) %**	**Total environmentally sustainable assets (CAPEX) $m**	**KPI (CAPEX) %**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)	21	0.03	94	0.15	37.00	—	—
	Trading book*	N/A	N/A	N/A	N/A			
	Financial guarantees	28	0.19	32	0.22			
	Assets under management	—	—	—	—			
	Fees and commissions income*	N/A	N/A	N/A	N/A			

*Trading Book and Fees and Commissions KPIs shall only apply starting 2026

1a. Assets for the calculation of GAR - Turnover

$m	2023																		
	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	14,707	844	144	—	41	86	15	11	—	7	—	—	—	—	859	155	—	41	93
Financial undertakings	9,233	652	—	—	—	—	—	—	—	—	—	—	—	—	652	—	—	—	—
Credit institutions	7,124	652	—	—	—	—	—	—	—	—	—	—	—	—	652	—	—	—	—
Loans and advances	3,498	652	—	—	—	—	—	—	—	—	—	—	—	—	652	—	—	—	—
Debt securities, including UoP	3,571	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	55	—	—		—	—	—	—		—	—	—		—	—	—		—	—
Other financial corporations	2,108	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which investment firms	1,846	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	1,846	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
of which insurance undertakings	91	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	91	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
Non-financial undertakings	2,234	192	144	—	41	86	15	11	—	7	—	—	—	—	207	155	—	41	93
Loans and advances	2,234	192	144	—	41	86	15	11	—	7	—	—	—	—	207	155	—	41	93
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—	—	—	—	—		—	—
Households	3,240	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which loans collateralised by residential immovable property	1,517	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which building renovation loans	—	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—	—	—	—	—						—	—	—	—	—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

CITIBANK EUROPE PLC

NON-FINANCIAL STATEMENT

Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Assets excluded from the numerator for GAR calculation (covered in the denominator)	50,275	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial and Non-financial undertakings	30,550																		
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,957																		
Loans and advances	14,012																		
of which loans collateralised by commercial immovable property	701																		
of which building renovation loans	—																		
Debt securities	918																		
Equity instruments	27																		
Non-EU country counterparties not subject to NFRD disclosure obligations	15,593																		
Loans and advances	15,444																		
Debt securities	—																		
Equity instruments	149																		
Derivatives	2																		
On demand interbank loans	9,094																		
Cash and cash-related assets	116																		
Other categories of assets (e.g. Goodwill, commodities etc.)	10,513																		
Total GAR assets	64,982	844	144	—	41	86	15	11	—	7	—	—	—	—	859	155	—	41	93
Assets not covered for GAR calculation	89,653																		
Central governments and Supranational issuers	24,523																		
Central banks exposure	40,528																		
Trading book	24,602																		
Total assets	154,635	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial guarantees	14,542	94	28	—	2	25	—	—	—	—	—	—	—	—	94	28	—	2	25
Assets under management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

1b. Assets for the calculation of GAR - CAPEX

$m	Total [gross] carrying amount	2023																		
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	14,707	439	234	—	47	97	62	48	—	20	—	—	—	—	501	282	—	47	117
Financial undertakings	9,233	136	—	—	—	—	—	—	—	—	—	—	—	—	136	—	—	—	—
Credit institutions	7,124	136	—	—	—	—	—	—	—	—	—	—	—	—	136	—	—	—	—
Loans and advances	3,498	117	—	—	—	—	—	—	—	—	—	—	—	—	117	—	—	—	—
Debt securities, including UoP	3,571	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	55	19	—		—	—	—	—		—	—	—		—	19	—		—	—
Other financial corporations	2,108	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which investment firms	1,846	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	1,846	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
of which insurance undertakings	91	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	91	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—	—		—	—
Non-financial undertakings	2,234	303	234	—	47	97	62	48	—	20	—	—	—	—	365	282	—	47	117
Loans and advances	2,234	303	234	—	47	97	62	48	—	20	—	—	—	—	365	282	—	47	117
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—				—	—	—	—		—	—	—		—	—	—		—	—
Households	3,240	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which loans collateralised by residential immovable property	1,517	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which building renovation loans	—	—	—	—	—	—	—	—	—	—					—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—	—									—	—	—	—	—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Assets excluded from the numerator for GAR calculation (covered in the denominator)	50,275	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial and Non-financial undertakings	30,550																		
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,957																		
Loans and advances	14,012																		
of which loans collateralised by commercial immovable property	701																		
of which building renovation loans	—																		
Debt securities	918																		
Equity instruments	27																		
Non-EU country counterparties not subject to NFRD disclosure obligations	15,593																		
Loans and advances	15,444																		
Debt securities	—																		
Equity instruments	149																		
Derivatives	2																		
On demand interbank loans	9,094																		
Cash and cash-related assets	116																		
Other categories of assets (e.g. Goodwill, commodities etc.)	10,513																		
Total GAR assets	64,982	439	234	—	47	97	62	48	—	20	—	—	—	—	501	282	—	47	117
Assets not covered for GAR calculation	89,653																		
Central governments and Supranational issuers	24,523																		
Central banks exposure	40,528																		
Trading book	24,602																		
Total assets	154,635	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial guarantees	14,542	60	29	—	3	23	7	3	—	2	—	—	—	—	67	32	—	3	25
Assets under management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

2a. GAR sector information - Turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	$m	Of which environmentally sustainable (CCM)	$m	Of which environmentally sustainable (CCM)	$m	Of which environmentally sustainable (CCA)	$m	Of which environmentally sustainable (CCA)	$m	Of which environmentally sustainable (WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1712 Manufacture of paper and paperboard	—	—			—	—			—	—			—	—		
1920 Manufacture of refined petroleum products	66	1			66	—			—	—			66	1		
2011 Manufacture of industrial gases	3	—			3	—			—	—			3	—		
2014 Manufacture of other organic basic chemicals	—	—			—	—			—	—			—	—		
2015 Manufacture of fertilisers and nitrogen compounds	58	—			58	—			—	—			58	—		
2059 Manufacture of other chemical products n.e.c.	3	—			3	—			—	—			3	—		
2120 Manufacture of pharmaceutical preparations	4	—			4	—			—	—			4	—		
2211 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	6	—			6	—			—	—			6	—		
2311 Manufacture of flat glass	—	—			—	—			—	—			—	—		
2351 Manufacture of cement	16	—			16	—			—	—			16	—		
2410 Manufacture of basic iron and steel and of ferro-alloys	—	—			—	—			—	—			—	—		
2442 Aluminium production	100	33			100	—			—	—			100	33		
2452 Casting of steel	—	—			—	—			—	—			—	—		
2611 Manufacture of electronic components	2	—			2	—			—	—			2	—		
2630 Manufacture of communication equipment	108	—			108	—			—	—			108	—		
2711 Manufacture of electric motors, generators and transformers	207	69			207	—			—	—			207	69		
2733 Manufacture of wiring devices	4	—			4	—			—	—			4	—		
2751 Manufacture of electric domestic appliances	—	—			—	—			—	—			—	—		
2790 Manufacture of other electrical equipment	—	—			—	—			—	—			—	—		
2811 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	2	—			2	—			—	—			2	—		
2822 Manufacture of lifting and handling equipment	—	—			—	—			—	—			—	—		
2824 Manufacture of power-driven hand tools	—	—			—	—			—	—			—	—		
2829 Manufacture of other general-purpose machinery n.e.c.	—	—			—	—			—	—			—	—		
2849 Manufacture of other machine tools	30	1			30	—			—	—			30	1		
2892 Manufacture of machinery for mining, quarrying and construction	—	—			—	—			—	—			—	—		
2910 Manufacture of motor vehicles	—	—			—	—			—	—			—	—		
2920 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	—	1			—	—			—	—			—	1		
2932 Manufacture of other parts and accessories for motor vehicles	66	3			66	—			—	—			66	3		
3020 Manufacture of railway locomotives and rolling stock	—	—			—	—			—	—			—	—		
3315 Repair and maintenance of ships and boats	—	—			—	—			—	—			—	—		

3511 Production of electricity	—	—			—	—			—	—			—	—		
3513 Distribution of electricity	—	—			—	—			—	—			—	—		
3521 Manufacture of gas	—	—			—	—			—	—			—	—		
3522 Distribution of gaseous fuels through mains	53	11			53	11			—	—			53	22		
3600 Water collection, treatment and supply	—	—			—	—			—	—			—	—		
4120 Construction of residential and non-residential buildings	10	1			10	—			—	—			10	1		
4211 Construction of roads and motorways	—	—			—	—			—	—			—	—		
4299 Construction of other civil engineering projects n.e.c.	52	13			52	—			—	—			52	13		
4399 Other specialised construction activities n.e.c.	9	1			9	—			—	—			9	1		
4677 Wholesale of waste and scrap	—	—			—	—			—	—			—	—		
4789 Retail sale via stalls and markets of other goods	—	—			—	—			—	—			—	—		
5020 Sea and coastal freight water transport	17	1			17	—			—	—			17	1		
5224 Cargo handling	—	—			—	—			—	—			—	—		
5229 Other transportation support activities	12	—			12	—			—	—			12	—		
5320 Other postal and courier activities	1	—			1	—			—	—			1	—		
5510 Hotels and similar accommodation	—	—			—	—			—	—			—	—		
5629 Other food service activities	—	—			—	—			—	—			—	—		
5819 Other publishing activities	—	—			—	—			—	—			—	—		
5829 Other software publishing	—	—			—	—			—	—			—	—		
610 Extraction of crude petroleum	—	—			—	—			—	—			—	—		
6110 Wired telecommunications activities	156	1			156	—			—	—			156	1		
6120 Wireless telecommunications activities	—	—			—	—			—	—			—	—		
6130 Satellite telecommunications activities	—	—			—	—			—	—			—	—		
620 Extraction of natural gas	—	—			—	—			—	—			—	—		
6201 Computer programming activities	38	1			38	—			—	—			38	1		
6209 Other information technology and computer service activities	—	—			—	—			—	—			—	—		
6311 Data processing, hosting and related activities	—	—			—	—			—	—			—	—		
6420 Activities of holding companies	48	7			48	—			—	—			48	7		
7010 Activities of head offices	2	—			2	—			—	—			2	—		
7022 Business and other management consultancy activities	16	—			16	—			—	—			16	—		
7112 Engineering activities and related technical consultancy	—	—			—	—			—	—			—	—		
729 Mining of other non-ferrous metal ores	—	—			—	—			—	—			—	—		
7311 Advertising agencies	52	—			52	—			—	—			52	—		
7312 Media representation	—	—			—	—			—	—			—	—		
7912 Tour operator activities	—	—			—	—			—	—			—	—		
8010 Private security activities	15	—			15	—			—	—			15	—		
8020 Security systems service activities	7	—			7	—			—	—			7	—		
8299 Other business support service activities n.e.c.	—	—			—	—			—	—			—	—		

2b. GAR sector information - CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	$m	Of which environmentally sustainable (CCM)	$m	Of which environmentally sustainable (CCM)	$m	Of which environmentally sustainable (CCA)	$m	Of which environmentally sustainable (CCA)	$m	Of which environmentally sustainable (WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	$m	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1041 Manufacture of oils and fats	—	—			—	—			—	—			—	—		
1051 Operation of dairies and cheese making	8	—			8	—			—	—			8	—		
1089 Manufacture of other food products n.e.c.	—	—			—	—			—	—			—	—		
1102 Manufacture of wine from grape	—	—			—	—			—	—			—	—		
1105 Manufacture of beer	—	—			—	—			—	—			—	—		
1520 Manufacture of footwear	—	—			—	—			—	—			—	—		
1712 Manufacture of paper and paperboard	—	—			—	—			—	—			—	—		
1920 Manufacture of refined petroleum products	66	52			66	—			—	—			66	52		
2011 Manufacture of industrial gases	3	—			3	—			—	—			3	—		
2014 Manufacture of other organic basic chemicals	—	—			—	—			—	—			—	—		
2015 Manufacture of fertilisers and nitrogen compounds	58	—			58	—			—	—			58	—		
2030 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	2	—			2	—			—	—			2	—		
2042 Manufacture of perfumes and toilet preparations	—	—			—	—			—	—			—	—		
2052 Manufacture of glues	1	—			1	—			—	—			1	—		
2059 Manufacture of other chemical products n.e.c.	3	—			3	—			—	—			3	—		
2120 Manufacture of pharmaceutical preparations	4	—			4	—			—	—			4	—		
2211 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	6	—			6	—			—	—			6	—		
2311 Manufacture of flat glass	—	—			—	—			—	—			—	—		
2351 Manufacture of cement	16	4			16	—			—	—			16	4		
2410 Manufacture of basic iron and steel and of ferro-alloys	—	—			—	—			—	—			—	—		
2442 Aluminium production	100	37			100	—			—	—			100	37		
2452 Casting of steel	—	—			—	—			—	—			—	—		
2611 Manufacture of electronic components	2	—			2	—			—	—			2	—		
2630 Manufacture of communication equipment	108	—			108	—			—	—			108	—		
2651 Manufacture of instruments and appliances for measuring, testing and navigation	1	—			1	—			—	—			1	—		
2711 Manufacture of electric motors, generators and transformers	207	72			207	—			—	—			207	72		
2733 Manufacture of wiring devices	4	2			4	—			—	—			4	2		
2751 Manufacture of electric domestic appliances	—	—			—	—			—	—			—	—		
2790 Manufacture of other electrical equipment	—	—			—	—			—	—			—	—		

2811 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	2	—			2	—			—	—			2	—		
2822 Manufacture of lifting and handling equipment	—	—			—	—			—	—			—	—		
2823 Manufacture of office machinery and equipment (except computers and peripheral equipment)	—	—			—	—			—	—			—	—		
2824 Manufacture of power-driven hand tools	—	—			—	—			—	—			—	—		
2829 Manufacture of other general-purpose machinery n.e.c.	—	—			—	—			—	—			—	—		
2849 Manufacture of other machine tools	30	1			30	—			—	—			30	1		
2892 Manufacture of machinery for mining, quarrying and construction	—	—			—	—			—	—			—	—		
2910 Manufacture of motor vehicles	—	—			—	—			—	—			—	—		
2920 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	—	—			—	—			—	—			—	—		
2932 Manufacture of other parts and accessories for motor vehicles	66	6			66	—			—	—			66	6		
3020 Manufacture of railway locomotives and rolling stock	—	—			—	—			—	—			—	—		
3030 Manufacture of air and spacecraft and related machinery	—	—			—	—			—	—			—	—		
3250 Manufacture of medical and dental instruments and supplies	—	—			—	—			—	—			—	—		
3299 Other manufacturing n.e.c.	1	—			1	—			—	—			1	—		
3315 Repair and maintenance of ships and boats	—	—			—	—			—	—			—	—		
3511 Production of electricity	—	—			—	—			—	—			—	—		
3513 Distribution of electricity	—	—			—	—			—	—			—	—		
3521 Manufacture of gas	—	—			—	—			—	—			—	—		
3522 Distribution of gaseous fuels through mains	53	47			53	48			—	—			53	95		
3600 Water collection, treatment and supply	—	—			—	—			—	—			—	—		
4120 Construction of residential and non-residential buildings	10	1			10	—			—	—			10	1		
4211 Construction of roads and motorways	—	—			—	—			—	—			—	—		
4299 Construction of other civil engineering projects n.e.c.	52	4			52	—			—	—			52	4		
4399 Other specialised construction activities n.e.c.	9	1			9	—			—	—			9	1		
4639 Non-specialised wholesale of food, beverages and tobacco	—	—			—	—			—	—			—	—		
4669 Wholesale of other machinery and equipment	—	—			—	—			—	—			—	—		
4677 Wholesale of waste and scrap	—	—			—	—			—	—			—	—		
4759 Retail sale of furniture, lighting equipment and other household articles in specialised stores	—	—			—	—			—	—			—	—		
4771 Retail sale of clothing in specialised stores	—	—			—	—			—	—			—	—		
4789 Retail sale via stalls and markets of other goods	—	—			—	—			—	—			—	—		
4799 Other retail sale not in stores, stalls or markets	—	—			—	—			—	—			—	—		
5020 Sea and coastal freight water transport	17	1			17	—			—	—			17	1		
5110 Passenger air transport	—	—			—	—			—	—			—	—		
5224 Cargo handling	—	—			—	—			—	—			—	—		
5229 Other transportation support activities	12	—			12	—			—	—			12	—		
5320 Other postal and courier activities	1	—			1	—			—	—			1	—		
5510 Hotels and similar accommodation	—	—			—	—			—	—			—	—		
5629 Other food service activities	—	—			—	—			—	—			—	—		
5819 Other publishing activities	—	—			—	—			—	—			—	—		
5821 Publishing of computer games	42	—			42	—			—	—			42	—		
5829 Other software publishing	—	—			—	—			—	—			—	—		
5912 Motion picture, video and television programme post-production activities	—	—			—	—			—	—			—	—		
5920 Sound recording and music publishing activities	—	—			—	—			—	—			—	—		
610 Extraction of crude petroleum	—	—			—	—			—	—			—	—		
6110 Wired telecommunications activities	156	—			156	—			—	—			156	—		
6120 Wireless telecommunications activities	—	—			—	—			—	—			—	—		

CITIBANK EUROPE PLC

NON-FINANCIAL STATEMENT

6130 Satellite telecommunications activities	—	—			—	—			—	—			—	—		
6190 Other telecommunications activities	30	—			30	—			—	—			30	—		
620 Extraction of natural gas	—	—			—	—			—	—			—	—		
6201 Computer programming activities	38	1			38	—			—	—			38	1		
6209 Other information technology and computer service activities	—	—			—	—			—	—			—	—		
6311 Data processing, hosting and related activities	—	—			—	—			—	—			—	—		
6312 Web portals	—	—			—	—			—	—			—	—		
6420 Activities of holding companies	48	4			48	—			—	—			48	4		
7010 Activities of head offices	2	—			2	—			—	—			2	—		
7022 Business and other management consultancy activities	16	—			16	—			—	—			16	—		
729 Mining of other non-ferrous metal ores	—	—			—	—			—	—			—	—		
7311 Advertising agencies	52	—			52	—			—	—			52	—		
7312 Media representation	—	—			—	—			—	—			—	—		
7912 Tour operator activities	—	—			—	—			—	—			—	—		
8010 Private security activities	15	—			15	—			—	—			15	—		
8020 Security systems service activities	7	—			7	—			—	—			7	—		
8299 Other business support service activities n.e.c.	—	—			—	—			—	—			—	—		
9200 Gambling and betting activities	—	—			—	—			—	—			—	—		

3a. GAR KPI stock (as at 31 December 2023) - Turnover %

% (compared to total covered assets in the denominator)	2023																		
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.30	0.22	—	0.06	0.13	0.02	0.02	—	0.01	—	—	—	—	1.32	0.24	—	0.06	0.14	9.51
Financial undertakings	1.00	—	—	—	—	—	—	—	—	—	—	—	—	1.00	—	—	—	—	5.97
Credit institutions	1.00	—	—	—	—	—	—	—	—	—	—	—	—	1.00	—	—	—	—	4.61
Loans and advances	1.00	—	—	—	—	—	—	—	—	—	—	—	—	1.00	—	—	—	—	2.26
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.31
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	0.04
Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.36
of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.19
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.19
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.06
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.06
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Non-financial undertakings	0.30	0.22	—	0.06	0.13	0.02	0.02	—	0.01	—	—	—	—	0.32	0.24	—	0.06	0.14	1.44
Loans and advances	0.30	0.22	—	0.06	0.13	0.02	0.02	—	0.01	—	—	—	—	0.32	0.24	—	0.06	0.14	1.44
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Households	—	—	—	—	—	—	—	—	—					—	—	—	—	—	2.10
of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—					—	—	—	—	—	0.98
of which building renovation loans	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—			—											—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total GAR assets	1.30	0.22	—	0.06	0.13	0.02	0.02	—	0.01	—	—	—	—	1.32	0.24	—	0.06	0.14	9.51

3b. GAR KPI stock (as at 31 December 2023) - CAPEX %

% (compared to total covered assets in the denominator)	2023																		
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.68	0.36	—	0.07	0.15	0.10	0.07	—	0.03	—	—	—	—	0.78	0.43	—	0.07	0.18	9.51
Financial undertakings	0.21	—	—	—	—	—	—	—	—	—	—	—	—	0.21	—	—	—	—	5.97
Credit institutions	0.21	—	—	—	—	—	—	—	—	—	—	—	—	0.21	—	—	—	—	4.61
Loans and advances	0.18	—	—	—	—	—	—	—	—	—	—	—	—	0.18	—	—	—	—	2.26
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.31
Equity instruments	0.03	—		—	—	—	—		—	—	—		—	0.03	—		—	—	0.04
Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.36
of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.19
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.19
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.06
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.06
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Non-financial undertakings	0.47	0.36	—	0.07	0.15	0.10	0.07	—	0.03	—	—	—	—	0.57	0.43	—	0.07	0.18	1.44
Loans and advances	0.47	0.36	—	0.07	0.15	0.10	0.07	—	0.03	—	—	—	—	0.57	0.43	—	0.07	0.18	1.44
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Households	—	—	—	—	—	—	—	—	—					—	—	—	—	—	2.10
of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—					—	—	—	—	—	0.98
of which building renovation loans	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—														—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total GAR assets	0.68	0.36	—	0.07	0.15	0.10	0.07	—	0.03	—	—	—	—	0.78	0.43	—	0.07	0.18	9.51

4a. GAR KPI flow (new assets during 2023) - Turnover %

% (compared to flow of total eligible assets)	2023																		
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.05	0.03	—	—	0.02	—	—	—	—	—	—	—	—	0.05	0.03	—	—	0.02	0.01
Financial undertakings	0.01	—	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—
Credit institutions	0.01	—	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—
Loans and advances	0.01	—	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Non-financial undertakings	0.04	0.03	—	—	0.02	—	—	—	—	—	—	—	—	0.04	0.03	—	—	0.02	0.01
Loans and advances	0.04	0.03	—	—	0.02	—	—	—	—	—	—	—	—	0.04	0.03	—	—	0.02	0.01
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—	—	—	—	—		—	—	—
Households	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which building renovation loans	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—		—		—					—	—	—	—	—	—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total GAR assets	0.05	0.03	—	—	0.02	—	—	—	—	—	—	—	—	0.05	0.03	—	—	0.02	0.01

4b. GAR KPI flow (new assets during 2023) - CAPEX %

% (compared to flow of total eligible assets)	2023																		
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																			
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.17	0.12	—	—	0.05	0.03	0.03	—	0.01	—	—	—	—	0.20	0.15	—	—	0.05	0.06
Financial undertakings	0.01	—	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—
Credit institutions	0.01	—	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	0.01	—		—	—	—	—		—	—	—		—	0.01	—		—	—	—
Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Non-financial undertakings	0.16	0.12	—	—	0.05	0.03	0.03	—	0.01	—	—	—	—	0.19	0.15	—	—	0.05	0.06
Loans and advances	0.16	0.12	—	—	0.05	0.03	0.03	—	0.01	—	—	—	—	0.19	0.15	—	—	0.05	0.06
Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity instruments	—	—		—	—	—	—		—	—	—		—	—	—		—	—	—
Households	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which building renovation loans	—	—	—	—	—	—	—	—	—					—	—	—	—	—	—
of which motor vehicle loans	—	—	—	—	—		—		—					—	—	—	—	—	—
Local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total GAR assets	0.17	0.12	—	—	0.05	0.03	0.03	—	0.01	—	—	—	—	0.20	0.15	—	—	0.05	0.06

5a. KPI off-balance sheet exposures - Turnover stock

	2023																	
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.65	0.19	—	0.01	0.17	—	—	—	—	—	—	—	—	0.65	0.19	—	0.01	0.17
Assets under management (AuM KPI)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

5b. KPI off-balance sheet exposures - CAPEX stock

	2023																	
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.41	0.20	—	0.02	0.16	0.05	0.02	—	0.02	—	—	—	—	0.46	0.22	—	0.02	0.18
Assets under management (AuM KPI)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

5c. KPI off-balance sheet exposures - Turnover flow

	2023																	
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.04	—	—	—	—	—	—	—	—	—	—	—	—	0.04	—	—	—	—
Assets under management (AuM KPI)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

5d. KPI off-balance sheet exposures - CAPEX flow

% (compared to total eligible off-balance sheet assets)	2023																	
	Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)	0.03	—	—	—	—	—	—	—	—	—	—	—	—	0.03	—	—	—	—
Assets under management (AuM KPI)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Nuclear energy and fossil gas related activities

In line with the Complementary Climate Delegated Act (EU 2022/1214 III.9. amending EU 2021/2139 and EU 2021/2178) the Group identified the portion of its portfolio related to certain economic activities related to nuclear and fossil gas that can be classified as environmentally sustainable under the EU Taxonomy. This exposure is immaterial for the Group based on available data as of December 2023.

Nuclear energy related activities	
1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities	
4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)

Economic activities based on KPI Turnover and CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	CCM + CCA				Climate change mitigation				Climate change adaptation			
	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Total applicable KPI	155	—	282	—	144	—	234	—	11	—	48	—

Template 3 Taxonomy-aligned economic activities (numerator)

Economic activities based on KPI Turnover and CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	CCM + CCA				Climate change mitigation				Climate change adaption			
	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	155	—	282	—	144	—	234	—	11	—	48	—
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	155	—	282	—	144	—	234	—	11	—	48	—

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Economic activities based on KPI Turnover and CAPEX	Amount and proportion (the information is to be presented in monetary amounts and as percentages)											
	CCM + CCA				Climate change mitigation				Climate change adaption			
	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—	—	—	—	—	—	—	—	—
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	704	—	219	—	700	—	205	—	4	—	14	—
Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable KPI	704	—	219	—	700	—	205	—	4	—	14	—

Template 5 Taxonomy non-eligible economic activities

Economic activities based on KPI Turnover and CAPEX	Amount Turnover	% Turnover	Amount CAPEX	% CAPEX
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	—	—	—	—
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	—	—	—	—
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	49,416	—	49,774	—

KPMG

Audit
1 Harbourmaster Place
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Ireland

Independent Auditor's Report to the Members of CITIBANK EUROPE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CITIBANK EUROPE PLC ('the Company') and its consolidated undertakings ('the Group') for the year ended December 31, 2023 set out on pages 63 to 211, which comprise the Group and Company Statements of Financial Position, the Group and Company Income Statements, the Group and Company Statements of Other Comprehensive Income, the Group and Company Statements of Cash Flows, the Group and Company Statements of Changes in Equity, and related notes, including the material accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at December 31, 2023 and of the Group's and Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors in May 2001. The period of total uninterrupted engagement is the 22 years ended December 31, 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors‘ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors‘ assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

We used our knowledge of the Company, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

• the availability of funding and liquidity in the event of a market wide stress scenario; and

• the impact on regulatory capital requirements in the event of an economic slowdown.

We also considered whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors, the audit committee, and internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading minutes of meetings of the Board of Directors, and the audit committee.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the group to full scope component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group’s licence to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group’s activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition. We identified fraud risks in relation to the Group and Component. We identified fraud risks in relation to overlays raised by management as part of the expected credit loss on loans and advances to customers, the valuation of level 3 financial instruments, and the existence and accuracy of unconfirmed OTC Derivatives.

Further detail in respect of management overlays and valuation of level 3 financial instruments is set out in the key audit matter disclosures in this report.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias
- Assessing the disclosures in the financial statements

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2022):

IFRS 9 Expected Credit Losses

2023: $250m (Group) $113m (Company)

2022: $157m (Group) $157m (Company)

Refer to note 1 (j) (accounting policies) and notes 21 and 23.2 (financial disclosures)

The key audit matter	**How the matter was addressed in our audit**
The measurement of expected credit losses ('ECL') involves significant judgements and estimates. A heightened risk of material misstatement of ECL continues to arise in the current year due to the increased judgement and estimation uncertainty as a result of the prevailing macroeconomic conditions. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in CEP's compliance with IFRS 9 include:	We performed detailed risk assessment procedures over the entirety of the loan and advances to customers at amortised cost within the Group's financial statements. As part of these risk assessment procedures, we identified which portfolios in our judgment are associated with a risk of material misstatement including those arising from significant management judgements over the estimation of ECL either due to inputs, methods or assumptions.
Accuracy of Probability of Default ("PD") Models Owing to the complexity and uncertainty in the PD models, including the underlying assumptions, we have identified a significant risk of error in expected credit losses as a result of inaccurate PDs being generated by certain PD models.	*Accuracy of PD Models;* • We performed end to end process walkthroughs to identify the key systems, applications and key controls used in the; −Impairment loss allowance modelling processes; - Modelling process and methodologies, including model monitoring, validations and approvals for the PD models; −Staging and significant increase in credit risk (SICR); −Testing the general IT controls over the key systems used in the process to transmit data used by the PD models and calculate the ECL, and the IT access and change controls over the model storage applications.

	•We tested the completeness and accuracy of identified relevant data elements used within the CEP ECL PD models through testing of controls and vouching a sample of data elements to supporting documentation. •In conjunction with our credit specialist, we inspected the relevant PD model validation reports and assessed whether the findings have been appropriately considered and addressed by management/ model developers. • We inspected the model development documentation and assessed whether model updates in the period were reasonable. •We evaluated the adequacy of the SICR criteria for compliance with IFRS 9. •In conjunction with our credit modelling specialists, we performed independent reperformance testing over key aspects of the PD models underlying the calculation of expected credit losses. •We inspected relevant regulatory correspondence during the year and discussed the findings with CEP credit management. We assessed whether management's response to the findings was reasonable and considered the impact of the findings on our audit approach and risk assessment.
Management Overlays Management overlays are raised by management to address known impairment model limitations and/ or emerging trends. Management overlays include the reserve scaling factor ("RSF" or "Scalar") to address CEP's idiosyncratic portfolio characteristics. We have identified a significant risk of error associated with the completeness, as well as a significant risk of error and fraud associated with the valuation of those overlays with the greatest degree of management judgement. There is a possibility that management could increase or decrease management overlays to meet expectations for CEP's results.	*Management Overlays* • We performed end to end process walkthroughs and tested the design, implementation and operating effectiveness of the key controls over the identification, calculation, review and authorisation of management overlays; •In conjunction with our credit modelling specialist, we challenged management on the completeness and adequacy of the ECL through inspection of the methodology used to calculate the reserve scaling factor ("RSF") and other management overlays and assessing management's rationale for the inputs and weightings into the RSF calculation. • In conjunction with our local credit specialists, we evaluated the conceptual soundness of the management overlays by critically assessing management's methodology, including the limitation and/ or risk that the overlay is seeking to address, and the overlays' compliance with the requirements of IFRS 9. • We inspected management's overlays calculation methodology and tested the design, implementation and operating effectiveness of the key controls over

	the completeness and accuracy of relevant data inputs into the overlays' calculation. •We tested the completeness and accuracy of overlays and challenged management's assumptions having regard for regulatory expectations, the risk profile of loan books, known model/ data limitations and the credit risk impact of prevailing macroeconomic uncertainty such as interest rates, inflation and performance of the relevant portfolios. •We benchmarked CEP's overall ECL coverage levels including the relevant overlays applied by management to the overall ECLs recognised by peers using recent EBA IFRS 9 coverage ratio benchmarking. •In conjunction with our credit modelling specialist, we assessed whether the management overlays were subject to bias having regard for the risk profile of the loan book, model limitations and/or data limitations, performance of the relevant portfolio, inflation, rising interest rates and market uncertainties.
Economic Scenarios Economic scenarios have a direct impact on the loans in stage 2 and the resultant ECL. Significant management judgement is applied to the determination of the economic scenarios and the weightings applied to them. We have identified a significant risk due to error with respect to management judgment applied in the selection of scenarios, the associated scenario probabilities and the material economic variables which drive the scenarios and the related weightings, particularly given the weighted economic and geopolitical uncertainty.	*Economic scenarios* • We performed an end-to-end process walkthrough and tested the design, implementation and operating effectiveness of key controls relating to the estimation of macro-economic forecasts used in measuring ECL including the economic scenarios and probability weightings applied to them. • In conjunction with our local economic specialist, we held probing inquiries with management and inspected related documentation to assess whether the basis for management assumptions were reasonable and consistent with consensus forecasts. • We challenged whether management's FLI optimistic / pessimistic scenario weightings were reasonable, having regard to all available information at year end such as external forecasters and peer information. • We critically assessed the sensitivity analysis of the ECL impact from the application of alternative weightings applied to scenarios in FLI. •We engaged our local economics specialist to assist us in assessing the plausibility of the significant assumption (the forecasts for the macroeconomic variables) underpinning

Identification and quantification of stage 3 loans There is a risk that stage 3 loans are not completely identified and that the individually assessed ECLs held against these stage 3 counterparties are incorrectly or inappropriately calculated by management. Management judgement is applied to value the collateral, in determining the probability weighting of scenarios used to calculate the level of provisioning required and the impact of the likely courses of action with borrowers on ECL. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	management's economic scenarios which we have defined to be GDP and unemployment forecasts. Specifically, we challenged the overall reasonableness of the GDP and unemployment forecasts with reference to independent and observable economic forecasts. *Identification and quantification of stage 3 loans* • We performed an end-to-end process walkthrough and tested the design, implementation and operating effectiveness of key controls relating to the assignment of credit risk grades; • In relation to performing loans, we haphazardly selected a sample of individual loans for testing and performed independent credit file reviews, critically assessing by reference to underlying loan documentation, and through inquiries of management, whether the credit grade and associated staging was reasonable. In addition to our haphazardly selected sample, we judgmentally selected a number of additional risk based cases, focusing on high risk sectors including those impacted by climate risk, inflation and geopolitical events; and • We performed independent credit reviews over a sample of stage 3 individually assessed loans to test the reasonableness of the expected credit loss and challenged management in respect of significant assumptions underpinning the individually assessed impairment calculations. We found the significant judgements used by management in determining the ECL charge and provision, including the accuracy of the PD model, application of management overlays, economic scenarios and identification and quantification of stage 3 loans, to be reasonable.

Valuation of level 3 financial instruments

2023: Assets: $509m (Group) $483m (Company) Liabilities: $173m (Group) $173m (Company)

2022: Assets: $770m (Group) $407m (Company) Liabilities: $770m (Group) $407m (Company)

Refer to note 1 (i) (accounting policies) and note 25 (financial disclosures)

The key audit matter	**How the matter was addressed in our audit**
The valuation of certain financial instruments is considered to have a significant risk due to error and fraud when the unobservable pricing inputs, which require a degree of management	We performed detailed risk assessment procedures throughout the audit period over the entirety of the balances (i.e. all of the fair value financial instruments held by the Group) within the

judgement, drive a material part of the resulting valuation and such valuation could result in a material misstatement within the financial statements. The determination of the valuation of financial instruments that are considered to have unobservable inputs, which represents management's estimate of the fair value of the instrument at the date of the financial statements, involves judgement and complexity surrounding the valuation assertion. The significant pricing inputs are unobservable, involve complex valuation models or limited market data and estimation uncertainty can be high. Management makes certain assumptions as they relate to the valuation of financial instruments. The valuation of level 3 financial instruments takes into consideration, among other matters, trader judgement regarding at least one significant unobservable input. The significant assumptions and/or judgements used for the significant unobservable inputs are subjective and can be manipulated by the trader. We regard the valuation of level 3 as a key audit matter because its calculation is complex and requires a high degree of management judgement. For the reasons outlined above the engagement team determine this matter to be a key audit matter.	Group's financial statements. As part of these risk assessment procedures, we identified which portfolios in our judgement and the associated valuation inputs have a risk of material misstatement including those arising from significant management judgements over valuation either due to unobservable inputs or complex models. We performed end-to-end process walkthroughs of the valuation process and tested the design, implementation and operating effectiveness of key controls identified in the following areas: ◦ Independent price verification ("IPV") key inputs, including completeness of positions and risk factors subject to IPV; ◦ Fair value adjustments ("FVAs"); ◦ IT systems relevant to the valuation including interfaces with risk systems and external pricing providers; ◦ Validation, completeness, implementation and usage of valuation models, including controls over adjustments to model limitations and assumptions; and ◦ Levelling of positions in the fair value hierarchy. In conjunction with our valuation specialists, we: ◦ Independently valued a selection of level 3 financial instruments (to address the risk of fraud); ◦ For a selection of non-marketable equity securities, we engaged our local corporate finance specialist to assess management's valuation approach and resulting estimate of the fair value of the securities; ◦ Performed test of details for a selection of instruments including re-performance of management's process over the reliability and accuracy of the inputs used in IPV process and IPV calculation itself for the 31 December 2023 IPV process; ◦ Inspected external sources for price inputs used by management in performing IPV and recalculated IPV variances as well as FVAs; and ◦ Independently obtained key pricing inputs as part of our recalculations and challenge.

	We challenged the reasonableness of significant assumptions by assessing the appropriateness of significant models and methodologies used in calculating fair values and FVAs and independently building significant market data curves used by management as part of the IPV process. Overall, we consider the valuation of level 3 financial instruments to be reasonable having regard for the requirements of IFRS.

Our application of materiality and an overview of the scope of our audit.

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality for the Group financial statements as a whole was set at $90m determined with reference to a benchmark of Net Assets which it represents 0.5%.

Materiality for the Company financial statements was set at $80m (2022: $60m) which represents 0.4% (2022: 0.5%) of net assets.

Materiality for the current year was determined in the aforementioned manner consistently with the prior year due to the continued volatility of the profit before tax of the Group and Company whilst the balance sheet of the Group and Company have been growing. We consider net assets to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax and is the metic we consider to most influence the decisions of the users of the financial statements.

In applying our judgement in determining the percentages to be applied to the benchmarks, we considered a number of factors including; the ownership structure of the Group and Company, our understanding of the Group and Company and its environment, the number and value of misstatements detected and the number and severity of deficiencies in control activities identified in the prior year financial statements audit.

Performance Materiality for the Group financial statements as a whole was set at 75% of materiality which equates to $67.5m.

Performance Materiality for the Company financial statements as a whole was set at 75% (2022: 75%) of materiality which equates to $60m (2022: $45m).

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. In applying our judgement in determining performance materiality, we considered a number of factors including; the low number and value of misstatements detected and the low number and severity of deficiencies in control activities identified in the prior year financial statement audit.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $4m (2022: $3m) for Company financial statements and exceeding $4.5m for Group financial statements, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group operates in various locations across Europe. Significant components were subject to audit procedures performed by the component auditors. In planning the audit we used materiality to determine the scope of work of the components, with two components as full scope audits. The work on one of the components was performed by a component audit team in Poland and the remaining work was performed by the Group audit team.

We applied materiality to assist us determine what risks were significant risks and the Group audit team instructed component auditors as to the significant areas to be covered by them, including the relevant risks detailed above and the information to be reported back.

A combination of in-person and virtual planning meetings were held, led by the Group audit team, to discuss key audit risks and obtain input from component auditors and other participating locations. Regular video-conference meetings were held with the component auditors throughout the duration of the audit, including attending closing meetings with management of the component location that was subject to audit procedures. During the visit, we inspected the component's key working papers. We used Group materiality to assist us in determining the extent of the review to understand and challenge the audit approach and findings of the component auditor. In addition, the findings reported to us were discussed in detail, and further work required by the Group audit team was then performed by the component auditor as necessary.

Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and the non-financial statement included on pages 13-51, the European Union Taxonomy Regulation on pages 30-51, and the unaudited notes to the financial statements which include Country by Country Reporting.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit we report that, in those parts of the directors' report specified for our consideration:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2022 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 11-12, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Black 28 March 2024

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
Ireland
D01 F6F5

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Interest income calculated using the effective interest method	**3**	4,181	1,170
Interest income		4,181	1,170
Interest expense	**3**	(2,499)	(582)
Net interest income		1,682	588
Fee and commission income	**4**	1,584	1,368
Fee and commission expense	**4**	(261)	(228)
Net fee and commission income		1,323	1,140
Net trading income	**5**	387	469
Net investment income	**6**	75	42
Net income from other financial instruments designated at fair value through profit or loss	**7**	8	22
Net (loss)/gain on hedge accounting	**8**	(1)	—
Other operating income	**9**	873	744
Net income before impairment		4,347	3,005
Net impairment gains/(losses) on financial instruments	**23**	38	(70)
Net operating income		4,385	2,935
Personnel expenses	**11**	(1,377)	(1,055)
Other expenses	**13**	(867)	(605)
Total operating expenses		(2,244)	(1,660)
Profit before tax		2,141	1,275
Corporate tax	**14**	(398)	(244)
Profit for the year		1,743	1,031
Profit attributable to:			
Attributable to shareholders		1,728	1,031
Attributable to non-controlling interest		15	—
Profit for the year		1,743	1,031

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean Chairperson	Peter McCarthy Chief Executive Officer (Temporary Officer)	John Gollan Audit Committee Chair	Fiona Mahon Company Secretary

CITIBANK EUROPE PLC

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Profit for the period		1,743	1,031
Items that will not be reclassified to profit or loss			
(Loss)/Gain on remeasurement of defined benefit liability	**15**	(13)	84
Related tax	**29**	1	(16)
Items that are or may be reclassified to profit or loss			
Foreign currency translation gain/(loss)		147	63
Movement in fair value reserve (FVOCI debt instruments)			
Debt instruments at FVOCI - net change in fair value		338	(449)
Debt instruments at FVOCI - reclassified to profit or loss	**6**	(20)	6
Related tax	**29**	(27)	70
Other comprehensive income/(expense) for the year, net of tax		426	(242)
Total comprehensive income for the year		2,169	789
Attributable to shareholders		2,129	789
Attributable to non-controlling interest		40	—
Total comprehensive income for the year		2,169	789

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean	Peter McCarthy	John Gollan	Fiona Mahon
Chairperson	Chief Executive Officer (Temporary Officer)	Audit Committee Chair	Company Secretary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 $m	31 December 2022 $m
Assets			
Cash and cash equivalents	**16**	45,476	32,915
Trading assets	**17, 25**	7,858	9,895
Derivative financial instruments	**18, 25**	29,075	22,347
Hedging derivatives	**26**	2	—
Investment securities	**19**	17,490	9,072
Reverse repurchase agreements	**20**	15,884	22,176
Loans and advances to banks	**21**	2,529	2,426
Loans and advances to customers	**21**	25,065	19,753
Other assets	**22**	10,125	10,183
Current tax asset		73	14
Goodwill and Intangible assets	**28**	462	120
Property and equipment	**27**	354	183
Deferred tax assets	**29**	242	255
Total assets		154,635	129,339
Liabilities			
Deposits by banks	**25**	11,218	8,908
Customer accounts	**25**	64,891	49,072
Derivative financial instruments	**18, 25**	28,980	22,844
Hedging derivatives	**26**	24	—
Repurchase agreements	**23, 25**	968	5,397
Subordinated liabilities	**31**	8,482	4,455
Current tax liability		250	55
Provisions	**32**	149	131
Deferred tax liabilities	**29**	13	17
Other liabilities	**33**	20,091	24,364
Total liabilities		135,066	115,243
Equity shareholders' funds			
Share capital	**34**	11	11
Share premium account	**34**	1,963	1,963
Other reserves (net)	**24**	5,142	2,002
Retained earnings		11,836	10,120
Total equity excluding non-controlling interest		18,952	14,096
Non-controlling interest	**36**	617	—
Total equity		19,569	14,096
Total liabilities and equity		154,635	129,339

The accompanying notes on pages 73 to 219 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean	Peter McCarthy	John Gollan	Fiona Mahon
Chairperson	Chief Executive Officer (Temporary Officer)	Audit Committee Chair	Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

		Attributable to equity holders of the Group										
	Note	Share capital	Share premium	Capital reserve	Merger reserve	Translation reserve	Fair value reserve	Equity reserve	Retained earnings	Total equity excluding non-controlling interest	Non-controlling interest	Total equity
		$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2022		11	1,963	827	18	(117)	(123)	(1)	9,021	11,599	—	11,599
Total comprehensive income/(loss):												
Profit for the year		—	—	—	—	—	—	—	1,031	1,031	—	1,031
Other comprehensive income/(loss), net of tax:											—	—
Remeasurements of defined benefit liability	15, 29	—	—	—	—	—	—	—	68	68	—	68
Foreign currency translation differences for foreign operations		—	—	—	—	63	—	—	—	63	—	63
Fair value reserve (FVOCI financial assets)		—	—	—	—	—	(373)	—	—	(373)	—	(373)
Total other comprehensive income/(loss)		—	—	—	—	63	(373)	—	68	(242)	—	(242)
Total comprehensive income/(loss)		—	—	—	—	63	(373)	—	1,099	789	—	789
Transactions with owners, recorded directly in equity												
Equity increase resulting from merger and capital transactions		—	—	1,700	—	—	—	—	—	1,700	—	1,700
Equity settled share-based payment	37	—	—	—	—	—	—	8	—	8	—	8
Total contributions by and distributions to owners		—	—	1,700	—	—	—	8	—	1,708	—	1,708
Balance at 31 December 2022		11	1,963	2,527	18	(54)	(496)	7	10,120	14,096	—	14,096
Balance at 1 January 2023		11	1,963	2,527	18	(54)	(496)	7	10,120	14,096	—	14,096
Total comprehensive income/(loss):												
Profit for the year		—	—	—	—	—	—	—	1,728	1,728	15	1,743
Other comprehensive income/(loss), net of tax:												
Remeasurements of defined benefit liability	15, 29	—	—	—	—	—	—	—	(12)	(12)	—	(12)
Foreign currency translation differences for foreign operations		—	—	—	—	133	—	—	—	133	14	147
Fair value reserve (FVOCI financial assets)		—	—	—	—	—	280	—	—	280	11	291
Total other comprehensive income/(loss)		—	—	—	—	133	280	—	(12)	401	25	426
Total comprehensive income/(loss)		—	—	—	—	133	280	—	1,716	2,129	40	2,169
Transactions with owners, recorded directly in equity												
Equity increase resulting from merger and capital transactions	35	—	—	2,775	(45)	—	—	—	—	2,730	11	2,741
Equity settled share-based payment	37	—	—	—	—	—	—	(3)	—	(3)	—	(3)
Total contributions by and distributions to owners		—	—	2,775	(45)	—	—	(3)	—	2,727	11	2,738
Acquisition of subsidiary with NCI	36	—	—	—	—	—	—	—	—	—	566	566
Balance at 31 December 2023		11	1,963	5,302	(27)	79	(216)	4	11,836	18,952	617	19,569

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

CITIBANK EUROPE PLC

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		$m	$m
Cash flows from operating activities			
Profit after tax		1,743	1,031
Adjustments for:			
Income tax charged	**14**	398	244
Depreciation and amortisation	**13**	75	56
Net impairment losses/(recoveries) on loans and advances	**23**	82	59
Provision released and other movements during the year	**32**	(3)	1
Provision utilised during the year	**32**	(5)	(2)
Net interest income	**3**	(1,682)	(588)
Net gain on investment securities	**19**	(55)	(48)
Change in trading assets	**17, 25**	2,245	(5,452)
Change in derivative financial instrument assets	**18, 25**	(4,871)	(9,221)
Change in reverse repurchase agreements (more than 3 months)	**24**	13,341	—
Change in assets due to hedging derivatives	**26**	2	—
Change in loans and advances to banks (more than 3 months)	**16, 21**	813	(373)
Change in loans and advances to customers	**21, 23**	(1,381)	(9,576)
Change in other assets	**22**	188	(3,310)
Change in deposits by banks	**25**	1,420	(2,312)
Change in customer account balances	**25**	3,328	10,095
Change in derivative financial instrument liabilities	**18, 25**	4,643	8,415
Change in investment securities		29	—
Change in liabilities due to hedging derivatives	**26**	3	—
Change in other liabilities (without repurchase agreements)	**14, 30**	(5,541)	14,313
Change in repurchase agreements	**33**	(4,429)	4,332
		10,343	7,664
Interest received	**3**	4,181	1,178
Interest paid	**3**	(2,499)	(581)
Income tax paid		(311)	(181)
Net cash flow from operating activities		11,714	8,080
Cash flows from investing activities			
Acquisition of investment securities		(4,344)	(2,130)
Disposal of investment securities		1,370	172
Acquisition of property and equipment	**27**	(99)	(92)
Proceeds from disposal of property and equipment and intangibles	**27**	4	1
Acquisition of intangible assets	**28**	(48)	(25)
Net cash flow from investing activities		(3,117)	(2,074)
Cash flows from financing activities			
Payment of lease liabilities	**40**	18	53
Proceeds from issue of subordinated liabilities	**16**	3,852	—
Proceeds from capital contribution	**23.9**	2,741	1,700
Net cash flow (used in) financing activities		6,611	1,753
Net increase in cash and cash equivalents		15,208	7,759
Cash and cash equivalents at beginning of year	**16**	44,515	37,024
Effect of exchange translations and other adjustments		(881)	(268)
Cash and cash equivalents at end of year	**16**	58,842	44,515

COMPANY INCOME STATEMENT
for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Interest income calculated using the effective interest method	3	4,014	1,168
Interest income		4,014	1,168
Interest expense	3	(2,456)	(581)
Net interest income		1,558	587
Fee and commission income	4	1,494	1,368
Fee and commission expense	4	(261)	(228)
Net fee and commission income		1,233	1,140
Net trading income	5	418	468
Net investment income	6	78	42
Net income from other financial instruments designated at fair value through profit or loss	7	8	22
Other operating income	9	876	744
Net income before impairment		4,171	3,003
Net impairment gains/(losses) on financial instruments	23	65	(70)
Net operating income		4,236	2,933
Personnel expenses	11	(1,345)	(1,055)
Other expenses	13	(830)	(604)
Total operating expenses		(2,175)	(1,659)
Profit before tax		2,061	1,274
Corporate tax	14	(376)	(244)
Profit for the year		1,685	1,030

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean	Peter McCarthy	John Gollan	Fiona Mahon
Chairperson	Chief Executive Officer (Temporary Officer)	Audit Committee Chair	Company Secretary

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 $m	2022 $m
Profit for the period		1,685	1,030
Items that will not be reclassified to profit or loss			
Gain/(Loss) on remeasurement of defined benefit liability	**15**	(11)	84
Related tax	**29**	1	(16)
Items that are or may be reclassified to profit or loss			
Foreign currency translation gain/(loss)		82	63
Movement in fair value reserve (FVOCI debt instruments)			
Debt instruments at FVOCI - net change in fair value		304	(449)
Debt instruments at FVOCI - reclassified to profit or loss	**6**	(28)	6
Related tax	**29**	(27)	70
Other comprehensive income/(expense) for the year, net of tax		321	(242)
Total comprehensive income for the year		2,006	788

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean Chairperson	Peter McCarthy Chief Executive Officer (Temporary Officer)	John Gollan Audit Committee Chair	Fiona Mahon Company Secretary

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2023

	Note	31 December 2023	31 December 2022 (restated)
		$m	$m
Assets			
Cash and cash equivalents	**16**	45,338	32,911
Trading assets	**17, 25**	7,653	9,895
Derivative financial instruments	**18, 25**	28,061	22,347
Investment securities	**19**	9,772	9,072
Reverse repurchase agreements*	**23, 25**	11,995	22,176
Loans and advances to banks*	**21**	2,573	2,426
Loans and advances to customers*	**21**	20,667	19,691
Shares in subsidiary undertakings	**30**	1,713	14
Other assets	**22**	9,483	10,183
Current tax asset		73	14
Goodwill and Intangible assets	**28**	135	120
Property and equipment	**27**	223	183
Deferred tax assets	**29**	213	255
Total assets		137,899	129,287
Liabilities			
Deposits by banks	**25**	10,870	8,858
Customer accounts	**25**	51,225	49,072
Derivative financial instruments	**18, 25**	28,132	22,844
Repurchase agreements*	**23, 25**	964	5,397
Subordinated liabilities	**31**	8,482	4,455
Current tax liability		134	54
Provisions	**32**	125	131
Deferred tax liabilities	**29**	13	17
Other liabilities*	**33**	19,157	24,364
Total liabilities		119,102	115,192
Equity shareholders' funds			
Share capital	**34**	11	11
Share premium account	**34**	1,963	1,963
Other reserves (net)	**24**	5,029	2,002
Retained earnings		11,794	10,119
Total equity attributable to equity shareholders		18,797	14,095
Total liabilities and equity shareholders' funds		137,899	129,287

*To provide more relevant information to the readers of the financial statements reverse repurchase agreement and repurchase agreement balances have been presented separately from Loans and advances to banks and customers and Other liabilities respectively. Comparative balances have also been updated accordingly.

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on their behalf by:

Susan Dean	Peter McCarthy	John Gollan	Fiona Mahon
Chairperson	Chief Executive Officer (Temporary Officer)	Audit Committee Chair	Company Secretary

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

		Attributable to equity holders of the Company								
	Note	Share capital	Share premium	Capital reserve	Merger reserve	Translation reserve	Fair value reserve	Equity reserve	Retained earnings	Total
		$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2022		11	1,963	827	18	(117)	(123)	(1)	9,021	11,599
Total comprehensive income/ (loss):										
Profit for the year		—	—	—	—	—	—	—	1,030	1,030
Other comprehensive income/ (loss), net of tax:										
Remeasurements of defined benefit liability	**15, 29**	—	—	—	—	—	—	—	68	68
Foreign currency translation differences for foreign operations		—	—	—	—	63	—	—	—	63
Fair value reserve (FVOCI financial assets)		—	—	—	—	—	(373)	—	—	(373)
Total other comprehensive income/ (loss)		—	—	—	—	63	(373)	—	68	(242)
Total comprehensive income/(loss)		—	—	—	—	63	(373)	—	1,098	788
Transactions with owners, recorded directly in equity										
Equity increase resulting from merger and capital transactions	**24**	—	—	1,700	—	—	—	—	—	1,700
Equity settled share-based payment	**37**	—	—	—	—	—	—	8	—	8
Total contributions by and distributions to owners		—	—	1,700	—	—	—	8	—	1,708
Balance at 31 December 2022		11	1,963	2,527	18	(54)	(496)	7	10,119	14,095
Balance at 1 January 2023		11	1,963	2,527	18	(54)	(496)	7	10,119	14,095
Balance at Total comprehensive income/(loss):										
Profit for the year		—	—	—	—	—	—	—	1,685	1,685
Other comprehensive income/ (loss), net of tax:										
Remeasurements of defined benefit liability	**15, 29**	—	—	—	—	—	—	—	(10)	(10)
Foreign currency translation differences for foreign operations		—	—	—	—	82	—		—	82
Fair value reserve (FVOCI financial assets)		—	—	—	—	—	249	—	—	249
Total other comprehensive income/ (loss)		—	—	—	—	82	249	—	(10)	321
Total comprehensive income/ (loss)		—	—	—	—	82	249	—	1,675	2,006
Transactions with owners, recorded directly in equity										
Equity increase resulting from merger and capital transactions	**35**	—	—	2,744	(45)	—	—	—	—	2,699
Equity settled share-based payment	**37**	—	—	—	—	—	—	(3)	—	(3)
Total contributions by and distributions to owners		—	—	2,744	(45)	—	—	(3)	—	2,696
Balance at 31 December 2023		11	1,963	5,271	(27)	28	(247)	4	11,794	18,797

The accompanying notes on pages 73 to 219 form an integral part of these financial statements.

CITIBANK EUROPE PLC

COMPANY STATEMENT OF CASH FLOW

for the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		$m	$m
Cash flows from operating activities			
Profit after tax		1,685	1,030
Adjustments for:			
Income tax charged	14	376	244
Depreciation and amortisation	13	66	56
Net impairment losses/(recoveries) on loans and advances	23	(96)	59
Provision released and other movements during the year	32	42	1
Provision utilised during the year	32	(5)	(2)
Net interest income	3	(1,558)	(587)
Net gain on investment securities	19	(50)	(48)
Change in trading assets	17, 25	2,242	(5,452)
Change in derivative financial instrument assets	18, 25	(5,714)	(9,221)
Change in reverse repurchase agreements (more than 3 months)		8,443	—
Change in loans and advances to banks (more than 3 months)	16, 21	(506)	(373)
Change in loans and advances to customers	21, 23	(932)	(9,585)
Change in other assets	22	641	(3,312)
Change in deposits by banks	25	2,012	(2,290)
Change in customer account balances	25	2,153	10,095
Change in derivative financial instrument liabilities	18, 25	5,288	8,415
Change in other liabilities (without repurchase agreements)	14, 30	(5,244)	14,314
Change in repurchase agreements	33	(4,433)	4,332
		4,410	7,676
Interest received	3	4,014	1,177
Interest paid	3	(2,456)	(581)
Income tax paid		(305)	(181)
Net cash flow from operating activities		5,663	8,091
Cash flows from investing activities			
Acquisition of a subsidiary	30	—	—
Acquisition of investment securities		(1,454)	(2,130)
Disposal of investment securities		813	172
Acquisition of property and equipment	27	(84)	(92)
Proceeds from disposal of property and equipment	27	1	1
Acquisition of intangible assets	28	(32)	(25)
Net cash flow from investing activities		(756)	(2,074)
Cash flows from financing activities			
Payment of lease liabilities	40	16	54
Proceeds from issue of subordinated liabilities	16	3,852	—
Proceeds from capital contribution	24	1,000	1,700
Net cash flow (used in) financing activities		4,868	1,754
Net increase in cash and cash equivalents		9,775	7,771
Cash and cash equivalents at beginning of year	16	44,510	37,008
Effect of exchange translations and other adjustments		546	(269)
Cash and cash equivalents at end of year	16	54,831	44,510

1. Principal accounting policies

The Group has consistently applied the accounting policies as set out below to all periods presented in these financial statements, apart from the newly adopted accounting policies mentioned in 1(c) below.

Accounting policies of subsidiaries have been standardised in the process of preparing the consolidated financial statements, where necessary, to ensure consistency in all material aspects with the accounting policies adopted by the Group.

a) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (collectively "IFRSs") as adopted by the European Union ("EU") and applicable for the financial year ended 31 December 2023. The financial statements also comply with those parts of the Companies Act 2014 and the European Union Credit Institutions: Financial Statements Regulations 2015 applicable to companies reporting under IFRS. The accounting policies have been applied consistently and are consistent with the previous year, unless otherwise described.

These financial statements are prepared on a going concern basis and have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies.

These consolidated financial statements comprise the Citibank Europe Plc ("the Company" or "CEP") and the "Group" (CEP and its' subsidiaries).

b) Functional and presentation currency

These financial statements are presented in USD, which is the functional and presentation currency of the Group.

c) Changes in accounting policy and disclosures

Standards issued and effective

There are a number of accounting standards that have been amended by the International Accounting Standards Board (IASB), which became effective during 2023. They include:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Standards and amendments issued but not yet effective as at 31 December 2023

The accounting standards and amendments set out below have been issued by the IASB, but are not yet effective for the Group. The Group does not plan on early adoption of these standards. These standards either have no impact or not expected to have material impact to the Group upon adoption.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (not yet endorsed by the EU), effective date 1 Jan 2024;
- Non-current Liabilities with Covenants -Amendments to IAS 1, effective date 1 January 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (not yet endorsed), effective date deferred indefinitely;
- Lease Liability in a Sale and Leaseback- Amendments to IFRS 16, effective date 1 January 2024
- Supplier Finance Arrangements-Amendments to IAS 7 and IFRS 7, effective date 1 January 2024
- Lack of Exchangeability- Amendments to IAS 21, effective date 1 January 2025

1. Principal accounting policies (continued)

c) Changes in accounting policy and disclosures (continued)

Global minimum top-up tax

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Company, its branches and subsidiaries, its immediate holding company and its ultimate holding company operate and no deferred tax was recognised at that date, the retrospective application has no impact on the Company's financial statements.

d) Interest income and interest expense

Interest income and interest expense on financial assets and liabilities are recognised in the income statement using the effective interest rate ("EIR") method. Under this method, fees and direct costs directly attributable to loan origination, re-financing or restructuring and to certain loan commitments are deferred and amortised to interest earned on loans and advances over the life of the instrument.

The EIR is a method of calculating the amortised cost of a financial asset is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the EIR, the Group estimates future cash flows considering all contracted terms of the financial instrument, but no future credit losses. For assets which are initially recognised as purchased or credit impaired, interest revenue is calculated through the use of a credit-adjusted effective interest rate which takes into consideration expected credit losses. A credit-adjusted EIR is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

Interest income and expense presented in the income statement includes:

- Interest on financial assets and liabilities at amortised cost on an effective interest rate basis;
- Interest on investment securities measured at fair value through other comprehensive income; and
- Interest on cash balances.

The Group presents negative interest paid on interest-bearing assets as interest expense, and interest revenue received from interest-bearing liabilities as interest income.

To the extent that upfront fees are capitalised but subsequently there is a partial sell down of the related asset, the fees are released to the income statement in proportion to the amount of the asset sold down.

1. Principal accounting policies (continued)

e) Net fee and commission income

Fee and commission income and expenses that are integral to the EIR on a financial asset or liability are included in the measurement of EIR (see Note 1(d) above).

Investment banking fees are substantially composed of underwriting and advisory revenues. Such fees are recognised at the point in time when Group's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction. Reimbursed expenses related to these transactions are recorded as revenue and are included within investment banking fees.

Brokerage commissions primarily include commissions and fees from the following: executing transactions for clients on exchanges and over-the-counter markets; assisting clients in clearing transactions, providing brokerage services and other such activities. Brokerage commissions are recognised in net fee and commission income at the point in time the associated service is fulfilled, generally on the trade execution date.

Custody and Fiduciary transactions are primarily composed of custody fees and fiduciary fees. The custody product is composed of numerous services related to the administration, safekeeping and reporting for both U.S. and non-U.S. denominated securities. The services offered to clients include trade settlement, safekeeping, income collection, corporate action notification, recordkeeping and reporting, tax reporting and cash management. Custody fees are recognised as or when the associated promised service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided by the Group. Fiduciary fees consist of trust services and investment management services. As an escrow agent, the Group receives, safe keeps, services and manages clients' escrowed assets such as cash, securities, property (including intellectual property), contracts or other collateral. The Group performs its escrow agent duties by safekeeping the funds during the specified time period agreed upon by all parties and therefore earns its revenue evenly during the contract duration.

Transactional service fees primarily consist of fees charged for processing services such as cash management, global payments, clearing, international funds transfer and other trade services. Such fees are recognised as/when the associated service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided by the Group.

Commitment fees includes commission and related servicing fees for letters of credit or other guarantee arrangements that facilitate customer financing or performance. They also include commissions and related fees on time drafts or bills of exchange (bankers' acceptances) that are drawn on the bank and have been accepted by the bank indicating an unconditional promise to honour such instruments at their maturity. The commitment fee is recognised on a straight-line basis over the commitment period.

Credit and bank card income is primarily composed of interchange fees, which are earned by card issuers based on purchase sales and certain card fees, including annual fees. Costs related to customer reward programs and certain payments to partners are recorded as a reduction of credit- and bank-card income. Interchange revenues are recognised as earned on a daily basis when the Group's performance obligation to transmit funds to the payment networks has been satisfied. Annual card fees, net of origination costs, are deferred and amortised on a straight-line basis over a 12-month period. Costs related to card reward programs are recognised when the rewards are earned by the cardholders. Payments to partners are recognised when incurred.

Deposit-related fees consist of service charges on deposit accounts and fees earned from performing cash management activities and other deposit account services. Such fees are recognised in the period in which the related service is provided.

Other fee and commission income, including sales commission, placement fees and syndication fees, are recognised as the related services are performed. These fees are recorded in fee income as they are earned.

1. Principal accounting policies (continued)

f) Net trading income and expense

Net trading income comprises all gains and losses related to trading assets and liabilities (except for fair value changes associated with own credit risk), and includes all realised and unrealised fair value changes, together with related interest, dividends and foreign exchange differences.

g) Net income on financial instruments designated at fair value through profit or loss

Net income from financial instruments designated at fair value through profit or loss comprises all gains and losses related to financial assets and liabilities designated at fair value through profit or loss, and includes realised fair value changes, together with related interest, dividends and foreign exchange differences.

h) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in 'Net trading income' when the dividend income has arisen from trading assets.

i) Financial assets and liabilities

Classification and Measurement

The Group classifies financial assets in line with the classification and measurement requirements of IFRS 9, where financial assets are classified based on both the business model used for managing the financial assets and the contractual cash flow characteristics of the financial asset (known as Solely Payments of Principal and Interest or "SPPI").

Business Model Assessment

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

There are three business models available:

- Hold to collect - Financial assets held with the objective to collect contractual cash flows. They are subsequently measured at amortised cost and are recorded in multiple lines on the Group's statement of financial position.
- Hold to collect and sell - Financial assets held with the objective of both collecting contractual cash flows and selling financial assets. They are recorded as Financial assets at Fair Value through Other Comprehensive Income on the Group's statement of financial position.
- Other - Financial assets that do not meet the criteria of either hold to collect, or hold to collect and sell. They are recorded as Financial Assets at Fair Value through Profit or Loss on the Group's statement of financial position.

The Group's business model does not depend on management's intentions for an individual instrument (i.e. it is not an instrument-by-instrument assessment). This assessment is performed at a higher level of aggregation. The level of aggregation is at a level which is reviewed by key management personnel, enabling them to make strategic decisions for the business. The Group has more than one business model for managing its financial instruments.

The assessment of the business model requires judgment based on facts and circumstances, considering both quantitative and qualitative factors.

1. Principal accounting policies (continued)

i) Financial assets and liabilities (continued)

The Group considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel; and
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
c) How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
d) The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of whether the contractual cash flows are solely payments of principal and interest (SPPI)

If an instrument is held in either a 'hold to collect' or a 'hold to collect and sell' business model, then an SPPI assessment is required to determine classification. For SPPI, interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. It can also include consideration for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial asset for a particular period of time and a profit margin that is consistent with a basic lending arrangement. Other contractual features that result in cash flows that are not payments of principal and interest result in the instrument being measured at FVTPL.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that meet the SPPI criteria.

The contractual cash flow test must be performed at initial recognition of the financial asset and, if applicable, as at the date of any subsequent changes to the contractual provisions of the instrument.

1. Financial Assets – Derivatives and Equity Instruments

Derivatives and in-scope equity instruments are measured at fair value, with changes reflected through the profit and loss account (FVTPL). Exceptions can only apply if the derivative is part of a hedge accounting programme.

The Group measures all equity instruments in scope of IFRS 9 at FVTPL.

The Group has made an accounting policy choice not to irrevocably elect to classify and measure non-trading equity instruments at FVOCI as all amounts recognised in OCI can never be reclassified to profit or loss.

2. Financial Assets – Debt Instruments

The following primary classification and measurement categories exist for financial assets-debt instruments:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value though profit or loss (FVTPL).

In addition, IFRS 9 provides special designation options for financial assets-debt instruments that are either measured at 'amortised cost' or 'FVOCI'. An entity has an option to designate such instruments at FVTPL only where this designation eliminates or significantly reduces an accounting mismatch.

The following paragraphs explain the classification criteria for the 3 categories in more detail.

1. Principal accounting policies (continued)

i) Financial assets and liabilities (continued)

2. Financial Assets – Debt Instruments (continued)

Amortised Cost

A financial asset-debt instrument shall be classified and subsequently measured at amortised cost (unless designated under FVO) only if both of the following conditions are met:

a) Business Model test: the financial asset debt instrument is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and
b) SPPI test.

Recognition and Initial Measurement

The Group initially recognises loans and advances and deposits on settlement date. All other financial instruments (including regular-way purchase and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at fair value, typically being the transaction price, plus, for items not measured at FVTPL, transaction costs directly attributable to acquisition or issuance.

Loans and advances to banks and to customers are classified and measured at amortised cost under IFRS 9 unless they failed the business model or SPPI test.

Accounting for reverse repurchase and resale agreements

Securities sold under agreements to repurchase (repos) and securities purchased under agreements to resell (reverse repos) do not constitute a sale (or purchase) of the underlying securities for accounting purposes and are treated as collateralised financing transactions as the risks and rewards of ownership are not transferred. Under a reverse repo agreement, consideration paid is accounted for as Reverse repurchase agreement at amortised cost, unless it is designated or mandatorily at fair value through profit and loss. Under a repo agreement, consideration received is accounted for as a Repurchase agreement measured at amortised cost, unless it is designated at fair value through profit and loss.

Certain reverse repos and repo transactions will be designated at FVTPL as these transactions are linked/funding the trading portfolio (financial instruments which are measured at FVTPL), therefore this election will eliminate or significantly reduce an accounting mismatch.

FVOCI

A financial asset shall be classified and measured at FVOCI (unless designated under FVO) if both of the following conditions are met:

a) Business model test: the financial asset is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) SPPI test.

The following financial assets were classified as FVOCI as at 31 December 2022 and as at 31 December 2023:

Investment debt securities

Investment debt securities consist of government and corporate bonds. Under IFRS 9, these debt securities are classified and measured as FVOCI as they are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets unless they fail the SPPI criterion.

1. Principal accounting policies (continued)

i) Financial assets and liabilities (continued)

2. Financial Assets – Debt Instruments (continued)

FVTPL

Any financial instrument that does not fall into either of the above categories shall be classified and measured at fair value through profit or loss. For example, where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL. Examples include financial assets held for trading or where performance is managed within the business model on a fair value basis.

Moreover, any instrument for which the contractual cash flow characteristics do not comprise solely payments of principal and interest (that is, they fail the SPPI test) must be classified in the FVTPL category.

The following financial assets were classified and measured as FVTPL as at 31 December 2022 and as at 31 December 2023:

Trading assets

The trading book of the Group consists of all positions in financial instruments and commodities held either with trading intent or in order to economically hedge other elements of the trading book and which are free from any restrictive covenants on their tradability or are able to be hedged. Positions held with trading intent are those held intentionally for short term resale and/or with the intention of benefiting from actual or expected short term price differences between buying and selling prices or from other price or interest rate variations. The term 'positions' shall include positions arising from client servicing and market making. Trading intent is evidenced on the basis of the strategies, policies and procedures established by the Group to manage the position or portfolio.

Derivative contracts

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets or using valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value are recognised in the income statement. The payment and receipt of variation margin for centrally cleared derivatives that are characterised as settle-to-market are deemed as settlement of those contracts.

Hedge Accounting

The Group hedges against the risk of change in the fair value of fixed interest rate debt securities measured at fair value through other comprehensive income. The hedged risk results from changes in interest rates. In respect of hedge accounting the Group applies IAS 39. Interest rate swaps, denominated in the same currency as the hedged items, is the hedging instrument swapping the fixed interest rate for a variable interest rate. The gain or loss on the hedged item attributable to the hedged risk is recognised in net gain/(loss) on hedge accounting in the income statement. Interest income on debt securities is recognised in net interest income. Changes in the fair value of derivative instruments designated and qualifying as fair value hedges are recognised in the result on hedge accounting in the income statement. Interest income and interest expenses related to the interest measurement component of derivatives concluded as hedging instruments under fair value hedges are recognised in net trading income.

1. Principal accounting policies (continued)

i) Financial assets and liabilities (continued)

3. Financial Liabilities – Debt Instruments

For financial liabilities there are two measurement categories: amortised cost and fair value through profit or loss (including a fair value option category).

The Group designates financial liabilities at fair value through profit or loss if one of the following exist:

- The liability is managed and performance evaluated on a fair value basis;
- Electing fair value will eliminate or reduce an accounting mismatch; or
- The contract contains one or more embedded derivatives.

For financial liabilities designated at fair value through profit or loss, fair value changes are presented as follows:

- Fair value changes attributable to the Group's own credit risk are recognised in OCI; and
- The remaining amount of the change in the fair value of the liability is recorded in P&L.

Upon early extinguishment (e.g., liability is repurchased before maturity), changes in own credit previously recorded in OCI will not be recycled to P&L. The OCI balance is reclassified directly to retained earnings.

4. Reclassifications

Financial asset classification is determined at initial recognition and reclassifications are expected to be extremely rare. A financial asset can only be reclassified if the business model for managing the financial asset changes. Reclassification of financial liabilities is not permitted.

5. Modifications

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group recognises a modification gain or loss in profit or loss based on the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate plus any eligible transaction costs.

As the Group classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of change of a financial asset's contractual cash flows is not permitted, unless the asset is sufficiently modified that it is derecognised.

Forbearance consists of concessions extended to any facility – in the form of a loan, a debt security as well as committed but undrawn loans – towards a debtor facing or about to face financial difficulties in meeting its financial commitments ("financial difficulties").

The granting of any forbearance measure in the Group requires a detailed assessment of the specific circumstances of the obligor including an up-to-date assessment of affordability/repayment capacity. The assessment of forbearance must consider two elements:

1. Has a concession been granted; and

2. Is the obligor facing or about to face financial difficulties?

1. Principal accounting policies (continued)

i) Financial assets and liabilities (continued)

5. Modifications (continued)

If the Group assess that an obligor has not been granted a concession or is not facing or about to face financial difficulties then that obligor will not be classified as forborne.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If the modified terms are not substantially different the liability is not derecognised.

6. Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a currently enforceable legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

7. Fair Value Measurement

"Fair Value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

Fair value is therefore based on the notion of an exit price. Citi typically uses a bid/offer valuation approach, that is, a bid price for a long position or an offer price for a short position. In addition, the Portfolio Exception (IFRS 13) permits an entity to measure the fair value of a group of financial assets and financial liabilities with offsetting risk on the basis of the price that would be received to sell or transfer the net open risk position (i.e. on a portfolio basis), in line with how positions are risk managed.

The fair value of a liability reflects its non-performance risk. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument.

The value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

1. Principal accounting policies (continued)

j) Impairment of financial assets

The IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees, including:

- Investments in debt instruments measured at amortised cost. Such investments will include:
  - Corporate, commercial and retail loans (including mortgages and credit card receivables);
  - Deposits with banks; and
  - Reverse repurchase agreements and securities borrowing transactions.
- Investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- All irrevocable loan commitments that are not measured at FVTPL;
- Written financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at FVTPL;
- Trade receivables in the scope of IFRS 15 (Revenue contracts with customers); and
- Any other receivables (e.g., brokerage receivables).

The Group shall recognise in profit or loss, as a net impairment loss or gain, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

Expected credit loss (ECL) impairment model

Credit loss allowances are measured on each reporting date according to a three-Stage expected credit loss impairment model under which each financial asset is classified in one of the stages below:

- Stage 1 – Includes assets with no significant increase in credit risk since initial recognition. A 12-month expected credit loss (ECL) i.e. probability-weighted estimate of credit loss, is recognized for these assets. Interest is calculated based on the gross carrying amount of the asset.
- Stage 2 – Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognised equal to the full credit losses expected over the remaining life of the asset. Interest is calculated based on the gross carrying amount of the asset.

The credit losses for financial assets in Stage 1 and Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognised. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *Financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Evidence that a financial asset is impaired (i.e., in Stage 3) includes observable data that comes to the attention of the Group such as evidence of default, as mentioned below.

1. Principal accounting policies (continued)

j) Impairment of financial assets (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about such events, including:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Within the BHW retail portfolio, objective evidence of impairment includes past due 90 days or more, termination of the contract for reasons other than a delay in the repayment of mortgage product, granting modifications to the terms of the agreement (restructuring), as a result of which the current value of cash flows falls below the book value before the modification and default contagion in line with EBA/GL/2016/07 including a number of qualitative factors (e.g. death, bankruptcy, fraud).

It may not be possible for the Group to identify a single discrete event. Instead, the combined effect of several events may have caused the financial asset to become credit-impaired.

Further, in assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

The estimation of an expected credit loss (ECL) is required to be unbiased and probability weighted, including information about past events, current conditions, reasonable and supportable forecasts of future events and economic conditions at the reporting date. The estimate also considers the time value of money.

The measurement of an ECL is primarily determined by an assessment of the financial asset's probability of default (PD), loss given default (LGD) and exposure at default (EAD) where the cash shortfalls are discounted to the reporting date. For a financial asset in Stage 1, the Group will utilise a 12-month PD, whereas a financial asset within Stage 2 and Stage 3 will utilise a lifetime PD in order to estimate an impairment allowance. Key inputs into these models include historical default/loss information, risk ratings, sector, geography and facility characteristics.

Wholesale Classifiably Managed Exposures

Classifiably-managed portfolios are managed on an individual basis where the individual obligors are risk-rated. An impairment allowance will be estimated for Corporate loans utilising models depending on the relative size, quality and complexity of the portfolios.

1. Principal accounting policies (continued)

j) Impairment of financial assets (continued)

Other Asset Approaches

For other financial assets, being short term and simple in nature and where the Group does not have access to detailed historical information due to limited loss experience, the Group applies a simplified measurement approach that may differ from what is described above. This approach leverages existing models currently used globally for stress-testing and regulatory capital reporting purposes, but incorporates specifically developed components to make the estimates compliant with IFRS 9. Types of financial assets assessed under the simplified approach include: delinquency managed exposures, cash and cash equivalents, deposits with banks, vanilla reverse repo transactions, brokerage receivables and receivables from clearing houses and trade receivables. Receivables receive lifetime ECLs on day 1, as allowed under IFRS 9.

BHW Retail

ECLs for exposures within the BHW retail portfolio are calculated on the basis of statistical models for groups of assets combined in portfolios with common credit risk features (and key products include credit cards, cash loans and mortgages).

Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Significant increase in credit risk (SICR)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making this assessment, the Group considers the increase in the risk of default (both in relative terms and absolute terms) over the expected life of the financial asset. The significance of a change in the credit risk since initial recognition depends on the risk of a default occurring at initial recognition. That is, a given change in absolute terms, the risk of a default occurring will be more significant for a financial instrument with a lower initial risk of default compared to one with a higher initial risk of default. Determining whether the credit risk on a financial instrument has increased significantly since initial recognition is based on a multifactor and holistic approach, including both quantitative and qualitative information and analysis.

Determining whether credit risk has increased significantly

The Group's approach to assessing SICR uses a combination of quantitative, qualitative, top-down and backstop criteria.

Quantitative Criteria:

As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling:

- the remaining lifetime PD is greater than 20 basis points at the reporting date; and
- there has been an increase in the lifetime PD between origination and the reporting date of more than one standard deviation of the lifetime PD at origination.

Qualitative Criteria:

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis. This will be the case for exposures that meet certain heightened risk criteria, which are placed on a watch list or classification of performing forborne exposures for regulatory reporting purposes.

1. Principal accounting policies (continued)

j) Impairment of financial assets (continued)

Top-down Criteria:

Credit risk may also be deemed to have increased significantly since initial recognition based on top-down analysis linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis. This can include analysis of potentially vulnerable cohorts within the portfolio (e.g. specific sectors) combined with other credit risk attributes.

Backstop Criteria:

- 30 Days Past Due (DPD): There is a rebuttable presumption that credit risk has significantly increased if contractual payments are more than 30 days past due. This presumption can only be rebutted if there is a reasonable and supportable information demonstrating that credit risk has not increased since initial recognition.
- 200% PD Increase: Exposures will be moved to stage 2 if, at the reporting date, there has been a 200% increase between the remaining lifetime PD and the origination PD.

Separate SICR criteria applies to the BHW Retail portfolio and includes 30 DPD, forbearance and a quantitative measure based on analysis of the change in PD level since initial recognition.

The Group identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Group identifies a key driver that is not considered in the individual assessment on a timely basis, then the Group will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Group concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

Exposures move back from Stage 2 to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; – the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Staging

Financial assets can move in both directions through the stages of the IFRS 9 impairment model depending on the assessment of whether there is a significant increase of credit risk since initial recognition or whether the asset is credit impaired subsequently changes.

In order to determine the ECL reporting stage for an obligation, the Group determines whether the asset is already impaired (Stage 3) or not (Stage 1 and 2). Stage 2 is determined by the existence of a significant credit deterioration (or credit improvement) compared with the credit rating at initial recognition as described in the section above. Stage 1 assets do not have significant credit deterioration compared with that at initial recognition. All newly acquired or originated financial assets that are not purchased or originated credit impaired (POCI) are recognised in Stage 1 initially.

1. Principal accounting policies (continued)

j) Impairment of financial assets (continued)

Changes in the required credit loss allowance, including the impact of movements between Stage 1 and Stage 2, are recorded in the income statement as an adjustment to the allowance for credit losses.

Expected life
When measuring ECL, the Group must consider the maximum contractual period over which the Group is exposed to credit risk, including possible drawdowns and the expected maturity of the financial asset. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Financial guarantees
The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL. Benefits of the credit mitigants are recorded against impairment losses.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. These assets are recognised in ‘other assets’. The cost of the credit mitigants are recorded within other expenses and amortised over the period of protection. Recoveries are recognised as other income.

Stage 3 definition of default

The definition of default is aligned to the CRR Article 178 definition of default and is consistent with that used for internal credit risk management purposes for the relevant financial instrument. The definition of default used for this purpose is applied consistently to all financial instruments unless information becomes available that demonstrates another default definition is more appropriate for a particular financial instrument. There was no change to the Group definition of default during the year ending 2023.

As per European Central Bank (ECB) guidance, the Group classifies an exposure as a Non-Performing Exposure (NPE) if it satisfies either or both of the following criteria:

- There are material exposures which are more than 90 days past-due; and/or
- The obligor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

NPE include defaulted exposures, impaired exposures and loans on probation that have not yet satisfied the exit criteria in line with EBA guidance to return to performing. Therefore, all NPEs are defaulted in the Group and vice versa.

Under the Group’s definition of default an exposure is considered defaulted and is classified as Stage 3 where an obligor is greater than 90 days past due on any material credit obligation or is otherwise assessed as unlikely to pay its credit obligations in full without recourse by the Group to actions such as realising security.

Counting of days past due commence where any amount of principal, interest or fee has not been paid on the due date.

1. Principal accounting policies (continued)

j) Impairment of financial assets (continued)

The Group has mandated certain indications of unlikely to pay events to result in mandatory default classification including material exposures greater than 90 days past due, specific credit adjustment, sale of credit obligation, distressed restructure and bankruptcy of obligor.

The Group has also mandated certain other financial and non-financial unlikely to pay events to trigger a case-by-case assessment of the Borrower in order to determine default.

All defaulted exposures will have an Internal Obligor Risk Rating of 8, 9, or 10 (individually and portfolio managed obligors only).

Forward-Looking Information and multiple economic scenarios
Estimates must consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward-looking information (FLI) requires significant judgment. The Group has developed models that include multiple economic scenarios which consider the variability and uncertainty in expected losses including factors such as GDP growth rates and unemployment rates, provided by the economists in Citi's Global Country Risk Management (GCRM). These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt instruments combined with loss projections derived from the rating migration, PD and loss models built for estimating stress credit losses for wholesale portfolios. As mentioned above, these models have incorporated specifically developed components to make the estimates compliant with IFRS 9. The PD, LGD and EAD models are calibrated to the observed historical patterns of defaults and losses over several years and linked to economic drivers. The model reflects different loss likelihood and loss severity as a function of different economic forecasts. The Group does not use the best case or worst case scenario, but assesses a representative number of scenarios (3 when applying a sophisticated approach and where multiple scenarios are deemed to have a material non-linear impact) and probability weights these scenarios to determine the ECL.

Presentation of the allowance of ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the asset
- Loan commitments and financial guarantee contracts: as a provision
- Debt instruments measured at FVOCI: as the carrying amount of these financial assets is at fair value, no loss allowance is recognised in the statement of financial position, however, the loss allowance is recognised in the income statement and the fair value reserve.

Write-off of loans and advances
Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Subsequent recoveries of amounts previously written off are recorded against Net impairment gain/(loss) in the income statement.

k) De-recognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flow from assets has expired or the Group has transferred substantially all the risks and rewards of ownership or, in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership but it does not retain control of the financial asset. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

1. Principal accounting policies (continued)

l) Interest Rate Benchmark Reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform.

The Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

m) Leases

Leases are recognised as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Group. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The following process is followed when determining if a contract is, or contains a lease:

- Identified Asset - An asset is typically identified by being explicitly specified in a contract. However, an asset also can be identified by being implicitly specified at the time that the asset is made available for use;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Group has the right to direct how and for what purpose the identified asset is used throughout the period of use;
- The Group has the right to operate the asset throughout the period of use without the supplier’s having the right to change those operating instructions; and
- The Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any incentives received.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group recognises, on the statement of financial position, a ROU asset and corresponding lease liability in relation to the office buildings where the Group is a lessee.

Further, the ROU asset is assessed for impairment losses at each reporting period and adjusted for certain remeasurements in the lease liability.

1. Principal accounting policies (continued)

m) Leases (continued)

The Group has elected not to recognise ROU assets and lease liabilities for leases of low value assets and short term leases.

Payments associated with short term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as other expenses in the income statement. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate ("IBR") is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The IBR is the rate of interest that the Group would have to pay to borrow on a collateralised basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at commencement date; and
- Amounts expected to be payable under a residual guarantee.

The lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured to reflect changes in lease payments caused by a change in index or rate (other than in floating interest rates) if the Group is reasonably certain to exercise a purchase, extension or termination option, if there is a change in the amount the Group is expected to pay under a residual value guarantee. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

n) Property and equipment

Items of property and equipment, including freehold and leasehold improvements are stated at cost, less accumulated depreciation and impairment losses (see below). Depreciation is provided to write off the cost, less the estimated residual value of each asset, on a straight-line basis over their estimated useful lives.

Freehold buildings	50 years
Leasehold property	lease term
Leasehold improvements	shorter of lease term and 10 years
Vehicles, furniture and equipment	between 1 and 10 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

o) Intangible assets

Goodwill

Acquired goodwill represents the excess of the fair value of the consideration paid over the fair value of a business' net identifiable assets at the date of acquisition. Goodwill is stated at cost less any accumulated amortisation and impairment losses.

1. Principal accounting policies (continued)

o) Intangible assets (continued)

Computer software
Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised cost of internally developed software includes all internal and external costs directly attributable to developing the software and are amortised over its useful life.

Amortisation is charged to the income statement and presented in the other expenses line using the methods that best reflect the economic benefits over their estimated useful economic lives and residual values which are reviewed at each financial year end and adjusted if appropriate. The estimated useful lives are as follows.

Acquired computer software licenses	3 - 5 years
Computer software development	1 - 10 years

Other intangibles - Client intangibles
Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Other intangibles relate to client intangibles that are identifiable assets and are initially recognised at their present value based on cash flow forecasts on acquired contractual rights over customer relationships.

Amortisation is charged to the income statement and presented in the other expenses line using the methods that best reflect the economic benefits over their estimated economic lives and residual values which are reviewed at each financial year end and adjusted if appropriate. The estimated useful lives are as follows.

Client intangibles	3 - 5 years

p) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that its goodwill and intangible assets, property and equipment including right-of-use assets and investments in subsidiaries are impaired. These non-financial assets are tested for impairment annually or more frequently, if events or changes in circumstance indicate that they might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment losses in respect of goodwill are not reversed. Impairment losses are recognised in the income statement within Other expenses.

q) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

The Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Group's tax returns.

1. Principal accounting policies (continued)

q) Income Taxes (continued)

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Group ultimately expects to pay the tax authority to resolve the position.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred taxes are recognised as an income tax benefit or expense in the income statement.

Global minimum top-up tax

As at 31 December 2023, the governments of Ireland and CEP branches jurisdictions[2] have enacted or substantively enacted new legislation to implement the global minimum top-up tax ("Pillar 2 rules"). The Company expects to be subjected to the Pillar 2 rules in Ireland and the branches jurisdictions. The Companies' subsidiaries, including, Handlowy-Leasing Sp. z o.o., Bank Handlowy w Warszawie S.A., Handlowy - Inwestycje Sp. z o.o. and Handlowy Financial Services Sp. z o. o., in Poland are also expected to be subjected to Pillar 2 rules. From 2024, the Company expects the top-up tax to arise in relation to its operations in both Ireland and Bulgaria. However, since the newly enacted tax legislation in these jurisdictions only come into effect in year 2024, there is no impact for the year ended 31 December 2023.

Based on the Company's initial assessment, if the Pillar 2 rules had been applied in 2023, no top-up tax would arise in respect of any of the branches or the subsidiaries, other than CEP's operations in Ireland and Bulgaria. However, due to the ongoing legislative and interpretative developments at the OECD and jurisdictional level, and changes in business activities and capital structure within the Citigroup Inc. MNE Group, the Company considers the expected Pillar 2 top-up tax exposure for the Company is not reasonably estimable as of the reporting date. Assessment to date was only made in respect of the relevant Qualified Domestic Minimum Top-up Tax and Income Inclusion Rule in Ireland and branch or subsidiary jurisdictions. The undertaxed profits rule applies in Ireland for accounting periods starting from 31 December 2024. Any potential impact of the undertaxed profits rule will be assessed in due course, taking account of Irish and international legislative and interpretative developments in the intervening period.

Temporary mandatory relief from the deferred tax accounting

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as current tax when it is incurred.

r) Levies

Levies are imposed by governments on the Group in accordance with the legislation, other than income taxes, fines or other penalties that are imposed for breach of the legislation. The Group recognises a liability to pay a levy on the date identified by the legislation that triggers the obligation. Levies are recorded under other administrative expenses in the Group's income statement.

[2] Including Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, Netherlands, Norway, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom, excluding Poland.

1. Principal accounting policies (continued)

s) Foreign currencies

The Group's financial statements are prepared in US Dollars, which is the presentation currency of the Group. Various branches and subsidiaries use a different functional currency, being the currency of the primary economic environment in which the Company operates.

Foreign currency revenues, expenses, gains and losses are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are classified as "FVTPL" are translated into the functional currency using the year end spot rate. Non-monetary assets and liabilities, denominated in currencies other than the functional currency that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the income statement as incurred. Foreign currency differences which arise from the translation of a financial liability designated as a hedge of a net investment in foreign operations to the extent that the hedge is effective are recognised in OCI.

The assets and liabilities of overseas branches are translated into the Group's presentation currency (US Dollars) at the rate of exchange as at the reporting date, and their income statements are translated at the exchange rates prevailing at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve in equity, except to the extent that the translation difference is allocated to non-controlling interest.

t) Employee benefits

Defined benefit plans
The Group participates in and continues to operate defined benefit pension schemes for employees in Greece, Netherlands, Belgium, Spain, Austria, Ireland, France, Italy, Germany, Norway and Poland. Staff do not make contributions for basic pensions. The net liability recognised in the statement of financial position is the actuarially calculated present value of the defined benefit obligation at the statement of financial position date, less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

When the fair value of the plan assets exceeds the calculated defined benefit obligation for a plan, the surplus recognised in the statement of financial position is restricted to the economic benefits available to the Group. Any material plan amendments or curtailments occurring during the period result in a past service cost being recognised in the income statement. Material settlements are also recognised in the income statement. When a past service cost or settlement occurs part way through the year the pension expense for the remainder of the year is remeasured to reflect market conditions at the time of the event.

Remeasurement gains and losses are recognised immediately in the statement of comprehensive income. For defined benefit obligations, the current service cost and any past service costs are included in the income statement within operating expenses and the interest income on pension scheme assets, net of the impact of the interest cost on the pension scheme liabilities, is included within personnel expenses.

A surplus is recognised on the statement of financial position where an economic benefit is available as a reduction in future contributions or as a refund of monies to the Group.

Defined contribution plans
The Group operates a number of defined contribution pension schemes. The Group's annual contributions are charged to the income statement in the period to which they relate. The pension scheme's assets are held in separate trustee administered funds.

1. Principal accounting policies (continued)

t) Employee benefits (continued)

Short term benefits
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under a short term cash bonus scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of the offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as part of a restructuring programme, if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

u) Share based incentive plans

The Group participates in a number of Citigroup share-based incentive plans under which Citigroup grants shares to the Group's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA), the Group makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Group's employees under these plans.

The Group uses equity-settled accounting for its share-based incentive plans, with separate accounting for financial liabilities reflecting its associated obligations to make payments to Citigroup. The Group recognises the fair value of the awards at grant date as a compensation expense over the vesting period with a corresponding credit to the intercompany payable (recharge liability) to Citigroup. All amounts paid to Citigroup and the associated obligation under the SPAPA are recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period.

For Citigroup's share-based incentive plans that have a graded vested period, each "tranche" of the award is treated as a separate award. Where a plan has a cliff vest the award only has a single "tranche". The expense is recognised over the vesting period.

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%	—%	—%
2 Years (1 Tranche)	50%	50%	—%	—%
3 Years (3 Tranches)	61%	28%	11%	—%
3 Years (1 Tranche)	33%	33%	33%	—%
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

However, employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

1. Principal accounting policies (continued)

v) Accounting for government grants

The Group recognises income from government grants when there is reasonable assurance that it will receive the grant and will comply with the conditions attached to the grant. Depending on their nature, grants are presented as part of profit or loss under 'Other income'; or alternatively, they are deducted in reporting the related expense.

w) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than three months, including: non-restricted and restricted cash balances with central banks, treasury bills and other eligible bills and loans and advances to banks.

x) Provisions

Provisions are recognised when it is probable that an outflow of economic resources will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

y) Subsidiary undertakings

Shares in subsidiary undertakings, comprising unlisted securities, are measured at cost less allowance for impairment.

z) Common control transactions

The Group accounts for business combinations between entities under common control at book value.

aa) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that meets the definition of criteria to be classified as held for sale.

The results of discontinued operations have been disclosed separately as a single amount in the income statement for the relevant periods presented, comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on measurement to fair value less costs to sell.

ab) Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. In acting in this capacity, the Group has concluded that it acts as an agent, therefore such assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

ac) Basis of consolidation

i. Common Control Transaction

A business transferred from a parent entity to a subsidiary or between entities under common control will result in the net assets being transferred at carrying value. This means that the net assets of the acquiree will be accounted for by CEP (the acquirer) at the book value recorded in the acquiree, as at the date of the transfer.
Any difference between the transaction price and the carrying value of the business' net assets transferred, is recognised in equity within the Merger Reserve. No new goodwill or intangibles are created and no profit or loss is generated on the common control transaction.

1. Principal accounting policies (continued)

ac) Basis of consolidation (continued)

ii. Subsidiaries

‘Subsidiaries’ are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for non-eliminating foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

2. Use of assumptions and estimates

The results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail in Note 1.

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable. The accounting policies that are deemed critical to the Group's IFRS results and financial position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgment or estimation are:

Significant Judgements

The significant judgements made by the Group in applying its accounting policies are set out below. The application of certain of these judgements also necessarily involves estimations which are discussed separately.

- Impairment of loans;
- Secondary Loan trading – Regular way or Non - regular way.

<u>Impairment of loans</u>
The Group's accounting policy for the Impairment of Loans is described in Note 1(j) – 'Principal accounting policies'.

Judgements are applied in estimating the impairment loss which should be recorded in the income statement.

Accounting judgements which could change and have a material influence on the quantum of impairment loss allowance and net impairment charge within the next financial year include determining if Group management adjustments may be necessary to impairment model outputs to address impairment model limitations or late breaking events.

Other key accounting judgements which materially influence the quantum of impairment loss allowance and net impairment charge within the next financial year, include:

- the Group's criteria for assessing if there has been a significant increase in credit risk since initial recognition such that a loss allowance for lifetime rather than 12 month ECL is required;
- the selection of appropriate methodologies and model factors for internal risk rating and impairment models;
- selection of the most relevant macroeconomic variables for particular portfolios and determining associations between those variables and model components such as PD and LGD;
- the selection of impairment model parameters; and
- post-model adjustments to impairment loss allowance and staging classification.

Please refer to Note 1(j) for inputs, assumptions and estimating techniques for impairment of loans. Impairments are discussed and presented further in Note 23 – 'Risk management'.

<u>Secondary Loan trading – Regular way or Non - regular way</u>
A regular-way transaction is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. Following a review of the appropriateness of regular-way classification, the Group concluded that the

2. Use of assumptions and estimates (continued)

Significant Judgements (continued)

period between trade date and settlement date for secondary loan trading should be deemed as non-regular-way as it is difficult to establish a consistent convention or timeframe based on actual trade and settlement data observed in the marketplace. Whether a secondary loan trade is considered regular-way or non-regular-way is a matter of judgment and the Group believes that accounting for such transactions as non-regular-way will provide more relevant and reliable financial information.

Critical accounting estimates

The accounting estimates with a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year were in relation to:

- Impairment of loans;
- Valuation of financial instruments.

<u>Impairment of loans</u>
The Group's accounting policy for the Impairment of financial assets is described in Note 1(j) – 'Principal accounting policies'

The calculation of the ECL allowance is complex and therefore the Group must consider large amounts of information in their determination. This process requires significant use of estimates and assumptions, some of which by their nature, are highly subjective and very sensitive to risk factors such as changes to economic conditions. Changes in the ECL allowance can materially affect net income. Certain of these estimates may have a significant risk of material adjustment to carrying amounts of assets within the next financial year.

The key estimates and assumptions that the Directors have used in determining the ECL allowance are set out in Note 23 – 'Risk management'. The sensitivity of key assumptions is set out in Note 23 to the financial statements.

<u>Valuation of financial instruments</u>
The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data and where this is not possible may be required to make estimates. Note 25 – 'Financial assets and liabilities – Valuation process for Level 3 Fair Value Movements' further outlines the approach to valuation of financial instruments and market value adjustments.

A sensitivity analysis to possible changes in key variables of the fair value of financial instruments classified under the fair value hierarchy as level 3 is set out in Note 25.

3. Net interest income

	Group		Company	
	2023	2022	2023	2022
Financial assets at amortised cost	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	1,669	350	1,657	350
Loans and advances to banks	489	119	455	119
Loans and advances to customers	1,702	531	1,638	529
Negative interest on financial liabilities	9	43	9	43
	3,869	**1,043**	**3,759**	**1,041**
Financial assets at fair value through other comprehensive income				
Investment securities	312	127	255	127
	312	**127**	**255**	**127**
Interest income calculated using the effective interest method	**4,181**	**1,170**	**4,014**	**1,168**
Financial liabilities measured at amortised cost				
Deposits by banks	(276)	(94)	(274)	(93)
Customer accounts	(1,304)	(198)	(1,270)	(198)
Negative interest on financial assets	(19)	(30)	(19)	(30)
Interest expense calculated using the effective interest method	**(1,599)**	**(322)**	**(1,563)**	**(322)**
Other interest expense				
Other liabilities	(900)	(260)	(894)	(259)
Other interest expense	**(900)**	**(260)**	**(894)**	**(259)**
Interest expense	**(2,499)**	**(582)**	**(2,456)**	**(581)**
Net interest income	**1,682**	**588**	**1,558**	**587**

4. Net fee and commission income

	Group		Company	
	2023	**2022**	**2023**	**2022**
Fee and commission income	**$m**	**$m**	**$m**	**$m**
Investment banking	23	30	23	30
Brokerage commissions	259	176	186	176
Custody and Fiduciary transactions	396	370	390	370
Transactional service fees	481	432	481	432
Commitment fees	197	162	192	162
Credit and bank card	93	71	90	71
Deposit-related fees	96	84	95	84
Other	39	43	37	43
	1,584	**1,368**	**1,494**	**1,368**
Fee and commission expense				
Clearing and settlement	(104)	(101)	(104)	(101)
Custody	(90)	(84)	(90)	(84)
Other	(67)	(43)	(67)	(43)
	(261)	**(228)**	**(261)**	**(228)**
Net fee and commission income	**1,323**	**1,140**	**1,233**	**1,140**

Included in fee and commission income are fees earned by the Group on fiduciary activities where the Group holds assets on behalf of its customers. This fee income totalled $18 million in 2023 (2022: $18 million).

5. Net trading income

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Derivatives	429	(17)	433	(17)
Debt securities	(59)	509	(32)	508
Loans and advances	17	(23)	17	(23)
	387	**469**	**418**	**468**

6. Net investment income

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Net gain/(loss) on FVOCI investment securities	20	(6)	28	(6)
Equity securities	55	48	50	48
	75	**42**	**78**	**42**

7. Net income from other financial instruments designated at fair value through profit or loss

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Financial instruments	8	22	8	22
	8	**22**	**8**	**22**

Financial instruments predominantly include loans designated at fair value through profit or loss. The Group has elected the fair value option for certain loans, where the economic risks are hedged with derivative instruments, such as credit default swaps or total return swaps. The Group has elected the fair value option to mitigate accounting mismatches in cases where hedge accounting is complex and to achieve operational simplifications.

8. Net gain/(loss) on hedge accounting

	Group		Company	
Fair value hedge accounting	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Net gain/(loss) on hedged transaction valuation	9	—	—	—
Net gain/(loss) on hedging transaction valuation	(10)	—	—	—
Hedge accounting income/(expense)	**(1)**	**—**	**—**	**—**

9. Other operating income

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Intercompany recoveries	873	744	876	744
	873	**744**	**876**	**744**

A significant portion of expenses within the Group originate from services provided by the Citi Solution Centre (CSC) to other Citi entities, both globally and regionally. These costs are allocated out to businesses and legal entities based on a number of drivers. All of these transfer pricing agreements are reviewed regularly for appropriateness. These recoveries are recognised in other operating income.

10. Auditor's remuneration

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Audit fee	1.4	1.0	1.4	1.0
Other assurance	0.4	0.3	0.4	0.3
Tax advisory services	—	—	—	—
Other non-audit services	—	—	—	—
	1.8	**1.3**	**1.8**	**1.3**

Additional fees paid to other KPMG member firms outside Ireland for services include local audit fees of $1.7 million (2022: $1.4 million) (of which $1 million were the offices in the Group audit and $0.8million (2022: $0.8 million) were to offices involved in the statutory audit of the Company), other assurance fees of $0.9 million (2022: $0.3 million), tax advisory fees of $nil (2022: $nil) and any other non-audit service fees of $nil (2022: $0.06 million).

11. Personnel expenses

The average number of persons employed by the Group during the year was 16,833 (2022: 12,644). This comprises 16,640 Direct Staff Full Time and 193 Direct Staff Part-time.

The following table shows the average number of employees by function for 2023 and 2022:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Other operations*	10,454	7,452	8,320	7,452
Banking*	688	467	525	467
Markets*	310	212	227	212
Services*	4,847	4,102	4,395	4,102
Wealth*	534	411	534	411
Total number of staff	**16,833**	**12,644**	**14,001**	**12,644**

*The Company related headcount allocation has changed and the headcount is reclassified due to the restructuring and the implementation of new managed segments.

"Other operations" relates primarily to Operation and Technology and Management function headcount which are based in the Group's Solution Centres.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Wages and salaries	1,140	880	1,114	880
Social security costs	113	90	109	90
Share based payment expenses	31	36	31	36
Pensions and post retirement benefits	43	38	41	38
Restructuring costs	50	11	50	11
Total personnel expenses	**1,377**	**1,055**	**1,345**	**1,055**

The Group operates 23 (2022: 20) defined contribution schemes across its branches. In addition, the Group also operates 11 (2022: 13) defined benefit schemes. In 2023 contributions of $33 million (2022: $38 million) were made to the schemes. For more details, please refer to Note 15.

12. Directors' emoluments

	Group and Company	
	2023	**2022**
	$m	**$m**
Directors' emoluments are as follows:		
For qualifying services	3	3
Long term incentive scheme	—	—
Pension schemes		
– Defined contribution scheme	—	—
	3	**3**

As of 31 December 2023 retirement benefits were accruing to two directors (2022: two).

13. Other expenses

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Research and development	—	3	—	3
Depreciation	54	39	48	39
Amortisation	21	17	18	17
Communications and technology	270	200	266	200
Contractors	49	47	47	47
Levies and regulatory charges	83	56	83	56
Premises	44	26	41	26
VAT	69	38	68	38
Travel & Entertainment	12	10	12	10
Other administrative expenses	265	169	247	168
	867	**605**	**830**	**604**

14. Tax on profit

(a) Analysis of tax charge in the year:

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Current tax:				
Corporate tax on profits of the period	(376)	(191)	(359)	(191)
Adjustments in respect of corporation tax for earlier years	(6)	—	(5)	—
Deferred tax:				
Current year deferred tax	(16)	(53)	(12)	(53)
Total corporate tax	**(398)**	**(244)**	**(376)**	**(244)**

Reconciliation of effective tax rate:

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Profit before tax	2,141	1,275	2,061	1,274
Total profit before tax	2,141	1,275	2,061	1,274
Corporate tax at Irish corporation tax rate of 12.5%	(268)	(159)	(258)	(159)
Effects of:				
Taxes paid in foreign jurisdictions	(100)	(30)	(100)	(30)
Foreign profits taxed at different rates	(6)	—	—	—
Deferred tax adjustments	—	(26)	—	(26)
Permanent differences	(18)	—	(13)	—
Prior year adjustment	(6)	(29)	(5)	(29)
Total corporate tax expense	**(398)**	**(244)**	**(376)**	**(244)**

15. Retirement benefit obligation

The Group participates in locally operated defined benefit and defined contribution schemes for its European branches. In some of the European countries employers pay contributions towards the state pension scheme. The Group fulfils its duties in this regard as required by local statute. Across the Group, various countries participate in defined contribution schemes.

Employer contributions to the defined benefit schemes in 2023 were $11 million (2022: $34 million). The Group expects to make contributions of approximately $11.5 million in 2024. The defined benefit obligation includes benefits for current employees, former employees and current pensioners. The weighted average duration of the obligation is 14.6 years (2022:14.6 years), in case of Bank Handlowy the weighted average duration of the obligation is 13.7 years (2022: 13.3 years). The main plans provide benefits related to salary close to retirement or earlier withdrawal from service.

There were no material amendments, curtailments and settlements within the Group and the Company during 2023 and 2022.

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Present value of funded defined benefit obligation	(437)	(377)	(413)	(377)
Present value of unfunded defined benefit obligation	(12)	(11)	(12)	(11)
Total defined benefit obligation	(449)	(388)	(425)	(388)
Fair value of plan assets	314	286	314	286
Unrecognised asset due to impact of asset ceiling	(7)	(3)	(7)	(3)
Net liability recognised on the statement of financial position (Note 33)	(142)	(105)	(118)	(105)

Defined benefit schemes in deficit of $156 million are recognised within Other liabilities of the Group. This is offset by $14 million of defined benefit schemes in surplus.

The unfunded deficit is kept under review by the Directors on an ongoing basis.

15. Retirement benefit obligation (continued)

The analysis of the income statement charge is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Operating costs:				
Current service cost	3	5	3	5
Administration expenses	2	2	2	2
Financing costs:				
Interest cost on defined benefit obligations	14	6	14	6
Interest income on scheme assets	(10)	(4)	(10)	(4)
Expense recognised in other expenses	9	9	9	9
Expense recognised in other expenses for continuing operations	**9**	**9**	**9**	**9**

The changes to the present value of the defined benefit obligation during the year are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Opening defined benefit obligation	(387)	(589)	(387)	(589)
Acquisition of Bank Handlowy	(21)	—	—	—
Exchange rate adjustments	(14)	35	(14)	35
Current service cost	(3)	(5)	(3)	(5)
Interest cost on defined benefit obligations	(14)	(6)	(14)	(6)
Remeasurement gain due to changes in financial assumptions	(19)	175	(17)	175
Remeasurement loss due to changes in demographic assumptions	—	(3)	—	(3)
Remeasurement loss due to changes in liability experience	(6)	(10)	(6)	(10)
Net benefits paid out	15	15	15	15
Net increase in liabilities from acquisitions	1	—	1	—
Closing defined benefit obligation	**(448)**	**(388)**	**(425)**	**(388)**

15. Retirement benefit obligation (continued)

The changes to the fair value of plan assets during the year are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Opening fair value of plan assets	285	361	285	361
Acquisition of Bank Handlowy	—		—	
Exchange rate adjustments	10	(22)	10	(22)
Interest income on plan assets	11	4	11	4
Return on plan assets excluding interest income	16	(75)	16	(75)
Contributions by the employer	11	34	11	34
Net benefits paid out	(15)	(15)	(15)	(15)
Administration costs incurred	(2)	(2)	(2)	(2)
Net increase in assets from disposals/ acquisitions	(2)	1	(2)	1
Settlements	—	(1)	—	(1)
Closing fair value of plan assets	**314**	**285**	**314**	**285**

The actual return on plan assets is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Interest income on plan assets	11	4	11	4
Remeasurement of plan assets excluding interest	15	(75)	15	(75)
Total return on plan assets	**26**	**(71)**	**26**	**(71)**

The interest income on scheme assets is set using the discount rate assumption. In 2023, there was an increase in asset values leading to a remeasurement gain of $15 million (2022: loss of $75 million).

15. Retirement benefit obligation (continued)

The analysis of amounts recognised outside the income statement, and disclosed in the statement of comprehensive income are as follows:

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Remeasurement (loss)/gain on scheme liabilities				
Remeasurement (loss)/gain due to changes in financial assumptions	(19)	175	(17)	175
Remeasurement loss due to changes in demographic assumptions	—	(3)	—	(3)
Remeasurement loss due to changes in liability experience	(6)	(10)	(6)	(10)
Remeasurement loss due to impact of the asset ceiling	(3)	(3)	(3)	(3)
Total remeasurement (loss)/gain on scheme liabilities	**(28)**	**159**	**(26)**	**159**
Remeasurement gain/(loss) on plan assets	**15**	**(75)**	**15**	**(75)**
(Loss)/gain on remeasurement of defined benefit liability/asset	**(13)**	**84**	**(11)**	**84**

The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities and mortality assumptions. The future life expectancy of scheme members is a key assumption. However, mortality assumptions are expected to vary from country to country, due to variations in underlying population mortality as well as in variations of the profile of typical membership of the Group and Company's pension scheme. In regards of the Company, the average life expectancy of an individual retiring at age 65 is 22.7 (2022:22.3) for males and 24.9 (2022:23.2) for females, and in regards of Bank Handlowy the average life expectancy of an individual retiring at age 65 is 15.3 (2022: 14) for males and 19.4 (2022:18.4) for females.

Through its defined benefit pension plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

- The possibility that bond yields will change which will affect the size of the obligations and the level of pension cost.
- The possibility that asset returns will be lower than expected.
- The risk of changes in mortality rates as the majority of the Group's defined benefit obligations are to provide benefits for the life of the member, increases in life expectancy will result in an increase in the liabilities.
- As the Greek pension plan is integrated with Greek social security, any further amendments to the Greek Social Security Pension could potentially lead to higher benefits under the plan and thus to additional obligations and costs for the Group.

The financial weighted average assumptions used in calculating the liabilities are as follows:

	Company	
	2023	2022
Discount rate for assessing scheme liabilities	3.30%	3.70%
Future salary increases	3.50%	3.50%
Rate of increase for pensions in payment	2.10%	2.40%
Inflation rate assumption	2.10%	2.50%

15. Retirement benefit obligation (continued)

	Bank Handlowy	
	2023	**2022**
Discount rate for assessing scheme liabilities	5.40%	6.50%
Future salary increases - in first year	7.50%	10.00%
Future salary increases - after first year	4.50%	6.00%
Inflation rate assumption	2.10%	2.50%

The fair values of the plan assets are as follows:

	Group and Company			
	2023		**2022**	
	$m	**$m**	**$m**	**$m**
	Total fair value	Of which not quoted in active market	Total fair value	Of which not quoted in active market
Equities	76	—	73	—
Property	—	—	—	—
Government bonds	95	—	82	—
Corporate bonds	79	—	67	—
Other	64	4	64	5
Total fair value of assets	**314**	**4**	**286**	**5**

The key assumption used for IAS 19 is the discount rate although the results are also sensitive, but to a lesser extent to the other assumptions. If different assumptions were used, there could be a material effect on the results disclosed. The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant.

The sensitivity of key assumptions used to value the obligation is as follows:

	Company	
	2023	**2022**
	$m	**$m**
Effect of decreasing the discount rate assumption by 1% on liabilities	(67)	(59)
Effect of increasing the discount rate assumption by 1% on liabilities	54	50
Effect of increasing the pension increase rate by 1% on liabilities	(24)	(22)
Effect of decreasing the pension increase rate by 1% on liabilities	20	18
Effect of increasing the salary increase rate by 1% on liabilities	(5)	(4)
Effect of decreasing the salary increase rate by 1% on liabilities	4	3
Effect of participants living one extra year than expected on liabilities	(11)	(11)

15. Retirement benefit obligation (continued)

	Bank Handlowy	
	2023	2022
	$m	$m
Effect of decreasing the discount rate assumption by 1% on liabilities	3	2
Effect of increasing the discount rate assumption by 1% on liabilities	(2)	(1)
Effect of increasing the salary increase rate by 1% on liabilities	3	2
Effect of decreasing the salary increase rate by 1% on liabilities	(2)	(1)

Future benefits expected to be paid from pension plans are as follows:

	Group and Company					
	2024	2025	2026	2027	2028	2029-2033
	$m	$m	$m	$m	$m	$m
Expected benefit payments	20	18	19	19	20	423

16. Notes to the statement of cash flows

a) Cash and cash equivalents

Cash and cash equivalents comprise the following balances, maturing within three months.

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Cash on hand and balances with central banks	36,360	30,138	36,086	30,138
Other demand deposits	9,118	2,780	9,254	2,776
Expected credit loss	(2)	(3)	(2)	(3)
Cash and cash equivalents	**45,476**	**32,915**	**45,338**	**32,911**
Loans and advances to banks with maturity less than 3 months	220	553	187	553
Reverse repurchase agreements to banks with maturity less than 3 months	13,146	11,046	9,306	11,046
	58,842	**44,514**	**54,831**	**44,510**

16. Notes to the statement of cash flows (continued)

b) Expected credit loss – Cash and cash equivalents

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

	Group							
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	**32,918**	**27,483**	**—**	**—**	**—**	**—**	**32,918**	**27,483**
New assets originated or purchased	14,724	9,870	8	—	—	—	14,732	9,870
Acquisition of BHW	187	—	3	—	—	—	190	—
Asset derecognised or matured	(2,332)	(4,435)	(30)	—	—	—	(2,362)	(4,435)
Transfers to Stage 2	(44)	—	44	—	—	—	—	—
At 31 December	**45,453**	**32,918**	**25**	**—**	**—**	**—**	**45,478**	**32,918**

	Company							
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	**32,914**	**27,483**	**—**	**—**	**—**	**—**	**32,914**	**27,483**
New assets originated or purchased	14,737	9,867	8	—	—	—	14,745	9,867
Asset derecognised or matured	(2,290)	(4,436)	(29)	—	—	—	(2,319)	(4,436)
Transfers to Stage 2	(44)	—	44	—	—	—	—	—
At 31 December	**45,317**	**32,914**	**23**	**—**	**—**	**—**	**45,340**	**32,914**

There were no exposures and movements reported under IFRS 9 Stage 3 for cash and cash equivalents.

	Group							
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**3**	**1**	**—**	**—**	**—**	**—**	**3**	**1**
ECL on new assets originated or purchased	1	2	—	—	—	—	1	2
Acquisition of BHW	—	—	—	—	—	—	—	—
Exposure derecognised or matured	(2)	—	—	—	—	—	(2)	—
Transfers to Stage 2	(1)	—	1	—	—	—	—	—
At 31 December	**1**	**3**	**1**	**—**	**—**	**—**	**2**	**3**

16. Notes to the statement of cash flows (continued)

	Company							
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**3**	**1**	**—**	**—**	**—**	**—**	**3**	**1**
ECL on new assets originated or purchased	1	2	—	—	—	—	1	2
Exposure derecognised or matured	(2)	—	—	—	—	—	(2)	—
Transfers to Stage 2	(1)	—	1	—	—	—	—	—
At 31 December	**1**	**3**	**1**	**—**	**—**	**—**	**2**	**3**

There were no ECL movements reported under IFRS 9 Stage 3 for cash and cash equivalents. The ECL in relation to loans and advances to banks with maturity less than 3 months is disclosed in Note 21.

c) Change in liabilities arising from financing activities

	Group and Company	
	Subordinated liabilities	
	2023	**2022**
	$m	**$m**
Opening balance at 1 January	**4,455**	**4,773**
Non-cash movements	175	(318)
Proceeds from issue of subordinated liabilities	3,852	—
Closing balance at 31 December	**8,482**	**4,455**

17. Trading assets

	Group		Company	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	$m	**$m**	**$m**	**$m**
Government bonds	7,101	8,556	7,013	8,556
Corporate bonds	114	1	2	1
Loans	643	1,338	638	1,338
	7,858	**9,895**	**7,653**	**9,895**

18. Derivative financial instruments

	Group					
	31 December 2023			31 December 2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	$m	$m	$m	$m	$m	$m
Derivatives held for trading	3,384,698	29,075	28,980	2,018,355	22,347	22,844
Derivatives held for risk management	816	2	24	—	—	—
Total	**3,385,514**	**29,077**	**29,004**	**2,018,355**	**22,347**	**22,844**
Derivatives held for trading						
Foreign exchange	927,577	11,822	12,443	755,341	11,544	11,331
– OTC	927,577	11,822	12,443	755,341	11,544	11,331
Interest rate	2,441,550	16,912	15,670	1,235,871	10,458	10,837
– OTC	2,425,932	16,912	15,670	1,235,871	10,458	10,837
– Organised market	15,618	—	—	—	—	—
Equity	3,212	10	554	4,091	87	421
– OTC	3,212	10	554	4,091	87	421
Credit	12,225	300	282	22,715	257	254
Commodity	134	31	31	337	1	1
Total	**3,384,698**	**29,075**	**28,980**	**2,018,355**	**22,347**	**22,844**

	Group					
	31 December 2023			31 December 2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	$m	$m	$m	$m	$m	$m
Derivatives held for risk management						
Instrument type:						
Interest Rate Swap	816	2	24	—	—	—
Total	816	2	24	—	—	—

18. Derivative financial instruments (continued)

	Company					
	31 December 2023			31 December 2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	$m	$m	$m	$m	$m	$m
Derivatives held for trading	3,309,816	28,061	28,132	2,018,355	22,347	22,844
Total	**3,309,816**	**28,061**	**28,132**	**2,018,355**	**22,347**	**22,844**

Derivatives held for trading						
Foreign exchange	898,596	11,215	11,992	755,341	(7,046)	(7,159)
– OTC	—	—	—	755,341	(7,046)	(7,159)
Interest rate	2,395,773	16,552	15,302	1,235,871	29,047	29,327
– OTC	2,389,408	16,552	15,302	1,235,871	29,047	29,327
– Organised market	6,365	—	—	—	—	—
Equity	3,212	10	554	4,091	87	421
– OTC	3,212	10	554	4,091	87	421
Credit	12,225	282	282	22,715	258	254
Commodity	10	2	2	337	1	1
Total	**3,309,816**	**28,061**	**28,132**	**2,018,355**	**22,347**	**22,844**

19. Investment securities

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
FVOCI investment securities				
Government bonds	11,500	7,661	8,488	7,661
Corporate bonds	5,504	1,241	1,088	1,241
Total	**17,004**	**8,902**	**9,576**	**8,902**
Investment securities at amortised cost				
Debt securities	254	—	—	—
Total	**254**	**—**	**—**	**—**
FVTPL investment securities				
Equity securities	232	170	196	170
Total investment securities	**17,490**	**9,072**	**9,772**	**9,072**

Expected credit loss – Investment securities

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

	Group		Company	
Exposure	Stage 1		Stage 1	
	2023	2022	2023	2022
	$m	$m	$m	$m
Outstanding exposure as at 1 January	**8,902**	**7,387**	**8,902**	**7,387**
New assets originated or purchased	4,313	1,687	1,454	1,687
Acquisition of Bank Handlowy	5,413	—	—	—
Asset derecognised or matured	(1,370)	(172)	(780)	(172)
At 31 December	**17,258**	**8,902**	**9,576**	**8,902**

There were no exposures and movements reported under IFRS 9 Stage 2 and 3 for investment securities.

	Group		Company	
ECL	Stage 1		Stage 1	
	2023	2022	2023	2022
	$m	$m	$m	$m
IFRS 9 ECL as at 1 January	**3**	**3**	**3**	**3**
ECL on new assets originated or purchased	1	—	—	—
Acquisition of Bank Handlowy	1	—	—	—
Exposure derecognised or matured	—	—	—	—
At 31 December	**5**	**3**	**3**	**3**

There were no ECL movements reported under IFRS 9 Stage 2 and 3 for investment securities.

20. Reverse repurchase agreements

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Reverse repurchase agreements at amortised cost	14,346	11,902	10,457	11,902
Expected credit loss	(2)	—	(2)	—
Total	14,344	11,902	10,455	11,902
Repurchase agreements designated at FVTPL	1,540	10,274	1,540	10,274
Total reverse repurchase agreements	15,884	22,176	11,995	22,176

	Group		Company	
Exposure	Stage 1		Stage 1	
	2023	2022	2023	2022
	$m	$m	$m	$m
Outstanding exposure as at 1 January	**11,902**	**13,057**	**11,902**	**13,057**
New assets originated or purchased	2,825	1,780	1,054	1,780
Acquisition of Bank Handlowy	3,922	—	—	—
Asset derecognised or matured	(4,303)	(2,935)	(2,499)	(2,935)
At 31 December	**14,346**	**11,902**	**10,457**	**11,902**

20. Reverse repurchase agreements (continued)

ECL	Group Stage 1 2023 $m	Group Stage 1 2022 $m	Company Stage 1 2023 $m	Company Stage 1 2022 $m
IFRS 9 ECL as at 1 January	—	—	—	—
ECL on new assets originated or purchased	2	—	2	—
Acquisition of Bank Handlowy	—	—	—	—
Exposure derecognised or matured	—	—	—	—
Transfers to Stage 1	—	—	—	—
Transfers to Stage 2	—	—	—	—
Transfers to Stage 3	—	—	—	—
Net remeasurement of loss allowance	—	—	—	—
Amounts written off	—	—	—	—
Other movements	—	—	—	—
At 31 December	2	—	2	—

21. Loans and advances to banks and customers

The total carrying amounts in this table include loans and advances to banks and loans and advances to customers. See table below for split by category.

	Group 31 December 2023 $m	Group 31 December 2022 $m	Company 31 December 2023 $m	Company 31 December 2022 $m
Loans and advances to banks measured at amortised cost				
Gross exposure	2,532	2,438	2,576	2,438
Expected credit loss	(3)	(12)	(3)	(12)
	2,529	**2,426**	**2,573**	**2,426**
Loans and advances to customers measured at amortised cost				
General governments	352	260	351	260
Corporations	21,487	17,980	18,567	17,918
Retail customers	2,909	1,068	1,295	1,068
Expected credit loss	(250)	(157)	(113)	(157)
	24,498	**19,151**	**20,100**	**19,089**
Loans to customers held at fair value	567	602	567	602
	25,065	**19,753**	**20,667**	**19,691**

Retail customers are in relation to the Private Bank and Bank Handlowy's Consumer business.

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to banks

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

	Group									
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		**Total**	
	2023 $m	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**
Outstanding exposure as at 1 January	**2,221**	**1,017**	**216**	**49**	**1**	**3**	**—**	**—**	**2,438**	**1,069**
New assets originated or purchased	473	1,514	195	112	—	—	—	—	668	1,626
Acquisition of Bank Handlowy	19	—	14	—	—	—	—	—	33	—
Asset derecognised or matured	(404)	(223)	(202)	(31)	(1)	(3)	—	—	(607)	(257)
Transfers to Stage 1	—	16	—	(16)	—	—	—	—	—	—
Transfers to Stage 2	(58)	(102)	58	102	—	—	—	—	—	—
Transfers to Stage 3	—	(1)	—	—	—	1	—	—	—	—
Amounts written off	—	—	—	—	—	—	—	—	—	—
Other movements	—	—	—	—	—	—	—	—	—	—
At 31 December	**2,251**	**2,221**	**281**	**216**	**—**	**1**	**—**	**—**	**2,532**	**2,438**

	Group									
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**2**	**1**	**4**	**2**	**6**	**1**	**—**	**—**	**12**	**4**
ECL on new assets originated or purchased	—	5	1	1	—	—	—	—	1	6
Acquisition of Bank Handlowy	—	—	—	—	—	—	—	—	—	—
Exposure derecognised or matured	(1)	—	(3)	—	(5)	—	—	—	(9)	—
Transfers to Stage 1	—	1	—	—	—	(1)	—	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—	—	—	—
Transfers to Stage 3	—	(3)	—	—	—	3	—	—	—	—
Net remeasurement of loss allowance	—	(1)	1	2	—	4	—	—	1	5
Amounts written off	—	—	—	—	—	(2)	—	—	—	(2)
Other movements	—	(1)	(1)	(1)	(1)	1	—	—	(2)	(1)
At 31 December	**1**	**2**	**2**	**4**	**—**	**6**	**—**	**—**	**3**	**12**

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to banks (continued)

Exposure	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Outstanding exposure as at 1 January	**2,221**	**1,017**	**216**	**49**	**1**	**3**	**2,438**	**1,069**
New assets originated or purchased	501	1,514	195	112	—	—	696	1,626
Asset derecognised or matured	(369)	(223)	(188)	(31)	(1)	(3)	(558)	(257)
Transfers to Stage 1	—	16	—	(16)	—	—	—	—
Transfers to Stage 2	(58)	(102)	58	102	—	—	—	—
Transfers to Stage 3	—	(1)	—	—	—	1	—	—
Amounts written off	—	—	—	—	—	—	—	—
Other movements	—	—	—	—	—	—	—	—
At 31 December	**2,295**	**2,221**	**281**	**216**	**—**	**1**	**2,576**	**2,438**

ECL	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
IFRS 9 ECL as at 1 January	**2**	**1**	**4**	**2**	**6**	**1**	**12**	**4**
ECL on new assets originated or purchased	—	5	1	1	—	—	1	6
Exposure derecognised or matured	(1)	—	(3)	—	(6)	—	(10)	—
Transfers to Stage 1	—	1	—	—	—	(1)	—	—
Transfers to Stage 2	—	—	—	—	—	—	—	—
Transfers to Stage 3	—	(3)	—		—	3	—	—
Net remeasurement of loss allowance	—	(1)	—	2	—	4	—	5
Amounts written off	—	—	—	—	—	(2)	—	(2)
Other movements	—	(1)	—	(1)	—	1	—	(1)
At 31 December	**1**	**2**	**2**	**4**	**—**	**6**	**3**	**12**

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to Wholesale customers

	Group									
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		**Total**	
	2023 $m	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**
Outstanding exposure as at 1 January	**14,650**	**14,207**	**3,172**	**1,442**	**417**	**304**	**—**	**—**	**18,239**	**15,953**
New assets originated or purchased	8,008	4,373	657	1,306	—	8	—	—	8,665	5,687
Acquisition of Bank Handlowy	4,608	—	285	—	32	—	3	—	4,928	—
Asset derecognised or matured	(8,841)	(2,935)	(716)	(368)	(426)	(89)	—	—	(9,983)	(3,392)
Transfers to Stage 1	1,902	584	(1,804)	(555)	(98)	(29)	—	—	—	—
Transfers to Stage 2	(561)	(1,356)	561	1,382	—	(26)	—	—	—	—
Transfers to Stage 3	—	(219)	(243)	(33)	243	252	—	—	—	—
Amounts written off	(3)	(4)	(4)	(2)	(3)	(3)	—	—	(10)	(9)
Other movements	—	—	—	—	—	—	—	—	—	—
At 31 December	**19,763**	**14,650**	**1,908**	**3,172**	**165**	**417**	**3**	**—**	**21,839**	**18,239**

	Group									
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**21**	**11**	**74**	**75**	**54**	**61**	**—**	**—**	**149**	**147**
ECL on new assets originated or purchased	10	14	30	30	—	22	—	—	40	66
Acquisition of Bank Handlowy	5	—	7	—	8	—	—	—	20	—
Exposure derecognised or matured	(13)	(1)	(23)	(10)	(12)	(4)	—	—	(48)	(15)
Transfers to Stage 1	24	62	(18)	(40)	(6)	(22)	—	—	—	—
Transfers to Stage 2	(1)	(2)	1	2	—		—	—	—	—
Transfers to Stage 3	—	(1)	(21)	(3)	21	4	—	—	—	—
Net remeasurement of loss allowance	(16)	(22)	2	18	5	16	—	—	(9)	12
Amounts written off	—	—	(1)	—	(3)	(3)	—	—	(4)	(3)
Other movements	(5)	(40)	(3)	2	(10)	(20)	—	—	(18)	(58)
At 31 December	**25**	**21**	**48**	**74**	**57**	**54**	**—**	**—**	**130**	**149**

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to Wholesale customers (continued)

	Company							
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023 $m	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**
Outstanding exposure as at 1 January	**14,588**	**14,072**	**3,172**	**1,442**	**417**	**304**	**18,177**	**15,818**
New assets originated or purchased	7,425	4,373	598	1,306	—	8	8,023	5,687
Asset derecognised or matured	(6,219)	(2,862)	(626)	(368)	(428)	(88)	(7,273)	(3,318)
Transfers to Stage 1	1,885	584	(1,787)	(555)	(98)	(29)	—	—
Transfers to Stage 2	(330)	(1,356)	330	1,382	—	(26)	—	—
Transfers to Stage 3	—	(219)	(238)	(33)	238	251	—	(1)
Amounts written off	(3)	(4)	(4)	(2)	(3)	(3)	(10)	(9)
Other movements	—	—	—	—	—	—	—	—
At 31 December	**17,346**	**14,588**	**1,445**	**3,172**	**126**	**417**	**18,917**	**18,177**

	Company							
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023 $m	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**	**2023 $m**	**2022 $m**
IFRS 9 ECL as at 1 January	**20**	**11**	**73**	**75**	**54**	**61**	**147**	**147**
ECL on new assets originated or purchased	9	14	27	29	—	22	36	65
Exposure derecognised or matured	(13)	(1)	(21)	(10)	(25)	(4)	(59)	(15)
Transfers to Stage 1	24	61	(18)	(40)	(6)	(22)	—	(1)
Transfers to Stage 2	(1)	(2)	1	2	—		—	—
Transfers to Stage 3	—	(1)	(21)	(3)	21	4	—	—
Net remeasurement of loss allowance	(14)	(22)	2	18	14	16	2	12
Amounts written off	—	—	(1)	—	(3)	(3)	(4)	(3)
Other movements	(6)	(40)	(4)	2	(11)	(20)	(21)	(58)
At 31 December	**19**	**20**	**38**	**73**	**44**	**54**	**101**	**147**

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to Retail customers

Exposure	Group									
	Stage 1		Stage 2		Stage 3		Stage POCI		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Outstanding exposure as at 1 January	**966**	**1,481**	**101**	**6**	**—**	**—**	**—**	**—**	**1,067**	**1,487**
New assets originated or purchased	715	181	52	6	—	—	1	—	**768**	187
Acquisition of Bank Handlowy	1,087	—	259	—	91	—	4	—	**1,441**	—
Asset derecognised or matured	(338)	(599)	(25)	(7)	—	—	—	—	**(363)**	(606)
Transfers to Stage 1	52	—	(52)	—	—	—	—	—	**—**	—
Transfers to Stage 2	(73)	(97)	73	96	—	—	—	—	**—**	(1)
Transfers to Stage 3	(5)	—	(10)	—	15	—	—	—	**—**	—
Amounts written off	—	—	(4)	—	—	—	—	—	**(4)**	—
Other movements	—	—	—	—	—	—	—	—	**—**	—
At 31 December	**2,405**	**966**	**394**	**101**	**106**	**—**	**5**	**—**	**2,910**	**1,067**

ECL	Group									
	Stage 1		Stage 2		Stage 3		Stage POCI		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
IFRS 9 ECL as at 1 January	**4**	**2**	**6**	**—**	**—**	**—**	**—**	**—**	**10**	**2**
ECL on new assets originated or purchased	1	4	5	—	—	—	—	—	**6**	4
Acquisition of Bank Handlowy	8	—	15	—	70	—	—	—	**93**	—
Exposure derecognised or matured	(2)	(1)	(2)	—	(4)	—	—	—	**(8)**	(1)
Transfers to Stage 1	—	—	—	—	—	—	—	—	**—**	—
Transfers to Stage 2	(1)	(1)	1	1	—	—	—	—	**—**	—
Transfers to Stage 3	—	—	—	—	—	—	—	—	**—**	—
Net remeasurement of loss allowance	(1)	—	—	5	9	—	—	—	**8**	5
Amounts written off	—	—	—	—	(1)	—	—	—	**(1)**	—
Other movements	1	—	2	—	9	—	—	—	**12**	—
At 31 December	**10**	**4**	**27**	**6**	**83**	**—**	**—**	**—**	**120**	**10**

21. Loans and advances to banks and customers (continued)

Expected credit loss – Loans and advances to Retail customers (continued)

Exposure	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
	—	—	—	—	—	—	—	—
Outstanding exposure as at 1 January	**967**	**1,481**	**101**	**6**	**—**	**—**	**1,068**	**1,487**
New assets originated or purchased	244	181	19	6	—	—	263	187
Asset derecognised or matured	(11)	(598)	(25)	(7)	—	—	(36)	(605)
Transfers to Stage 1	48	—	(48)	—	—	—	—	—
Transfers to Stage 2	(40)	(97)	40	96	—	—	—	(1)
Transfers to Stage 3	—	—	—	—	—	—	—	—
Amounts written off	—	—	—	—	—	—	—	—
Other movements	—	—	—	—	—	—	—	—
At 31 December	**1,208**	**967**	**87**	**101**	**—**	**—**	**1,295**	**1,068**

ECL	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
IFRS 9 ECL as at 1 January	**4**	**2**	**6**	**—**	**—**	**—**	**10**	**2**
ECL on new assets originated or purchased	1	4	5	1	—	—	6	5
Exposure derecognised or matured	(1)	(1)	—	—	—	—	(1)	(1)
Transfers to Stage 1	—	—	—	—	—	—	—	—
Transfers to Stage 2	—	(1)	—	1	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—	—	—
Net remeasurement of loss allowance	—	—	(1)	4	—	—	(1)	4
Amounts written off	—	—	—	—	—	—	—	—
Other movements	(1)	—	(1)	—	—	—	(2)	—
At 31 December	**3**	**4**	**9**	**6**	**—**	**—**	**12**	**10**

22. Other assets

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022*
	$m	$m	$m	$m
Receivables and Prepayments	3,737	3,777	3,616	3,777
Margin account receivables	6,294	6,335	5,826	6,335
Retirement receivable	14	16	14	16
Other balances	80	55	27	55
	10,125	10,183	9,483	10,183

Other balances represent receivables due and other financial assets recorded.

*Certain captions for comparatives have been updated for presentation purposes only.

Expected credit loss – Other assets

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

	Group					
Exposure	**Stage 1**		**Stage 2**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	4,749	6,841	—	—	4,749	6,841
New assets originated or purchased	1,435	2,444	118	—	1,553	2,444
Acquisition of Bank Handlowy	98	—	5	—	103	—
Asset derecognised or matured	(2,194)	(4,532)	—	—	(2,194)	(4,532)
Transfers to Stage 1	(92)	—	92	—	—	—
Transfers to Stage 2	—	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—
Amounts written off	—	(4)	—	—	—	(4)
Other movements	—	—	—	—	—	—
At 31 December	**3,996**	**4,749**	**215**	**—**	**4,211**	**4,749**

22. Other assets (continued)

Expected credit loss – Other assets (continued)

	Group					
ECL	**Stage 1**		**Stage 2**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	2	—	—	—	2	—
ECL on new assets originated or purchased	—	2	1	—	1	2
Acquisition of Bank Handlowy	—	—	—	—	—	—
Exposure derecognised or matured	(1)	—	—	—	(1)	—
At 31 December	**1**	**2**	**1**	**—**	**2**	**2**

	Company					
Exposure	**Stage 1**		**Stage 2**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	4,749	6,841	—	—	4,749	6,841
New assets originated or purchased	1,420	2,444	114	—	1,534	2,444
Asset derecognised or matured	(2,331)	(4,532)	—	—	(2,331)	(4,532)
Transfers to Stage 1	(92)	—	92	—	—	—
Transfers to Stage 2	—	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—
Amounts written off	—	(4)	—	—	—	(4)
Other movements	—	—	—	—	—	—
At 31 December	**3,746**	**4,749**	**206**	**—**	**3,952**	**4,749**

	Company					
ECL	**Stage 1**		**Stage 2**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	2	—	—	—	2	—
ECL on new assets originated or purchased	—	2	1	—	1	2
Exposure derecognised or matured	(1)	—	—	—	(1)	—
At 31 December	**1**	**2**	**1**	**—**	**2**	**2**

There were no exposures and movements reported under IFRS 9 Stage 3 for other assets.

23. Risk management

23.1. Risk management mission, organisation and governance

Risk governance and risk management frameworks

The Group has a comprehensive risk governance framework in place to provide oversight of the Group's monitoring and management of risks, ensuring that the risk profile is well documented and pro-actively managed at all levels of the organisation, so that the Group's financial strength is safeguarded. The framework applies to the Group in its entirety, including all subsidiaries, businesses, functions and geographies that give rise to risk exposure in the Group.

Risk governance at the Group is cascaded in line with the risk frameworks through risk policies and standards, which describe how the Group identifies, measures, mitigates, monitors and reports material risks. This ensures transparent lines of responsibility and accountability for the core risk governance processes performed by the Group.

Risk management oversight is conducted as described in the Directors' Report corporate governance section starting from page 9.

The Board approves the Strategy, the Risk Plan, and the outcome of the Risk Identification & Assessment process annually and sets the overall level of risk appetite in pursuit of the Group's strategy. The Board Risk Committee ('BRC') is a sub-committee of the Board and is governed by terms of reference approved by the Board. The BRC has responsibility for the oversight and advice to the Board on risk related matters including the current risk exposures of the Group and future risk strategy. The BRC monitors risk trends and reviews the level of resourcing and capabilities required to ensure governance standards are met. The BRC oversees Independent Risk Management and provides recommendations to the Board on risk related matters including material risks identified through the Risk Identification & Assessment process.

Lines of defence

The Group uses a Lines of Defence model as a key component to manage its risks. The Lines of Defence model brings together risk taking, risk oversight, and risk assurance under one umbrella. It also provides an avenue for risk accountability of those units that create risk ("First Line of Defence"), a construct for effective challenge by Independent Risk Management / Independent Compliance Risk Management ("Second Line of Defence") and empowers independent risk assurance by Internal Audit ("Third Line of Defence"). Additionally, the company has Enterprise Support Functions.

Each Line of Defence and Enterprise Support Functions are empowered to perform their relevant risk management processes and responsibilities in order to manage the Group's risks in a consistent and effective manner.

The Group's business lines, CSC, Operations & Technology and Finance (the first line of defence) 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 First Line of Defence is also subject to the oversight and challenge of Independent Risk Management / Independent Compliance Risk Management.

The Group's independent control functions (second line of defence), comprising of Independent Risk Management and Independent Compliance Risk Management, establishes risk and control policies and actively manages and oversees aggregate risk categories across Citi, including risks that span categories, such as concentration risk.

The Group's Internal Audit function is the third line of defence. The purpose, authority and responsibility of the Internal Audit function is defined by the Internal Audit Charter, which is reviewed and approved annually by the Audit Committee. Internal Audit is an independent function that supports the organisation's business objectives and evaluates the effectiveness of risk management, control, and governance processes.

23. Risk management (continued)

23.1. Risk management mission, organisation and governance (continued)

Lines of defence (continued)

Enterprise support functions that include Human Resources and Legal and do not meet the definition of the First Line of Defence, Independent Risk Management / Independent Compliance Risk Management or Internal Audit. Any activities carried out by the First Line of Defence within enterprise support functions remain subject to challenge by Independent Risk Management / Independent Compliance Risk Management.

BHW also use a Lines of Defence model as a key component to manage its risks. In BHW, the 2LOD also includes functions such as Finance, HR and Legal.

Independent Risk Management

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

The Group CRO reports to the Group CEO. The CRO has frequent, direct and independent access to the Board and the BRC. The Group's Independent Risk Management maintains appropriate representation on all the Group's management committees and other governance forums as appropriate. The CRO reports on the risk profile of the Group on an ongoing basis to the Risk Management Committee ('RMC'), BRC and Board.

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

Risk Management Framework

The Group has in place comprehensive, documented risk management frameworks policies and standards to support the management of the material risks identified for its activities and ensure accountability through its lines of defence model.

The Group Risk Management Framework is an overarching risk governance framework, based on sound principles of good risk governance and management and on guidance issued by regulatory authorities. The Risk Management Framework outlines the risk governance structure, the core governance processes and roles and responsibilities.

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

- the principles of sound risk management for each material risk type;
- lines of authority and risk responsibility, including roles and membership of both management and risk committees, with the responsibility to monitor adherence to frameworks policies and standards;
- how the risk is governed under the lines of defence approach;
- supporting processes.

The Board approves the Strategy, the Risk Plan, and the outcome of the Risk Identification & Assessment process annually and sets the overall level of risk appetite in pursuit of the Group's strategy. The Board Risk Committee ('BRC') is a sub-committee of the Board and is governed by terms of reference approved by the Board. The BRC has responsibility for the oversight and advice to the Board on risk related matters including the current risk exposures of the Group and future risk strategy. The BRC monitors risk trends and reviews the level of resourcing and capabilities required to ensure governance standards are met. The BRC oversees Independent Risk Management and provides recommendations to the Board on risk related matters including material risks identified through the Risk Identification & Assessment process.

23. Risk management (continued)

23.1. Risk management mission, organisation and governance (continued)

Lines of defence

The Group uses a Lines of Defence model as a key component to manage its risks. The Lines of Defence model brings together risk taking, risk oversight, and risk assurance under one umbrella. It also provides an avenue for risk accountability of those units that create risk ("First Line of Defence"), a construct for effective challenge by Independent Risk Management / Independent Compliance Risk Management ("Second Line of Defence") and empowers independent risk assurance by Internal Audit ("Third Line of Defence"). Additionally, the Group has Enterprise Support Functions.

Each Line of Defence and Enterprise Support Functions are empowered to perform their relevant risk management processes and responsibilities in order to manage the Group's risks in a consistent and effective manner.

The Group's business lines, CSC, Operations & Technology and Finance (the first line of defence) 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 First Line of Defence is also subject to the oversight and challenge of Independent Risk Management / Independent Compliance Risk Management.

The Group's independent control functions (second line of defence), comprising of Independent Risk Management and Independent Compliance Risk Management, establishes risk and control policies and actively manages and oversees aggregate risk categories across Citi, including risks that span categories, such as concentration risk.

Risk appetite

The Group's risk appetite statement is the formal articulation of the aggregate levels and types of risk that the Group is willing to accept or avoid in order to achieve its strategic objectives. It includes qualitative statements and supporting metrics.

The risk appetite statement is core in aligning overall corporate strategy, capital allocation, and risk. It aims to support business growth whilst constraining any excessive accumulation of risk in the Group's risk profile.

Independent Risk Management reviews and reports adherence to the Board-approved Risk Appetite on a regular basis to the RMC, Executive Committee ('ExCo'), BRC and the Board.

The BRC recommends the approval of the Group Risk Appetite Statement to the Board on an annual basis, or ad-hoc as required.

Following the acquisition of Bank Handlowy w Warszawie (BHW), Group's RAS will cover the consolidated entity (CEP and BHW), albeit some metrics will remain at company level to comply with regulations.

Core risk governance process

Appropriate processes and tools are in place to manage, measure and actively mitigate risks taken by the Group. Independent Risk Management ensures that key risks are identified, managed, reported, and monitored effectively by executing the following processes:

- Risk identification and assessment process which identifies and assesses risk exposures, concentrations and positions, both quantitative and qualitative, identified as the most significant risks to the Group, and how these risks are monitored and mitigated;
- Assessing and challenging the Group's 3-year strategic plan and providing a report outlining the results of that challenge to the Board on an annual basis;

23. Risk management (continued)

23.1. Risk management mission, organisation and governance (continued)

Core risk governance process (continued)

- Enabling Board review and approval of the Group's risk appetite statement on an annual basis. This articulates the amount of risk which the Board is prepared to tolerate in pursuit of its strategy;
- Adopting policies that establish standards, risk limits, and policy adherence processes;
- Stress testing and ensuring appropriate shocks and models are used to assess the Group's material risks;
- Documenting an annual, Board-approved independent risk management plan which outlines key deliverables which support and enhance risk management. Progress against the plan is tracked and reported to the BRC on an ongoing basis; and,
- Monitoring the Group's branch network to ensure all branches are operating in line with the Risk Management Framework.

Stress testing

Stress testing is integrated into the Group's risk management processes and supports business strategic decisions

The stress test programme:

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

Sensitivity analysis supports ongoing risk monitoring by risk teams as appropriate. It is performed at regular intervals dependent on internal and regulatory requirements. The Group utilises scenario analyses, which are both dynamic and forward looking.'Scenarios appropriately impact all material risk types, risk factors and specific vulnerabilities relevant to the Group. Reverse stress testing is used to assess its business model vulnerabilities and is appropriate to the nature, size and complexity of its business and the risks it bears.

Risk Monitoring & Reporting

Independent Risk Management complete ongoing monitoring of the risk environment which enables a comprehensive set of reports to be produced. Following CEP's 75% acquisition of BHW, Independent Risk Management reports are on a solo and / or consolidated basis as required and look to ensure Management, relevant Committees and the Board appropriately assess and understand the key risks facing the Group, facilitating proactive management and oversight:

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

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

23. Risk management (continued)

23.2. Credit risk

Definition

Credit risk is defined as the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.

The Group manages two broad distinct categories of Credit Risk - Retail Credit Risk and Wholesale Credit Risk. Retail and Wholesale credit risk are components of credit risk, as defined in Citi's Enterprise Risk Management Framework and consistent with the Citi Risk Taxonomy, and includes Retail Credit Risk ('RCR'), Wholesale Lending Credit Risk ("WLCR"), and Counterparty Credit Risk ("CCR").

- Retail Credit Risk Definition: Retail Credit Risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honour its financial or contractual obligations. Retail Credit Risk is associated with Citi's individuals or small business borrowers or counterparties.
- WLCR Definition: Wholesale Lending Credit Risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of an institutional or commercial borrower, counterparty, third party, issuer or high-net-worth individual to honour its financial or contractual obligations.
- CCR Definition: Counterparty Credit Risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a counterparty to honour its financial or contractual obligations.

Governance and Organisation

The Credit risk management framework, approved by the Board, provides the holistic outline of how credit risk is managed, establishes standards for measuring, managing, monitoring and controlling credit risk in the Group and sets responsibilities across all lines of defense. As part of the Credit Risk Management Framework, the following Committees perform an oversight role for credit risk related items:

- Board Risk Committee
- Executive Committee
- Risk Management Committee
- Credit Portfolio Review Group
- Impairment Working Group
- New Activity Committee

The Group has put in place Standards and Procedures which further articulate how credit risk is managed, monitored and measured across the various businesses within the Group. In addition to these Standards, the Group also adheres to relevant Citigroup wide Policies, Standards and Procedures.

In line with the above framework, the Group has a credit portfolio monitoring and reporting process. the Group's credit risk profile is monitored by the Risk Management Committee and supported by the Credit Portfolio Review Group. Additionally, frequent updates on the Credit Risk profile in the Group are shared with the Group's Board Risk Committee and the Group's Board.

The Head of Credit Risk reports directly to the Group's CRO and is responsible for second line of defence oversight and management of the credit risk portfolio in the Group.

23. Risk management (continued)

23.2. Credit risk (continued)

Risk measurement

The Group sets its credit risk appetite in line with its business model and strategy with specific limits established to monitor adherence to risk appetite. Adherence to these limits is monitored by the business and relevant credit risk team on an ongoing basis and reported to the Credit Portfolio Review Group, Risk Management Committee and Board Risk Committee.

To manage the credit risk profile and limit concentration risk, credit risk limits are also set for each counterparty, establishing the maximum acceptable level for each one. Credit risk management may adjust limits at any time considering the latest events and support risk mitigation strategies.

Credit quality

The Group uses an internal risk rating system that accurately and reliably differentiates between degrees of credit risk for classifiably managed exposures. To differentiate among degrees of credit risk, the Group must be able to make meaningful and consistent distinctions among credit exposures along two dimensions (i) default risk - obligors are assigned to rating grades that approximately reflect likelihood of default, and (ii) loss severity rating grades (or loss given default estimates) that approximately reflect the loss severity expected in the event of default during economic downturn conditions.

The Internal Obligor Risk Rating (ORR) represents the probability that an obligor will default within a one-year time horizon. Risk ratings for obligors are assigned on a scale of 1 to 10, with sub-grades, where "1" is the best quality risk and "7" is the worst for obligors that are not in default. ORRs of "8" to "10" are assigned to obligors meeting the definition of default: i.e. the obligor is either 90 days past due on material exposure to the Group and/or the Group considers the obligor unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if held), collecting against a guarantee, filing a claim against the insurer, or other forms of support.

Obligors assigned ORR of "4-" and better are considered Investment Grade obligors, which have low default risk based on their strength and capacity to meet financial commitments.

The ORR is derived using a rating methodology model. The methodology considers both qualitative and quantitative inputs whilst also considering expert risk judgement. All ORRs must be reviewed annually, at a minimum, and when new information is expected to have a meaningful impact on the credit quality of the obligor or facilities to the obligor.

ORRs are a key input into the determination of the term structure of wholesale PDs. The Group collects performance and default information about its credit risk exposures, analysed by geography and sector. The Group utilises statistical models to analyse this data and generate estimates of PD and how these are expected to change as a result of the passage of time.

For retail credit exposures, The Group uses scoring models developed on the basis of the history of behaviour of the Group's customers. Such models analyse the behaviour of customers in the Credit Information Bureau, own data as well as customer demographics. The quality of performance of scoring models is reviewed on an ongoing basis and monitored annually. As a result, modifications are made in the model or the credit policy. Credit risk of the retail credit portfolio is measured based on dedicated scoring models and reporting techniques including an analysis of ratios for new customers and existing portfolios with and without impairment.

23. Risk management (continued)

23.2. Credit risk (continued)

Impairment and provisioning under IFRS

Provisions required against all financial instruments (such as cash, loans, investment securities and trade receivables) recorded at amortised cost or at fair value through other comprehensive income, are derived using the three stage IFRS 9 ECL model.

- **Stage 1** includes assets with no significant increase in credit risk since initial recognition. A 12-month expected credit loss (ECL) i.e. probability-weighted estimate of credit loss is recognised for these assets.
- **Stage 2** includes assets that have experienced a significant increase in credit risk since initial recognition, but the exposure is not yet credit-impaired. A lifetime ECL is recognised.
- **Stage 3** includes instruments deemed to be credit impaired. A lifetime ECL is recognised for model calculations. Individual impairment assessments are undertaken for certain other material Stage 3 exposures to derive provisions.

Impairment/expected credit losses oversight

The Group estimates ECLs on a quarterly basis. ECLs are presented at the Impairment Working Group (IWG) jointly chaired by the Group Financial Controller and the Group Head of Credit Policy & Remedial Management for review and recommendation for Risk Management Committee (RMC) to approve.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. Three economic scenarios are formulated, which are prepared by Citi's Enterprise Scenarios Group: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside (or optimistic) and one downside (or pessimistic) scenario. Scenarios are refreshed on a quarterly basis.

In developing its IFRS 9 models, key drivers are identified such as credit risk and credit losses based on the sector, product and geography characteristics attaching to each financial instrument, using analysis of historical data to estimate relationships between the identified macro-economic drivers and credit risk and credit losses, using more than 20 years of historical loss data.

Key drivers include GDP growth, unemployment rates, and other macro indicators including- equity indices. Citi estimates each economic driver for credit risk over the forecast period followed by a reversion to a long run averages.

23. Risk management (continued)

23.2. Credit risk (continued)

The table below provides key GDP and unemployment macroeconomic assumptions used in the base, optimistic and pessimistic scenarios (as produced by Citi's Enterprise Scenarios Group) over a 3-year forecast period for four of CEP's largest geographies by credit exposures.

		Group								
	Macro-economic	**Optimistic**			**Base**			**Pessimistic**		
Country	**Variable**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
France	GDP growth	2.1	2.8	0.9	1.2	1.6	1.5	(3.4)	2.5	2.9
	Unemployment rate	6.6	6.6	7.0	7.2	6.9	7.3	9.6	9.2	9.0
United States	GDP growth	2.7	4.4	1.1	0.8	2.2	2.1	(2.7)	3.9	2.6
	Unemployment rate	3.8	3.2	3.4	4.3	4.2	4.1	7.3	6.4	5.9
Germany	GDP growth	2.1	2.8	0.8	1.4	1.5	1.4	(3.4)	2.5	2.7
	Unemployment rate	4.6	4.6	4.3	5.5	5.2	4.8	7.1	6.8	6.1
Euro Area	GDP growth	2.1	2.8	0.9	1.0	1.6	1.4	(3.4)	2.5	2.8
	Unemployment rate	6.2	6.2	6.3	6.7	6.7	6.7	9.1	8.8	8.4

The assumptions represent the absolute percentage unemployment rates and year-on-year percentage change for GDP.

The scenarios are refreshed on a quarterly basis to include up to date actual data and to reflect changes in outlook. Given the scope of Citi's business activity, the quarterly scenarios produced for ECL calculation are global in nature. The probability weightings applied in measuring ECL are also reviewed quarterly and are shown below for the current and previous year-end. The difference in weights observed between 2022 and 2023 primarily reflect changes in the macroeconomic outlook.

	Group					
	31 December 2023			**31 December 2022**		
Scenario	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
Probability Weight	8%	61%	31%	9%	59%	32%

The BHW retail portfolio is subject to a different IFRS9 model and macro-economic scenarios, due to the nature of the portfolio in terms of product mix and geographic basis. ECLs for exposures within the BHW retail portfolio are calculated on the basis of statistical models for groups of assets combined in portfolios with common credit risk features (and key products include credit cards, cash loans and mortgages). Key macro-economic variables used in modelling ECLs are Poland's unemployment rate (BAEL) and the annual amendment of WIG index.

23. Risk management (continued)

23.2. Credit risk (continued)

After applying the above weights, the models produced a combined ECL of $329 million (31 December 2022: $241 million). In addition to the modelled ECL, management overlays of $24 million were included, of which details are provided in the next section.

Sensitivity of ECL to future economic conditions and management overlays

The ECL estimation is sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. The Group conducted analysis on selected macro-economic variables based on the Wholesale portfolio to illustrate the sensitivity of modelled ECLs to changes in macro-economic assumptions. 4 scenarios were executed: +1% and -1% shock to GDP growth rates and +1% and -1% shock to unemployment levels. The GDP growth rate sensitivity analysis indicates changes in ECLs of between -$11 million and + $12 million. The unemployment sensitivity analysis indicates changes in ECLs of between -$6 million and + $6 million[3].

In addition to the macro-economic variables, IFRS 9 ECL estimation is sensitive to many other drivers incorporated into its calculation including factors such as the credit quality, product, sector, geographic distribution, collateral and tenor. The IFRS 9 model ECL also takes into account a number of qualitative factors including concentration, collateralization and other external considerations. Finally, the Group may include management overlays as a post model adjustment to capture, among other things, idiosyncratic risk events and model limitations.

Credit quality and tenor characteristics of the Group portfolio are of particular importance in limiting the level of ECL sensitivity. At 31 December 2023, almost 96% (31 December 2022: 94%) of the portfolio was in Stage 1.

The IFRS 9 calculation incorporates three probability-weighted scenarios to produce a combined loss allowance. The table below shows the individual loss allowance for each scenario (Base, Optimistic and Pessimistic) calculated using the year-end stage profile. The loss allowance figures exclude management overlays.

	Group		
	31 December 2023		
	Optimistic	Base	Pessimistic
	$m	**$m**	**$m**
Loss allowance	250	267	471

Total ECLs at 31 December 2023 were $353 million (31 December 2022 : $300 million), including total management overlays of $24 million (31 December 2022: $59 million).

The management overlays included at year-end 2023 reflect a number of considerations not directly included in the IFRS9 models including an overlay to reflect the best estimate of ECLs due to anticipated changes in the risk ratings process to assess country risk ($13 million) and an $8 million overlay for the BHW retail portfolio relating to model back testing results.

The reduction in overlays over the course of 2023 is primarily due to the release of the overlay related to potential energy supply issues.

[3] Analysis excludes individually assessed stage 3 obligors.

23. Risk management (continued)

23.2. Credit risk (continued)

Risk exposure

A breakdown of the total credit exposure including commitments are as follows:

Group

	31 December 2023					31 December 2022				
			Related amounts not offset in the statement of financial position					Related amounts not offset in the statement of financial position		
	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Net exposure	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Net exposure
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
On-balance sheet:										
Cash and cash equivalents	45,476	—	—	—	45,476	32,915	—	—	—	32,915
Trading assets	7,858	—	—	—	7,858	9,895	—	—	—	9,895
Derivative financial instruments	43,815	(14,740)	(135)	(407)	29,075	40,931	(18,584)	(57)	—	22,347
Investment securities	17,490	—	—	—	17,490	9,072	—	—	—	9,072
Loans and advances to banks	2,529	—	—	—	2,529	2,426	—	—	—	2,426
Loans and advances to customers	25,065	—	—	(2,213)	22,852	19,753	—	—	(1,016)	18,737
Reverse repurchase agreements	22,073	(6,189)	(688)	(14,239)	957	25,199	(3,023)	—	(11,904)	10,272
Other assets	10,125	—	—	—	10,125	10,183	—	—	—	10,183
	174,431	**(20,929)**	**(823)**	**(16,859)**	**136,362**	**150,374**	**(21,607)**	**(57)**	**(12,920)**	**115,847**
Off-balance sheet:										
Letters of credit	16,878	—	—	—	16,878	15,424	—	—	—	15,424
Undrawn commitments to lend	39,555	—	—	—	39,555	28,780	—	—	—	28,780
Other commitments and guarantees	751	—	—	—	751	2,360	—	—	—	2,360
	57,184	**—**	**—**	**—**	**57,184**	**46,564**	**—**	**—**	**—**	**46,564**

23. Risk management (continued)

23.2. Credit risk (continued)

	Company									
	31 December 2023					31 December 2022				
			Related amounts not offset in the statement of financial position					Related amounts not offset in the statement of financial position		
	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Net exposure	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Net exposure
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
On-balance sheet:										
Cash and cash equivalents	45,338	—	—	—	45,338	32,911	—	—	—	32,911
Trading assets	7,653	—	—	—	7,653	9,895	—	—	—	9,895
Derivative financial instruments	42,236	(14,175)	(76)	(407)	28,061	40,931	(18,584)	(57)	—	22,347
Investment securities	9,772	—	—	—	9,772	9,072	—	—	—	9,072
Loans and advances to banks	2,573	—	—	—	2,573	2,426	—	—	—	2,426
Loans and advances to customers	20,667	—	—	(565)	20,102	19,691	—	—	(1,016)	18,675
Reverse repurchase agreements	18,184	(6,189)	(685)	(10,371)	939	25,199	(3,023)	—	(11,904)	10,272
Other assets	9,483	—	—	—	9,483	10,183	—	—	—	10,183
	155,906	**(20,364)**	**(761)**	**(11,343)**	**123,921**	**150,308**	**(21,607)**	**(57)**	**(12,920)**	**115,781**
Off-balance sheet:										
Letters of credit	16,148	—	—	—	16,148	15,424	—	—	—	15,424
Undrawn commitments to lend	35,762	—	—	—	35,762	28,780	—	—	—	28,780
Other commitments and guarantees	729	—	—	—	729	2,360	—	—	—	2,360
	52,639	**—**	**—**	**—**	**52,639**	**46,564**	**—**	**—**	**—**	**46,564**

The maximum exposure amounts of the financial assets disclosed in the table above are the carrying values recorded on the statement of financial position with the exception of derivative financial instruments and reverse repurchase agreements. Derivatives and reverse repos carrying value in the statement of financial position are calculated by deducting the eligible netting exposure which qualify for netting under IAS32 from the maximum exposure. Cash and non-cash collateral does not impact the carrying value in the statement of financial position.

Collateral held by the Group for securing loan transaction includes:

- Financial collateral such as marketable securities;
- Physical collateral such as property and equipment, furniture and fixtures, shipping vessels; and
- Other types of lending collateral such as trading receivables.

Collaterals are rated by Moody’s rating agency between AAA and AA3, and there have been no significant changes in the quality of the collaterals during the reporting period.

The credit quality of assets is monitored regularly and reported to senior management and Board Risk Committee and the Board on a quarterly basis. In addition, high risk exposures are reported to senior management monthly. Any sudden credit events are promptly escalated to senior risk and business managers.

23. Risk management (continued)

23.2. Credit risk (continued)

The table below present the mortgage-backed receivables in Bank Handlowy from individual customers in a given Loan-to-value (LtV) interval. The amount of exposure is measured by unpaid principal amount.

$m	**31 December 2023**
Less than 60%	364
61-80%	189
81-100%	14
	567

23. Risk management (continued)

23.2. Credit risk (continued)

Expected credit loss - On and Off Balance Sheet (All financial instruments)

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

	Group									
Exposure	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Outstanding exposure as at 1 January	**119,174**	**113,963**	**7,092**	**3,574**	**518**	**472**	**—**	**—**	**126,784**	**118,009**
New assets originated or purchased*	47,040	28,313	2,083	2,238	—	14	2	—	**49,125**	30,565
Acquisition of Bank Handlowy	18,810	—	1,106	(1,088)	125	—	11	—	**20,052**	—
Asset derecognised or matured*	(27,736)	(20,517)	(1,938)	(1,236)	(485)	(176)	—	—	**(30,159)**	(21,929)
Transfers to Stage 1	3,507	1,332	(3,397)	3,663	(110)	(95)	—	—	—	4,900
Transfers to Stage 2	(1,808)	(3,619)	1,808	(57)	—	(44)	—	—	—	(3,720)
Transfers to Stage 3	(5)	(291)	(304)	—	309	350	—	—	—	59
Amounts written off	(3)	(7)	(33)	(2)	(3)	(3)	—	—	**(39)**	(12)
Other movements	—	—	—	—	—	—	—	—	—	—
At 31 December	**158,979**	**119,174**	**6,417**	**7,092**	**354**	**518**	**13**	**—**	**165,763**	**126,784**

	Group									
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Stage POCI**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**62**	**53**	**161**	**106**	**77**	**79**	**—**	**—**	**300**	**238**
ECL on new assets originated or purchased	**25**	**38**	**56**	**59**	**—**	**23**	**—**	**—**	**81**	**120**
Acquisition of Bank Handlowy	17	—	26	—	79	—	—	—	122	—
Exposure derecognised or matured	(31)	(2)	(38)	(11)	(32)	(2)	—	—	(101)	(15)
Transfers to Stage 1	40	81	(33)	(47)	(6)	(34)	—	—	1	—
Transfers to Stage 2	(6)	(4)	7	5	—	(1)	—	—	1	—
Transfers to Stage 3	—	(4)	(24)	(4)	24	8	—	—	—	—
Net remeasurement of loss allowance	(22)	(33)	(8)	42	17	27	—	—	(13)	36
Amounts written off	—	—	(4)	—	(4)	(5)	—	—	(8)	(5)
Other movements	(10)	(67)	(11)	11	(8)	(18)	—	—	(29)	(74)
At 31 December	**75**	**62**	**132**	**161**	**147**	**77**	**—**	**—**	**354**	**300**

ECL on "new assets originated or purchased" represents the increase in ECL relating to exposures in that specific stage as at year end. The "transfers to" stages within the ECL table represents the ECL reserve on the associated obligors as at prior year end or date of origination. The "net remeasurement of loss allowance" is the change in ECL following a transfer between stages not attributable to a change in exposure. The "other movements'' in ECL relates to the movement in management overlays and other adjustments during the year.

23. Risk management (continued)

23.2. Credit risk (continued)

Exposure	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
Outstanding exposure as at 1 January	**119,108**	**113,815**	**7,090**	**3,573**	**517**	**474**	**126,715**	**117,862**
New assets originated or purchased*	40,643	28,310	1,852	2,239	—	13	42,495	30,562
Asset derecognised or matured*	(22,125)	(20,432)	(1,808)	(1,088)	(487)	(177)	(24,420)	(21,697)
Transfers to Stage 1	3,453	1,332	(3,343)	(1,237)	(110)	(95)	—	—
Transfers to Stage 2	(1,499)	(3,619)	1,499	3,662	—	(44)	—	(1)
Transfers to Stage 3	(1)	(291)	(289)	(57)	290	349	—	1
Amounts written off	(3)	(7)	(29)	(2)	(3)	(3)	(35)	(12)
Other movements	—	—	—	—	—	—	—	—
At 31 December	**139,576**	**119,108**	**4,972**	**7,090**	**207**	**517**	**144,755**	**126,715**

ECL	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
IFRS 9 ECL as at 1 January	**62**	**53**	**159**	**106**	**79**	**79**	**300**	**238**
ECL on new assets originated or purchased	23	38	52	59	—	23	75	120
Exposure derecognised or matured	(29)	(2)	(35)	(12)	(42)	(4)	(106)	(18)
Transfers to Stage 1	39	81	(33)	(49)	(6)	(32)	—	—
Transfers to Stage 2	(6)	(4)	6	5	—	(1)	—	—
Transfers to Stage 3	—	(4)	(24)	(4)	24	8	—	—
Net remeasurement of loss allowance	(18)	(33)	(10)	43	17	29	(11)	39
Amounts written off	—	—	(3)	—	(3)	(5)	(6)	(5)
Other movements	(14)	(67)	(15)	11	(17)	(18)	(46)	(74)
At 31 December	**57**	**62**	**97**	**159**	**52**	**79**	**206**	**300**

ECL on "new assets originated or purchased" represents the increase in ECL relating to exposures in that specific stage as at year end. The "transfers to" stages within the ECL table represents the ECL reserve on the associated obligors as at prior year end or date of origination. The "net remeasurement of loss allowance" is the change in ECL following a transfer between stages not attributable to a change in exposure. The "other movements'' in ECL relates to the movement in management overlays and other adjustments during the year.

23. Risk management (continued)

23.2. Credit risk (continued)

Expected credit loss

The following table shows the ECL charges on all financial assets in the income statement.

31 December 2023 and 31 December 2022:

	Group							
	IFRS 9 ECL							
	Stage 1		Stage 2		Stage 3		Total	
Income statement	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Financial assets								
Cash and cash equivalents	2	(2)	—	—	—	—	2	(2)
Loans and advances to banks	4	(3)	1	(1)	6	(4)	11	(8)
Loans and advances to customers	2	(12)	27	(3)	(8)	7	21	(8)
Reverse repurchase agreements	1	—	—	—	—	—	—	—
Investment securities	(3)	—	—	—	—	—	(3)	—
Total On Balance Sheet	**5**	**(17)**	**26**	**(4)**	**(2)**	**3**	**29**	**(18)**
Off Balance Sheet								
Letters of credit	6	19	13	(11)	12	(7)	31	1
Undrawn commitments to lend	(5)	(12)	17	(38)	(1)	7	11	(43)
Other commitments and guarantees	(1)	—	—	—	—	—	(1)	—
Total Off Balance Sheet	**—**	**7**	**30**	**(49)**	**11**	**—**	**41**	**(42)**
Recoveries of amounts previously written-off							**6**	**2**
Write-offs							**(38)**	**(12)**
Total Impairment (Losses)/ Recoveries							**38**	**(70)**

23. Risk management (continued)

23.2. Credit risk (continued)

Expected credit loss

	Company							
	IFRS 9 ECL							
	Stage 1		Stage 2		Stage 3		Total	
Income statement	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets								
Cash and cash equivalents	2	(2)	—	—	—	—	2	(2)
Loans and advances to banks	4	(2)	1	(2)	6	(4)	7	(8)
Loans and advances to customers	3	(12)	32	(3)	10	7	44	(8)
Reverse repurchase agreement	(2)	—	—	—	—	—	(2)	—
Investment securities	—	—	—	—	—	—	—	—
Total On Balance Sheet	**6**	**(16)**	**31**	**(5)**	**16**	**3**	**51**	**(18)**
Off Balance Sheet								
Letters of credit	4	19	9	(11)	12	(7)	25	1
Undrawn commitments to lend	(3)	(12)	21	(38)	—	7	19	(43)
Other commitments and guarantees	(1)	—	—	—	—	—	(1)	—
Total Off Balance Sheet	**—**	**7**	**30**	**(49)**	**12**	**—**	**43**	**(42)**
Recoveries of amounts previously written-off							**5**	**2**
Write-offs							**(34)**	**(12)**
Total Impairment (Losses)/ Recoveries							**65**	**(70)**

23. Risk management (continued)

23.2. Credit risk (continued)

The following table shows the ECL reserve on financial assets in the statement of financial position and on Off Balance Sheet assets.

As at 31 December 2023 and 31 December 2022:

	Group							
	IFRS 9 ECL							
	Stage 1		Stage 2		Stage 3		Total	
Statement of financial position	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	1	3	—	—	—	—	1	3
Loans and advances to banks	1	4	3	5	—	6	4	15
Loans and advances to customers	35	25	74	79	140	54	249	158
Reverse repurchase agreement	2	—	—	—	—	—	2	—
Investment securities	4	3	—	—	—	—	4	3
Other assets	2	—	2	—	—	—	4	—
Total On Balance Sheet	**45**	**35**	**79**	**84**	**140**	**60**	**264**	**179**
Off Balance Sheet								
Letters of credit	6	9	11	19	6	17	23	45
Undrawn commitments to lend	23	18	42	58	1	—	66	76
Other commitments and guarantees	1	—	—	—	—	—	1	—
Total Off Balance Sheet	**30**	**27**	**53**	**77**	**7**	**17**	**90**	**121**
Total	**75**	**62**	**132**	**161**	**147**	**77**	**354**	**300**

23. Risk management (continued)

23.2. Credit risk (continued)

	Company							
	IFRS 9 ECL							
	Stage 1		Stage 2		Stage 3		Total	
Statement of financial position	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	1	3	—	—	—	—	1	3
Loans and advances to banks	1	4	3	4	—	6	4	14
Loans and advances to customers	22	25	46	78	45	54	113	157
Reverse repurchase agreement	2	—	—	—	—	—	2	—
Investment securities	3	3	—	—	—	—	3	3
Other assets	1	—	2	—	—	—	3	—
Total On Balance Sheet	**30**	**35**	**51**	**82**	**45**	**60**	**126**	**177**
Off Balance Sheet								
Letters of credit	6	9	10	19	6	19	22	47
Undrawn commitments to lend	20	18	37	58	—	—	57	76
Other commitments and guarantees	1	—	—	—	—	—	1	—
Total Off Balance Sheet	**27**	**27**	**47**	**77**	**6**	**19**	**80**	**123**
Total	**57**	**62**	**98**	**159**	**51**	**79**	**206**	**300**

23. Risk management (continued)

23.2. Credit risk (continued)

The table below provides an indicative mapping of how the Group's internal credit risk grades relate to PD and to the external credit ratings of Standard & Poor's.

Risk Rating		Average Probability of Default (%)	External Rating
Rating 1 to 4-:	Investment Grade	0.00 - 0.34	AAA to BBB-
Rating 5+ to 6-:	Non-investment Grade	0.89 - 12.16	BB+ to B-
Rating 7+ to 7-:	Higher Risk	16.64 to 22.13	CCC+ to CCC-
Rating 8 to 10:	Credit Impaired	Loss estimate on individual basis	to SD/D

The Group, groups its exposures based on their ORR ratings as explained above:

	Group								
	Stage 1		Stage 2		Stage 3		POCI	Total	
	2023	2022	2023	2022	2023	2022	2023	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to banks at amortised cost									
Rating 1 to 4-	1,989	1,937	—	—	—	—	—	1,989	1,937
Rating 5+ to 6-	10	287	215	207	—	—	—	225	494
Rating 7+ to 7-	—	—	67	8	—	—	—	67	8
Rating 8 to 10	252	—	—	—	—	1	—	252	1
Total	2,251	2,224	282	215	—	1	—	2,533	2,440
Expected credit loss	(1)	(4)	(3)	(4)	—	(6)	—	(4)	(14)
Carrying amount	2,250	2,220	279	211	—	(5)	—	2,529	2,426
Loans and advances to customers at amortised cost									
Rating 1 to 4-	14,288	13,548	105	137	7	—	—	14,400	13,685
Rating 5+ to 6-	3,618	2,067	1,464	2,627	—	—	—	5,082	4,694
Rating 7+ to 7-	139	1	424	509	—	—	—	563	510
Rating 8 to 10	2,922	1	—	—	159	417	3	3,084	418
By delinquency									
No delinquency	1,179	—	277	—	15	—	1	1,472	—
1-30 days	18	—	28	—	6	—	—	52	—
31-90 days	2	—	4	—	8	—	1	15	—
Over 90 days	—	—	—	—	76	—	3	79	—
Total	22,166	15,617	2,302	3,273	271	417	5	24,747	19,307
Expected credit loss	(35)	(25)	(74)	(78)	(140)	(54)	—	(249)	(157)
Carrying amount	22,131	15,592	2,228	3,195	131	363	5	24,498	19,150
Loans held at fair value through profit and loss								567	603
Total loans and advances to customers								**25,065**	**19,753**

23. Risk management (continued)

23.2. Credit risk (continued)

	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to banks at amortised cost								
Rating 1 to 4-	2,285	1,937	—	—	—	—	2,285	1,937
Rating 5+ to 6-	10	287	215	207	—	—	224	494
Rating 7+ to 7-	—	—	66	8	—	—	67	8
Rating 8 to 10	—	—	—	—	—	1	—	1
Total	**2,295**	**2,224**	**281**	**215**	**—**	**1**	**2,576**	**2,440**
Expected credit loss	(1)	(4)	(3)	(4)	—	(6)	(3)	(14)
Carrying amount	**2,294**	**2,220**	**278**	**211**	**—**	**(5)**	**2,573**	**2,426**
Loans and advances to customers at amortised cost								
Rating 1 to 4-	15,171	13,486	22	137	—	—	15,193	13,623
Rating 5+ to 6-	3,243	2,067	1,175	2,627	—	—	4,419	4,694
Rating 7+ to 7-	139	1	335	509	—	—	474	510
Rating 8 to 10	—	1	—	—	127	417	127	418
Total	**18,554**	**15,555**	**1,532**	**3,273**	**127**	**417**	**20,213**	**19,245**
Expected credit loss	(22)	(25)	(46)	(78)	(44)	(54)	(113)	(157)
Carrying amount	**18,532**	**15,530**	**1,486**	**3,195**	**83**	**363**	**20,100**	**19,088**
Loans held at fair value through profit and loss							567	603
Total loans and advances to customers							20,667	**19,691**

Credit quality – Trading Assets

The credit quality of the Group's financial assets is maintained by adherence to the Group's policies on the provision of credit to counterparties. The Group monitors the credit ratings of its counterparties with the table below presenting an analysis of the Group's trading portfolio of traded loans, corporate bonds and government bonds by rating agency designation based on Standard & Poor's or Moody's ratings as at 31 December:

Trading Assets (FVTPL):

	Group							
	Traded loans		Corporate bonds		Government bonds		Total	
	$m	$m	$m	$m	$m	$m	$m	$m
	2023	2022	2023	2022	2023	2022	2023	2022
AAA to A-	5	—	112	—	255	606	373	606
BBB+ to B-	512	419	2	—	6,845	7,950	7,359	8,369
CCC+ and lower	31	119	—	—	—	—	31	119
Unrated	95	800	—	1	—	—	95	801
Total	**643**	**1,338**	**114**	**1**	**7,101**	**8,556**	**7,858**	**9,895**

23. Risk management (continued)

23.2. Credit risk (continued)

Credit quality – Trading Assets (continued)

	Company							
	Traded loans		Corporate bonds		Government bonds		Total	
	$m	$m	$m	$m	$m	$m	$m	$m
	2023	2022	2023	2022	2023	2022	2023	2022
AAA to A-	—	—	—	—	168	606	168	606
BBB+ to B-	512	419	2	—	6,845	7,950	7,359	8,369
CCC+ and lower	31	119	—	—	—	—	31	119
Unrated	95	800	—	1	—	—	95	801
Total	638	1,338	2	1	7,013	8,556	7,653	9,895

Credit quality – Investment Securities

	Group									
	Government bonds (FVOCI)		Corporate bonds (FVOCI)		Corporate bonds (amortised cost)		Equity securities (FVTPL)		Total	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
AAA to A-	9,414	5,807	5,504	1,241	254	—	220	83	15,392	7,131
BBB+ to B-	2,087	1,854	—	—	—	—	10	—	2,097	1,854
CCC+ and lower	—	—	—	—	—	—	—	—	—	—
Unrated	—	—	—	—	—	—	2	87	2	87
Total	**11,501**	**7,661**	**5,504**	**1,241**	**254**	**—**	**232**	**170**	**17,490**	**9,072**

23. Risk management (continued)

23.2. Credit risk (continued)

Credit quality – Investment Securities (continued)

	Company							
	Government bonds (FVOCI)		Corporate bonds (FVOCI)		Equity securities (FVTPL)		Total	
	$m	$m	$m	$m	$m	$m	$m	$m
	2023	2022	2023	2022	2023	2022	2023	2022
AAA to A-	6,402	5,807	1,088	1,241	184	83	7,673	7,131
BBB+ to B-	2,087	1,854	—	—	10	—	2,097	1,854
CCC+ and lower	—	—	—	—	—	—	—	—
Unrated	—	—	—	—	2	87	2	87
Total	**8,489**	**7,661**	**1,088**	**1,241**	**196**	**170**	**9,772**	**9,072**

Concentration Risk

The Group's statement of financial position (on balance sheet – third party only) credit risk concentrations by industry are as follows:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Mining and quarrying	228	324	224	324
Manufacturing	8,375	8,931	7,340	8,868
Electricity, gas, water, steam and air conditioning supply	1,182	1,119	592	1,119
Construction	210	156	164	156
Wholesale and retail trade	2,935	2,405	2,104	2,405
Transport and storage	530	512	492	512
Accommodation and food service activities	304	314	304	314
Information and communication	2,665	1,804	2,578	1,804
Credit and insurance institutions	63,021	61,248	54,966	61,248
Real estate activities	1,412	1,204	1,352	1,204
Professional, scientific and technical activities	1,654	686	1,583	686
Administrative and support service activities	1,182	836	1,127	836
Public administration and defence, compulsory social security	26,664	21,321	22,950	21,321
Household/Retail	2,405	948	873	948
Other services	278	157	261	157
	113,045	**101,965**	**96,910**	**101,902**

Included in credit risk exposures carrying value are cash and cash equivalents, trading assets, derivative financial instruments, loans and advances to banks and customers, reverse repurchase agreements, investment securities and other assets.

23. Risk management (continued)

23.2. Credit risk (continued)

The table below shows statement of financial position credit concentrations by region:

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Central Europe	3,946	3,393	3,945	3,393
Western Europe	100,426	88,169	84,681	88,169
Middle East / Africa	1,562	1,066	1,512	1,003
Central / South America	163	293	163	293
North America	6,455	6,580	6,147	6,580
Asia	493	2,464	462	2,464
	113,045	**101,965**	**96,910**	**101,902**

The regions above represent the countries and its domiciled customers within these.

23. Risk management (continued)

23.3. Market Risk - Trading book

Definition

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

Sources of Market Risk

The trading portfolio comprises positions held with short term trading intent, where the business seeks to capture the differences between buying and selling price and which derive primarily from customer flows. The products traded include foreign exchange (FX) spot, swaps and forwards, interest rate swaps and sovereign bonds. The primary sources of market risk within the trading portfolio, include, but are not limited to:

- Interest rate risk: The valuation risk resulting from interest rate changes.
- Currency risk: The valuation risk resulting from currency price changes.
- Credit spread risk: The valuation risk resulting from credit spread changes.

Governance and Organisation

The Mark to Market Risk Management Framework, approved by the Board provides a holistic outline of how market risk in the trading portfolio is managed, establishes standards for measuring, managing, monitoring and controlling market risk in the Group and sets responsibilities across the lines of defence. As documented in the Mark to Market Risk Management Framework, the following committees perform an oversight role for market risk related items:

- Board Risk Committee
- Executive Committee
- Risk Management Committee

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

The Head of Market Risk reports directly to the Group's CRO and is responsible for second line of defence oversight of the market risk portfolio of the Group. The Market Risk team monitors the market risk profile on an ongoing basis and reports to the Risk Management Committee and Board Risk Committee/Board on trading portfolio exposures against approved limits.

Risk measurement

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

- Promote the transparency and comparability of market risk-taking activities.
- Provide a consistent framework to measure market risk exposures in order to facilitate business performance analysis. Value at Risk (VaR) estimates the potential decline in the value of a position or portfolio, under normal market conditions, within a defined confidence level, and over a specific time period.

VaR is calculated using a Monte Carlo approach where simulations of market rates or prices are generated. Volatilities and correlations are updated at least quarterly based on three years' worth of market data.

23. Risk management (continued)

23.3. Market Risk - Trading book (continued)

Risk measurement (continued)

The key parameters used to calculate VaR include:

- The historical 'look-back' period used to calculate historical volatilities and correlations;
- The holding period, i.e. the number of days of changes in market risk factors the portfolio is subjected to;
- A confidence interval is determined to estimate the potential loss, and
- Factor sensitivities ("Greeks") - sensitivities to market factor variables.

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

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

Risk exposure

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

	Group					
	31 December 2023			31 December 2022		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
	$m	$m	$m	$m	$m	$m
Assets						
Cash and cash equivalents	45,476	—	45,476	32,915	—	32,915
Trading assets	7,858	7,858	—	9,895	9,895	—
Derivative financial instruments	29,075	29,075	—	22,347	22,347	—
Hedging derivative	2	2	—	—	—	—
Investment securities	17,490	—	17,490	9,072	—	9,072
Reverse repurchase agreement	15,884	1,540	14,344	22,176	10,274	11,902
Loans and advances to banks	2,529	—	2,529	2,426	—	2,426
Loans and advances to customers	25,065	567	24,498	19,753	603	19,150
Other assets	10,125	—	10,125	10,183	—	10,183
Total financial assets	**153,504**	**39,042**	**114,462**	**128,767**	**43,119**	**85,648**
Liabilities						
Deposits by banks	11,218	—	11,218	8,908	—	8,908
Customer accounts	64,891	—	64,891	49,072	—	49,072
Derivative financial instruments	28,980	28,980	—	22,844	22,844	—
Hedging derivative	24	24	—	—	—	—
Repurchase agreement	968	—	968	5,396	4,481	915
Subordinated liabilities	8,482	—	8,482	4,455	—	4,455
Other liabilities	20,091	—	20,091	24,365	—	24,365
Total financial liabilities	**134,654**	**29,004**	**105,650**	**115,040**	**27,325**	**87,715**

23. Risk management (continued)

23.3. Market Risk - Trading book (continued)

Risk exposure (continued)

	Company					
	31 December 2023			31 December 2022		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
	$m	$m	$m	$m	$m	$m
Assets						
Cash and cash equivalents	45,338	—	45,338	32,911	—	32,911
Trading assets	7,653	7,653	—	9,895	9,895	—
Derivative financial instruments	28,061	28,061	—	22,347	22,347	—
Investment securities	9,772	—	9,772	9,072	—	9,072
Reverse repurchase agreement	11,995	1,540	10,455	22,176	10,274	11,902
Loans and advances to banks	2,573	—	2,573	2,426	—	2,426
Loans and advances to customers	20,667	567	20,100	19,691	602	19,089
Other assets	9,483	—	9,483	10,183	—	10,183
Total financial assets	**135,542**	**37,821**	**97,721**	**128,701**	**43,118**	**85,583**
Liabilities						
Deposits by banks	10,870	—	10,870	8,858	—	8,858
Customer accounts	51,225	—	51,225	49,072	—	49,072
Derivative financial instruments	28,132	28,132	—	22,844	22,844	—
Repurchase agreement	964	—	964	5,396	4,481	915
Subordinated liabilities	8,482	—	8,482	4,455	—	4,455
Other liabilities	19,157	—	19,157	24,365	—	24,364
Total financial liabilities	**118,830**	**28,132**	**90,698**	**114,989**	**27,325**	**87,664**

<u>Trading portfolio risk</u>

The following tables summarise the trading portfolio risk, disclosing the highest, lowest, and average exposure of its trading book to VaR during the reporting period, together with the exposure as at 31 December:

Group

	31 December 2023	2023			31 December 2022	2022		
USD $m	Outstanding	MAX	AVG	MIN	Outstanding	MAX	AVG	MIN
VAR	10.0	25.6	14.2	6.9	11.7	69.9	11.2	3.8

Company

	31 December 2023	2023			31 December 2022	2022		
USD $m	Outstanding	MAX	AVG	MIN	Outstanding	MAX	AVG	MIN
VAR	7.8	25.6	13.9	6.4	11.7	69.9	11.2	3.8

23. Risk management (continued)

23.3. Market Risk - Non-Trading Portfolio

Definition

Market Risk (Non-Trading) is the impact of adverse changes in market variables such as interest rates, foreign exchange rates, credit spreads, and equity prices on Citi's net interest revenue (NIR), economic value of equity (EVE), or accumulated other comprehensive income (AOCI).

Sources of Market Risk

The non-trading portfolio comprises positions, which are not held with a trading intent and arise mainly from customer flows. The primary products in the non-trading portfolio include loans held at amortised cost, deposits and investment securities. The main sources of market risk within the non-trading portfolio, include, but are not limited to:

- Interest rate changes giving rise to a potential pre-tax impact on net interest margin (NIM); and
- Fair value changes due to changes in underlying market risk factors.

Governance and Organisation

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

- Board Risk Committee;
- Executive Committee;
- Asset & Liability Committee (ALCO); and
- Technical Review Sub-Committee

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

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

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

Risk measurement

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

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

23. Risk management (continued)

23.3. Market Risk - Non-Trading Portfolio (continued)

Risk measurement (continued)

The primary measurement concepts associated with market risk in the non-trading book are outlined below:

- Income metrics: Measures the potential pre-tax impact on net interest revenue, for accrual positions, due to defined shifts in interest rates over a specified reporting period.
    - Interest rate exposure (IRE): measures the potential earnings impact, over a 12-month reporting period, from a defined standard set of parallel shifts in the curve.
    - The Group manages and monitors such exposure on a -100bp shock with a -200bp floor.
- Valuation metrics: Measure the impact of interest rate changes on the Group's capital.
    - Factor sensitivities: Factor sensitivities are used to measure an instrument's sensitivity to a change in a 1 basis point move in interest rates for investment bonds.
    - Economic value of equity (EVE): The net of the present value of assets, less the present value of liabilities.
    - Economic value sensitivity (EVS): The change in economic value of equity for a pre-defined change in the yield curve.
    - the Group manages and monitors such exposure on a -100bp shock with a -200bp floor.
- Risk capital: Interest rate risk in the banking book (IRRBB) capital is measured using an asset and liability management risk capital model, which uses interest rate factor sensitivities for the underlying accrual statement of financial position exposures.

Interest rate risk

The table below represents the expected profit/(loss) from a 100-basis point increase in interest rates on all tenors.

	Group		**Company**	
	Interest rate exposure report		**Interest rate exposure report**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	12 Month	**12 Month**	**12 Month**	**12 Month**
	$m	**$m**	**$m**	**$m**
Income statement impact	274	198	215	198
Total	**274**	**198**	**215**	**198**
Equity impact	225	135	138	135
Total	**225**	**135**	**138**	**135**

23. Risk management (continued)

23.3. Market Risk - Non-Trading Portfolio (continued)

Risk measurement (continued)

Interest rate risk (continued)

The table below represents the expected profit/(loss) with -200bps floor basis point decrease in interest rates on all tenors.

	Group		Company	
	Interest rate exposure report		Interest rate exposure report	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	12 Month	12 Month	**12 Month**	**12 Month**
	$m	**$m**	**$m**	**$m**
Income statement impact	(280)	(195)	(220)	(195)
Total	**(280)**	**(195)**	**(220)**	**(195)**
Equity impact	(254)	(133)	(157)	(133)
Total	**(254)**	**(133)**	**(157)**	**(133)**

These results are not symmetrical due to the impact of scenario floors, the Group uses -200bp floors on all scenarios, and the impact of non-maturity deposit beta matrices, which define how much of a rate change is applied to specific portfolios.

Currency risk

Structural FX risk is defined as the exposure of capital ratios to changes in FX exchange rates. Changes in exchange rates can increase/decrease USD (functional currency) equivalent level of RWA's. The Group is exposed to a depreciation of the US dollar. Treasury monitors structural foreign currency risk and mitigates through an approved FX Playbook.

At 31st December 2023, the sensitivity of the company's CET1 ratio to a 10% depreciation of the USD is shown below for key currencies

Group

Structural FX Position (unaudited)	**2023**	**2022**
10% USD Depreciation - EUR	**-0.79%**	**-0.68%**
10% USD Depreciation - PLN	**-0.13%**	—

Company

Structural FX Position (unaudited)	**2023**	**2022**
10% USD Depreciation - EUR	**-0.81%**	**-0.68%**

23. Risk management (continued)

23.3. Market Risk - Non-Trading Portfolio (continued)

23.3. Market Risk - Managing interest rate benchmark reform and associated risks

LIBOR Transition Risk

The USD LIBOR bank panel ended on 30 June 2023. The overnight and 12-month USD LIBOR settings have permanently ceased, and the Financial Conduct Authority is requiring ICE Benchmark Administration to continue publishing one-, three- and six-month USD LIBOR settings using a synthetic methodology, which is based on the relevant CME Term SOFR Reference Rate plus the respective ISDA fixed spread adjustment. These synthetic settings are expected to cease on 30 September 2024. As of 30 June 2023, Citi transitioned nearly all of its USD LIBOR-referencing contracts to SOFR plus a credit spread adjustment. There remain a de minimis number of unremediated USD LIBOR-referencing contracts that are temporarily utilising synthetic LIBOR, and Citi is continuing to focus on remediating these remaining contracts.

23. Risk management (continued)

23.4. Liquidity Risk

Definition

Liquidity risk is the risk that the firm 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. Risk may be exacerbated by the inability of the firm to access funding sources or monetize assets and the composition of liability funding and liquid assets.

Governance and Organisation

The Treasury Risk Management Framework, approved by the Board, provides a holistic outline of how liquidity risk is managed, establishes standards for measuring, managing, monitoring and controlling risk in the Company and set responsibilities across all three lines of defense.

As part of the Treasury Risk Management Framework, the following committees perform an oversight role for liquidity risk related items:

- Board Risk Committee (BRC);
- Executive Committee (ExCO);
- Asset & Liability Committee (ALCO);
- Intraday and Collateral Management Sub-Committee; and
- Technical Review Sub-Committee.

Management of liquidity is the responsibility of the Corporate Treasurer who aims to ensure that all funding obligations are met when due and all Regulatory Liquidity requirements are satisfied at all times.

The forum for oversight of liquidity risk is the ALCO, which includes senior executives within the Company. The ALCO reviews the current and prospective funding requirements for the Company, as well as the position and recommends a risk appetite framework of limits and triggers to the Board for its approval. The ultimate responsibility for liquidity risk management rests with the Board.

A Funding and Liquidity plan (FLP) and Internal Liquidity Adequacy Assessment Procedure (ILAAP) are prepared on an annual basis and the liquidity profile is monitored and reported daily. The ILAAP is approved annually by the Board confirming their opinion of the Company’s capability to withstand a set of severe but plausible liquidity stress conditions for the duration of the Company’s survival period.

The Head of Finance CRO reports directly to the Company’s CRO and is responsible for second line of defense independent oversight of liquidity risk.

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk measurement

The Company's internal Treasury Risk Management Framework includes a set of indicators enabling the assessment of the Company's resilience to liquidity risk.

The Company is required to comply with the liquidity requirements set out by its Regulator. The Capital Requirements Directive IV and V (CRD IV and CRD V) related liquidity metrics are monitored and reported, namely the liquidity coverage ratio (LCR) net stable funding requirement (NSFR) and Asset Encumbrance Ratio. LCR measures the stock of liquid assets against net cash outflows arising in a 30 day stress scenario. NSFR is intended to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over the medium term (one year period). Asset Encumbrance measures total encumbered assets plus collateral received divided by total assets and collateral received available for encumbrance.

The Company also monitors internal liquidity risk metrics, which compare liquidity reserves with liquidity deficits. These indicators are also assessed where applicable for the major currencies through which the Company has significant operations.

Risk exposure

Analysis of financial assets and liabilities by remaining contractual maturities

The tables below shows an analysis of financial assets and liabilities analysed according to when they are contractually expected to be recovered or settled.

	Group									
	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
As at 31 December	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Assets										
Cash and cash equivalents	45,476	32,915	—	—	—	—	—	—	45,476	32,915
Loans and advances to banks	220	553	697	577	1,612	1,296	—	—	2,529	2,426
Loans and advances to customers	9,394	9,011	5,432	5,279	8,148	4,596	2,091	867	25,065	19,753
Derivative financial instruments	4,146	2,757	2,459	1,784	8,680	7,163	13,790	10,643	29,075	22,347
Hedging derivatives	—	—	—	—	—	—	2	—	2	—
Trading assets	277	133	584	1,090	2,694	3,224	4,303	5,448	7,858	9,895
Investment securities	3,031	350	1,477	1,485	11,363	7,036	1,619	201	17,490	9,072
Reverse repurchase agreements	15,017	22,176	144	—	723	—	—	—	15,884	22,176
Other assets	10,125	10,183	—	—	—	—	—	—	10,125	10,183
Total financial assets	**87,686**	**78,078**	**10,794**	**10,215**	**33,219**	**23,315**	**21,805**	**17,160**	**153,504**	**128,767**
Liabilities										
Deposits by banks	10,759	8,684	295	37	155	137	9	50	11,218	8,908
Customer accounts	63,672	47,832	1,204	1,226	15	3	—	11	64,891	49,071
Derivative financial instruments	4,373	2,705	2,626	1,918	8,685	7,431	13,296	10,790	28,980	22,844
Hedging derivatives	—	—	—	—	6	—	18	—	24	—
Repurchase agreements	968	5,397	—	—	—	—	—	—	968	5,397
Subordinated liabilities	—	—	—	—	4,830	722	3,652	3,733	8,482	4,455
Other liabilities	20,091	24,365	—	—	—	—	—	—	20,091	24,365
Total financial liabilities	**99,863**	**88,983**	**4,125**	**3,181**	**13,691**	**8,293**	**16,975**	**14,584**	**134,654**	**115,040**

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk exposure (continued)

	Company									
	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
As at 31 December	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Assets										
Cash and cash equivalents	45,338	32,911	—	—	—	—	—	—	45,338	32,911
Loans and advances to banks	187	553	1,003	577	1,383	1,296	—	—	2,573	2,426
Loans and advances to customers	8,431	9,011	5,091	5,267	6,090	4,546	1,054	867	20,667	19,690
Derivative financial instruments	4,029	2,757	2,308	1,784	8,232	7,163	13,492	10,643	28,061	22,347
Trading assets	130	133	564	1,090	2,695	3,224	4,264	5,448	7,653	9,895
Investment securities	1,030	350	1,423	1,485	6,807	7,036	512	201	9,772	9,072
Reverse repurchase agreements	11,128	22,176	144	—	723	—	—	—	11,995	22,176
Other assets	9,483	10,183	—	—	—	—	—	—	9,483	10,183
Total financial assets	**79,756**	**78,074**	**10,532**	**10,202**	**25,929**	**23,265**	**19,323**	**17,160**	**135,541**	**128,700**
Liabilities										
Deposits by banks	10,412	8,684	294	37	155	137	9	—	10,870	8,858
Customer accounts	50,580	47,832	631	1,226	14	3	—	11	51,225	49,071
Derivative financial instruments	4,271	2,705	2,487	1,918	8,364	7,431	13,010	10,790	28,132	22,844
Repurchase agreements	964	5,397	—	—	—	—	—	—	964	5,397
Subordinated liabilities	—	—	—	—	4,830	722	3,652	3,733	8,482	4,455
Other liabilities	19,157	24,364	—	—	—	—	—	—	19,157	24,364
Total financial liabilities	**85,384**	**88,982**	**3,412**	**3,181**	**13,363**	**8,293**	**16,671**	**14,534**	**118,830**	**114,989**

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk exposure (continued)

Contractual maturities of undiscounted cash flows of financial liabilities

The tables below analyse the Group's and Company's undiscounted contractual cash flows from financial liabilities into relevant maturity groupings.

Group

As at 31 December	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Liabilities										
Deposits by banks	11,369	9,042	312	39	164	141	10	52	11,855	9,274
Customer accounts	67,285	49,802	1,272	1,277	16	3	—	11	68,573	51,093
Derivative financial instruments	4,622	2,816	2,775	1,997	9,177	7,683	14,049	11,156	30,623	23,652
Hedging derivatives	—	—	—	—	7	—	18	—	25	—
Repurchase agreement	1,023	5,619	—	—	—	—	—	—	1,023	5,619
Subordinated liabilities	105	—	320	—	6,401	878	3,995	4,483	10,821	5,361
Other liabilities	21,231	25,578	—	—	—	—	—	—	21,231	25,578
Total undiscounted financial liabilities	105,635	92,857	4,679	3,313	15,765	8,705	18,072	15,702	144,151	120,577

Company

As at 31 December	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Liabilities										
Deposits by banks	11,002	9,042	311	39	164	141	10	—	11,487	9,222
Customer accounts	53,450	49,802	666	1,277	15	3	—	11	54,131	51,093
Derivative financial instruments	4,514	2,816	2,628	1,997	8,838	7,683	13,747	11,156	29,727	23,652
Repurchase agreement	1,019	5,619	—	—	—	—	—	—	1,019	5,619
Subordinated liabilities	105	—	320	—	6,401	878	3,995	4,483	10,821	5,361
Other liabilities	20,244	25,578	—	—	—	—	—	—	20,244	25,578
Total undiscounted financial liabilities	90,334	92,857	3,925	3,313	15,418	8,705	17,752	15,650	127,429	120,525

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk exposure (continued)

The following tables analyse the Group's and Company's commitments and guarantees into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. These instruments can be called at any time prior to their contractual maturity.

Group

	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
As at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Letters of credit	6,483	6,232	5,262	3,369	4,509	4,986	625	837	16,879	15,424
Undrawn commitments to lend	250	1,239	66	3,892	434	21,987	—	1,663	750	28,781
Other commitments and guarantees	1,571	729	7,030	1,216	28,501	391	2,453	24	39,555	2,360
Total commitments and guarantees	8,304	8,200	12,358	8,477	33,444	27,364	3,078	2,524	57,184	46,565

Company

	Less than 3 months		3 months - 1 year		1 - 5 years		More than 5 years		Total	
As at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Letters of credit	6,385	6,232	4,953	3,369	4,203	4,986	607	837	16,148	15,424
Undrawn commitments to lend	228	1,239	67	3,891	434	21,987	—	1,663	729	28,780
Other commitments and guarantees	1,128	729	4,515	1,216	27,762	391	2,357	24	35,762	2,360
Total commitments and guarantees	7,741	8,200	9,535	8,476	32,399	27,364	2,964	2,524	52,639	46,564

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk exposure (continued)

Analysis of encumbered and un-encumbered assets

This table summarises encumbered and un-encumbered assets by asset categories.

Assets as at 31 December	Group 2023		
	Encumbered Pledged as collateral	Un-Encumbered Available as collateral	Total
	$m	$m	$m
Cash and cash equivalents	2,082	43,394	45,476
Equity Instruments	—	232	232
Investment Securities & Debt Trading Instruments	8,804	15,670	24,474
– of which: covered bonds	—	—	—
– of which: asset-backed securities	—	—	—
– of which: by general governments	8,782	10,460	19,242
– of which: by financial corporations	22	3,671	3,693
– of which: by non-financial corporations	—	269	269
– of which: securitisations	—	10	10
Reverse repurchase agreement	—	15,884	15,884
Loans and advances	49	28,187	28,236
Other Assets	5,495	34,838	40,333
Assets subtotal	16,430	138,205	154,635

Assets as at 31 December	Group 2022		
	Encumbered Pledged as collateral	Un-Encumbered Available as collateral	Total
	$m	$m	$m
Cash and cash equivalents	1,352	31,563	32,915
Equity Instruments	—	170	170
Investment Securities & Debt Trading Instruments	10,412	7,047	17,459
– of which: covered bonds	—	—	—
– of which: asset-backed securities	—	—	—
– of which: by general governments	10,412	6,639	17,051
– of which: by financial corporations	—	400	400
– of which: by non-financial corporations	—	3	3
– of which: securitisations	—	5	5
Reverse repurchase agreement	—	22,176	22,176
Loans and advances	131	23,387	23,518
Other Assets	5,791	27,310	33,101
Assets subtotal	17,686	111,653	129,339

23. Risk management (continued)

23.4. Liquidity Risk (continued)

Risk exposure (continued)

Analysis of encumbered and un-encumbered assets (continued)

	Company 2023		
	Encumbered	**Un-Encumbered**	
Assets as at 31 December	**Pledged as collateral**	**Available as collateral**	**Total**
	$m	**$m**	**$m**
Cash and cash equivalents	1,578	43,760	45,338
Equity Instruments	—	196	196
Investment Securities & Debt Trading Instruments	8,561	8,030	16,591
– of which: covered bonds	—	—	—
– of which: asset-backed securities	—	—	—
– of which: by general governments	8,561	7,588	16,149
– of which: by financial corporations	—	427	427
– of which: by non-financial corporations	—	15	15
– of which: securitisations	—	10	10
Reverse repurchase agreement	—	11,995	11,995
Loans and advances	14	23,864	23,878
Other Assets	5,410	34,491	39,901
Assets subtotal	15,563	122,336	137,899

	Company 2022		
	Encumbered	**Un-Encumbered**	
Assets as at 31 December	**Pledged as collateral**	**Available as collateral**	**Total**
	$m	**$m**	**$m**
Cash and cash equivalents	1,352	31,559	32,911
Equity Instruments	—	170	170
Investment Securities & Debt Trading Instruments	10,412	7,047	17,459
– of which: covered bonds	—	—	—
– of which: asset-backed securities	—	—	—
– of which: by general governments	10,412	6,639	17,051
– of which: by financial corporations	—	400	400
– of which: by non-financial corporations	—	3	3
– of which: securitisations	—	5	5
Reverse repurchase agreement	—	22,177	22,177
Loans and advances	131	23,323	23,454
Other Assets	5,791	27,325	33,116
Assets subtotal	17,686	111,601	129,287

23. Risk management (continued)

23.5. Operational Risk

Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. It includes legal risk - which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the bank to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the bank's business - but excludes strategic and reputation risks. The Group also recognises the impact of Operational risk on the reputation risk associated with its business activities.

Operational Risk Management ('ORM'), operating within the second line of defence, are responsible for setting requirements around operational risk management, challenging the implementation of the overall ORM framework, and challenging the quality and outcomes of the first line of defence operational risk management activities. ORM proactively assists the businesses, operations, technology and other functions in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions.

The objective of operational risk management activities is to keep operational risk at appropriate levels relative to the characteristics of the Group businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

Governance and Organisation

The CEP Operational Risk Management Framework, approved by Board provides a holistic outline of how operational risk is managed, establishes standards for identifying, measuring, managing, monitoring and controlling operational risk in the Group and sets responsibilities across the lines of defence. As documented in the Operational Risk Management Framework, the following committees perform an oversight role for operational risk related items:

- Board of Directors
- Board Risk Committee
- Audit Committee
- Business Risk Controls Committee

The Board approve Operational risk appetite and Operational Risk Management Framework.

The BRC has oversight of the prospective aspects of operational risk, including, but not limited to parameters of the Operational Risk Management Framework, the operational risk capital model and the operational risk component of internal capital adequacy approval process.

Audit Committee has oversight of operational risk, including the individual operational losses, the root causes and remediation activities.

The BRCC is the principal forum responsible for reviewing and monitoring the Group's operational risk profile, including the results of risk assessments, risk appetite results including key indicator breaches, significant operational risk events and new and emerging risks while promoting a culture of risk awareness and high standards of culture and conduct across the Group.

The RMC oversees execution of the risk management framework, confirms risk profile within approved risk appetite, discusses risk issues (incl. discussing the current and forward looking risk profile of the Group).

The Head of Operational Risk reports directly to the the Group CRO and is responsible for second line of defence oversight and management of operational risk.

23. Risk management (continued)

23.5. Operational Risk (continued)

Risk Measurement

To anticipate, mitigate and control operational risk, the Group maintains a system of policies and has established a consistent framework for monitoring, assessing and communicating operational risks and the overall effectiveness of the internal control environment.

The Operational Risk Management framework comprises components to identify, measure, monitor and manage operational risk:

- Annual risk assessment
- Manager`s Control Assessment (MCA) independent challenge
- Operational risk scenario analysis
- Capture of operational risk event data
- Formal assurance programme
- Issue/corrective action plans

MCA is a diagnostic tool used in the management of operational risks as a key component of the Business Environment and Internal Control Factors required under Basel capital standards. It uses input of the components of the Operational Risk Management Framework to provide an overall view of the operational risk profile of an entity be that a business, country or legal entity view.

During the risk identification and assessment process, the enterprise-wide risk taxonomy is assessed to identify the Key Operational Risks for the Group. The Operational Risk Taxonomy includes for example Processing risk, Data risk, Third party risk, Financial statement reporting risk, Cyber risk, and Technology risk.

23.6. Strategic risk

Definition

Strategic Risk is defined as:

a) the risk of a sustained impact (not episodic impact) to the firm’s core strategic objectives as measured by impacts on anticipated earnings, market capitalization, or capital, arising from the external factors affecting the firm’s operating environment; as well as;

b) the risks associated with defining the strategy (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.

In this context, external factors affecting the firm's operating environment are the economic environment, geopolitical/political landscape, industry/competitive landscape, societal trends, customer/client behaviour, regulatory / legislative environment and trends related to investors / shareholders.

Governance and Organisation

As part of the Risk Management Framework, the following committees and their sub-committees perform an oversight role for strategic risk related items:

- Board Risk Committee
- Executive Committee

23. Risk management (continued)

23.6. Strategic risk (continued)

Governance and Organisation (continued)

The ExCo oversees the implementation of the strategic objectives, business strategy financial plan and operating plan set by the Board and the ongoing business activities of the branches. In addition, the ExCo ensures that appropriate risk considerations are incorporated into the strategic planning process and recommends the Strategic Plan to the Board for approval. The BRC is tasked with overseeing the assessment of the Strategic Plan by Enterprise and Governance Risk Management. The Board ultimately reviews and approves the Strategic Plan.

The Head of Enterprise and Governance Risk Management reports directly to the Chief Risk Officer and is responsible for leading the second line independent risk review and challenge of the Strategic Plan prior to submission to the ExCo and the Board.

Risk measurement

The Group identifies and manages Strategic Risk through the development of a three-year Strategic Plan which is reviewed and Board-approved annually. The plan articulates the Group's strategy with respect to target markets and clients and includes an outlook on the global economy, an overview of the evolving regulatory environment, and a view on the competitive landscape. The Strategic Plan additionally provides an overview of the Group's statement of financial position and risk management and control strategies, as well as individual business strategies and financial projections. The information contained in this Plan informs the Group's updated risk appetite statement, and the financial projections form the base case scenario for the Group's ICAAP and ILAAP.

Strategic risk is considered in both ICAAP and ILAAP using stressed scenarios under events such as trade wars and climate change. The Group has defined stress scenarios incorporating macroeconomic and financial market stresses, as well as stressed operational and strategic risk considerations, to calculate potential losses for the Group during stressed macroeconomic conditions. .

23.7. Inter-Affiliate Risk

Definition

Inter-Affiliate risk is defined as the risk that the Group's financial and non-financial position may be affected by its relationship with other entities within Citigroup.

Inter-affiliate risk captures the credit and liquidity risk associated with the exposure to CBNA and other Citigroup affiliates. Inter-Affiliate Risk also captures the potential Operational Risk (including Execution risk) due to dependence on major Citi-wide Programs covering remediation, transformation and strategic development. It arises in many of the Group's business activities, including:

- Management of currency balances between the Group and CBNA London / New York;
- Reverse repos under which the Group borrows highly liquid assets from CBNA; and
- Placement of the Group's surplus liquidity with CBNA London / New York or other affiliates.

Governance and Organisation

The operational, credit and liquidity risk impacts of Inter-Affiliate Risk are managed in line with the applicable frameworks, policies and standards for these risk types with specific limits set and monitored for inter-affiliate transactions.

23. Risk management (continued)

23.7. Inter-Affiliate Risk (continued)

Risk measurement

Inter-Affiliate Risk's components credit and liquidity risk are measured using the methodologies outlined below. The Group strategies and controls used to manage and mitigate inter-affiliate risk include:

- Collateral arrangements with appropriate collateral haircuts and daily margining
- Intercompany Limits in the Group's risk appetite statement

From a credit risk perspective, an annual credit analysis of Citibank N.A. and relevant affiliates is undertaken and presented to the appropriate authority for approval. Limits exist for Citibank N.A. and all other affiliates separately. In addition, a limit for the daily intraday overdraft utilisation from Citibank N.A. is in place.

From a liquidity perspective, a risk appetite metric to monitor the Group's dependency on intercompany funding is included under risk appetite statement monitoring. This metric measures available stable intercompany funding as a proportion of overall Available Stable Funding aligned to regulatory definitions of stable funding.

23.8. Reputational Risk

Definition

Reputation risk is the risk to current or projected financial condition and resilience resulting from negative opinion. This risk may impair a bank's competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships. It arises directly from how we conduct our business and can impact how key stakeholders, such as customers or clients, employees, regulators, shareholders or the community view the integrity of Citi. External economic, industry, market, competitive, regulatory or legislative pressures can also contribute to reputational risk.

Reputation risk can arise from, or exist in combination with, other key risks, primarily Operational, Strategic and Compliance risk (e.g., as a result of process deficiencies or behaviour that is inconsistent with our core values, such as unfair or deceptive practices) or through failure to consider long-term impacts of business decisions on stakeholders. Reputational risk can occur even when all actions are legal and in accordance with all policies, processes and current practices.

Governance and Organisation

The ExCo has direct oversight of reputational risk in the Group. All product lines and functions are responsible for identifying and managing material reputational risks and for promptly escalating concerns to the ExCo.

Risk measurement

Key risk identification, escalation and reporting processes include, but are not limited to:

- Regulatory Inventory and Regulatory Change Management
- Policies, Procedures and Controls
- Training
- Manager's Control Assessments

23. Risk management (continued)

23.8. Reputational Risk (continued)

In addition to the above, the second line of defence completes oversight of reputational risk through various activities including, but not limited to:

- Challenge the potential reputational risk implications of new, expanded or modified businesses, products or services and strategic initiatives through the New Activity Committee.
- Providing senior management and the Board with an independent view of the Group's reputational risk profile, as part of the periodic reporting cycle.

23.9. Capital management

The Group's Regulator sets and monitors capital requirements for the Group. Capital is monitored on a solo and a consolidated basis.

In implementing current capital requirements, the Regulator requires the Group to maintain a prescribed ratio of total capital to risk weighted assets.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is required by the Regulator to maintain adequate capital and is subject to the risk of having insufficient capital resources to meet minimum regulatory capital requirements. The Group's minimum capital requirement is calculated in accordance with CRDIV regulatory capital requirements. The Group has complied with its capital requirements throughout the period.

For further details, please refer to the Directors Report – 'Capital Management'.

24. Reserves

The nature of the reserve balances presented in the statement of changes in equity are described below:

Translation reserve

The translation reserve represents the cumulative gains and losses on the translation of the Group's net investment in its foreign operations, excluding any ineffectiveness, of investment hedge derivatives. Gains and losses accumulated in this reserve are reclassified to the income statement when the Group loses control, joint control or significant influence over the foreign operation or on disposal or partial disposal of the operation.

Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of the financial instruments measured as FVOCI on statement of financial position until the assets are derecognised or reclassified.

Equity reserve

The equity reserve represents amounts expensed in the income statement in connection with share based payments, net of transfers to retained earnings on the exercise, lapsing or forfeiting of share awards.

Capital reserve

The capital reserve represents capital contributions received from parent companies. In 2023, the Group received $1,200 million capital contribution from its parent company (2022: $1,700 million) and an additional $1,544 million capital contribution due to the transfer of BHW from COIC to CEP.

24. Reserves (continued)

Merger reserve

The merger reserve represents the difference between the fair value and book value and any transferred over reserve balances from the merger and capital transactions. The Merger reserves decrease due to the transfer of BHW from COIC to CEP was $45 million.

25. Financial assets and liabilities

The below tables outline the total financial assets and liabilities held as at 31 December 2023 and as at 31 December 2022.

	Group	
	31 December 2023 $m	31 December 2022 $m
Derivative financial instruments	29,075	22,347
Hedging derivatives	2	—
Trading assets	7,858	9,895
Investment securities at FVTPL	232	170
Reverse Repurchase agreements designated at FVTPL	1,540	10,274
Other loans designated at FVTPL	567	602
Total financial assets held at FVTPL	**39,274**	**43,288**
Investment securities at FVOCI	17,004	8,902
Total financial assets held at FVOCI	**17,004**	**8,902**
Cash and cash equivalents	45,476	32,915
Loans and advances to banks at amortised cost	2,529	2,426
Loans and advances to customers at amortised cost	24,498	19,151
Reverse repurchase agreements at amortised cost	14,344	11,902
Investment securities at amortised cost	254	—
Other assets	10,125	10,183
Total financial assets at amortised cost	**97,226**	**76,577**
Total financial assets	**153,504**	**128,767**

	Group	
	31 December 2023 $m	31 December 2022 $m
Derivative financial instruments	28,980	22,844
Hedging derivatives	24	—
Repurchase agreements designated at FVTPL	—	4,481
Short sales held at FVTPL	7,929	13,514
Total financial liabilities held at fair value	**36,933**	**40,839**
Deposits by banks	11,218	8,908
Customer accounts	64,891	49,072
Other liabilities excluding liabilities at FVTPL	12,162	15,333
Subordinated liabilities	8,482	4,455
Repurchase agreements at amortised cost	968	916
Total financial liabilities at amortised cost	**97,721**	**78,684**
Total financial liabilities	**134,654**	**119,523**

25. Financial assets and liabilities (continued)

	Company	
	31 December 2023	**31 December 2022 (Restated)**
	$m	**$m**
Derivative financial instruments	28,061	22,347
Trading assets	7,653	9,895
Investment securities at FVTPL	196	170
Reverse Repurchase agreements designated at FVTPL	1,540	10,274
Other loans designated at FVTPL	567	602
Total financial assets held at FVTPL	**38,017**	**43,288**
Investment securities at FVOCI	9,576	8,902
Total financial assets held at FVOCI	**9,576**	**8,902**
Cash and cash equivalents	45,338	32,911
Loans and advances to banks at amortised cost*	2,573	2,426
Loans and advances to customers at amortised cost*	20,100	19,089
Reverse repurchase agreements at amortised cost*	10,455	11,902
Other assets	9,483	10,183
Total financial assets at amortised cost	**87,949**	**76,511**
Total financial assets	**135,542**	**128,701**

	Company	
	31 December 2023	**31 December 2022 (Restated)**
	$m	**$m**
Derivative financial instruments	28,132	22,844
Repurchase agreements designated at FVTPL	—	4,481
Short sales held at FVTPL	7,894	13,514
Total financial liabilities held at fair value	**36,026**	**40,839**
Deposits by banks	10,870	8,858
Customer accounts	51,225	49,072
Other liabilities excluding liabilities at FVTPL*	11,263	15,331
Subordinated liabilities	8,482	4,455
Repurchase agreements at amortised cost*	964	916
Total financial liabilities at amortised cost	**82,804**	**78,632**
Total financial liabilities	**118,830**	**119,471**

*To provide more relevant information to the readers of the financial statements reverse repurchase agreement and repurchase agreement balances have been presented separately from Loans and advances to banks and customers and Other liabilities respectively. Comparative balances have also been updated accordingly.

25. Financial assets and liabilities (continued)

Fair value measurement

IFRS 13 - Fair Value Measurement, defines fair value, establishes a consistent framework for measuring fair value and requires disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and therefore represents an exit price. Among other things, the standard requires the Company to maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value. Under IFRS 13, the probability of counterparty default is factored into the valuation of derivative and other positions, and the impact of Group's own credit risk is also factored into the valuation of derivatives and other liabilities that are measured at fair value.

Fair value hierarchy

IFRS 13 specifies a hierarchy of inputs based on whether the inputs are observable or unobservable. Observable inputs are developed using market data and reflect market participant assumptions, while unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices for *identical* instruments in active markets.
- Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are *observable* in the markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

As required under the fair value hierarchy, the Group considers relevant and observable market inputs in its valuations where possible. The fair value hierarchy classification approach typically utilises rules-based and data driven selection criteria to determine whether an instrument is classified as Level 1, Level 2, or Level 3:

- The determination of whether an instrument is quoted in an active market and therefore considered a Level 1 instrument is based upon the frequency of observed transactions and the quality of independent market data available on the measurement date.
- A Level 2 classification is assigned where there is observability of prices/market inputs to models, or where any unobservable inputs are not significant to the valuation. The determination of whether an input is considered observable is based on the availability of independent market data and its corroboration, for example through observed transactions in the market.
- Otherwise, an instrument is classified as Level 3.

25. Financial assets and liabilities (continued)

Determination of fair value

For assets and liabilities carried at fair value, the Group measures fair value using the procedures set out below, irrespective of whether the assets and liabilities are measured at fair value as a result of an election.

When available, the Group uses quoted market prices from active markets to determine fair value and classifies such items as Level 1. In some specific cases where a market price is available, the Group will apply practical expedients (such as matrix pricing) to calculate fair value, in which case the items may be classified as Level 2.

The Group may also apply a price-based methodology that utilises, where available, quoted prices or other market information obtained from recent trading activity in positions with the same or similar characteristics to the position being valued. If relevant and observable prices are available, those valuations may be classified as Level 2. However, when there are one or more significant unobservable "price" inputs, those valuations will be classified as Level 3. Furthermore, when a quoted price is considered stale, a significant adjustment to the price of a similar security may be necessary to reflect differences in the terms of the actual security or loan being valued, or alternatively, when prices from independent sources may be insufficient to corroborate a valuation, the "price" inputs are considered unobservable and the fair value measurements are classified as Level 3.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based parameters, such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified as Level 3 even though there may be some significant inputs that are readily observable.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models, and the Group assesses the quality and relevance of this information in determining the estimate of fair value. The following section describes the valuation methodologies used by the Group to measure various financial instruments at fair value. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Market Valuation Adjustments

Generally, the unit of account for a financial instrument is the individual financial instrument. The Group applies market valuation adjustments that are consistent with the unit of account, which does not include adjustment due to the size of the Group's position, except as follows. Portfolio Exception (IFRS 13) permits an entity to measure the fair value of a group of financial assets and financial liabilities with offsetting risk on the basis of the price that would be received to sell or transfer the net open risk position (i.e. on a portfolio basis), in line with how positions are risk managed. Citi has elected to measure certain portfolios of financial instruments that meet those criteria, such as derivatives, on the basis of the net open risk position. The Group applies market valuation adjustments, including adjustments to account for the size of the net open risk position, consistent with market participant assumptions.

Valuation adjustments are applied to items classified as Level 2 or Level 3 in the fair value hierarchy to ensure that the fair value reflects the price at which the net open risk position could be exited. These valuation adjustments are based on the bid/offer spread for an instrument in the market. When Citi has elected to measure certain portfolios of financial investments, such as derivatives, on the basis of the net open risk position, the valuation adjustment may take into account the size of the position.

25. Financial assets and liabilities (continued)

Market Valuation Adjustments (continued)

Credit valuation adjustments (CVA) and funding valuation adjustments (FVA) are applied to the relevant population of over-the-counter (OTC) derivative instruments where adjustments to reflect counterparty credit risk, own credit risk and term funding risk are required to estimate fair value. This principally includes derivatives with a base valuation (e.g., discounted using overnight indexed swap (OIS)) requiring adjustment for these effects, such as uncollateralised interest rate swaps. The CVA represents a portfolio-level adjustment to reflect the risk premium associated with the counterparty's (assets) or the Group's (liabilities) non-performance risk.

The FVA represents a market funding risk premium inherent in the uncollateralised portion of a derivative portfolio and in certain collateralised derivative portfolios that do not include standard credit support annexes (CSAs), such as where the CSA does not permit the reuse of collateral received. The Group's FVA methodology leverages the existing CVA methodology to estimate a funding exposure profile. The calculation of this exposure profile considers collateral agreements in which the terms do not permit the Group to reuse the collateral received, including where counterparties post collateral to third-party custodians. The Group's CVA and FVA methodologies consist of two steps:

- First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants and sources of funding, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated as a netting set for this purpose, since it is those aggregate net cash flows that are subject to non-performance risk. This process identifies specific, point-in-time future cash flows that are subject to non-performance and term funding risk, rather than using the current recognised net asset or liability as a basis to measure the CVA and FVA.
- Second, for CVA, market-based views of default probabilities derived from observed credit spreads in the credit default swap (CDS) market are applied to the expected future cash flows determined in step one. Citi's own credit CVA is determined using Citi-specific CDS spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified netting sets where individual analysis is practicable (e.g., exposures to counterparties with liquid CDSs), counterparty-specific CDS spreads are used. For FVA, a term structure of spreads is applied to the expected funding exposures (e.g., the market liquidity spread used to represent the term funding premium associated with certain OTC derivatives).

The CVA and FVA are designed to incorporate a market view of the credit and funding risk, respectively, inherent in the derivative portfolio. However, most unsecured derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually or, if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Thus, the CVA and FVA may not be realised upon a settlement or termination in the normal course of business. In addition, all or a portion of these adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit or funding risk associated with the derivative instruments.

During 2023, the Group recorded CVA loss of $8.8 million (2022: loss of $11.5 million) and FVA gain of $6.1 million (2022: loss of $3.2 million).

25. Financial assets and liabilities (continued)

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

No quoted prices exist for these instruments, since fair value is determined using a discounted cash flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. These cash flows are discounted using interest rates appropriate to the maturity of the instrument as well as the nature of the underlying collateral. Generally, when such instruments are recorded at fair value, they are classified within Level 2 of the fair value hierarchy, as the inputs used in the valuation are readily observable. However, certain long-dated positions are classified within Level 3 of the fair value hierarchy.

Trading Account Assets and Liabilities - Trading Securities and Trading Loans

When available, the Group uses quoted market prices in active markets to determine the fair value of trading securities; such items are classified as Level 1 of the fair value hierarchy. Examples include government securities and exchange-traded equity securities.

For bonds and secondary market loans traded over the counter, the Group generally determines fair value utilising various valuation techniques, including discounted cash flows, price-based and internal models. Fair value estimates from these internal valuation techniques are verified, where possible, to prices obtained from independent sources, including third-party vendors.

A price-based methodology utilises, where available, quoted prices or other market information obtained from recent trading activity of assets with similar characteristics to the bond or loan being valued. The yields used in discounted cash flow models are derived from the same price information. Trading securities and loans priced using such methods are generally classified as Level 2. However, when the primary inputs to the valuation are unobservable, or prices from independent sources are insufficient to corroborate valuation, a loan or security is generally classified as Level 3. Fair value estimates from these internal valuation techniques are verified, where possible, to prices obtained from independent sources, including third party vendors.

When the Group's principal exit market for a portfolio of loans is through securitisation, the Group uses the securitisation price as a key input into the fair value of the loan portfolio. The securitisation price is determined from the assumed proceeds of a hypothetical securitisation within the current market environment. Where such a price verification is possible, loan portfolios are typically classified as Level 2 in the fair value hierarchy.

For most of the subprime mortgage backed security (MBS) exposures, fair value is determined utilising observable transactions where available, or other valuation techniques such as discounted cash flow analysis utilizing valuation assumptions derived from similar, more observable securities as market proxies. The valuation of certain asset-backed security (ABS) CDO positions is inferred through the net asset value of the underlying assets of the ABS CDO.

25. Financial assets and liabilities (continued)

Trading Account Assets and Liabilities—Derivatives

Exchange-traded derivatives, measured at fair value using quoted (i.e., exchange) prices in active markets, where available, are classified as Level 1 of the fair value hierarchy.

Derivatives without a quoted price in an active market and derivatives executed over the counter are valued using internal valuation techniques. These derivative instruments are classified as either Level 2 or Level 3 depending on the observability of the significant inputs to the model.

The valuation techniques depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows and internal models, such as derivative pricing models (e.g., Black-Scholes and Monte Carlo simulations).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign exchange rates, volatilities, and correlation.

Investments

The investments category includes FVOCI debt and FVTPL equity securities whose fair values are generally determined by utilizing similar procedures described for trading securities above or, in some cases, using vendor pricing as the primary source.

Also included in investments are non-public investments in private equity and real estate entities. Determining the fair value of non-public securities involves a significant degree of management's judgment, as no quoted prices exist and such securities are not generally traded. In addition, there may be transfer restrictions on private equity securities. The Group's process for determining the fair value of such securities utilises commonly accepted valuation techniques, including guideline public Group analysis and comparable transactions. In determining the fair value of non-public securities, the Group also considers events such as a proposed sale of the investee Group, initial public offerings, equity issuances or other observable transactions. Private equity securities are generally classified as Level 3 of the fair value hierarchy.

In addition, the Group holds investments in certain alternative investment funds that calculate NAV per share, including hedge funds, private equity funds and real estate funds. Investments in funds are generally classified as nonmarketable equity securities carried at fair value. The fair values of these investments are estimated using the NAV per share of the Group's ownership interest in the funds where it is not probable that the investment will be realised at a price other than the NAV.

25. Financial assets and liabilities (continued)

Financial instruments at fair value

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Group							
	Fair value at 31 December 2023				Fair value at 31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets								
Derivative financial instruments	1	28,895	179	29,075	1	22,274	72	22,347
Hedging derivatives	—	2	—	2	—	—	—	—
Trading assets	6,821	920	117	7,858	8,457	1,279	159	9,895
Investment securities	8,246	8,800	190	17,236	8,277	650	145	9,072
Reverse repurchase agreements designated at FVTPL	—	1,540	—	1,540	—	10,274	—	10,274
Other loans designated at FVTPL	—	543	23	566	—	208	394	602
Financial assets held at fair value	**15,068**	**40,700**	**509**	**56,277**	**16,735**	**34,685**	**770**	**52,190**
Financial liabilities								
Derivative financial instruments	1	28,806	173	28,980	1	22,436	407	22,844
Hedging derivatives	—	24	—	24	—	—	—	—
Repurchase agreements designated at FVTPL	—	—	—	—	—	4,481	—	4,481
Short sales held at FVTPL and other financial liabilities held at FVTPL	7,887	42	—	7,929	13,514	—	—	13,514
Financial liabilities held at fair value	**7,888**	**28,872**	**173**	**36,933**	**13,515**	**26,917**	**407**	**40,839**

25. Financial assets and liabilities (continued)

Financial instruments at fair value (continued)

	Company							
	Fair value at 31 December 2023				Fair value at 31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets								
Derivative financial instruments	1	27,881	179	28,061	1	22,274	72	22,347
Trading assets	6,821	715	117	7,653	8,457	1,279	159	9,895
Investment securities	8,246	1,362	164	9,772	8,277	650	145	9,072
Reverse Repurchase agreements designated at FVTPL	—	1,540	—	1,540	—	10,274	—	10,274
Other loans designated at FVTPL	—	543	23	566	—	208	394	602
Financial assets held at fair value	**15,068**	**32,041**	**483**	**47,592**	**16,735**	**34,685**	**770**	**52,190**
Financial liabilities								
Derivative financial instruments	1	27,958	173	28,132	1	22,436	407	22,844
Repurchase agreements designated at FVTPL	—	—	—	—	—	4,481	—	4,481
Short sales held at FVTPL and other financial liabilities held at FVTPL	7,887	7	—	7,894	13,514	—	—	13,514
Financial liabilities held at fair value	**7,888**	**27,965**	**173**	**36,026**	**13,515**	**26,917**	**407**	**40,839**

25. Financial assets and liabilities (continued)

Loans held at fair value through profit or loss, totalling $566 million (2022: $602 million) are included in the statement of financial position within loans and advances to customers. Repurchase and reverse repurchase agreements are separately disclosed.

Changes in Level 3 Fair Value Category

The following tables present the changes in the Level 3 fair value category for the years ended 31 December 2023 and 2022. The gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

The Group often hedges positions with offsetting positions that are classified in a different level. For example, the gains and losses for assets and liabilities in the Level 3 category presented in the tables below do not reflect the effect of offsetting losses and gains on hedging instruments that may be classified in the Level 1 and Level 2 categories. In addition, the Group hedges items classified in the Level 3 category with instruments also classified in Level 3 of the fair value hierarchy. The hedged items and related hedges are presented gross in the following tables:

Group

	31 December 2023						31 December 2022					
	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January	72	159	145	394	(407)	363	194	78	138	94	(191)	313
Acquisition of Bank Handlowy	—	—	26	—	—	27	—	—	—	—	—	—
Purchases	11	207	—	—	(2)	216	—	275	—	—	(1)	274
Issues	—	—	—	—	—	—	—	—	—	54	—	54
Sales	—	(242)	—	—	—	(242)	—	(199)	—	(94)	—	(293)
Settlements	(124)	—	—	(59)	118	(65)	(121)	—	—	—	82	(39)
Transfer into Level 3	55	142	—	23	(59)	161	90	205	—	334	(423)	206
Transfer out of Level 3	(55)	(182)	—	(131)	194	(173)	(215)	(119)	—	—	217	(117)
Total gains/ (losses)												
– in Profit or loss	220	33	19	(204)	(17)	51	124	(81)	7	6	(91)	(35)
– in OCI	—	—	—	—	—	—	—	—	—	—	—	—
Balance at 31 December	**179**	**117**	**190**	**23**	**(173)**	**337**	**72**	**159**	**145**	**394**	**(407)**	**363**

25. Financial assets and liabilities (continued)

Changes in Level 3 Fair Value Category (continued)

Total gains or losses for the year are presented in the income statement as follows:

Group

	31 December 2023						31 December 2022					
	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total gains/ (losses)	220	33	19	(204)	(17)	51	124	(81)	7	6	(91)	(35)
Realised gains and losses												
- Net trading income	39	61	—	—	(43)	57	26	(90)	—	—	8	(56)
- Net investment income	—	—	—	—	—	—	—	—	—	—	—	—
- Net income from other financial instruments designated at FVTPL	—	—	—	—	—	—	—	—	—	—	—	—
Unrealised gains and losses												
- Net trading income	181	(28)	—	—	26	179	98	9	—	—	(99)	8
- Net investment income	—	—	19	—	—	19	—	—	7	—	—	7
- Net income from other financial instruments designated at FVTPL	—	—	—	(204)	—	(204)	—	—	—	6	—	6
Total	220	33	19	(204)	(17)	51	124	(81)	7	6	(91)	(35)

25. Financial assets and liabilities (continued)

Changes in Level 3 Fair Value Category (continued)

Company

	31 December 2023						31 December 2022					
	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/loss	Derivative financial liabilities	Total	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/loss	Derivative financial liabilities	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January	72	159	145	394	(407)	363	194	78	138	94	(191)	313
Purchases	11	207	—	—	(2)	216	—	275	—	—	(1)	274
Issues	—	—	—	—	—	—	—	—	—	54	—	54
Sales	—	(242)	—	—	—	(242)	—	(199)	—	(94)	—	(293)
Settlements	(124)	—	—	(59)	118	(65)	(121)	—	—	—	82	(39)
Transfer into Level 3	55	142	—	23	(59)	161	90	205	—	334	(423)	206
Transfer out of Level 3	(55)	(181)	—	(131)	194	(173)	(215)	(119)	—	—	217	(117)
Total gains/(losses)												
in Profit or loss	220	33	19	(204)	(17)	51	124	(81)	7	6	(91)	(35)
in OCI	—	—	—	—	—	—	—	—	—	—	—	—
Balance at 31 December	179	117	164	23	(173)	310	72	159	145	394	(407)	363

25. Financial assets and liabilities (continued)

Changes in Level 3 Fair Value Category (continued)

Total gains or losses for the year are presented in the income statement as follows:

	Company											
	2023						2022					
	Derivative financial assets	Trading assets	Investment securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total	Derivative financial assets	Trading assets	Investmen t securities	Loans held at fair value through profit/ loss	Derivative financial liabilities	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total gains/ (losses)	220	33	19	(204)	(17)	51	124	(81)	7	6	(91)	(35)
Realised gains and losses												
- Net trading income	39	61	—	—	(43)	57	26	(90)	—	—	8	(56)
- Net investment income	—	—	—	—		—	—	—	—	—	—	—
- Net income from other financial instruments designated at FVTPL	—	—	—	—	—	—	—	—	—	—	—	—
Unrealised gains and losses												
- Net trading income	181	(28)	—	—	26	179	98	9	—	—	(99)	8
- Net investment income	—	—	19	—	—	19	—	—	7	—	—	7
- Net income from other financial instruments designated at FVTPL	—	—	—	(204)	—	(204)	—	—	—	6	—	6
Total	**220**	**33**	**19**	**(204)**	**(17)**	**51**	**124**	**(81)**	**7**	**6**	**(91)**	**(35)**

During the 12 months ended 31 December 2023, transfers of Funded Collars from Level 3 to Level 2 was driven by pricing uncertainty becoming less significant relative to the overall valuation. Transfers of Corporate Loans into/out of L3 was driven by a change in observability and pricing uncertainty became more/less significant relative to the overall valuation.

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

The Group’s Level 3 inventory consists of both cash instruments and derivatives of varying complexity.

The following tables present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements. Differences between this table and amounts presented in the Level 3 Fair Value Rollforward table represent individually immaterial items that have been measured using a variety of valuation techniques other than those listed.

25. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

2023

	Group	Company			Group		Company	
	Fair value							
	$m	$m	Methodology	Significant Unobservable Input	Low	High	Low	High
Assets								
			Model-based	IR Normal Volatility %	0.32	1.57	0.32	1.57
			Model-based	Interest Rate %	2.70	5.40	2.70	5.40
			Model-based	Inflation Volatility %	0.42	6.83	0.42	6.83
			Model-based	Yield %	-0.07	12.05	-0.07	12.05
			Model-based	IR Basis %	-1.45	147.79	-1.45	147.79
Derivative contracts	179	179	Model-based	FX Volatility %	3.56	28.13	3.56	28.13
			Model-based	Equity Volatility %	0.10	334.35	0.10	334.35
			Model-based	Equity Forward %	54.14	273.54	54.14	273.54
			Price-based	Price $	100.11	100.76	100.11	100.76
			Model-based	Credit Spread bps	17.90	252.20	17.90	252.20
			Model-based	Recovery Rate %	25.00	40.00	25.00	40.00
Trading assets	117	117	Model-based	Credit Spread bps	4.0	500.0	4.0	500.0
			Price-based	Price $	0.01	100.5	0.01	100.5
Loans held at fair value through profit/loss	23	23	Model-based	Credit Spread bps	4.00	500.00	4.00	500.00
			Comparables Analysis	PE Ratio	9.3	16.5	9.3	16.5
Investment equity securities	190	164	Comparables Analysis	Discount for Lack of Marketability %	10.0	10.0	10.0	10.0
			Comparables Analysis	EBITDA Multiples	15.8	15.8	15.8	15.8
			Model based	Cost of equity %	11.0	11.5	—	—
Liabilities								
			Model-based	IR Normal Volatility %	0.32	1.57	0.32	1.57
			Model-based	Interest Rate %	2.70	5.40	2.70	5.40
			Model-based	Inflation Volatility %	0.42	6.83	0.42	6.83
			Model-based	Yield %	-0.07	12.05	-0.07	12.05
Derivative contracts	173	173	Model-based	IR Basis %	-1.45	147.79	-1.45	147.79
			Model-based	FX Volatility %	3.56	28.13	3.56	28.13
			Model-based	Equity Volatility %	0.10	334.35	0.10	334.35
			Model-based	Equity Forward %	54.14	273.54	54.14	273.54
			Price-based	Price $	1.00	250.00	1.00	250.00
			Model-based	Credit Spread bps	17.90	252.20	17.90	252.20
			Model-based	Recovery Rate %	25.00	40.00	25.00	40.00

25. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

2022

	Group and Company Fair value			Group and Company	
Assets	**$m**	**Methodology**	**Input**	**Low**	**High**
		Model-based	Credit Spread (basis point)	24.8	320.4
		Model-based	Inflation Volatility %	0.48	2.77
		Model-based	Yield %	-0.5	1.53
		Model-based	FX Volatility %	2	40
Derivative contracts	72	Model-based	IR basis %	-4.23	9.68
		Model-based	IR Normal Volatility %	0.33	112.51
		Price-based	Price $	100.12	102.49
		Model-based	Recovery Rate %	40	40
Trading assets	159	Price-based	Price $	—	100.0
		Model-based	Equity Volatility %	0.05	300.72
Loans held at fair value through profit/loss	394	Model-based	Equity Forward %	68.34	271.61
		Price-based	Price $	0.00	110.00
Investment equity securities	145	Price-based	Discount to price %	27.00	28.00
		Comparables Analysis	EBITDA Multiples	17.1	17.10
		Comparables Analysis	PE Ratio	15.2	15.20
Liabilities					
		Model-based	Credit Spread (basis point)	24.8	246.9
		Model-based	Recovery Rate %	40.0	40.0
		Model-based	Upfront Points %	8.5	8.5
		Price-based	Price $	100.0	100.2
Derivative contracts	407	Model-based	FX Volatility %	2.0	40.0
		Model-based	IR basis %	(4.2)	9.7
		Model-based	Yield %	(0.5)	1.5
		Model-based	IR Normal Volatility %	0.3	112.5
		Model-based	Inflation Volatility %	0.5	2.8
		Model-based	Equity Volatility %	0.1	300.7
		Model-based	Equity Forward %	68.3	271.6

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs

Valuation uncertainty arises when there is insufficient or disperse market data to allow a precise determination of the exit value of a fair-valued position or portfolio in today's market. This is especially prevalent in Level 3 fair value instruments, where uncertainty exists in valuation inputs that may be both unobservable and significant to the instrument's (or portfolio's) overall fair value measurement.

The uncertainties associated with key unobservable inputs on the Level 3 fair value measurements may not be independent of one another. In addition, the amount and direction of the uncertainty on a fair value measurement for a given change in an unobservable input depends on the nature of the instrument as well as whether the Group holds the instrument as an asset or a liability. For certain instruments, the pricing, hedging and risk management are sensitive to the correlation between various inputs rather than on the analysis and aggregation of the individual inputs.

25. Financial assets and liabilities (continued)

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs (continued)

The following section describes some of the most significant unobservable inputs used by the Group in Level 3 fair value measurements.

Correlation

Correlation is a measure of the extent to which two or more variables change in relation to each other. A variety of correlation-related assumptions are required for a wide range of instruments, including equity and credit baskets, foreign exchange options, Credit Index Tranches and many other instruments.

For almost all of these instruments, correlations are not directly observable in the market and must be calculated using alternative sources, including historical information. Estimating correlation can be especially difficult where it may vary over time, and calculating correlation information from market data requires significant assumptions regarding the informational efficiency of the market (e.g., swaption markets).

Uncertainty therefore exists when an estimate of the appropriate level of correlation as an input into some fair value measurements is required. Changes in correlation levels can have a substantial impact, favorable or unfavorable, on the value of an instrument, depending on its nature. A change in the default correlation of the fair value of the underlying bonds comprising a CDO structure would affect the fair value of the senior tranche. For example, an increase in the default correlation of the underlying bonds would reduce the fair value of the senior tranche, because highly correlated instruments produce greater losses in the event of default and a portion of these losses would become attributable to the senior tranche. That same change in default correlation would have a different impact on junior tranches of the same structure.

Volatility

Volatility represents the speed and severity of market price changes and is a key factor in pricing options. Volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike are not observable and need to be estimated using alternative methods, such as comparable instruments, historical analysis or other sources of market information. This leads to uncertainty around the final fair value measurement of instruments with unobservable volatilities.

The general relationship between changes in the value of an instrument (or a portfolio) to changes in volatility also depends on changes in interest rates and the level of the underlying index. Generally, long option positions (assets) benefit from increases in volatility, whereas short option positions (liabilities) will suffer losses. Some instruments are more sensitive to changes in volatility than others. For example, an at-the-money option would experience a greater percentage change in its fair value than a deep-in-the-money option. In addition, the fair value of an option with more than one underlying security (e.g., an option on a basket of equities) depends on the volatility of the individual underlying securities as well as their correlations.

Yield

In some circumstances, the yield of an instrument is not observable in the market and must be estimated from historical data or from yields of similar securities. This estimated yield may need to be adjusted to capture the characteristics of the security being valued. Whenever the amount of the adjustment is significant to the value of the security, the fair value measurement is classified as Level 3. Adjusted yield is generally used to discount the projected future principal and interest cash flows on instruments, such as asset-backed securities. Adjusted yield is impacted by changes in the interest rate environment and relevant credit spreads.

25. Financial assets and liabilities (continued)

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs (continued)

Prepayment

Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security. The effect of prepayments is more pronounced for residential mortgage-backed securities. Prepayment is generally negatively correlated with delinquency and interest rate. A combination of low prepayments and high delinquencies amplifies each input’s negative impact on a mortgage securities’ valuation. As prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending upon the nature of the security and the direction of the change in the weighted average life.

Recovery

Recovery is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. For many credit securities (e.g., commercial mortgage backed securities), the expected recovery amount of a defaulted property is typically unknown until a liquidation of the property is imminent.

The assumed recovery of a security may differ from its actual recovery that will be observable in the future. Generally, an increase in the recovery rate assumption increases the fair value of the security. An increase in loss severity, the inverse of the recovery rate, reduces the amount of principal available for distribution and, as a result, decreases the fair value of the security.

Credit Spread

Credit spread is a component of the security representing its credit quality. Credit spread reflects the market perception of changes in prepayment, delinquency and recovery rates, therefore capturing the impact of other variables on the fair value.

Changes in credit spread affect the fair value of securities differently depending on the characteristics and maturity profile of the security. For example, credit spread is a more significant driver of the fair value measurement of a high yield bond as compared to an investment grade bond. Generally, the credit spread for an investment grade bond is also more observable and less volatile than its high yield counterpart.

25. Financial assets and liabilities (continued)

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs (continued)

Sensitivity of Level 3 measurements

The implementation of valuation techniques involves a considerable degree of judgement. While the Group believes its estimates of fair value are appropriate, the use of different measurements or assumptions could lead to different fair values. The following table sets out the impact of using reasonably possible alternative assumptions in the valuation methodology at 31 December 2023 and 2022:

	Group			
	2023 Level 3 Effect on income statement		2022 Level 3 Effect on income statement	
	Favourable $m	Unfavourable $m	Favourable $m	Unfavourable $m
Classes of financial assets				
Derivative financial assets	—	—	19	(19)
Investment securities - equity	31	(31)	17	(17)
Loans and advances to customers measured at FVTPL	—	—	36	(36)
Total	**31**	**(31)**	**72**	**(72)**
Classes of financial liabilities				
Derivative financial liabilities	—	—	19	(19)
Other financial liabilities measured at FVTPL	—	—	17	(17)
Total	**—**	**—**	**36**	**(36)**

	Company			
	2023 Level 3 Effect on income statement		2022 Level 3 Effect on income statement	
	Favourable $m	Unfavourable $m	Favourable $m	Unfavourable $m
Classes of financial assets				
Derivative financial assets	—	—	19	(19)
Investment securities - equity	27	(27)	17	(17)
Loans and advances to customers measured at FVTPL	—	—	36	(36)
Total	**27**	**(27)**	**72**	**(72)**
Classes of financial liabilities				
Derivative financial liabilities	—	—	19	(19)
Other financial liabilities measured at FVTPL	—	—	17	(17)
Total	**—**	**—**	**36**	**(36)**

25. Financial assets and liabilities (continued)

Estimated fair value of financial instruments not carried at fair value

Set out below, is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Other financial assets are primarily made up of receivables balances from the Group's treasury and trade solutions and markets and securities services businesses.

The following summarises the major methods and assumptions used in estimating the fair value of the financial assets and financial liabilities used in the tables on the next page:

- The fair value for loans and advances and other lending are estimated using internal valuation techniques such as discounted cash flow analysis. If available, the Group may also use quoted prices for recent trading activity of assets with similar characteristics to the loan being valued. In certain cases, the carrying value approximates fair value because the instruments are short term in nature or reprice frequently.
- Fair values of customer account, deposit liabilities, other assets and other liabilities are estimated using discounted cash flows, applying either market rates where practicable, or rates currently offered by the Group for deposits of similar remaining maturities. Where market rates are used no adjustment is made for counterparty credit spreads.
- The carrying amount of cash on hand and balances at central bank is a reasonable approximation of fair value due to the short term nature of the balances.

The table below sets out the estimated fair value, at Level 1, 2 and 3 of those assets and liabilities not held at fair value in the statement of financial position.

	Group				
	31 December 2023		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$m	$m	$m	$m	$m
Assets					
Cash and cash equivalents	45,476	45,476	45,476	—	—
Loans and advances to banks	2,529	2,521	—	2,521	—
Loans and advances to customers	24,498	24,393	—	—	24,393
Reverse repurchase agreements at amortised cost	14,344	14,344	—	14,013	331
Other assets	10,125	10,125	—	—	10,125
Investment securities at amortised cost	254	254	—	—	254
Total financial assets	**97,226**	**97,113**	**45,476**	**16,534**	**35,103**
Liabilities					
Deposits by banks	11,218	11,182	—	11,182	—
Customer accounts	64,891	64,684	—	64,684	—
Subordinated liabilities	8,482	8,455	—	8,455	—
Repurchase agreements at amortised cost	968	965	—	965	—
Other liabilities	12,162	12,124	—	7,854	4,270
Total financial liabilities	**97,721**	**97,410**	**—**	**93,140**	**4,270**

25. Financial assets and liabilities (continued)

Estimated fair value of financial instruments not carried at fair value (continued)

	Company				
	31 December 2023		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$m	$m	$m	$m	$m
Assets					
Cash and cash equivalents	45,338	45,338	45,338	—	—
Loans and advances to banks	2,573	2,573	—	2,573	—
Loans and advances to customers	20,100	20,044	—	—	20,044
Reverse repurchase agreements at amortised cost	10,455	10,455	—	10,173	282
Other assets	9,483	9,483	—	—	9,483
Total financial assets	**87,949**	**87,893**	**45,338**	**12,746**	**29,809**
Liabilities					
Deposits by banks	10,870	10,835	—	10,835	—
Customer accounts	51,225	51,061	—	51,061	—
Subordinated liabilities	8,482	8,455	—	8,455	—
Repurchase agreements at amortised cost	964	961	—	961	—
Other liabilities	11,263	11,227	—	7,215	4,012
Total financial liabilities	**82,804**	**82,539**	**—**	**78,527**	**4,012**

	Group				
	31 December 2022		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$m	$m	$m	$m	$m
Assets					
Cash and cash equivalents	32,915	32,915	32,915	—	—
Loans and advances to banks	2,426	2,426	—	2,426	—
Loans and advances to customers	19,151	19,076	—	—	19,076
Reverse repurchase agreements at amortised cost	11,902	11,902	—	11,046	856
Other assets	10,183	10,183	—	—	10,183
Total financial assets	**76,577**	**76,502**	**32,915**	**13,472**	**30,115**
Liabilities					
Deposits from banks	8,908	8,863	—	8,863	—
Customer accounts	49,072	48,827	—	48,827	—
Subordinated liabilities	4,455	4,432	—	4,432	—
Repurchase agreements at amortised cost	916	911	—	911	—
Other liabilities	15,333	15,255	—	7,646	7,609
Total financial liabilities	**78,684**	**78,288**	**—**	**70,679**	**7,609**

25. Financial assets and liabilities (continued)

Estimated fair value of financial instruments not carried at fair value (continued)

	Company				
	31 December 2022 (Restated)		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$m	$m	$m	$m	$m
Assets					
Cash and cash equivalents	32,911	32,911	32,911	—	—
Loans and advances to banks*	2,426	2,426	—	2,426	—
Loans and advances to customers*	19,089	19,011	—	—	19,011
Reverse repurchase agreements at amortised cost*	11,902	11,904	—	11,046	858
Other assets	10,183	10,183	—	—	10,183
Total financial assets	**76,511**	**76,435**	**32,911**	**13,472**	**30,052**
Liabilities					
Deposits from banks	8,858	8,814	—	8,814	—
Customer accounts	49,072	48,827	—	48,827	—
Repurchase agreements at amortised cost*	916	911	—	911	—
Subordinated liabilities	4,455	4,432	—	4,432	—
Other liabilities*	15,331	15,255	—	6,735	8,520
Total financial liabilities	**78,632**	**78,239**	**—**	**69,719**	**8,520**

*To provide more relevant information to the readers of the financial statements reverse repurchase agreement and repurchase agreement balances have been presented separately from Loans and advances to banks and customers and Other liabilities respectively. Comparative balances have also been updated accordingly.

26. Hedge accounting

The Group hedges against the risk of change in the fair value of fixed interest rate debt securities measured at fair value through other comprehensive income. The hedged risk results from changes in interest rates. In respect of hedge accounting the Group applies IAS 39.

As at 31 December 2023 the Group had an active hedging relationship (2022: none), details are presented below.

Hedge accounting of fair value and hedge effectiveness

Hedging item	**Group**				
As at 31 December	**Notional value**	**Balance value**		**Listing in the statements of financial position**	**Change in fair value used to take hold of hedge ineffectiveness**
		Assets	**Liabilities**		
	$m	**$m**	**$m**		**$m**
Interest rate risk IRS Transactions	816	2	24	Hedging derivatives	(10)

Hedged item	**Group**				
As at 31 December	**Balance value**		**Cumula tive amount of hedging fair value in balance value of hedged item corrections**	**Listing in the statements of financial position**	**Change in fair value used to take hold of hedge ineffectiveness**
	Assets	**Liabilities**			
	$m	**$m**			**$m**
Interest rate risk Bank bonds	720	—	22	Investment securities	9

Hedge effectiveness	**Group**	
As at 31 December	**Hedge ineffectiveness recognised in income statement**	**Listing in the income statement**
	$m	
Interest rate	(1)	Net gain/(loss) on hedge accounting

Cumulated amounts of adjustments related to fair value hedges included in the statement of financial position for all hedged items, with respect for which adjustments for gains and losses on fair value hedging have ceased, amounted to $27 million (2022: $nil) as at 31 December 2023.

27. Property and equipment

Group

Cost	Right-of-use assets		Leasehold improvements		Vehicles, furniture and equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**174**	**112**	**77**	**75**	**95**	**91**	**346**	**278**
Additions	51	66	18	7	18	16	87	89
Acquisition of Bank Handlowy	25	—	77	—	20	—	122	—
Acquisitions	—	—	7	2	7	1	14	3
Disposals	—	—	(7)	(2)	(4)	(1)	(11)	(3)
Write-offs	—	—	(2)	—	(1)	(2)	(3)	(2)
Foreign exchange	—	(4)	6	(5)	7	(10)	13	(19)
At 31 December	**250**	**174**	**176**	**77**	**142**	**95**	**568**	**346**

Depreciation	Right-of-use assets		Leasehold improvements		Vehicles, furniture and equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**72**	**50**	**35**	**37**	**56**	**51**	**163**	**138**
Charged in year	27	20	11	7	16	12	54	39
Acquisitions	—	—	—	—	1	—	1	—
Disposals	—	—	(5)	(1)	(4)	(1)	(9)	(2)
Write-offs	—	—	(2)	—	(1)	(1)	(3)	(1)
Foreign exchange	(1)	2	5	(8)	4	(5)	8	(11)
At 31 December	**98**	**72**	**44**	**35**	**72**	**56**	**214**	**163**
Net carrying value	**152**	**102**	**132**	**42**	**70**	**39**	**354**	**183**

27. Property and equipment (continued)

Company

Cost	Right-of-use assets		Leasehold improvements		Vehicles, furniture and equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**174**	**112**	**77**	**75**	**95**	**91**	**346**	**278**
Additions	48	66	7	7	18	16	73	89
Acquisitions	—	—	7	2	4	1	11	3
Disposals	—	—	(2)	(2)	(4)	(1)	(6)	(3)
Write-offs	—	—	(2)	—	(1)	(2)	(3)	(2)
Foreign exchange	1	(4)	6	(5)	8	(10)	15	(19)
At 31 December	**223**	**174**	**93**	**77**	**120**	**95**	**436**	**346**

Depreciation	Right-of-use assets		Leasehold improvements		Vehicles, furniture and equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**72**	**50**	**35**	**37**	**56**	**51**	**163**	**138**
Charged in year	26	20	7	7	15	12	48	39
Acquisitions	—	—	—	—	—	—	—	—
Disposals	—	—	(1)	(1)	(4)	(1)	(5)	(2)
Write-offs	—	—	(2)	—	(1)	(1)	(3)	(1)
Foreign exchange	—	2	5	(8)	5	(5)	10	(11)
At 31 December	**98**	**72**	**44**	**35**	**71**	**56**	**213**	**163**
Net carrying value	**125**	**102**	**49**	**42**	**49**	**39**	**223**	**183**

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2022: $nil).

28. Intangible assets

	Group							
Cost	**Goodwill**		**Computer software**		**Other Intangibles**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
At 1 January	**45**	**47**	**251**	**225**	**30**	**32**	**326**	**304**
Additions	21	—	51	25	—	—	72	25
Acquisition of Bank Handlowy	247	—	57	—	—	—	304	—
Transfer In	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—
Transfer out	—	—	—	—	—	—	—	—
Disposals	—	—	(2)	—	(23)	—	(25)	—
Impairment	—	—	—	—	—	—	—	—
Foreign exchange	—	(2)	(1)	1	3	(2)	2	(3)
At 31 December	**313**	**45**	**356**	**251**	**10**	**30**	**679**	**326**

Amortisation and impairment losses	**Goodwill**		**Computer software**		**Other Intangibles**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
At 1 January	**27**	**27**	**153**	**138**	**26**	**30**	**206**	**195**
Additions	6	—	9	—	—	—	15	—
Amortisation	—	—	20	16	1	1	21	17
Acquisitions	—	—	—	—	—	—	—	—
Transfer out	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	(23)	—	(23)	—
Impairment	—	—	(1)	(1)	—	—	(1)	(1)
Foreign exchange	(2)	—	(3)	—	4	(5)	(1)	(5)
At 31 December	**31**	**27**	**178**	**153**	**8**	**26**	**217**	**206**
Net carrying value	**282**	**18**	**178**	**98**	**2**	**4**	**462**	**120**

28. Intangible assets (continued)

Company

Cost	Goodwill		Computer software		Other Intangibles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**45**	**47**	**251**	**225**	**30**	**32**	**326**	**304**
Additions	—	—	32	25	—	—	32	25
Transfer In	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	—	—	—
Transfer out	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	(23)	—	(23)	—
Impairment	—	—	(2)	—	—	—	(2)	—
Foreign exchange	1	(2)	(1)	1	3	(2)	3	(3)
At 31 December	**46**	**45**	**280**	**251**	**10**	**30**	**336**	**326**

Amortisation and impairment losses	Goodwill		Computer software		Other Intangibles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 January	**27**	**27**	**153**	**138**	**26**	**30**	**206**	**195**
Additions	—	—	—	—	—	—	—	—
Amortisation	—	—	17	16	1	1	18	17
Acquisitions	—	—	—	—	—	—	—	—
Transfer out	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	(23)	—	(23)	—
Impairment	—	—	(1)	(1)	—	—	(1)	(1)
Foreign exchange	(1)	—	(2)	—	4	(5)	1	(5)
At 31 December	**26**	**27**	**167**	**153**	**8**	**26**	**201**	**206**
Net carrying value	**20**	**18**	**113**	**98**	**2**	**4**	**135**	**120**

An intangible asset is impaired when its carrying amount exceeds its recoverable amount. When testing intangible assets for impairment, the Group and the Company will determine the recoverable amount of an asset or a cash-generating unit to be the higher of its fair value less costs of disposal and its value in use. The value in use amount is determined using a model based on the discounted cash flow method. The cash flow projections are based on business plans approved by management covering a five year period, or greater if deemed appropriate by management.

The Goodwill acquired from BHW arises from the merger of BHW and Citibank (Poland) S.A and has been allocated to Institutional Bank and Consumer bank cash generating units. The remaining Goodwill was allocated to the Direct Custody and Clearing business, the Fund administration business and the Institutional Bank and Consumer Bank cash generating units. The cash flow projections in respect of the Direct Custody and Clearing business and Fund administration business cover a ten year period. In case of Institutional Bank and Consumer bank cash generating units, the basis of valuation of the recoverable amount for a unit is the value in use, assessed on the basis financial plan. The plan is based on rational assumptions about future facts that reflect management assessment of future economic conditions and expected results of the Bank. The plan is periodically updated and approved by the Bank's Supervisory Board. The board accepted a 3-year time period for the process of financial planning.

The cash flows used to estimate the operating profit projections reflect the current market assessment of the risk of the cash-generating units. Operating profit in the business plan, approved by management reflects the best estimate of future profits based on both historical experience and expected growth rates.

28. Intangible assets (continued)

In regards of Direct Custody and Clearing business and the Fund administration business the discount rate used to estimate the cash flows is the SOFR (Secured Overnight Financing Rate). In regards of Institutional Bank and Consumer Bank cash generating units, the valuation used different discount rates for each year of forecast (11.1-12.3) estimated using a beta coefficient for the banking sector, a risk premium and risk-free rate. The key assumptions reflect past experience and consider external sources of information, and are detailed in the table below.

There was no evidence of impairment arising from the review of the goodwill. A summary of the allocation of goodwill within the units is presented below:

	Group					
Cash generating unit	**Goodwill**		**Growth rate**		**Discount rate**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Institutional Clients Group	**$m**	**$m**				
– Direct custody and clearing business	13	12	4%	8%	-3.425	-3.438
– Fund administration business	7	6	1 %	1 %	-3.120	-3.438
– Institutional Bank	216	—	2.5 %	n/a	-11.1-12.3	n/a
– Consumer Bank	46	—	2.5 %	n/a	-11.1-12.3	n/a
Total	**282**	**18**				

	Company					
Cash generating unit	**Goodwill**		**Growth rate**		**Discount rate**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Institutional Clients Group	**$m**	**$m**				
– Direct custody and clearing business	13	12	4%	8%	-3.425	-3.438
– Fund administration business	7	6	1 %	1 %	-3.120	-3.438
Total	**20**	**18**				

The model is sensitive to changes in the growth rate. The growth rate is aligned to the cash generating units strategic plan.

Management believes that reasonable changes in key assumptions used to determine the recoverable amounts would not result in a material impairment.

29. Deferred tax

The movement on the deferred tax is as follows:

	Group			
	Balances at 1 January 2023/ Acquisition of Bank Handlowy	**Recognised in the Income statement**	**Recognised in statement of other comprehensive income**	**Balances at 31 December 2023**
	$m	**$m**	**$m**	**$m**
Property, equipment and intangible assets	76	5	—	81
Investment securities at FVOCI	72	—	(33)	39
Pension and other retirement benefits	10	1	1	12
Allowances for expected credit losses	—	—	—	—
Tax loss carry-forward	46	1	—	47
Other temporary differences	67	(23)	—	44
FX Translation	—	—	6	6
Total Deferred Tax	271	(16)	(26)	229
– of which Deferred Tax Asset	288			242
– of which Deferred Tax Liability	17			13

	Balances at 1 January 2022	**Recognised in the Income statement**	**Recognised in statement of other comprehensive income**	**Balances at 31 December 2022**
	$m	**$m**	**$m**	**$m**
Property, equipment and intangible assets	170	(44)	—	126
Investment securities at FVOCI	4	(1)	70	73
Pension and other retirement benefits	29	(5)	(16)	8
Allowances for expected credit losses	—	—	—	—
Tax loss carry-forward	45	(7)	—	38
Other temporary differences	12	4	—	16
FX Translation	(33)	—	10	(23)
Total Deferred Tax	227	(53)	64	238
– of which Deferred Tax Asset	247			255
– of which Deferred Tax Liability	20			17

29. Deferred tax (continued)

	Company			
	Balances at 1 January 2023	**Recognised in the Income statement**	**Recognised in statement of other comprehensive income**	**Balances at 31 December 2023**
	$m	**$m**	**$m**	**$m**
Property, equipment and intangible assets	76	5	—	81
Investment securities at FVOCI	72	—	(33)	39
Pension and other retirement benefits	10	1	1	12
Allowances for expected credit losses	—	—	—	—
Tax loss carry-forward	46	1	—	47
Other temporary differences	34	(19)	—	15
FX Translation	—	—	6	6
Total Deferred Tax	238	(12)	(26)	200
– of which Deferred Tax Asset	255			213
– of which Deferred Tax Liability	17			13

	Balances at 1 January 2022	**Recognised in the Income statement**	**Recognised in statement of other comprehensive income**	**Balances at 31 December 2022**
	$m	**$m**	**$m**	**$m**
Property, equipment and intangible assets	170	(44)	—	126
Investment securities at FVOCI	4	(1)	70	73
Pension and other retirement benefits	29	(5)	(16)	8
Allowances for expected credit losses	—	—	—	—
Tax loss carry-forward	45	(7)	—	38
Other temporary differences	12	4	—	16
FX Translation	(33)	—	10	(23)
Total Deferred Tax	227	(53)	64	238
– of which Deferred Tax Asset	247			255
– of which Deferred Tax Liability	20			17

Current tax asset of $73 million includes $40 million in relation to Ireland, $21 million in relation to the UK branch and $10 million in relation to the Italian branch for the year 2023.

30. Shares in subsidiaries

	Company	
	31 December 2023	**31 December 2022**
	$m	**$m**
1 January 2023	14	14
Acquisition of BHW	1,699	—
31 December 2023	**1,713**	**14**

30. Shares in subsidiaries (continued)

The Company has investments in the ordinary shares of the following subsidiaries:

Name	Country of incorporation business	Nature of business	Year end	Registered office	Percentage ownership
CitiCapital Leasing (March) Limited	United Kingdom	Lease finance	31 March	Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom	100 %
Bank Handlowy w Warszawa S.A.	Poland	Bank	31 December	16 ul. Senatorska, 00-923 Warszawa, Poland	75 %

Please refer to note - 35. Business transfer under common control for further details in relation to acquisition of BHW.

The Company reviews its investment in subsidiaries for impairment at the end of each reporting period if there are indications that impairment may have occurred. The testing for possible impairment involves comparing the estimated recoverable amount of an investment with its carrying amount. Where the recoverable amount is less than the carrying amount, the difference is recognised as an impairment provision in the Company's financial statements.

The Company has determined that the recoverable amount of its investment in BHW was $2,204 million which was higher than the carrying value of $1,699 million. Therefore no impairment was deemed to be required.

The recoverable amount was determined based on the mid-point fair value of the four valuation methods detailed below:

Valuation Methodology	Key Inputs	Key Inputs Applied
Income Approach	Growth rate	Long term growth rate of 2.5% based on the long term inflation target of the ECB.
	Cash flow discount rate	Cash flows are discounted at a cost of equity of 12.5% For consistency with the Trading Multiples Approach, a marketability discount of 15% was also applied
Gordon Growth Model	Growth rate	Long term growth rate of 2.5% based on the long term inflation target of the ECB.
	Cash flow discount rate	Cash flows are discounted at a cost of equity of 12.5%
Trading Multiples approach	Price to Book Value discount rate	20% control premium, to reflect that 100% of CEP valued whereas the listed peer multiples reflect minority ownership. 10% size discount.
Transaction Multiples approach	Adjustment to observed trading multiples	No adjustment to observed multiples.

31. Subordinated liabilities

First call date	Currency	2023 $m	2022 $m	Interest Rate	Maturity Date
2021	GBP	763	722	SONIA + 98bps	6 December 2026
2021	EUR	3,868	3,733	ESTR +99bps	7 December 2028
2023	USD	1,000	—	SOFR+211bps	6 December 2030
2023	EUR	2,651	—	ESTR + 176.7bps	6 December 2030
2023	USD	200	—	SOFR+136bps	7 December 2026
		8,482	**4,455**		

As at 31 December 2023, subordinated liabilities consists of $8,482 million (2022: $4,455 million) of subordinated loan borrowings from Citibank, N.A. Interest expense incurred during the year with respect to subordinated loans and charged to the income statement amounted to $ 217 million (2022: $ 54 million).

The loan is subordinated to the claims of other creditors, pari passu with creditors in respect of other liabilities that have the lower ranking of claims that is referred to in Section 1428A(1)(c)(iii) of Companies Act 2014, but will rank ahead of the rights of the shareholders, and the holders of (or other creditors in respect of) Additional Tier 1 instruments and Tier 2 instruments.

The Company did not have any defaults of principal or interest or other breaches with respect to its subordinated liabilities during the year ended 31 December 2023 (2022: none).

32. Provisions

Provisions recorded for restructuring largely relate to termination benefits. Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Provision for expected credit loss (ECL) for commitments and guarantees given are recorded for committed loans, when the Group and the Company has contractual obligation to provide funds for clients, or for any contractual commitments which are not recorded on the statement of financial position.

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

32. Provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The provisions are expected to be used during the year ending 31 December 2024.

	Group		
	Restructuring provision	**Other provisions**	**Total**
	$m	**$m**	**$m**
31 December 2023			
Opening balance	**6**	**2**	**8**
Acquisition of Bank Handlowy	1	13	14
Provisions made during the year	47	4	51
Provisions utilised during the year	(5)	—	(5)
Provisions released during the year	(9)	—	(9)
Other movements	1	—	1
Closing balance	**41**	**19**	**60**
Commitments and guarantees			**89**
Total provision balance			**149**

	Group		
	Restructuring provision	**Other provisions**	**Total**
	$m	**$m**	**$m**
31 December 2022			
Opening balance	**6**	**3**	**9**
Provisions made during the year	4	—	4
Provisions utilised during the year	(2)	—	(2)
Provisions released during the year	(1)	(1)	(2)
Other movements	(1)	—	(1)
Closing balance	**6**	**2**	**8**
Commitments and guarantees			**123**
Total provision balance			**131**

32. Provisions (continued)

	Company		
	Restructuring provision	**Other provisions**	**Total**
	$m	**$m**	**$m**
31 December 2023			
Opening balance	6	2	8
Provisions made during the year	47	2	49
Provisions utilised during the year	(5)	—	(5)
Provisions released during the year	(9)	—	(9)
Other movements	1	1	2
Closing balance	**40**	**5**	**45**
Commitments and guarantees			**80**
Total provision balance			**125**

	Restructuring provision	**Other provisions**	**Total**
	$m	**$m**	**$m**
31 December 2022			
Opening balance	6	3	9
Provisions made during the year	5	—	5
Provisions utilised during the year	(2)	—	(2)
Provisions released during the year	(1)	(1)	(2)
Other movements	(2)	—	(2)
Closing balance	**6**	**2**	**8**
Commitments and guarantees			**123**
Total provision balance			**131**

33. Other liabilities

	Group		Company	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	$m	**$m**	**$m**	**$m**
Other liabilities				
Accounts payable	5,223	4,778	5,182	4,778
Margin account obligations	6,028	5,420	5,387	5,419
Short sales	7,929	13,514	7,894	13,514
Retirement obligations (Note 15)	156	121	132	121
Right-of use lease liability	162	110	133	110
Accruals and deferred income	377	278	319	278
Other	216	143	110	144
	20,091	**24,364**	**19,157**	**24,364**

Accounts payable predominantly relates to obligations arising from the Group's and Company's transaction services business. The other balances include amounts payable to other financial institutions, corporates and other group entities, primarily relating to prepaid risk participations, items in the process of settlement and margin account obligations.

33. Other liabilities (continued)

Settlement of these accounts are short term in nature, balances can fluctuate depending on the underlying business activity.

Margin accounts obligations reflects the Group's and Company's obligation to pay collateral back to clients upon their own settlement of margin calls as they arise.

Short sales represent payables arising from short sale transactions where securities and money market instruments are sold but not owned at the time of the transaction.

34. Called up share capital

	Group and Company			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Number of Ordinary shares		$m	$m
Authorised				
At the end of the year	5,000,000,000	5,000,000,000	4,692	4,692
Share capital				
Allotted, called-up and fully paid				
Ordinary shares of a par value of €1 each	9,741,291	9,741,290	11	11
Share premium				
At the end of the year			1,963	1,963

35. Business transfer under common control

As noted in the Directors Report on 15 November 2023, as part of the Intermediate Parent Undertaking Transaction, 75% of the shareholding of BHW was transferred from Citibank Overseas Investment Corporation ("COIC") to CEP.

Prior to completion of the Intermediate Parent Undertaking Transaction both CEP and BHW were direct subsidiaries of COIC and thus the transfer of the shareholding was deemed to be between entities under common control. Under IFRS, transactions between entities under common control, the carrying value of CEP's investment in BHW has been recorded at the book value of the underlying equity of BHW. At the date of acquisition 75% of BHW book value was $1,699 million.

The premise of the transaction was that CEP paid $200 million in the form of a subordinated debt recorded at fair-value. The remaining portion of COICs 75% holding in BHW was contributed to CEP for no consideration. The Reserves increase due to the transfer of BHW from COIC to CEP was $1,499 million (-$45 million Merger Reserve and +1,544 million Capital Reserves).

The book values of the identifiable assets and liabilities of Bank Handlowy Warszwie at the date of acquisition were as follows:

Assets	**$m**
Cash and cash equivalents	190
Trading assets	208
Derivative financial instruments - Trading	1,857
Derivative financial instruments - Hedging	4
Investment securities	5,412
Loans and advances	10,211
Shares in subsidiary undertakings	23
Other assets	133
Current tax asset	—
Goodwill and Intangible assets	313
Property and equipment	123
Deferred tax assets	33
Total assets	**18,507**

Liabilities	**$m**
Deposits	13,381
Derivative financial instruments - Trading	1,493
Derivative financial instruments - Hedging	21
Current tax liability	94
Provisions	26
Deferred tax liabilities	—
Other liabilities*	1,227
Total liabilities	**16,242**
Book value -100%	2,265
Book value -75%	1,699

For the two months to 31 December 2023, BHW contributed revenue amounting to $176 million and a profit of $59 million to the Group's results. If the acquisition had occurred on 1 January 2023, consolidated revenue would have been $5,257 million, and consolidated profit for the year would have been $ 2,227 million.

36. Non-controlling interest

Acquisition of NCI

As noted in the Directors Report on 15 November 2023, as part of the Intermediate Parent Undertaking Transaction, 75% of the shareholding of BHW was transferred from Citibank Overseas Investment Corporation ("COIC") which resulted in a 25% NCI. The at acquisition share of BHW net asset value being $566 million ($2,265 million x 25%) and full year share of BHW post acquisition reserves $51 million.

	Group	
	31 December 2023	**31 December 2022**
	$m	**$m**
1 January 2023	—	—
Additions	566	—
Non-controlling interests share of post acquisition reserves	51	—
31 December 2023	617	—

37. Share-based incentive plans

As part of the Group's remuneration programme it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Group, and to align their interests with those of the shareholders. The award programmes are administered by the Personnel and Compensation Committee of the Citigroup Inc. Board of the Directors, which is composed entirely of non-employee Directors.

In the share award programme Citigroup issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programmes during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have be satisfied. Recipients of deferred share awards do not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

Stock award programme
The Group participates in Citigroup's Capital Accumulation Programme (CAP) programme, under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees, Additionally, the phantom shares of BHW are offered to selected employees.

Generally, CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest rateably over a three or four-year period beginning on or around the first anniversary of the award date. Continuous employment within Citigroup is generally required to vest in CAP and other stock award programmes.

The programme provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued as effectively there are no vesting conditions.

37. Share-based incentive plans (continued)

BHW has amended remuneration policies by introducing a possibility to payout financial instrument in form of existing shares in the capital of the Bank to employees whose professional activities have material impact on risk profile of the Bank (the "Identified Staff") and to employees without such status, indicated in above-mentioned policies. In November, 7 2022 the Management Board by way of resolution amended remuneration policies, and in November, 14 2022 Supervisory Board adopted them. In December, 16 2022 the Extraordinary General Assembly of Shareholders decided to implement motivation programs that are based on the existing shares in capital of the Bank. In case Bank will not be able to deliver to employees required number of real shares, adopted changes to policies enable Bank to payout a part of remuneration as phantom share award or in case of the decision of the Bank, in form of phantom or real shares of the Bank. Remuneration policies allow for 1:1 conversion of phantom shares granted before the adoption of amendments, provided that an appropriate agreement is signed with employees concerned. On December 29, 2023 the Polish Financial Supervision Authority granted the Bank its permission to buy-back Bank's shares referred to in Article 77 and Article 78 section 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012. The buy-back of Bank's shares started in January 2024.

For all stock award programmes, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citigroup common stock.

Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citigroup common stock, but cannot vote.

Information with respect to current year stock awards is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
Shares awarded	1,341,146	662,008	934,248	662,008
Weighted average fair market value per share	$42.77	$59.59	$50.21	$59.59

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Compensation cost charged to earnings	35	36	31	36
Fair value adjustments recorded to equity	3	(8)	3	(8)
Total carrying amount of equity-settled transaction liability	50	42	50	42
Total carrying amount of cash-settled transaction liability	15	—	—	—

37. Share-based incentive plans (continued)

	Group		Company	
	2023	2022	2023	2022
	$m	$m	$m	$m
Stock Awards				
To be granted in 2024	2	—	—	—
Granted in 2023	36	—	35	—
Granted in 2022	5	28	4	28
Granted in 2021	1	6	1	6
Granted in 2020	—	2	—	2
Granted in 2019	—	—	—	—
Granted in 2018	—	—	—	—
Cash Accrued	(9)	—	(9)	—
Total Expense	35	36	31	36

The Group and Company did not operate or have any stock option programme (2022: $nil).

38. Contingent liabilities and commitments

The following tables give the nominal principal amounts and risk weighted amounts of contingent liabilities and commitments. The nominal principal amounts indicate the volume of business outstanding at the statement of financial position date and do not represent amounts at risk.

	Group		Company	
	Contract amount	Contract amount	Contract amount	Contract amount
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	$m	$m	$m	$m
Undrawn credit lines	39,555	28,782	35,762	28,780
Other commitments				
– less than 1 yr	12,062	11,545	11,633	11,320
– 1 yr and over	5,567	6,238	5,243	6,464
Total	**57,184**	**46,565**	**52,638**	**46,564**

Other commitments primarily relate to the Trade business in Ireland. The Group held an ECL of $89 million as at 31 December 2023 (2022: ECL of $122 million), with respect to its commitments.

38. Contingent liabilities and commitments (continued)

Expected credit loss – Contingent liabilities and commitments

The following table shows an analysis of changes in the gross carrying amount and the corresponding ECL allowances:

Exposure	Group									
	Stage 1		Stage 2		Stage 3		Stage POCI		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Outstanding exposure as at 1 January	**42,863**	**42,488**	**3,602**	**2,076**	**100**	**166**	**—**	**—**	**46,565**	**44,730**
New assets originated or purchased	14,547	6,461	1,053	815	—	6	1	—	**15,601**	7,282
Acquisition of Bank Handlowy	3,475	—	539	—	2	—	4	—	**4,020**	—
Asset derecognised or matured	(7,954)	(4,682)	(965)	(681)	(58)	(84)	—	—	**(8,977)**	(5,447)
Transfers to Stage 1	1,645	732	(1,633)	(666)	(12)	(66)	—	—	**—**	—
Transfers to Stage 2	(1,072)	(2,064)	1,072	2,082	—	(18)	—	—	**—**	—
Transfers to Stage 3	—	(72)	(51)	(24)	51	96	—	—	**—**	—
Amounts written off	—	—	(25)	—	—	—	—	—	**(25)**	—
Other movements	—	—	—	—	—	—	—	—	**—**	—
At 31 December	**53,504**	**42,863**	**3,592**	**3,602**	**83**	**100**	**5**	**—**	**57,184**	**46,565**

ECL	Group									
	Stage 1		Stage 2		Stage 3		Stage POCI		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
IFRS 9 ECL as at 1 January	**28**	**34**	**76**	**29**	**19**	**17**	**—**	**—**	**123**	**80**
ECL on new assets originated or purchased	10	13	19	28	—	1	—	—	29	42
Acquisition of Bank Handlowy	3	—	3	—	1	—	—	—	7	—
Exposure derecognised or matured	(12)	—	(10)	(1)	(11)	—	—	—	(33)	(1)
Transfers to Stage 1	16	18	(15)	(9)	—	(9)	—	—	1	—
Transfers to Stage 2	(3)	(1)	3	2	—	(1)	—	—	—	—
Transfers to Stage 3	—	—	(3)	(1)	3	1	—	—	—	—
Net remeasurement of loss allowance	(5)	(10)	(11)	18	3	9	—	—	(13)	17
Amounts written off	—	—	(3)	—	—	—	—	—	(3)	—
Other movements	(6)	(26)	(10)	10	(6)	1	—	—	(22)	(15)
At 31 December	**31**	**28**	**49**	**76**	**9**	**19**	**—**	**—**	**89**	**123**

Exposure	Company							
	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m	$m	$m	$m	$m	$m	$m
Outstanding exposure as at 1 January	**42,863**	**42,475**	**3,602**	**2,076**	**99**	**166**	**46,564**	**44,717**
New assets originated or purchased	13,810	6,461	925	815	—	6	14,735	7,282
Asset derecognised or matured	(7,630)	(4,669)	(947)	(681)	(58)	(85)	(8,635)	(5,435)
Transfers to Stage 1	1,612	732	(1,600)	(666)	(12)	(66)	—	—
Transfers to Stage 2	(1,027)	(2,064)	1,027	2,082	—	(18)	—	—
Transfers to Stage 3	—	(72)	(51)	(24)	51	96	—	—
Amounts written off	—	—	(25)	—	—	—	(25)	—
Other movements	—	—	—	—	—	—	—	—
At 31 December	**49,628**	**42,863**	**2,931**	**3,602**	**80**	**99**	**52,639**	**46,564**

38. Contingent liabilities and commitments (continued)

Expected credit loss – Contingent liabilities and commitments (continued)

	Company							
ECL	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IFRS 9 ECL as at 1 January	**27**	**34**	**76**	**29**	**19**	**17**	**122**	**80**
ECL on new assets originated or purchased	10	12	18	28	—	1	28	41
Exposure derecognised or matured	(12)	—	(10)	(1)	(11)	—	(33)	(1)
Transfers to Stage 1	16	18	(15)	(9)	—	(9)	1	—
Transfers to Stage 2	(3)	(1)	3	2	—	(1)	—	—
Transfers to Stage 3	—	—	(3)	(1)	3	1	—	—
Net remeasurement of loss allowance	(4)	(10)	(12)	18	3	9	(13)	17
Amounts written off	—	—	(3)	—	—	—	(3)	—
Other movements	(6)	(26)	(10)	10	(6)	1	(22)	(15)
At 31 December	**28**	**27**	**44**	**76**	**8**	**19**	**80**	**122**

39. Involvement with unconsolidated structured entities

Nature, purpose and extent of the Group's interests in unconsolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the Group. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group. The entities covered by this disclosure note are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means. The extent of the Group's interests to unconsolidated structured entities will vary depending on the type of structured entities.

Asset Based Financing

The Group provides loans and other forms of financing to structured entities that hold assets. Those loans are subject to the same credit approvals as all other loans originated or purchased by the Group.

The Group does not have the power to direct the activities that most significantly impact these structured entities economic performance. These vehicles are funded usually via a syndicate of lenders.

39. Involvement with unconsolidated structured entities (continued)

The table below sets out an analysis of carrying amounts of interests held by the Group in unconsolidated structured entities by the type of underlying assets, which is the Group's maximum exposure to loss, and also the total assets of these unconsolidated structured entities.

	Group			
	Carrying amount		Total assets of the unconsolidated structured entities	
	2023	2022	2023	2022
	$m	$m	$m	$m
Loans and advances to customers				
Airplanes, ships and other assets	194	169	2,157	532
Commercial and other real estate	599	579	6,222	6,261
Total	793	748	8,379	6,793
Investment securities at amortised cost				
Airplanes, ships and other assets	254	—	298	—
Total	254	—	298	—

The above exposure is the asset based financing provided to 15 entities (2022: 20). The Group has further commitments of $20 million (2022: $77 million) to these entities.

	Company			
	Carrying amount		Total assets of the unconsolidated structured entities	
	2023	2022	2023	2022
	$m	$m	$m	$m
Loans and advances to customers				
Airplanes, ships and other assets	194	169	2,157	532
Commercial and other real estate	599	579	6,222	6,261
Total	**793**	**748**	**8,379**	**6,793**

The above exposure is the asset based financing provided to 14 entities (2022: 20). The Company has further commitments of $20 million (2022: $77 million) to these entities.

The asset based financing represents the statement of financial position carrying amount of the Group's financing in the structured entities. It reflects the initial financing in the structured entities adjusted for any accrued interest and cash principal payments received. The carrying amount may also be adjusted for increases or declines in fair value or any impairment in value recognised in the income statement.

40. Leases

A. Leases as a lessee

Information about leases for which the Group and the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased office buildings in branches and subsidiaries.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Balances at 1 January	**102**	**62**	**102**	**62**
Additions to right-of-use assets	51	66	48	66
Acquisition of Bank Handlowy	25	—	—	—
Disposals	—	—	—	—
Depreciation charge for the year	(27)	(20)	(26)	(20)
Foreign exchange	1	(6)	1	(6)
Balances at 31 December	**152**	**102**	**125**	**102**

Lease liabilities

	Group		Company	
Maturity analysis	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
	$m	**$m**	**$m**	**$m**
Expiring:				
– within one year	3	2	1	2
– between one and five years	37	31	34	31
– in five years and more	122	76	98	76
Total discounted lease liabilities at 31 December	**162**	**109**	**133**	**109**
Lease liabilities included in the statement of financial position at 31 December	**162**	**109**	**133**	**109**
Current	3	2	1	2
Non-current	159	107	132	107

Amounts recognised in profit or loss

	Group		Company	
	2023	**2022**	**2023**	**2022**
Leases under IFRS 16	**$m**	**$m**	**$m**	**$m**
Interest on lease liabilities	—	—	—	—

Amounts recognised in statement of cash flows

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$m	**$m**	**$m**	**$m**
Total cash outflow for leases	(25)	(39)	(23)	(39)

41. Related party transactions

The Group is a wholly owned subsidiary undertaking of Citibank Overseas Holdings Bahamas Limited (COHBL), incorporated in Bahamas. The largest Group in which the results of the Company are consolidated is Citigroup Inc., registered at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America. Until 17 October 2023, the Company was a subsidiary undertaking of Citibank Holding Ireland Limited (CHIL), incorporated in Ireland.

The Group defines related parties as the Board of Directors, senior management, their close family members, parent and fellow subsidiaries and associated companies. The Group considers the key management of the Group to be the members of the Executive Committee (ExCo).

Transactions with key management personnel

Key management personnel compensation comprised the following:

	Group and Company	
	2023	2022
Remuneration	$m	$m
Salaries and other short term benefits	14	16
Post-Employment Benefits	1	1
Termination Benefits	—	—
	15	17
Number of KMP YTD	25	25
Number of KMP 31st December	20	20

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group. This has been defined as CEP Executive Committee (ExCo) and any Executive, Non-Executive or Independent Non-Executive Directors for the Group.

Remuneration data includes full KMP population year to date i.e. including part year cases. For part year cases the annual remuneration data is prorated accordingly to the period of being recognised as KMP. For any internal Non-Executive Directors who are not employed by the Group their remuneration data is excluded from the figures provided and only headcount is reported.

Salaries and other short term benefits comprises, role based allowance, variable compensation, cash in lieu of pension and the value of other benefits.

Post Employment benefit includes employer contributions paid to pension funds.

Termination benefits data reflects severance payments.[4]

Population numbers includes interim KMPs. Individuals who are standing attendees of the ExCo only are excluded.

At 31 December 2023, there were no outstanding exposures to Directors including loans (2022: $nil).

[4] Excludes severance payments paid to anyone by any other legal entity within Citi in connection with the termination of their employment by that legal entity.

41. Related party transactions (continued)

A number of transactions are entered into with other Citigroup companies. These include loans and deposits that provide funding to other Citigroup companies as well as derivative contracts used to hedge residual risks that are included in the other assets and other liabilities balances. Various services are provided between related parties. The table below summarises balances with related parties.

	Group					
	31 December 2023			31 December 2022		
	Parent company undertakings	Other Citigroup undertakings	Total	Parent company undertakings	Other Citigroup undertakings	Total
Assets	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**	**\$m**
Cash and cash equivalents	—	8,983	8,983	—	2,624	2,624
Loans and advances to banks	—	1,470	1,470	—	1,385	1,385
Loans and advances to customers	—	20	20	—	57	57
Reverse Repurchase Agreement	—	8,190	8,190	—	7,853	7,853
Other assets	—	2,276	2,276	—	1,865	1,865
Derivatives	—	19,508	19,508	—	13,015	13,015
Liabilities						
Deposits by banks	—	5,400	5,400	—	5,849	5,849
Customer accounts	—	1,801	1,801	2	1,010	1,012
Other liabilities	—	1,980	1,980	—	602	602
Repurchase Agreement	—	670	670	—	931	931
Derivatives	—	20,394	20,394	—	14,186	14,186
Subordinated liabilities	—	8,482	8,482	4,455	—	4,455
Commitments and guarantees	—	—	—	—	911	911
Income statement						
Interest and similar income	—	701	701	—	129	129
Interest payable	(154)	(323)	(477)	(54)	(104)	(158)
Net fee and commission expenses	—	295	295	—	302	302
Net income from other financial instruments at FVTPL	—	—	—	—	4	4
Other operating income	—	863	863	—	744	744
Net trading income	—	471	471	—	(2,800)	(2,800)
Net investment income	—	—	—	—	—	—
Personnel expenses	—	(2)	(2)	—	(1)	(1)
Other expenses	—	(403)	(403)	—	(254)	(254)

41. Related party transactions (continued)

	Company						
	31 December 2023				31 December 2022 (Restated)		
	Parent company undertakings	Subsidiary	Other Citigroup undertakings	Total	Parent company undertakings	Other Citigroup undertakings	Total
Assets	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	—	185	8,944	9,129	—	2,624	2,624
Loans and advances to banks*	—	81	1,469	1,550	—	1,385	1,385
Loans and advances to customers*	—	—	20	20	—	57	57
Reverse Repurchase Agreement*	—	—	6,561	6,561	—	7,853	7,853
Other assets	—	2	2,219	2,221	—	1,865	1,865
Derivatives	—	—	19,152	19,152	—	13,015	13,015
Liabilities							
Deposits by banks	—	6	5,163	5,169	—	5,849	5,849
Customer accounts	—	—	1,735	1,735	2	1,010	1,012
Other liabilities*	—	1	1,904	1,905	—	602	602
Repurchase Agreement*	—	—	670	670	—	931	931
Derivatives	—	—	20,066	20,066	—	14,186	14,186
Subordinated liabilities	—	—	8,482	8,482	4,455	—	4,455
Commitments and guarantees	—	—	—	—	—	911	911
Income statement							
Interest and similar income	—	—	689	689	—	129	129
Interest payable	(154)	(2)	(321)	(477)	(54)	(104)	(158)
Net fee and commission expenses	—	—	264	264	—	302	302
Net income from other financial instruments at FVTPL	—	—	—	—	—	4	4
Other operating income	—	—	865	865	—	744	744
Net trading income	—	1	461	462	—	(2,800)	(2,800)
Net investment income	—	—	—	—	—	—	—
Personnel expenses	—	—	(2)	(2)	—	(1)	(1)
Other expenses	—	(1)	(401)	(402)	—	(254)	(254)

*To provide more relevant information to the readers of the financial statements reverse repurchase agreement and repurchase agreement balances have been presented separately from Loans and advances to banks and customers and Other liabilities respectively. Comparative balances have also been updated accordingly.

There were no transactions with CitiCapital Leasing (March) Ltd as a subsidiary in the previous year and in the current year. Transactions with BHW, a new subsidiary acquired on the 15th of November 2023 are disclosed in the table above.

The total carrying amount of equity-settled transaction liability due to Citigroup Inc was $50 million (2022: $42 million). A $26 million (2022: $19 million) cash payment was made to Citigroup Inc in relation to the equity-settled transaction liability. Please refer to Note 37 Share-based incentive plans for further details.

No dividends were paid by the Group to its direct parent, Citibank Overseas Holdings Bahamas Limited (COHBL), incorporated in Bahamas) in relation to 2023 earnings during the year (2022: $nil).

42. Parent companies

The Company is a subsidiary undertaking of Citibank Overseas Holdings Bahamas Limited (COHBL), incorporated in Bahamas. The largest Group in which the results of the Company are consolidated is Citigroup Inc., registered at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America. Until 17 October 2023, the Company was a subsidiary undertaking of Citibank Holding Ireland Limited (CHIL), incorporated in Ireland.

The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from http://www.citigroup.com/citi/investor/corporate_governance.html

43. Approval of financial statements

The financial statements of the Group and Company were approved by the Board of Directors on the 27 March 2024.

CITIBANK EUROPE PLC

(Registered Number: 132781)

COUNTRY BY COUNTRY REPORTING

for the year ended 31 December 2023

KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CITIBANK EUROPE PLC

Opinion

We have audited the accompanying Country-by-Country ("CBC") financial information of Citibank Europe Plc ("the Group") for the year ended 31 December 2023 pursuant to European Union (Capital Requirements) Regulations, 2014 ("the Regulations") which is required to be audited by Regulation 77 of those Regulations. The CBC financial information set out on pages 217 to 219 in the Citibank Europe plc Country-by-Country Reporting (collectively "the CBC financial information"), has been prepared on a consolidated prudential basis more fully explained within the Basis of Preparation on page 217.

In our opinion, the CBC financial information as at 31 December 2023:

- is properly prepared, in all material respects, in accordance with the special purpose basis of preparation set out on page 217 to the CBC financial information; and
- discloses the items of CBC financial information required to be published by Regulation 77 of the European Union (Capital Requirements) Regulations, 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"), including ISA (Ireland) 800 and ISA (Ireland) 805, and the terms of our engagement letter dated 11 October 2023. Our responsibilities are described within the Auditor's responsibilities for the audit of the CBC financial information section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of the CBC financial information in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – special purpose basis of preparation

In forming our opinion on the CBC financial information, which is unmodified, we draw your attention to the disclosure made on page 217 concerning the basis of preparation. The CBC financial information is prepared by the Group for the purpose of meeting the requirements of Regulation 77 of the European Union (Capital Requirements) Regulations, 2014. The CBC financial information has therefore been prepared in accordance with a special purpose framework and, as a result, the CBC information may not be suitable for another purpose.

Conclusions relating to going concern

In auditing the CBC financial information, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the CBC financial information is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- We used our knowledge of the Group, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources over this period were:

- the availability of funding and liquidity in the event of a market wide stress scenario; an
- the impact on regulatory capital requirements in the event of an economic slowdown or recession.

- We also considered whether these risks could plausibly affect the availability of financial resources in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from the date when the CBC financial information is authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the CBC financial information and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of Directors, the Audit Committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of Directors, the Audit Committee and internal audit regarding their assessment of the risk that the CBC financial information may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading minutes of meetings of the Board of Directors and the Audit Committe.
- Considering remuneration incentive schemes and performance targets for management and Directors.
- Performing planning analytical procedures to identify any unusual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the Group to full scope component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

Firstly, the Group is subject to laws and regulations that directly affect the CBC financial information including the European Union (Capital Requirements) Regulations, 2014, companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related CBC financial information items, including assessing the CBC financial information disclosures and agreeing them to supporting documentation when necessary.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CITIBANK EUROPE PLC (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the CBC financial information, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation; and

- Assessing the disclosures in the CBC financial information.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the CBC financial information, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the CBC financial information, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Respective responsibilities and restrictions on use

Responsibilities of Directors for the CBC financial information

The Directors are responsible for: the preparation of the CBC financial information in accordance with the requirements of the European Union (Capital Requirements) Regulations, 2014 relevant to preparing such CBC financial information; such internal control as they determine is necessary to enable the preparation of the CBC financial information that is free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CITIBANK EUROPE PLC (continued)

Auditor's responsibilities for the audit of the CBC financial information

Our objectives are to obtain reasonable assurance about whether the CBC financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the CBC financial information.

A fuller description of our responsibilities is provided on IAASA's website at https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Group's Directors, as a body, in accordance with our engagement letter to provide a report pursuant to Regulation 77 of the European Union (Capital Requirements) Regulation, 2014. Our audit work has been undertaken so that we might state to the Group's Directors those matters we are required to state to them in an auditor's report on CBC financial information and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

28 March 2024

James Black
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
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Dublin 1
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Country by Country Reporting

The Country by Country is a reporting requirement per the European Commission as detailed under Article 89 of the CRD IV directive 2013/36/EU.

The Commissions aims through this report to allow stakeholders to gain a better understanding of the structures of financial groups, their activities and geographical presence and to understand the payment of taxes vis a vie the location of where actual business activity takes place.

The requirement lays out that all “Banks” and “Investment Firms” have to report annually, for each country in which they have an establishment, data on:

- Name(s), activities, geographical location
- Turnover
- Staff Numbers
- Profit and loss before Tax
- Tax on profit or Loss
- Public Subsidies received

Once approved by the Board the report will be duly saved to the Citigroup Inc website under Investor Relations.

Article 89 of the CRD requires credit institutions to disclose certain information on a branch by branch basis.

Basis of Preparation:

The Table below presents the Group’s turnover, average number of employees, profit or loss before tax, tax on profit and public subsidies received based on the geographic locations in which the Group operates. The Group prepares statutory financial statements under International Financial Reporting Standards as adopted by the European Union (EU). The CBC disclosures are prepared under International Financial Reporting Standards as adopted by the EU and as regards the scope of consolidation on a prudential basis as required by the EU Capital Requirements Regulations. There is no difference between the Group’s statutory financial statements and its prudential basis of consolidation.

Overview of the table:

The Table below presents the Group’s turnover, number of employees, profit and loss before tax, tax on profit or loss and public subsidies received. Set out below are the definitions which have been applied in preparing the information within the Table below.

Turnover:

Turnover represents total operating income, which comprises net interest income, net fee and commission income, net trading income, dividend income and other operating income.

Employees:

This represents the average number of Full Time Equivalents being full and part time employees but excluding any agency and contracting staff.

Profit and Loss before Tax:

Profit and loss before tax is reported in a manner consistent with that included in these Annual Financial Statements.

Country by Country Reporting (continued)

Tax on profit:

Tax on profit or loss represents the tax expense recognised within the income statement and does not reflect the actual amount of corporation tax paid. Included within the tax on profit or loss is both current tax and deferred tax.

Public Subsidies Received:

Subsidies received is considered a direct transfer of funds, such as a grant from a state body.

Nature of activities:

Citibank Europe Plc. (CEP) is a licenced credit institution authorised by the Central Bank of Ireland (CBI) and is headquartered in Ireland. Pursuant to its authorisation by the CBI, CEP has passported under the European Union's (EU) Banking Consolidation Directive and accordingly is permitted to conduct a broad range of banking and financial-services activities across the EEA through branches and on a cross border basis.

The Company's overseas passported branches are located in Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxembourg, Netherlands, Norway, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom. In addition to the overseas passported branches, CEP has two branches in Poland and Hungary which provide key operation and technology support services to other Citigroup affiliates.

The Company's subsidiaries are located in Poland and the United Kingdom

A Country by Country Reporting (CBCR) obligation was introduced through Article 89 of the EUR Directive 2013/36/EU, otherwise known as the Capital Requirements Directive IV (CRD IV). CEP is required on a consolidated basis to report the following information for each period of account.

Country by Country Reporting (continued)

Consolidated	Turnover	Turnover	Number of Employees	Number of Employees	Profit or (Loss) before tax	Profit or (Loss) before tax	Tax (charge)/ release on profit or loss	Tax (charge)/ release on profit or loss	Public subsidies received	Public subsidies received
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$m	$m			$m	$m	$m	$m	$m	$m
Austria	6	2	9	8	2	1	—	—	—	—
Belgium	9	2	15	13	1	1	—	—	—	—
Bulgaria	43	23	51	49	39	15	(4)	(2)	—	—
Czech Republic	201	142	266	247	125	88	(30)	(19)	—	—
Germany	114	58	143	125	49	22	(14)	(8)	—	—
Denmark	3	5	17	14	(5)	(1)	1	—	—	—
Spain	60	39	175	168	28	11	(4)	(4)	—	—
Finland	6	4	18	16	1	—	—	—	—	—
France	135	95	187	155	15	23	(3)	(6)	—	—
United Kingdom	123	182	103	90	72	55	4	(19)	—	—
Greece	46	24	105	102	10	(1)	(2)	(1)	—	—
Hungary	359	242	2,973	2,752	124	50	(46)	(8)	—	—
Ireland	1,990	1,604	2,693	2,394	1,209	739	(196)	(118)	—	—
Italy	29	(2)	62	50	(2)	10	(4)	(5)	—	—
Luxembourg	222	87	251	234	109	65	(22)	(16)	0.099	0.041
Netherlands	117	21	104	90	77	53	(19)	(13)	—	—
Norway	18	6	16	15	9	8	(2)	(2)	—	—
Poland	633	294	9,309	5,801	111	26	(28)	(5)	—	—
Portugal	6	1	16	18	—	1	—	(1)	—	—
Romania	158	113	181	176	150	93	(23)	(15)	—	—
Sweden	38	40	98	85	(8)	4	—	—	—	—
Slovakia	31	21	41	42	25	11	(6)	(2)	—	—
Total	4,347	3,003	16,833	12,644	2,141	1,274	(398)	(244)	0.099	0.041