Citibank N.A, UAE

Annual Pillar III Disclosures

31 December 2023

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1. Introduction to Citibank NA UAE

Citibank NA United Arab Emirates branch operates in the United Arab Emirates ("UAE") through its four branches (2023: four) located in the Emirates of Abu Dhabi, Dubai and Sharjah under a license issued by the Central Bank of UAE ("CBUAE").

The principal activities of the Bank include accepting deposits, granting loans and advances and providing consumer and corporate banking, including treasury activities.

The registered office and the address of the Bank is P.O. Box 749, Dubai, UAE.

The Bank is a branch of Citibank N.A. USA. The ultimate holding company of the Bank is Citigroup Inc.

This disclosure reflects the activities of the Branches in the United Arab Emirates only and exclude all transactions, assets and liabilities of the head office and its other branches elsewhere. Since the capital of the Bank is not publicly traded, no segment analysis has been prepared.

2. Basis of Preparation

The purpose of this public disclosure is to provide detailed information on Citibank, N.A UAE Branch capital structure, capital adequacy, risk exposure and risk-weighted assets ("RWA"), leverage ratio and liquidity ratios as of 31 December 2023.

The following public disclosure presents the annual Pillar 3 disclosure of Citibank NA UAE which has been prepared in accordance with the Central Bank of UAE Notice No CBUAE/BSD/N/2022/1887 dated 9 May 2022 on "Update Pillar 3 Templates and Explanatory Notes".

The Pillar 3 Disclosure document has been prepared and presented using local currency – UAE Dirhams (AED'000).

3. Management's Responsibility Statement

Citibank NA UAE management is responsible for the preparation and fair presentation of the annual financial statements of the Branch, comprising the statement of financial position as of 31 December 2023, and disclosure requirements.

This document presents Pillar III disclosures which complements the Basel III minimum capital requirements and the supervisory review process of the Bank. The document is subject of maker and checker review, the presented figures are in line with the BRF reports and approved by the CFO.

The Pillar 3 Disclosure document has been verified internally by senior management including Risk and HR teams in accordance with Citi's policies on disclosure, financial reporting and governance processes.

4. Overview of Risk Management and RWA

4.1 Template KM1: Key Metrics (Quarterly)

The below key prudential metrics relate to regulatory capital, leverage ratio and liquidity standards related to Citi UAE. Citibank NA UAE capital and leverage position is managed within the risk appetite framework. No transitional arrangement with regards to implementation of IFRS9 for the impact of expected credit loss accounting on regulatory capital have been applied for Q4-2021 until Q4-2023.

Citibank NA UAE is subject to regulatory capital standards issued by Central Bank of UAE. Citibank NA UAE manages its balance sheet proactively, with a particular focus on the efficient management of RWA.

LCR and NSFR reporting is not applicable for Citibank NA UAE. Only banks selected by Central Bank are able to use the LCR and NSFR for regulatory compliance.

Due to the increase of HQLA balances (Physical cash in hand at the bank, balances with the CBUAE, Foreign Sovereign debt instruments or instruments issued by their respective central banks) the Eligible Liquid Assets Ratio increased by 2.78% compared to the previous period.

Advances to Stables Resource Ratio is not showing significant fluctuation compared to the previous periods.

The significant Capital increase is due capital retention in order to cover Pillar 2 risks requirements from the new Central Bank guidance received in December 2022 and Capital injection as of 2023. The increase caused the improvement of the CAR ratio also.

Citibank NA UAE is not highly leveraged, with a leverage ratio of 7.68%, above the minimum leverage ratio requirement of 3%.

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		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	4,316,816	3,276,839	3,249,063	3,286,117	2,550,565
1a	Fully loaded ECL accounting model	4,316,816	3,276,839	3,249,063	3,286,117	2,550,565
2	Tier 1	4,316,816	3,276,839	3,249,063	3,286,117	2,550,565
2a	Fully loaded ECL accounting model Tier 1	4,316,816	3,276,839	3,249,063	3,286,117	2,550,565
3	Total capital	4,494,905	3,448,762	3,413,155	3,447,160	2,720,186
3a	Fully loaded ECL accounting model total capital	4,494,905	3,448,762	3,413,155	3,447,160	2,720,186
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	17,494,734	17,551,122	16,809,577	16,672,717	16,801,829
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	24.67%	18.67%	19.33%	19.71%	15.18%
5a	Fully loaded ECL accounting model CET1 (%)	24.67%	18.67%	19.33%	19.71%	15.18%
6	Tier 1 ratio (%)	24.67%	18.67%	19.33%	19.71%	15.18%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	24.67%	18.67%	19.33%	19.71%	15.18%
7	Total capital ratio (%)	25.69%	19.65%	20.30%	20.68%	16.19%
7a	Fully loaded ECL accounting model total capital ratio (%)	25.69%	19.65%	20.30%	20.68%	16.19%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0	0	0	0	0
10	Bank D-SIB additional requirements (%)	0	0	0	0	0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	15.19%	9.15%	9.80%	10.18%	5.69%
	Leverage Ratio					
13	Total leverage ratio measure	56,186,994	51,996,780	52,549,383	51,353,253	55,113,386
14	Leverage ratio (%) (row 2/row 13)	7.68%	6.30%	6.18%	6.40%	4.63%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	7.68%	6.30%	6.18%	6.40%	4.63%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	NA	NA	NA	NA	NA
	Liquidity Coverage Ratio					
15	Total HQLA	NA	NA	NA	NA	NA
16	Total net cash outflow	NA	NA	NA	NA	NA
17	LCR ratio (%)	NA	NA	NA	NA	NA
	Net Stable Funding Ratio					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR ratio (%)	NA	NA	NA	NA	NA
	ELAR					
21	Total HQLA	27,789,407	25,111,474	27,441,884	24,409,858	23,066,541
22	Total liabilities	44,395,419	41,976,453	42,917,748	41,894,305	45,760,679
23	Eligible Liquid Assets Ratio (ELAR) (%)	62.60%	59.82%	63.94%	58.27%	50.41%
	ASRR					
24	Total available stable funding	37,108,666	34,597,814	34,870,239	34,617,946	33,797,794
25	Total Advances	12,080,911	11,090,499	10,764,352	10,359,947	11,053,251
26	Advances to Stable Resources Ratio (%)	32.56%	32.06%	30.87%	29.93%	32.70%

4.2 Template OVA: Bank Risk Management Approach (Annual)

These disclosures provide details of Citi UAE's exposure to risk and describes the methods used by management to manage risk. The most important types of financial risk to which Citibank NA UAE is exposed to credit risk, liquidity risk, market risk and operational risk.

Credit Risk

The mission of Citibank NA UAE is to responsibly provide financial services that enable economic growth and progress as a trusted partner to its clients and to deliver sustainable, growing earnings across all its businesses while protecting capital and liquidity.

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

Risk governance at Citibank NA UAE is cascaded through risk frameworks and risk policies, which describe how Citibank NA UAE identifies, measure, mitigates, monitors and reports material risk. This ensures transparent lines of responsibility and accountability for the core risk governance processes performed by the Branch.

The risk management framework is based on a 'three lines of defense' governance model, whereby each line has a specific role and defined responsibilities in such a way that the execution of tasks is separated from the control of the same tasks. The three lines of defense also collaborate with each other in structured for and through formalised processes to bring various perspectives together and to lead the Branch toward outcomes that are in clients' and shareholders' interests, create economic value and are systemically responsible.

Each of Citi UAE's businesses (the first line of defense) owns and manages the risks inherent in or arising from the business and is responsible for establishing and operating controls to mitigate key risks, performing manager assessments of the design and effectiveness of internal controls, and promoting a culture of compliance and control.

Citi UAE's independent control functions (the second line of defense), including Independent Risk Management, Independent Compliance Risk Management, Legal, and Human Resources ("HR"), set standards against which business, operations and control functions are required to manage and oversee risks, including compliance with applicable laws, regulatory requirements, and policies and standards of ethical conduct. These functions are involved in identifying, measuring, monitoring, or controlling aggregate risks, and are independent from front line units.

Citibank NA UAE's third line of defense Includes Internal Audit. Responsible for independent assurance to the Board on the effectiveness of governance, risk management and internal controls.

Business model determines and interacts with overall risk profile through the governance committes (ie., RMC, CCC), business planning, franchise reviews, cost of credit forecasting and the ICAAP process. Risk Mangers monitor limits, ratings and classification, exposure through the various risk measurement systems (Citi Risk Credit, Citi Risk & Control) etc.

Citi consumer business has 4 portfolios viz. Cards, Loans, Margin Lending and Mortgages. In general Citi calibrates risk taking relative to its gross earnings power and expense base such that the potential losses arising from a moderate stress event can be covered by the expected pre-tax net earnings, without compromising its capital. Additionally Citi has a comprehensive approach for dedicated stress testing exercises as per below:

ICAAP: Comprehensive review of the Capital requirement basis Stage level ENR and Expected Credit Loss for 4 Consumer portfolios to assess capital adequacy and the appropriate risk management techniques. It involves selection of Stress Test scenario, material Risk Assessment to the portfolio, and usage of approved models and methodologies to cover the nature and level of the risks to which the bank might be exposed to.

Central Bank Stress Test: This involves the selection of macro variables basis final guidance by the Central bank and using the approved models for calculation of Expected Credit Loss and the final Capital requirements. Country has approved models for forecasting ECL under Central Bank Stress Test Scenario.

CCAR: Comprehensive Capital Analysis and Review is the US Regulatory mandated stress testing which aims to assess that Citi has sufficient capital to continue operations throughout times of economic and financial stress and has robust, forward-looking capital-planning processes that account for unique risks.

Market Risk

Risk appetite describes the aggregate level and types of risk that a firm is willing to take to achieve its strategic objectives and business plan. Risk appetite is mechanized through a set of carefully calibrated boundaries and monitored through robust reporting. Treasury Risk covers Market Trading Risk, Liquidity Risk and Interest Rate Risk in the Banking Book (IRRBB) for Citibank NA UAE. From Risk perspective, Risk Appetite is defined through the use of approved limits against various metrics. Limits are approved by independent Market Risk, Risk Management Committee (RMC), and Citibank NA UAE CCC, and are set in accordance with the Treasury Risk Appetite Framework (RAF). RAF is designed to balance business ownership and accountability for risks with well-defined independent risk management oversight and responsibility. Further, the risk management organization is structured to facilitate the management of risks across three dimensions: businesses, regions, and critical products. In line with the limits set, Treasury then takes selective risks in support of it's Mandates and Strategy.

The overall governance structure and responsbilities, is broken down into the lines of defence:

- First Line of Defense: Includes Front Line Units (such as Treasury) and Front Line Unit activities. They are responsible and held accountable for managing the risks associated with their activities within the boundaries set by independent risk management.
- Second Line of Defense: Includes Independent Risk Management. They are responsible for overseeing the risk-taking activities of the first line of defense and challenging the first line of defense in their execution of their risk management responsibilities in addition to independently identifying, measuring, monitoring, and controlling aggregate risks. Risk also has the responsibility of escalating any breaches to senior management in line with Citi's Risk Appetite, Limit, and Threshold Management Procedure.
- Third Line of Defense: Includes Internal Audit. Responsible for independent assurance to the Board on the effectiveness of governance, risk management and internal controls.
- Control and Support Functions: Includes functions that do not meet the definition of front-line unit, independent risk management or internal audit. They are expected to design, implement, and maintain an effective control environment, supportive of safety and soundness. Any front-line unit activities within control and support functions remain subject to challenge by independent risk management.

In the event of a breach of pre-set thresholds/limits or any policy violation, Citibank NA UAE Treasurer must notify the Risk Manager, Cluster Treasurer, Regional Treasurer, and relevant stakeholders of the breach, its root cause and remediation plan. Risk then escalates with the senior chain to Regional Risk Manager, along with all details. It must also be ensured that escalation of the breaches and details is made to local CCC and RMC. CCC is the key governance committee where all issues relating to Risk is discussed and escalated to. All Treasury related limits ultimately are approved by CCC, once Risk provides approval.

Citi has different systems to monitor Market Trading Risk, Liquidity Risk, and Interest Rate Risk in the Banking Book (IRRBB). Risk Reporting teams ultimately use these systems to generate reports for Treasury and Risk. Reporting for Liquidity and Market Risk is done daily, and IRRBB is monthly. It is ultimately the responsibility of Treasury to ensure the completeness and integrity of risk reports and metrics and effective reporting of the data into the risk aggregation system, in partnership with Risk Reporting teams. Treasury Risk also leverages a global internal platform called 'Citi Risk' to escalate and record any breaches of limits to senior management.

CCC is the key goverance committee for Treasury and Treasury Risk. CCC is held on a monthly basis where Treasury presents all key metrics/reports related to Market Trading Risk, Liquidity Risk, and Interest Rate Risk in the Banking Book (IRRBB) as of the particular month end date. These metrics against limits are also presented in UAE Risk Management Committee (RMC).

Market Risk report highlights key FX exposures, overall Trading VaR, interest rate risk delta exposure against limits broken down at a currency level. Liquidity Risk report highlights key balance sheet metrics against thresholds (such as deposit to loan ratio, concentration ratios, etc), along with balance sheet stress metrics against triggers and limits. The IRRBB report highlights movement of moving interest rates on the balance sheet and the impact to net interest income and overall equity (against preset triggers).

Citibank NA UAE performs simulated liquidity scenario (long term and short term) stress testing. The scenario includes assumptions about significant changes in key funding parameters. The results of scenario tests are reviewed to ensure that Citibank NA UAE has sufficient liquidity, including in stressed scenarios, across all tenor buckets. This scenario assumes market, credit and economic conditions are moderately to highly stressed with potential further deterioration, and is used to measure a 12-month and 30-day survival horizon.

For Market Trading Risk stress testing, this is performed on a regular basis to estimate the impact of extreme market movements. It is performed on individual positions and trading portfolios, as well as in aggregate inclusive of multiple trading portfolios. Citi's independent market risk management organization, after consultations with the businesses, develops both systemic and specific stress scenarios, reviews the output of periodic stress testing exercises, and uses the information to assess the ongoing appropriateness of exposure levels and limits.

For IRRBB, various Interest Rate stress shocks (e.g. +/-100bp, +/-200bp) are applied on the balance sheet to assess the impact on net interest income (NII) and to measure the impact of interest rate changes vs. the firm's capital (Economic Valuation Sensitivity – EVS). Addition stress testing on IRRBB is also performed using historical and hypothetical scenarios. The results of these stress tests uses is to assess the ongoing appropriateness of exposure levels and to set limits in line with Risk Appetite Framework.

Total and granular DV01 by currency (factor sensitivty) is monitored on a daily basis, and reports are prepared and shared to stakeholders by an independent reporting function. AFS (banking book investment) hedging is done out of a portfolio maintained in Citi London. Capital, along with unpaid profits, are hedged with Citi Treasury Investments desk in London. The total amount hedged is increased/decreased on a monthly basis to ensure the hedge matches the reported outstanding capital plus unpaid profits.

Operational Risk

Citibank NA UAE's goal is to keep operational risk at appropriate levels relative to the characteristics of its businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment. The entity recognizes that operational risk is inherent in its global business activities and related support processes. To anticipate, mitigate and control operational risk, the entity follows Citi-wide policies, and the institutional framework for assessing, monitoring and communicating operational risks and the overall operating effectiveness of the internal control environment across Citi. Citibank NA UAE also recognizes that operational risk can occur broadly and has impact beyond financial losses. Local Management has implemented a Manager's Control Assessment (MCA) program that relies on key indicators across various operational risk categories and established methodologies and tools to facilitate monitoring where appropriate so that any exceptions and / or negative trends are captured in operational risk management reporting.

Citibank NA UAE has adopted the ‘Three Lines of Defense’ Governance Structure for effective management of Operational Risk. The Roles and Responsibilities of the Three Lines of Defense are as follows:

- First Line of Defense: owns the risks inherent in or arising from their business and is responsible for identifying, assessing and controlling those risks so that they are within risk appetite. These units may also conduct control and support activities.
- Second Line of Defense: is defined to include the following organizational units - (i) Independent Compliance Risk Management (ICRM) and (ii) Independent Risk Management. The ICRM organization is designed to oversee and challenge products, functions, jurisdictional activities and legal entities in managing compliance risk, as well as promoting business conduct and activity that is consistent with Citi's Mission and Value Proposition and the Compliance Risk Appetite. The Independent Risk Management organization sets risk and control standards for the first line of defense and actively manages and oversees aggregate credit, market (price and interest rate), liquidity, strategic, operational, compliance and reputation risks across the firm, including risks that span categories, such as concentration risk.
- Third Line of Defense: Includes Internal Audit. Responsible for independent assurance to the Board on the effectiveness of governance, risk management and internal controls.

The respective businesses / functions are responsible for monitoring the metrics against the set thresholds on Quarterly basis and submit the results to the Country Coordinating Committee (CCC) and Risk Management Committee(RMC).

If any of the metrics breach the established thresholds the root cause analysis and corresponding corrective action plans are also be brought to the attention of the CCC and RMC.

The following are tools/ techniques for Operational Risk Identification and Assessment in Citibank NA UAE.

- Internal Operational Risk Loss Data

- Managers Control Assessment (MCA)
- Product and System Change Assessment

Gathering of Internal Loss Data

All Internal Operational Risk Events ("Event") are required to be reported into Citi Operational Risk LCS (Loss Capture System) designed to capture and store information related to internal operational risk events.

Manager's Control Assessment (MCA)

The Manager's Control Assessment (MCA) is a comprehensive self-assessment program, methodology and tool to support managers in mitigating their risks through consistent:

- Risk and control identification
- Risk and control assessment and monitoring
- Residual risk management

MCA allow management to enable risk and control identification, assessment & monitoring and residual risk management for all Governance, Risk & Compliance (GRC) Risks. MCA is focused on the most significant risks and key controls, i.e., the controls that mitigate those significant risks. MCA provides Citi's Management and Independent Risk and Control Functions a holistic view of Residual Risk and insight into trends & drivers for their Business or function.

Product and System Change Assessment

Citibank NA UAE follows the New Products or Services, Complex Transactions, and Business Line Review Policy (NAC).

The objective of the NAC Policy is to ensure that new products or services and complex transactions manufactured or provided by Citi (or by third parties for distribution to Citi clients), and new business lines or expansions of existing business undergo a transparent, consistent, rigorous, documented, and auditable review and approval process for the identification and evaluation of significant risks to Citi and its clients.

Citibank NA UAE also follows the ORM New Product Approval Procedures which establish common protocols and procedures for interaction by Operational Risk Management with each of the New Product Approval Committees. These Procedures include ORM roles and responsibilities.

The Risk Management Committee (RMC) for Citibank NA UAE provides governance and oversight for compliance and operational risks. The mandate of the UAE RMC is to govern and oversee that all compliance and operational risks material to its scope and mandate are adequately identified, monitored, reported, managed, and escalated, and appropriate action is taken in line with the firm-wide strategic objectives, risk appetite thresholds, and regulatory expectation, while promoting the culture of risk awareness and high standards of culture and conduct. Citibank NA UAE RMC receives risk & control updates from business, O&T and support functions

The Operational Risk Stress Loss Model has been reviewed by Citi's Model Risk Management team and is specifically validated for use in UAE. Operational Risk Management review the material operational risks facing the business as well as the full database of operational risk losses sustained by the entity. A quantitative tool, developed by the global Operational Risk Analytics team for use in ICAAPs, was used in providing estimates of potential stress losses in relation to Operational Risk.

This tool relies on loss data reported into Loss Capture System, uses separate frequency and severity components and is run a sufficient number of iterations to provide loss estimates across a range of probabilities, in this case 1-in-50, 1-in-25, 1-in-10 and compares this output to a variety of benchmarks (e.g. Worst 3 year period / Worst 3 year period excluding Largest event / Largest event / Average loss per 3 year period / Most recent loss 3 year period / Worst 3 year period) for consideration. The model output is distributed 40% of the loss falls in year 1, and 30% in each of years 2 & 3. The rationale for a 40%-30%-30% distribution is based on historical loss data which highlights an improving trend for following quarters / year whenever the bank had experienced a severe loss event. Also, following any severe loss event, preventative measures are put in place and lessons learned are implemented by management to prevent a reoccurrence.

Citibank NA UAE has adopted group issued Operational Risk Management (ORM Policy) which is designed to maintain a sound and well-controlled operational environment. Policy that codifies the principles, the minimum requirements, and prescriptions of the “how-to” for operational risk management that Businesses and Functions must comply with. The ORM Policy consists of Standards and Central Procedures, following the construct prescribed by the Citi Policy Governance Policy. ORM Unit through credible challenge works with the businesses and other control functions to develop & maintain a strong operational risk management culture and framework and engages with the businesses to ensure effective implementation of the ORM framework by focusing on:

- Identification, analysis, and assessment of operational risks,
- Effective challenge of key control issues and operational risks and
- Anticipation and mitigation of operational risk events.

To anticipate, mitigate and control operational risk; Citibank NA UAE has adopted the Governance, Risk and Compliance (GRC) & comprehensive self-assessment program, methodology and tools - “Manager’s Control Assessment” which support managers in mitigating their GRC risks through consistent (i) risk and control identification; (ii) risk and control assessment and monitoring; (iii) residual risk management.

Operational Risk is managed through local and regional in-business risk and compliance & control resources supported by a centralized team of Operational Risk specialists. Localized governance is achieved through Citibank N.A. UAE, Risk Management Committee (“RMC”).

UAE Risk Management Committee(“RMC”)

The Risk Management Committee (RMC) is a key risk and control committee, and it plays an essential governance role in identifying, measuring, monitoring, reporting and managing of Governance Risk & Compliance (GRC) risks. The RMC brings together the three lines of defense with a common goal: ensuring that a strong risk and control framework and a culture of risk awareness are maintained across the franchise.

4.3 Template OV1: Overview of RWA (Quarterly)

		a	b	c
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk)	13,586,733	13,155,328	1,426,607
2	Of which: standardised approach (SA)	13,586,733	13,155,328	1,426,607
3	[redacted]			
4				
5				
6	Counterparty credit risk (CCR)	660,359	598,550	69,338
7	Of which: standardised approach for counterparty credit risk	660,359	598,550	69,338
8	[redacted]			
9				
10				
11				
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	[redacted]			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	160,308	709,909	16,832
21	Of which: standardised approach (SA)	160,308	709,909	16,832
22	[redacted]			
23	Operational risk	3,087,334	3,087,334	324,170
24	[redacted]			
25				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**17,494,734**	**16,809,577**	**1,836,947**

The credit risk items have three main contributors: banks (2.8 bn AED), corporates (5 bn AED) retail (individual and SMEs, 4.7 bn AED) and other assets (mainly prepaid expenses, 0.5 bn AED). The rest of the credit risk balance is due to other smaller items (e.g. PSEs). Credit risk's increase compared to the previous period is caused by the increase of banks' balances from 2.2 bn AED to 2.8 bn AED.

Market risk is defined as the risk of losses in on and off-balance-sheet positions arising from movements in market prices. The risks subject to this requirement are:

- The risks pertaining to interest rate related instruments and equities in the trading book;
- Foreign exchange risk and commodities risk throughout the bank.

The significant decrease in Market risk risk weighted asset is caused by the decrease of KWD and SAR currency in aggregate short position.

Operational risk is calculated by the Standardized Approach (SA) , and the reported figures are tying back to the Income Statement. In the Standardised Approach, banks' activities are divided into eight business lines as corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management, and retail brokerage.

Within each business line, gross income is a broad indicator that serves as a proxy for the scale of business operations and thus the likely scale of operational risk exposure within each of these business lines. The capital charge for each business line is calculated by multiplying gross income by a factor (denoted beta) assigned to that business line. Beta serves as a proxy for the industry-wide relationship between the operational risk loss experience for a given business line and the aggregate level of gross income for that business line.

5. Linkages Between Financial Statements and Regulatory Exposures

5.1 Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Annual)

	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
CASH & BALANCES WITH CENTRAL BANK	22,524,110	22,524,110	22,524,110	-	-	-	-
DUE FROM HEAD OFFICE /OWN BRANCHES/ BANKING SUBS. (GROSS)	150,921	150,921	150,921	-	-	-	-
BALANCES DUE FROM OTHER BANKS (GROSS)	2,877,096	2,877,096	2,877,096	-	-	-	-
INVESTMENTS AND FINANCIAL ASSETS	13,770,635	13,770,635	13,770,635	-	-	10,976,308	-
LOANS & ADVANCES (GROSS)	9,173,684	9,173,684	9,173,684	-	-	-	-
NET FIXED ASSETS	67,609	67,609	67,609	-	-	-	-
OTHER ASSETS	873,573	873,573	873,573	-	-	-	-
CUSTOMER ACCEPTANCES	382,524	382,524	382,524	-	-	-	-
POSITIVE FAIR VALUE OF DERIVATIVES	204,485	204,485	204,485	-	-	-	-
Total Assets	50,024,635	50,024,635	50,024,635	-	-	10,976,308	-
Liabilities							
DUE TO BANKS	125,989	125,989	-	-	-	-	-
CUSTOMER DEPOSITS	36,780,106	36,780,106	-	-	-	-	-
DUE TO HEAD OFFICE AND BRANCHES ABROAD	5,292,784	5,292,784	-	-	-	-	-
PROVISIONS & INTEREST IN SUSPENSE*	-	-	-	-	-	-	-
OTHER LIABILITIES	1,605,963	1,605,963	-	-	-	-	-
CUSTOMER ACCEPTANCES	382,524	382,524	-	-	-	-	-
NEGATIVE FAIR VALUE OF DERIVATIVES	175,190	175,190	-	-	-	-	-
Total Liabilities	44,362,556	44,362,556	-	-	-	-	-
Equity							
ALLOCATED CAPITAL	1,145,784	1,145,784	-	-	-	-	-
LEGAL RESERVE	67,951	67,951	-	-	-	-	-
FAIR VALUE RESERVE	(97,794)	(97,794)	-	-	-	-	-
OTHER RESERVES	(2,580)	(2,580)	-	-	-	-	-
RETAINED EARNINGS	4,548,719	4,548,719	-	-	-	-	-
Total shareholders' equity	5,662,079	5,662,079	-	-	-	-	-

5.2 Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (Annual)

		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	50,024,635	50,024,635			10,976,308
2	*Differences due to consideration of provisions*	329,602				
3	*Reclass between other assets and other liabilities*	30,870				
4	*Tax adjustment*	(3,517)				
5	**Exposure amounts considered for regulatory purposes**	50,381,590				

Difference between *Asset carrying value amount under scope of regulatory consolidation* and *Exposure amounts considered for regulatory purposes* are caused by the following:

- Differences due to consideration of provisions ,
- Reclassification between other assets and other liabilities,
- Tax adjustments

The mentioned differences are also part of the bank's Financial statement.

5.3 Template LIA: Explanations of differences between accounting and regulatory exposure amounts (Annual)

This section is not applicable for Citibank NA UAE since the Bank is not preparing consolidated financial statement, therefore no difference identified.

6. Prudential Valuation Adjustments

6.1 Template PV1: Prudent valuation adjustments (Annual)

Citibank NA UAE assessed and determined that PVA is not applicable due to the instruments traded and the global pricing models used for the vanilla products traded as of 31 December 2023.

Citibank NA UAE does not hold model/valuation reserve for the global valuation models used for pricing the derivatives. Citibank NA UAE trades vanilla foreign exchange and interest instruments and there is no reduced liquidity uncertainty for these instruments or complex products traded where valuation adjustments would be deemed necessary.

PVA's are only applied to Citi entities that are under the European Banking Authority (EBA) based on the specific EBA PVA Regulatory Standards.

7. Composition of Capital

Citibank NA UAE capital management framework is designed to ensure that adequate capital consistent with its risk profile, management targets and all applicable regulatory standards and guidelines are maintained. During the period and compared to previous year, there were a decision taken by the board (CCC) to increase the Capital by 1Bn AED and the 100% retention of the profit generated during the financial year of 2022 (AED 677mm). The Capital injection is coming from the Head Office (US) and was approved by CBUAE in December 2023 in order to support the franchise balance sheet growth and cover the Pillar 2 risks adequately.

The following tables present the annual components of Citibank NA UAE composition of regulatory capital and reconciliation of regulatory capital to balance sheet as of 31 December 2023.

7.1 Template CC1: Composition of regulatory capital (Semi-annual)

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	1,145,784	Same as (h) from CC2 template
2	Retained earnings	3,223,983	
3	Accumulated other comprehensive income (and other reserves)	(52,951)	
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	NA	
5	Common share capital issued by third parties (amount allowed in group CET1)	NA	
6	**Common Equity Tier 1 capital before regulatory deductions**	**4,316,816**	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	CC2 (a) minus (d)
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-	CC2 (b) minus (e)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	-	
12	Securitisation gain on sale	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
14	Defined benefit pension fund net assets	-	
15	sheet)	-	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
20	Amount exceeding 15% threshold	-	
21	Of which: significant investments in the common stock of financials	-	
22	Of which: deferred tax assets arising from temporary differences	-	
23	CBUAE specific regulatory adjustments	-	
24	**Total regulatory adjustments to Common Equity Tier 1**	**-**	
25	**Common Equity Tier 1 capital (CET1)**	**4,316,816**	
	Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0	CC2 (i)
27	OF which: classified as equity under applicable accounting standards	0	
28	Of which: classified as liabilities under applicable accounting standards	0	
29	*Directly issued capital instruments subject to phase-out from additional Tier 1*	0	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	0	
31	*Of which: instruments issued by subsidiaries subject to phase-out*	0	
32	Additional Tier 1 capital before regulatory adjustments	0	
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	0	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation		
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation		
36	CBUAE specific regulatory adjustments		
37	Total regulatory adjustments to additional Tier 1 capital		
38	**Additional Tier 1 capital (AT1)**	**0**	
39	**Tier 1 capital (T1= CET1 + AT1)**	**4,316,816**	
	Tier 2 capital: instruments and provisions		

40	Directly issued qualifying Tier 2 instruments plus related stock surplus		
41	*Directly issued capital instruments subject to phase-out from Tier 2*		
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
43	*Of which: instruments issued by subsidiaries subject to phase-out*		
44	Provisions	178,089	
45	**Tier 2 capital before regulatory adjustments**	**178,089**	
	Tier 2 capital: regulatory adjustments		
46	Investments in own Tier 2 instruments	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
49	CBUAE specific regulatory adjustments	-	
50	**Total regulatory adjustments to Tier 2 capital**	-	
51	**Tier 2 capital (T2)**	178,089	
52	**Total regulatory capital (TC = T1 + T2)**	4,494,905	
53	**Total risk-weighted assets**	17,494,734	
	Capital ratios and buffers		
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	24.67%	
55	**Tier 1 (as a percentage of risk-weighted assets)**	24.67%	
56	**Total capital (as a percentage of risk-weighted assets)**	25.69%	
57	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2.50%	
58	**Of which: capital conservation buffer requirement**	2.50%	
59	**Of which: bank-specific countercyclical buffer requirement**	0.00%	
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	0.00%	
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	15.19%	
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%	
63	Tier 1 minimum ratio	8.50%	
64	Total capital minimum ratio	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
[redacted]			
66	Significant investments in common stock of financial entities	0	
[redacted]			
68	Deferred tax assets arising from temporary differences (net of related tax liability)	137,630	
	Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	178,089	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	178,089	
[redacted]			
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	*Current cap on CET1 instruments subject to phase-out arrangements*	NA	
74	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	NA	
75	*Current cap on AT1 instruments subject to phase-out arrangements*	NA	
76	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	NA	
77	*Current cap on T2 instruments subject to phase-out arrangements*	NA	
78	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	NA	

7.2 Template CC2: Reconciliation of regulatory capital to balance sheet (Semi-annual)

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period-end	
Assets			
CASH & BALANCES WITH CENTRAL BANK	22,524,110	22,524,110	
DUE FROM HEAD OFFICE /OWN BRANCHES/ BANKING SUBS. (GROSS)	150,921	150,921	
BALANCES DUE FROM OTHER BANKS (GROSS)	2,877,096	2,877,096	
INVESTMENTS AND FINANCIAL ASSETS	13,770,635	13,770,635	
LOANS & ADVANCES (GROSS)	9,173,684	9,173,684	
NET FIXED ASSETS	67,609	67,609	
OTHER ASSETS	873,573	873,573	
CUSTOMER ACCEPTANCES	382,524	382,524	
POSITIVE FAIR VALUE OF DERIVATIVES	204,485	204,485	
TOTAL ASSETS	50,024,635	50,024,635	
Liabilities			
DUE TO BANKS	125,989	125,989	
CUSTOMER DEPOSITS	36,780,106	36,780,106	
DUE TO HEAD OFFICE AND BRANCHES ABROAD	5,292,784	5,292,784	
PROVISIONS & INTEREST IN SUSPENSE*	-	-	
OTHER LIABILITIES	1,605,963	1,605,963	
CUSTOMER ACCEPTANCES	382,524	382,524	
NEGATIVE FAIR VALUE OF DERIVATIVES	175,190	175,190	
TOTAL LIABILITIES	44,362,556	44,362,556	
Shareholders' equity			
ALLOCATED CAPITAL	1,145,784	1,145,784	
LEGAL RESERVE	67,951	67,951	
FAIR VALUE RESERVE	(97,794)	(97,794)	
OTHER RESERVES	(2,580)	(2,580)	
RETAINED EARNINGS	3,223,983	3,223,983	
Current year's profit and loss	1,324,736	1,324,736	
Total shareholders' equity	5,662,079	5,662,079	

7.3 Template CCA: Main features of regulatory capital instruments (Semi-annual)

Not applicable for Citibank NA UAE, since the bank does not have any instruments in scope.

8. Macroprudential Supervisory Measures

8.1 Template CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer (Semi-annual)

Not applicable for Citibank NA UAE, since the bank does not have any instruments in scope.

9. Leverage Ratio

The Basel III leverage ratio is a non-risk sensitive ratio used to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes that can damange the broader financial system and the economy. It compares the Tier 1 capital to the total exposure (including off balance sheet items) on a non-risk weighted basis.

Citibank NA UAE Basel III leverage ratio calculated in accordance with the Central Bank of UAE regulations, was 7.68% on 31 December 2023, above the regulatory minimum requirement of 3%.

The leverage ratio is also calculated and presented to the senior management every month.

The following tables present Citibank NA UAE summary comparison of accounting assets versus leverage ratio exposure amount and leverate ratio common disclosure as of quarter ended 31 December 2023.

9.1 Template LR1: Summary comparison of accounting assets vs leverage ratio exposure measure (January 2014 standard) (Quarterly)

		a
1	Total consolidated assets as per published financial statements	50,024,635
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	1,588,234
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	4,599,697
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	329,602
12	Other adjustments	(355,174)
13	**Leverage ratio exposure measure**	**56,186,995**

Adjustments for derivative financial instruments are covering the following:

- Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting),

- Add-on amounts for PFE associated with all derivatives transactions

Adjustments for off-balance sheet items are the difference of *Other off-balance sheet exposure at gross notional amount* and *Reduction in exposure due to conversion to credit equivalent amounts.*

The Other adjustments are covering the difference between the on-balance sheet items considered in Basel III (which is excluding derivatives and SFTs, but including collaterals, Tax adjustments, Other assets and other liabilities reclass) and the Financial statement.

9.2 Template LR2: Leverage ratio common disclosure template (January 2014 standard) (Quarterly)

		a	b
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	49,999,063	46,169,373
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	49,999,063	46,169,373
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	202,629	119,949
9	Add-on amounts for PFE associated with *all* derivatives transactions	931,824	816,204
10	(Exempted CCP leg of client-cleared trade exposures)	0	-
11	Adjusted effective notional amount of written credit derivatives	0	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	-
13	**Total derivative exposures (sum of rows 8 to 12)***	1,588,234	1,310,614
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	CCR exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	0	0
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	14,370,162	14,057,940
20	(Adjustments for conversion to credit equivalent amounts)	(9,770,465)	(9,541,148)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	4,599,697	4,516,792
Capital and total exposures			
23	**Tier 1 capital**	4,316,816	3,276,839
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	56,186,994	51,996,780
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	7.68%	6.30%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	NA	NA
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	4.68%	3.30%

*Line 13 is multiplied by the regulatory multiplication factor, which is currently set as 1.4

On balance sheet exposures mainly consists of: Cash and balances with CB (22.5 bn AED), Balances due from banks (3 bn AED), Debt securities (13.7 bn AED), Loans and advances (9.5 bn AED), Other assets (1.3 bn AED).

The increase regarding On balance sheet items caused by the Cash and balances with CB from 20 bn AED to 22.5 bn AED, Balances due from banks from 2.1 bn AED to 3 bn AED, and Debt securities from 11.7 bn AED to 13.7 bn AED.

Off balance sheet exposures mainly consists of: Guarantees (3.4 bn AED) and Commitments (mainly unused credit card limits and other commitments, 9.7 bn AED).

10. Liquidity

10.1 Template LIQA: Liquidity risk management (Annual)

Liquidity is the ability of an institution to fund increases in assets and meet obligations as they fall due at a reasonable cost. Liquidity risk is the risk that the institution will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of Citi UAE.

The liquidity position of Citibank NA UAE is managed as a part of the Liquidity Risk Management Policy ("LRM Policy"). The LRM Policy establishes the framework for defining, measuring, limiting and reporting liquidity risk to ensure the transparency and comparability of liquidity risk-taking activities. It also provides for the establishment of an appropriate risk appetite and liquidity risk management strategies. The bank's liquidity position is closely monitored by senior management through daily reporting of key liquidity metrics and more formally through the CCC Committee which is responsible for endorsing the entity's annual funding and liquidity plans (FLP) and associated liquidity limits and ratios.

The following are part of the LRM Policy:

- Liquidity Risk Management Framework
- Liquidity Monitoring and Escalation
- Liquidity Stress Continuum
- Annual Balance Sheet Funding and Liquidity Plan (FLP) which addresses strategic liquidity issues and establish the parameters for identifying, measuring, monitoring and limiting liquidity risk

- Contingency Funding Plan detailing the "playbook" for addressing liquidity and funding challenges and solutions in crisis situation
- Intraday Liquidity Management Plan
- Cash Flow Projections
- Funding & Liquidity Assessment of New Products
- Internal Metrics and Stress Test Assumption Changes
- Cash flow forecast back-testing
- HQLA monetisation plan
- Intraday Monitoring, management & Reserving Procedures

To measure Liquidity Risk, Citibank NA UAEperforms simulated liquidity scenario (long term and short term) stress testing. The scenario includes assumptions about significant changes in key funding parameters. The results of scenario tests are reviewed to ensure that Citibank NA UAE has sufficient liquidity, including in stressed scenarios. This scenario assumes market, credit and economic conditions are moderately to highly stressed with potential further deterioration, and is used to measure a 12-month and 30-day survival horizon. From a Liquidity Risk mitigation perspective, assets and liabilities are managed to ensure that there is adequate liquidity to independently meet all obligations as and when they fall due and to remain self-funding even in stress scenarios across all maturity buckets. The results of these stress tests are monitored daily against pre-set and approved limits and triggers. Furthermore, liquidty is also monitored against balance sheet metrics and its respective triggers. This includes ratios such as Deposit to Loan and Concentration on third party deposits.

As a regulated entity the bank's liquidity is also managed against the Central Bank of UAE's regulatory requirements for the management of liquidity risk and associated monitoring ratios such as Lending to stable resources ratio ("LSRR") and Eligible Liquid Assets Ratio("ELAR"). Results of these are under the quantitative section.

From a liquidity risk mitigation perspective, assets and liabilities are managed to ensure that there is adequate liquidity to meet all obligations as and when they fall due and to remain self-funding even in stress scenarios. In addition, Citibank NA UAE branch ensures a well-diversified and stable funding base, across geographies, which benefits from Citi's global franchise. Citibank NA UAE branch has significant access to funding at parent level. A further risk mitigant is that stable funding and deposits bases in both local currency and foreign currency with surplus cash invested in liquid assets.

Citibank NA UAE's funding and liquidity framework ensures that the tenor of funding sources is of sufficient term in relation to the tenor of its asset base. The goal of Citibank NA UAE's asset/liability management is to ensure that there is excess liquidity and tenor in the liability structure relative to the liquidity profile of the assets. This reduces the risk that liabilities will become due before assets mature or are monetized.

Roles & Responsibilities:

It is the responsibility of the Independent Treasury Risk Manager and, where applicable the CCC, to ensure that all Risk-Taking Units are identified and adhere to the Policy. Oversight for managing Liquidity Risk is the responsibility of the Independent Treasury Risk Manager, with CCC as the primary governance committee for the balance sheet.

Treasury – First Line of Defence responsibilities summary:

- Own the authority and responsibility for managing liquidity risk and the balance sheet and prepare the annual forecasted balance sheet (FLP) in accordance with the liquidity forecasting process, including forecasts of liquidity metrics
- Prepare the Contingency Funding Plan (CFP) and responsible for declaring local contingency, invoking the CFP, and executing the plan
- Monitor liquidity risk stress test metrics, liquidity ratios, concentration metrics, Liquidity Market Triggers (LMTs), short-term cash-flow projections and intraday liquidity positions against established limits, triggers, and thresholds
- Notify all the relevant stakeholders in the event of Limit, Trigger, or threshold breaches, including an explanation of the root cause and remediation plan

Finance CRO (Balance Sheet Risk Management) – Second Line of Defence responsibilities summary:

- Provide second line of defence oversight of liquidity risk management processes performed through monitoring and escalation of liquidity risks and liquidity risk management practices
- Review and challenge the forecasted balance sheet. Approve the forecasts of liquidity metrics to ensure risks associated with planned funding or other treasury actions are identified and Limits/Triggers are set at an appropriate level;
- Document and notify the Regional Treasury Risk Manager and other relevant stakeholders of any limit and trigger approvals and changes. Escalate limit and trigger breaches and confirm accuracy of the breaches and their remediation plan with Treasury
- Monitor and thoroughly review the calculation of liquidity risk stress test metrics, liquidity ratios, concentration metrics, Liquidity Market Triggers (LMTs), short-term cash-flow projections, and intraday liquidity positions and against the established thresholds

10.1 Template LIQ1: Liquidity Coverage Ratio (Quarterly)

LCR reporting is not applicable for Citibank NA UAE. Only banks selected by Central Bank are able to use the LCR for regulatory compliance.

10.2 Template LIQ2: Net Stable Funding Ratio (Semi-annual)

NSFR reporting is not applicable for Citibank NA UAE. Only banks selected by Central Bank are able to use the NSFR for regulatory compliance.

10.3 Template ELAR: Eligible Liquid Assets Ratio (Quarterly)

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	22,524,110	
1.2	UAE Federal Government Bonds and Sukuks	0	
	Sub Total (1.1 to 1.2)	22,524,110	22,524,110
1.3	UAE local governments publicly traded debt securities	67,425	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	67,425	67,425
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	13,695,924	5,197,872
1.6	**Total**	**36,287,459**	**27,789,407**
2	Total liabilities		44,395,419
3	**Eligible Liquid Assets Ratio (ELAR)**		**62.60%**

10.4 Template ASRR: Advances to Stable Resources Ratio (Quarterly)

		Items	Amount
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	9,388,579
	1.2	Lending to non-banking financial institutions	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	646,715
	1.4	Interbank Placements	2,045,617
	1.5	**Total Advances**	12,080,911
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	5,876,169
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	67,609
	2.1.3	Funds allocated to branches abroad	-
	2.1.5	Unquoted Investments	-
	2.1.6	Investment in subsidiaries, associates and affiliates	-
	2.1.7	**Total deduction**	67,609
	2.2	**Net Free Capital Funds**	5,808,560
	2.3	**Other stable resources:**	
	2.3.1	Funds from the head office	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	2
	2.3.3	Refinancing of Housing Loans	-
	2.3.4	Borrowing from non-Banking Financial Institutions	7,991
	2.3.5	Customer Deposits	31,292,113
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
	2.3.7	**Total other stable resources**	31,300,106
	2.4	**Total Stable Resources (2.2+2.3.7)**	37,108,666
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	32.56

11. Credit Risk

11.1 Template CRA: General qualitative information about credit risk (Annual)

The bank's business is segregated into different business models (Consumer, Commercial, Corporates/Bank and Markets) and each business has their own risk management team that covers those business models. The business teams sit in the first line of defense, the second line of defense includes risk management, compliance and legal while the third line is only audit.

Citi maintains product-level risk strategies which clearly articulate and identify the key risks that arise from business strategy and activities, discuss boundaries around all key risks, including behavior expectations for qualitative risks, and metrics, limits or thresholds for monitoring and managing quantitative risks, and ensuring the right policies, governance and control processes, and risk limits are in place, and operate effectively, to manage those risks. Business defines the credit risk appetite statement to articulate the space in which we want to acquire accounts or additional exposure supported by guardrails, triggers and Key Performance Indicators defining the targeted portfolio risk and returns.

The credit risk function reports into the CRO. Credit Risk is divided into two divisions namely, Wholesale Credit and Consumer. Each division has its own teams.

Citi's approach for defining credit policies and setting limits is centralized. Wholesale businesses follow the Wholesale Credit Risk standards and policies, while consumer businesses follow consumer policies etc.. All policies are reviewed against local regulations to ensure the bank is operating within regulatory guidelines and expectations.

Credit risk management policy and credit risk limits are established to optimize profitability within the firm’s risk appetite. Guardrails, triggers and limits are established in line with the profitability benchmarks for material segment in credit cycle - returns, delinquency and loss expectations that link to a desired economic performance and monitored through dashboard/ KPIs and discussed in the review forums for decision making if change is required. The benchmarks, guardrails, triggers and limits are reviewed on a regular basis.

Consumer credit risk management is structured to cover full credit cycle based on a strong analytical framework and advance risk infrastructure supported by local and global system solutions. Multi-layered control frameworks are in place in credit risk management including management control assessment and quality assurance framework through a continued focus on leveraging/ digital monitoring to ensure compliance to global and local regulations. Periodic governance forums and protocols that facilitate managing the key risks and escalation of issues to ensure strong risk controls and cultures across business functions which are closely integrated in business strategy decisions. Quality assurance framework provides a common, dynamic end-to-end risk control framework, which validates that high risk elements across each phase of the credit cycle are executed in a consistent and timely manner, and ensuring a proactive, continuous monitoring process is in place for self-identification of issues, leading to faster resolution.

Citi uses a lines of defense model to manage its overall risk including consumer credit risk. As per Citi policy and procedure, Citi bank teams are segregated between 3 lines of defense (1st, 2nd and 3rd) accordingly the roles and responsibilities and interaction are well structured between credit risk, controls and compliance. The model brings together risk taking, risk oversight and risk assurance, and is comprised of units that create risk in the first line of defense (Business Leadership and Business Risk Management functions), those that independently assess risk as the second line of defense Independent Risk Management and Global Risk Review functions and those that provide independent assurance as the third line of defense, that is Internal Audit and fundamental credit review (FCR). In-business credit risk management as a first line of defense, is responsible for the credit risk of respective portfolios and must assure its proper approval and execution in compliance with the established local and global policies and procedures. Independent risk oversights business credit risk management, and Internal Audit responsibilities are carried out independently under the oversight of the Audit Committees. Additionally, the firm has Enterprise Support units tasked with maintaining a strong support environment across all Lines of Defense. From a relationship standpoint, we have regular interactions amongst teams via country committees and forum or audit reviews or any deal discussions as required.

Reporting is done through the governance committes (i.e. RMC, CCC) to executive management. The scope and content of this reporting is to highlight the key parameters of our portfolio/rating/classification mix any impaired assets/tenor.

Ongoing monitoring and regular (monthly/ quarterly) review of product/ segment level key performance indicators with Business leaderships and Independent Risk through multiple forums including Risk committees and portfolio quality reviews. Any breaches in guardrails or triggers are escalated to relevant forums for formal review and decision making for actions required.

11.2 Template CR1: Credit quality of assets (Semi-annual)

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	98,122	36,137,592	329,601	110,002	219,599	35,906,113
2	Debt securities	-	13,763,349	-	-	-	13,763,349
3	Off-balance sheet exposures	277	15,958,120	11,957	277	11,681	15,946,439
4	**Total**	**98,399**	**65,859,061**	**341,558**	**110,279**	**231,280**	**65,615,902**

11.3 Template CR2: Changes in the stock of defaulted loans and debt securities (Semi-annual)

		a	Comment
1	**Defaulted loans and debt securities at the end of the previous reporting period**	54,299,277	Balance of defaulted accounts as of June 2023
2	Loans and debt securities that have defaulted since the last reporting period	58,219,955	Balance of new defaulted accounts as of June 2023, exclusion (Accounts which was default in December 2023)
3	Returned to non-default status	1,493,839	Balance of defaulted accounts as of June 2023, which became non-defaulted as of December 2023
4	Amounts written off	50,973,900	Balance of defaulted accounts as of June 2023 which got written off during the period from July 2023 till December 2023
5	Other changes	266,834	Reduction in balance of Accounts still under default status in June 2023 and December 2023
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	59,784,660	

Due to the loan portfolio growth, December 2023 default (item 6) is higher than June 2023 defaults (item 1) by 10.1%.

Defaulted accounts are accounts in 90+ days past due, excluding writeoff. All restructured accounts are not necessarily in Default status. They are considered credit impaired and hence are in minimum Stage 2 which indicates higher provisions. Majority of the reported restructured exposures are from rewrites portfolio where the Bucket and DPD gets reset upon enrolment and a new Loan ID is generated. In this summary (CR2) only restructured currently having DPD 90+ are reported as default.

11.4 Template CRB: Additional disclosure related to credit quality of assets (Annual)

The definition of past due exposure is a facility where the customer has not paid according to his agreed terms by the payment due date. This means, if a customer has a payment due date as of the first day of a month and fails to make a payment, then the exposure is considered as past due. The impaired exposures are any exposure where the customer is past due by 90 days or more.

All exposures which are exceeding 90 days are considered as credit impaired.

Citi follows IFRS9 compliant approach for ECL reserve requirement. Stagewise balances is considered using the Staging rules and cool off period in line with CB UAE guidelines. For General provisions (Stage 1 and 2), ECL is calculated as forward looking 12 months PD and LGD for stage 1 while for Stage 2 Citi is considering 100% balances less 12 month forward looking recoveries. For specific Provisions (stage 3), PD is considered as 100% balances less 12 month forward looking recoveries.

For consumer portfolios, restructuring is anything where there is a change in the original terms and conditions of the contract like payment term, tenor or restructuring the entire due after forgiving full or part of the interest due of the customer into Equated Monthly Instalments. Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry is not applicable as consumer portfolio for UAE is to individual borrowers and not having any specific affinity to any industry.

All restructured exposures are considered impaired. As of 31 December 2023, Citibank NA UAE has AED 24.198 MM worth of exposures in Consumer book (Cards and Loans) which are restructured.

Ageing analysis of accounting past-due exposures:

DPD	No of Accts	Outstanding(AED)
0	202,285	5,292,353,592
1-29	1,664	48,030,442
30-59	1,040	31,467,624
60-89	799	27,323,655
90-119	706	23,360,108
120-149	501	19,744,986
150-179	457	16,679,566
Total	207,452	5,458,959,971

Breakdown of exposures by geographical areas, industry and residual maturity for individuals::

GCG

Geo & Sector (all individuals) & maturity

	Maturity			
Country	0 to 3 months	6 to 12 months	over 1 year	Total
Bahrain			3,213,586	3,213,586
Canada			3,972,952	3,972,952
France			803,146	803,146
India			1,754,785	1,754,785
Japan	2,345,524,751			2,345,524,751
Kazakhstan			6,676,822	6,676,822
Lebanon			279,288	279,288
Qatar			17,980,761	17,980,761
Singapore			492,834	492,834
Turkey			7,421,020	7,421,020
United Arab Emirates	14,673,693,433	5	2,532,366,736	17,206,060,174
United Kingdom	19			19
United States of America	114,610,583			114,610,583
Venezuela			560,073	560,073
Germany	10,833			10,833
Pakistan			2,077,704	2,077,704
Greece			560,155	560,155
Total	17,133,839,619	5	2,578,159,861	19,711,999,485

Breakdown of exposures by geographical areas, industry and residual maturity for ICG:

Maturity & sector

	Maturity				
Sector	0 to 3 months	3 to 6 months	6 to 12 months	over 1 year	Total
Central bank	13,965,006,611				13,965,006,611
Governments	13,764,067,136				13,764,067,136
GREs (Govt ownership more than 50%) (BRF 52-C)	8,621,197	102,837,000	447,938,000	120,894,688	680,290,885
Head Office	144,860,964				144,860,964
Other banks	348,857,195	1,135,205,697	1,103,258,738	275,000,000	2,862,321,630
Other corporates	1,310,225,835	893,522,169	466,569,635	349,719,435	3,020,037,075
Private sector	(369,030)				(369,030)
Small & Medium Enterprises (SMEs)	203,387,228	2,385,844		132,182,500	337,955,572
Others	(4,332,839,184)	282,644,784	107,722,202	1,014,279	(3,941,457,920)
Total	25,411,817,954	2,416,595,493	2,125,488,575	878,810,901	30,832,712,923

ICG

Geo & Sector

Sector

	Central bank	Governments	GREs (Govt ownership more than 50%) (BRF 52-C)	Head Office	Other banks	Other corporates	Private sector	Small & Medium Enterprises (SMEs)	Others	Total
Australia				-					3,840	3,840
Austria						38,131,370			3,447	38,134,817
Bahamas									420	420
Bahrain					6,641,655		9		8,929,787	15,571,450
Barbados									4,173	4,173
Belgium					-				11,826	11,826
Bermuda									(8)	(8)
Canada				-					1,342	1,342
Cayman Islands						364			5,214	5,577
China				14,840,399	(182)				63,802	14,904,018
Cyprus						275			20,542	20,816
Czech Republic									2,368	2,368
Denmark					19,959,139				4,493	19,963,633
Egypt				108,390	(2)	6,063,083	62		2,219,647	8,391,180
Finland									6,668	6,668
France				21,160					(700,732)	(679,572)
Germany									6,491	6,491
Guernsey									25,238	25,238
Hungary									1,028	1,028
India				1,068,023	342,717,318	1,609	8,736		216,646,501	560,442,187
Indonesia				101,468					540	102,008
Iraq						2,980,310			713,281	3,693,591
Ireland				4,429,251					38,266	4,467,518
Italy				355					6,665	7,020
Japan				-					1,072	1,072
Jordan				13,823,304	18,854,598	34,465,272	77		21,186,048	88,329,298
Kuwait				49,456,443	120,701,858	32,104,128	359		74,038,456	276,301,243
Lebanon						49,743			1,433,742	1,483,486
Liberia									40,616	40,616
Luxembourg									37,855	37,855
Malaysia				201,115					1	201,116
Marshall Islands									1,392	1,392
Netherlands						1,424			155,487	156,911
New Zealand				-					773	773
Nigeria				9,055	5,384,545				223,327	5,616,927
Norway						1,207			6,578	7,785
Oman					2,157,313	22,912,950	11		1,088,046	26,158,320
Panama									22,895	22,895
Philippines				65,769					64,332	130,101
Qatar				129,513	84,694,988				900,053	85,724,555
Saudi Arabia		51,604			54,775,695	584,272,052	826		23,830,126	662,930,304
Singapore				1,195,252	57,028,258	5,585	93		57,095,265	115,324,452
Spain					0		1		8,477	8,478
Switzerland						24,465,402			493,394	24,958,796
Taiwan, Province of China					4		272		1,495	1,771
Thailand				15,234,971					107,591	15,342,562
Turkey									133,362	133,362
United Arab Emirates	13,965,006,611	31,646,056	680,290,885	263,753	2,132,365,611	2,139,683,370	(379,649)	337,955,572	(4,614,933,625)	14,671,898,584
United Kingdom		(37,566)		1,547,339		568,313			100,086,155	102,164,241
Virgin Islands, British						1,520			3,035,844	3,037,365
United States of America		13,732,407,042			0				111,811,686	13,844,218,728
China (Hong Kong)				41,806,692	1,100,570	4,453	156		746,725	43,658,597
Libyan Arab Jamahiriya									319	319
Jersey						716			5,020	5,736
Republic of Korea									129,554	129,554
Afghanistan									1,026	1,026
Morocco				340,312	(11)		9		10,446,068	10,786,377
Pakistan				52,601	910,774				5,462,300	6,425,675
Peru						151,212,366			1,421,149	152,633,515
Kazakhstan				2,981						2,981
Tunisia				91,714	(3)				3,682,252	3,773,963
Malta						1,524			15,263	16,787
Kenya					132,121		9		4,286,437	4,418,566
Sri Lanka									472,866	472,866
Uganda					688,088				147,387	835,475
Bangladesh					14,209,229				5,291,445	19,500,674
Ghana					29				264,912	264,941
Rwanda					33				94,065	94,097
Colombia									132,696	132,696
Ethiopia									658,226	658,226
Togo									17,692	17,692
Trinidad and Tobago									4,841	4,841
Tanzania, United Republic of				2,654		(15,082,098)			15,442,930	363,486
South Africa				-					83,910	83,910
Algeria					3				624,798	624,800
Palestine, State of									27,305	27,305
Mauritius									8,887	8,887
Venezuela									556	556
Cameroon				37,335						37,335
Ukraine				0						0
Greece				22,677					2,014	24,691
Russian Federation									210	210
Israel				8,439						8,439
Yemen									270	270
Ecuador									182,988	182,988
Isle of Man						509			1,742	2,251
Samoa									1	1
Uruguay									494	494
Country Name						(1,808,370)				(1,808,370)
Chad									450	450
Total	13,965,006,611	13,764,067,136	680,290,885	144,860,964	2,862,321,630	3,020,037,075	(369,030)	337,955,572	(3,941,457,920)	30,832,712,923

11.5 Template CRC: Qualitative information on the mitigation of credit risk (Annual)

Country Risk team doesn't do any use of netting between on and off-balance sheet exposures.

Credit worthiness assessment of the borrower starts with clients relationship with the bank considering adequacy of supporting cash, savings, time deposit and eligible securities for Margin Lending. For margin lending, collateral is systematically Marked to market daily and monitored. Loanable Values for the collateralized securities are assigned based on volatility, liqudity and credit quality assessment. Margin lending facilities are monitored for concentration and systematic haircuts are applied for concentrated holdings.

Mortgage collateral values are assessed annually based on overall property price changes in publicly available quarterly property market report.

In Margin Lending Strength of credit, loss mitigation and ability to pay is determined by the quality of pledged collateral (concentration, liquidity and volatility). 95.2% of the current portfolio is categorized as A1 Diversified with AED 286 MM of surplus. The primary driver of this due highly diversified composition which is 75.9 % in Mutual Funds, 18.5% in Fixed Income securities and 4.6 % in Cash out of AED 4.1 billion of collateral. Margin Lending book utilization rate is over 99% with average portfolio LTV of 65%.

11.6 Template CR3: Credit risk mitigation techniques - overview (Semi-annual)

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	35,528,460	66,014	19,479	641,241	625,756	-	-
2	Debt securities	13,763,349	-	-	-	-	-	-
3	**Total**	49,291,809	66,014	19,479	641,241	625,756	-	-
4	Of which defaulted	98,122	-	-	-	-	-	-

11.7 Template CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk (Annual)

ECA covered loans and advances are rated based on the benefit of higher ratings of the ECA guarantor. Accordingly, the asset that benefits from such ECA cover is rated and classified. The process that is used here is essentially map our internal ratings of ECA guarantor with that of the local asset. This process is followed via our detailed transactions and ratings approval policy.

ORR	1-year Probability of Default Range (%)	Average Probability of Default (%)	FRR	Loss Norm Range (bp)	Average Loss Norm (bp)	S&P *	Moody's*
1	0.00 - 0.01	0.00	1	0.0 - 0.3	0.0	AAA	Aaa
2+	>0.01 - 0.02	0.02	2+	>0.3 - 0.7	0.7	AA+	Aa1
2	>0.02 - 0.03	0.03	2	>0.7 - 1.0	1.0	AA	Aa2
2 -	>0.03 - 0.04	0.04	2-	>1.0 - 1.4	1.4	AA-	Aa3
3+	>0.04 - 0.05	0.05	3+	>1.4 - 1.7	1.7	A+	A1
3	>0.05 - 0.06	0.06	3	>1.7 - 2.1	2.1	A	A2
3 -	>0.06 - 0.09	0.07	3 -	>2.1 - 3.1	2.4	A -	A3
4+	>0.09 - 0.14	0.11	4+	>3.1 - 5.0	4	BBB+	Baa1
4	>0.14 - 0.26	0.17	4	>5 - 9	6	BBB	Baa2
4 -	>0.26 - 0.63	0.34	4 -	>9- 22	12	BBB-	Baa3
5+	>0.63 - 1.38	0.89	5+	>22- 48	31	BB+	Ba1
5	>1.38 - 2.64	1.87	5	>48 - 92	65	BB	Ba2
5 -	>2.64 - 4.48	3.39	5 -	>92 - 156	118	BB-	Ba3
6+	>4.48 - 7.04	5.57	6+	>156 - 245	194	B+	B1
6	>7.04 - 10.32	8.51	6	>245 - 359	296	B	B2
6 -	>10.32 - 14.40	12.16	6 -	>359 - 501	423	B -	B3
7+	>14.40 - 19.37	16.64	7+	>501 - 674	579	CCC+	Caa1
7	>19.37	22.13	7	>674	770	CCC	Caa2
7 -	>19.37	22.13	7 -	>674	770	CCC-	Caa3
8	n.a.		8	**	**		
9+	Default		9+	***	N/A		
9	Default		9	***	***		
10	Default		10	***	***	SD/D	

11.8 Template CR4: Standardised approach – credit risk exposure and CRM (Semi-annual)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	36,256,518	281	36,256,518	141	-	0%
2	Public Sector Entities	682,996	748,630	682,996	445,860	827,908	73%
3	Multilateral development banks	958	4,597	958	2,298	651	20%
4	Banks	3,511,033	2,892,632	3,511,033	2,508,306	2,794,595	46%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	3,277,826	4,091,167	2,572,648	2,992,484	4,972,283	89%
7	Regulatory retail portfolios	5,704,875	8,219,401	5,588,677	138,183	4,691,224	82%
8	Secured by residential property	13,585	-	13,585	-	4,755	35%
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	0%
11	Past-due loans	167,160	1,688	57,158	1,688	58,846	100%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other assets	384,112	-	384,112	-	506,517	132%
14	**Total**	**49,999,063**	**15,958,397**	**49,067,685**	**6,088,961**	**13,856,779**	

11.9 Template CR5: Standardised approach – exposures by asset classes and risk weights (Semi-annual)

		a	b	c	d	e	f	g	h	i
	Risk weight / Asset classes	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	36,256,659	-	-	-	-	-	-	-	36,256,659
2	Public Sector Entities	-	10,585	-	584,961	-	533,310	-	-	1,128,856
3	Multilateral development banks	-	3,256	-	-	-	-	-	-	3,256
4	Banks	-	1,301,762	-	4,440,230	-	203,788	73,560	-	6,019,340
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	153,381	374,580	-	178,789	-	4,514,482	1,809	342,092	5,565,133
7	Regulatory retail portfolios	116,198	-	-	-	3,677,750	1,932,912	-	-	5,726,860
8	Secured by residential property	-	-	13,585	-	-	-	-	-	13,585
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	
11	Past-due loans	-	-	-	-	-	58,846	-	-	58,846
12	Higher-risk categories	-	-	-	-	-	-	-	-	
13	Other assets	68,028	-	-	32,025	-	146,428	-	137,630	384,112
14	**Total**	36,594,267	1,690,182	13,585	5,236,004	3,677,750	7,389,767	75,368	479,722	55,156,646

12. Counterparty Credit Risk (CCR)

12.1 Template CCRA: Qualitative disclosure related to CCR (Annual)

All counterparty limits are set in line with Citi's credit policies. Exposure is reviewed and measured against regulatory capital levels.

Credit mitigation is reviewed in line with Risk and Compliance policies. Credit mitigation can be done at both counterparty and portfolio levels at Citi. And is a factor of risk appetite.

Citibank NA UAE abides by policy on Wrong-Way Risk Exposures.

Any amount of collateral required would be subject to the relevant credit and collateral agreement negotiated between the bank and the counter party.

12.2 Template CCR1: Analysis of CCR by approach (Semi-annual)

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	202,629	931,824		1.40	1,588,234	660,359
2	[redacted]						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	[redacted]						
6	**Total**						**660,359**

12.3 Template CCR2: Credit valuation adjustment (CVA) capital charge

		a	b
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	1,588,234	390,313
2	All portfolios subject to the Simple alternative CVA capital charge	0	0

12.4 Template CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights (Semi-annual)

	a	b	c	d	e	f	g	h
Risk weight / **Regulatory portfolio**	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	517,998	1,027,954	-	17,324	-	-	1,563,276
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	23,613	1,080	264	24,957
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	-	517,998	1,027,954	-	40,937	1,080	264	1,588,234

12.5 Template CCR5: Composition of collateral for CCR exposure (Semi-annual)

Not applicable for Citibank NA UAE, since the bank does not have any instruments in scope.

12.6 Template CCR6: Credit derivatives exposures (Semi-annual)

Not applicable for CITIBANK NA UAE, since the bank does not have any instruments in scope.

12.7 Template CCR8: Exposures to central counterparties (Semi-annual)

Not applicable for Citibank NA UAE, since the bank has no central counterparties.

13. Securitisation

Securitisation section is not applicable for Citibank NA UAE, since the bank does not have any instruments in scope of securitisation.

14. Market Risk

14.1 Template MRA: General qualitative disclosure requirements related to market risk (Annual)

Market risk is the risk to earnings or capital from adverse changes in Market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors. Market risk is measured through a complementary set of tools, including factor sensitivities, VaR, and stress testing and monitored daily in risk reports that compare exposures in FX and DV01 per currency and VaR against approved limits. Citibank NA UAEdoes not transact in Equities and Commodities.

Market Risk Management adheres to Mark-to-Market Risk Policy, and the objectives are:

- Articulate standards for defining, measuring, monitoring and risk managing Mark-to-Market ("MTM") risk, and develop a common language for discussing MTM risks.
- 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
- Identifying the key roles and responsibilities of Independent Market Risk and Front Office Trading team

Each business is required to establish, with approval from Citi UAE's Market Risk Management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles and is within the parameters of the overall risk appetite. These limits are monitored by Independent Market Risk, Citi's country and CCC. In all cases, the businesses are ultimately responsible for the market risks taken, for remaining within their defined limits, and notifying the relevant Independent Market Risk Manager of any shifts in business that require a change to the limit structure.

The Trading Market Risk of Citi UAE's trading portfolios is monitored using a combination of quantitative and qualitative measures, including, but not limited to:

- Factor sensitivity
- Value at risk (VAR)
- Stress testing

Each trading portfolio across Citi UAE's business segments has its own market risk limit framework encompassing these measures and other controls, including trading mandates, new product approval, permitted product lists and pre-trade approval for larger, more complex and less liquid transactions. All trading positions are marked to market, with the results reflected in earnings. Currently Citi UAE's trading book activity is undertaken in specific risk-taking units, which each have independent market risk limits. These limits are produced in conjunction with the business management based upon the strategies it wishes to run and the products and tenors permitted and approved by Independent Market Risk Management along with the CCC. The overall aim of Market Risk is to continue to adhere to Citi's single set of standards for the measurement of market risk in order to ensure consistency across businesses, stability in methodologies, and transparency of market risk-taking activities.

Factor sensitivities are expressed as 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 Treasury bill for a one-basis-point change in interest rates. Citi's independent market risk management ensures that factor sensitivities are calculated, monitored, and in most cases, limited, for all material risks taken in a trading portfolio.

Citibank NA UAE performs stress testing on a regular basis to estimate the impact of extreme market movements. It is performed on individual positions and trading portfolios, as well as in aggregate inclusive of multiple trading portfolios. Citi's independent market risk management organization, after consultations with the businesses, develops both systemic and specific stress scenarios, reviews the output of periodic stress testing exercises, and uses the information to assess the ongoing appropriateness of exposure levels and limits.

14.2 Template MR1: Market risk under the standardised approach (Semi-annual)

		a
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	160,308
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	[redacted]	
8	Securitisation	-
9	**Total**	**160,308**

15. Interest Rate Risk in the Banking Book (IRRBB)

15.1 Template IRRBBA: IRRBB risk management objectives and policies (Annual)

The Non-Trading Market Risk Policy establishes the standards for defining, measuring, limiting and reporting Interest Rate Risk in the Banking Book (IRRBB) to ensure transparency, consistency and comparability of risk-taking activities at Citi UAE. IRRBB refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect Citi UAE's banking book positions (all assets and liabilities on the balance sheet and any off-balance sheet items that generate net interest income).

Roles & Responsibilities

It is the responsibility of the Independent Risk Manager and, where applicable the CCC, to ensure that all Risk-Taking Units are identified and adhere to the Policy. Oversight for managing IRRBB is the responsibility of the Independent Treasury Risk Manager, with CCC as the primary governance committee for the balance sheet.

Treasury – First Line of Defence responsibilities summary:

- Manage overall IRRBB for Citibank NA UAEand ensure that the calculation methodology and assumptions applied are appropriate.
- Define strategy for IRRBB management and present monthly IRR metrics and variances to relevant CCC and committees
- Manage the IRRBB transferred from the businesses as well as risk created from its own positions
- Formulate and propose Limit/Trigger requests for IRRBB metrics within the Treasury Risk Appetite Framework. Ensure utilisation of all metrics is within the limits set.

Finance CRO (Balance Sheet Risk Management) – Second Line of Defence responsibilities summary:

- Provide independent oversight for IRR at all levels of the organization and establish the IRRBB Risk Appetite Framework
- Review and challenge proposals to establish or change Limits/Triggers
- Document and notify key stakeholders and CCC of any Limit/Trigger approvals/changes (permanent or temporary exceptions) or in the event of any breach
- Review and challenge metrics results and variance analysis performed by Treasury and Risk Reporting

Metric and Monitoring:

Interest Rate Exposure (IRE) measures the potential pre-tax impact on net interest income (NII) for Banking Book positions, due to defined shifts in interest rates over a specified reporting period. NII is the difference between the accrued interest income earned on assets and the interest expense paid on the liabilities. NII is affected by factors such as changes in the level of interest rates, volumes, and customer rates. Interest rate levels could change due to a parallel or non-parallel move in the Yield Curve, and it could happen either instantaneously as of a given date, or gradually over time. IRE is measured against limits using the un-discounted impact of accounting earnings through NII from various Interest Rate shocks comprising of both parallel (e.g. +/-100bp, +/-200bp) and non-parallel stress scenarios over a 12 and 24 month horizon. The interest rate shocks are applied on a static balance sheet throughout the forecasted period. The balance sheet remains constant in terms of size and product mix regardless of the interest rate scenario, with maturing instruments being replaced/repriced with ones of the same original tenor. Re-pricing risks are modelled differently between contractual products and non-contractual products. Contractual items re-price at the earlier of re-pricing date or at maturity and non-contractual items re-price according to modelled volume and modelled rate forecasts. Non-interesting bearing deposits do not have any implications on net interest income calculations.

To measure the impact of interest rate changes on the economic value of equity (EVE) during the life time of the balance sheet, Economic Valuation Sensitivity (EVS) is used to measure the impact of interest rate changes vs. the firm's capital. This impact can be measured using Stress Test and risk sensitivities which are intended to capture the impact of Interest Rate changes on the economic value of Assets and Liabilities. Runoff models are applied to the Balance Sheet to derive the lifetime balances of the assets and liabilities with the assumption of no new/additional business. Cash flows are calculated off these lifetime runoff balances by applying respective rates and fees. The asset and liability cash flows are then discounted using benchmark rates with adjusted credit spreads, resulting in the Economic Value of Equity (EVE) base case valuation metric. To estimate changes in the economic value and in earnings, Interest Rate shocks of +/-100bps, and +/-200bps are applied over the full life cycle of every transaction. Stress tests are also performed using historical and hypothetical scenarios. Furthermore, on a quarterly basis, key stakeholders (Treasury, Treasury Risk, Finance, and the reporting team) gather for a formal attestation meeting where all model assumptions and data inputs are reviewed for accuracy.

IRE and EVS metrics are measured against limit levels, and are monitored on a monthly basis independently and by CCC. Limits are set in accordance with the risk appetite framework. For instance, IRE limits are set by dividing the surplus earnings before tax (EBT) by the internal severe interest rate shock move. EVS limits are set by dividing 15% of capital by the internal severe interest rate shock move, and then adding the value of offshore hedges of third party foreign currency deposits.

Average repricing maturity assigned to NMDs: 1.66 years

Longest repricing maturity assigned to NMDs: 3.43 year

In reporting currency (AED)	**ΔEVE**		**ΔNII**	
Period	**T**	**T-1**	**T**	**T-1**
Parallel up	573	721	195	254
Parallel down	(698)	(861)	(198)	(269)
Steepener	158	276		
Flattener	(33)	(111)		
Short rate up	195	198		
Short rate down	(239)	(244)		
Maximum	(698)	(861)		
Period	**T**		**T-1**	
Tier 1 capital	4,316,816		3,276,839	

As per above results, Citi UAE's balance sheet is particularly sensitive to falling rates. From net interest income (NII) perspective, assets (such as Government Securities, Loan, and third-party placements) are generally short term in nature. As a result, in a rising interest rate scenario (such as parallel up) there is a positive impact to interest income and in a falling interest rate scenario (such as parallel down) there is an adverse impact to interest income.

From EVE perspective, high utilisation is primarily driven due to non-interest-bearing deposits and demand deposits (with no defined maturity), having a long-term treatment (>2 years) for EVE calculation. Long term treatment of current/savings deposits is driven by offshore hedging of third party foreign currency deposits. On behalf of Citi UAE, head office hedges/purchases long dated Government Securities with the aim of centralizing interest rate risk management.

Comparing NII results between T (2023 end) and T-1 (2022 end), parallel up scenario for instance, NII has decreased from AED 254 million to AED 195 million. Comparing EVE results between T (2023 end) and T-1 (2022 end), parallel up scenario for instance, EVE has decreased from AED 721 million to AED 573 million. The primary reason for this decrease, is due to growth in overall deposit volume which was invested in longer term interest paying assets compared to the previous year.

16. Operational Risk

16.1 Template OR1: Qualitative disclosures on operational risk (Annual)

1. Operational Risk management (ORM) Policies, Frameworks, and Guidelines

1.1 Introduction to Operational Risk

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 firm to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the firm's business but excludes strategic and reputation risks. Citi also recognizes the impact of operational risk on the reputation risk associated with Citi's business activities. Operational Risk Management proactively assists the businesses, Operations, Technology, and other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions.

Furthermore, operational risks are considered as new products and business activities are developed and processes are designed, modified, or sourced through alternative means. The objective is to keep operational risk at appropriate levels relative to the characteristics of Citi's businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic, and regulatory environment.

1.2 Operational Risk Policy & Framework

To anticipate, mitigate and control operational risk, Citi maintains a system of policies and standards and has established a consistent framework for monitoring, assessing, and communicating operational risks and the overall effectiveness of the internal control environment across Citi. Citibank NA UAE follows Citi's Global Framework and has defined its operational risk appetite and established a manager's control assessment ('MCA') process, through which Citibank NA UAE identifies, monitors, measures, reports on and manages risks and the related controls. Citibank NA UAE assesses its risks according to Citi's risk taxonomy, covering:

#	Operational Risk Taxonomy	#	Operational Risk Taxonomy
1	Bribery Risk	10	Money Laundering Risk
2	Customer/Client Protection	11	Business Disruption and Safety Risk
3	Cyber Risk (incl. information security)	12	Processing Risk
4	Data Risk	13	Prudential & Regulatory Risk
5	Financial Statement Reporting Risk	14	Regulatory and Management Reporting Risk
6	Fraud & Theft (excl Tech)	15	Sanctions Risk
7	Human Capital Risk	16	Technology Risk
8	Market Practices Risk	17	Third Party Risk
9	Model Risk		

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

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

- Ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks

As new products and business activities are developed, processes are designed, modified, or sourced through alternative means and operational risks are considered.

3.2.1 The structure and organisation of their operational risk management and control function

1.3 Governance Structure:

Citi's "International Franchise Management" (IFM) classifies Presence Countries (Presence Countries are those countries in which Citi has staff locally) into three classifications – Diversified, Intermediate and Core - based on the size, complexity, and risk profile of the franchise. The Citi Country Officer (CCO)'s role, committee structure and staff structure are required to be aligned with the type of country that the CCO manages.

- Diversified: Diversified countries are Citi's largest franchises that generally have nearly all of Citi's businesses, many legal entities and often a significant presence in the local marketplace.
- Intermediate Countries: Generally mid-size franchises with increased complexity of governance compared to Core countries.
- Core: Core countries generally have only an institutional business presence and are characterized by lower level of regulatory complexity. The number of staff is smaller and the legal entity structure simpler.

IFM has classified UAE as a Diversified country and all legal vehicles operating in the U.A.E., including the Citibank NA UAE, are governed by the IFM mandated Corporate Governance Structure for a Diversified Country. At a minimum, Diversified Countries are required to have a "Country Coordinating Committee" (CCC) which covers all risk stripes. In addition as per local regulatory reuqirment the Citibank NA UAE legal entity also has a Second Line focused Risk Management Committee (RMC) chaired by the Chief Risk Officer of the legal entity.

Citibank NA UAE conducts the management committees at franchise level covering all businesses operating within the U.A.E.'s geography.

1.4 Three Lines of Defense

While the management of risk is the collective responsibility of all employees, Citi assigns accountabilities into three lines of defense:

- **First Line of Defense:** owns the risks inherent in or arising from their business and is responsible for identifying, assessing and controlling those risks so that they are within risk appetite. These units also conducts control and support activities.

- **Second Line of Defense:** Independent Risk Management: Independent risk management units are independent of a front-line unit. They are responsible for overseeing the risk-taking activities of the first line of defense and challenging the first line of defense in their execution of their risk management responsibilities. They are also responsible for independently identifying, measuring, monitoring, controlling and reporting aggregate risks and for setting standards for the management and oversight of risk. Independent risk management units also engage in in-unit control and in-unit management activities. Independent Risk Management comprises of Risk Management & Independent Compliance Risk Management (ICRM).

- **Third Line of Defense:** The role of Internal Audit is to provide independent and timely assurance to the Citigroup and CBNA Boards, the Audit Committees of the Boards, senior management and regulators regarding the effectiveness of governance, risk management and controls that mitigate current and evolving risks and enhance the control culture within Citi.

3.2.2 Measurement of Operational Risk

1.5 Internal Capital Adequacy Assessment Process ("ICAAP")

Citibank NA UAE on an annual basis perform Internal Capital Adequacy Assessment Process ("ICAAP") for determining appropriate minimum levels of capital to support the risk it carries.

This is achieved though comprehensive review of its risk management and capital adequacy based on forecasts of both businesses as usual and stressed conditions over a three-year planning horizon. The conclusion of this review help Bank to have appropriate risk management and governance at a legal entity level and that the bank has sufficient capital, both currently and throughout the forecast period, under both base case and plausible stressed conditions. Operational Risk Pillar 1 capital is calculated using Standardised Approach.

1.6 Prudential reporting

As part of quarterly Basel reporting Operational risk is calculated by the Standardized Approach (SA) , and the reported figures are tying back to the Income Statement. In the Standardised Approach, banks' activities are divided into eight business lines as corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management, and retail brokerage. For RWA details please refer to template OV1.

1.7 Operational Risk Appetite Framework

The bank's objective is to ensure that risks taken are identified, understood, quantified (where possible), mitigated (where appropriate), communicated, appropriately captured in the bank's risk/reward assessment processes, and consistent with the principles of Responsible Finance. To achieve this, the bank establishes and enforces its expectations for risk-taking activities, including boundaries expressed through a holistic Risk Appetite Framework.

Citibank NA UAE Operational Risk Appetite approach incorporates quantitative and qualitative components to monitor operational risk within acceptable levels. Citi's goal is to keep operational risk at appropriate levels relative to the characteristics of all the businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic, and regulatory environment.

1.8 Quantitative Boundaries / Limits

The quantitative boundaries are expressed by numerical 'tolerances' to monitor Operational Risk Appetite.

1.9 Qualitative Boundaries / Limits

The qualitative components describe how the Business assesses, measures, and manages its qualitative operational risks (including those risks that are difficult to quantify) and thus support a safe and sound risk culture that focuses on customers, creating economic value, and the integrity of the global financial system.

These qualitative components are captured in the group level Qualitative Risk Appetite Principles, specifically:

- The activities that Citi engages in, must be consistent with our Mission and Value Proposition and key principles including our underlying commitment to the principle of Responsible Finance; and
- The foundation of Citi's Risk Culture is taking Intelligent Risk with Shared Responsibility, without forsaking Individual Accountability.

3.2.3 Monitoring and Reporting

The respective businesses / functions would be responsible for monitoring the metrics against the set thresholds on Quarterly basis (at a minimum) and submit the results to the CCC and RMC.

3.2.4 Qualitative Boundaries / Limits

If any of the metrics breach the established thresholds mentioned in the Appendices, the root cause analysis and corresponding corrective action plans (as applicable) will also be brought to the attention of the CCC and RMC

1.10Manager Control Assessment (MCA)

Citi Managers Control Assessment (MCA) is a comprehensive self-assessment program methodology and tools to allow management to enable risk and control identification, assessment & monitoring and residual risk management for all GRC Risks. MCA is focused on the most significant risks and key controls, i.e., the controls that mitigate those significant risks. MCA provides Citi's Management and Independent Risk and Control Functions a holistic view of Residual Risk Rating and insight into trends & drivers for their Business or function.

MCA facilitates in ongoing control monitoring and the quarterly assessments would assist to identify new breaches, gaps, vulnerabilities and other risk and control issues not previously known by managers. Managers will assess issue materiality to differentiate and communicate the potential impact of control issues. Issues identified are captured & progress of the corrective action plans are monitored via the Integrated Corrective Action Plan System (iCAPS). Significant control issues, emerging risks and MCA results are consolidated and aggregated for review by the CCC. The MCA also supports the management of GRC Risks and is a key component of the Business Environment and Internal Control Factors (BEICFs) required under the Basel Capital Standard. This Central Procedure is consistent with the requirements of the COSO 2013 Internal Control – Integrated Framework and complements Sarbanes-Oxley (SOX) Sections 302 and 404, to support overall Internal Control over Financial Reporting (ICFR).

During the MCA assessments, business managers assess the overall effectiveness of internal controls that mitigate their significant inherent operational risks (SIORS) and identify emerging risks to business activities and residual risks within an MCA Assessment Unit.

Where the residual risk, at the Risk Category Level 1 in the GRC Taxonomy, is rated Tier 1, 2 or 3, appropriate mitigating actions are taken by the business managers to reduce the residual risk as outlined in the Manager's Control Assessment (MCA) Standard .

1.11 Issue Management

Issues and Corrective Action Plans (CAPs) must be documented in Issue & CAP Management System (iCAPS) to assist businesses and functions in providing transparency on trends, managing risk, and strengthening control environment. Guidance is provided via the Assessment, Issue and Corrective Action Plan Policy. Issues reported are rated using a 1 – 5 severity scale, with Level 1 indicating "most severe" and Level 5 indicating "least severe". Individual issues are assessed using Probability and Significance of Impact criteria, each of which is assessed independently of one another.

1.12 Internal Operational Risk Loss Data

The Bank has a clear process for identifying, accounting, and reporting events related to operational risk. Each loss (or gain) posted on the books of the Bank, is recorded in a global database (called CitiRisk: Op Risk Loss Capture system) in line with the thresholds as defined by Citi's Operational Risk Management Internal Loss Capture Reporting Central Procedures. An analysis of the significant losses reported are done to take the necessary corrective actions & implement mitigating controls.

3.2.5 Annexure – I Operational Risk Taxonomy

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
Bribery Risk	Bribery is the offering, promising, giving, or agreeing to give, and the accepting, requesting, and agreeing to accept, of Anything of Value directly or indirectly to or from a government official, or any other person, to influence an improper action or inaction, secure an improper advantage, or induce the improper performance of a responsibility by the recipient. Authorizing such activity is also considered Bribery, as is providing payment to a third party while, knowing, or having reason to know that some or all of it will be passed along to secure an improper advantage, or to cause the recipient to perform his or her duties improperly. Bribery Risk is a category of Compliance Risk that covers the risk arising from violations of, or non-conformance with, applicable anti-bribery laws and regulations, pay to play laws, the Citi Anti-Bribery Policy, and related policies, standards, and procedures. Bribery Risk includes breakdowns of key anti-bribery processes to prevent, detect, and take appropriate actions in connection with business activities that pose increased Bribery Risk: receipt of anything of value, provision of value to	Provision to Commercial Person Risk Provision to Government Officials Risk Receipt of Anything of Value Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
	government official, and provision of value to commercial person.	
Customer/Client Protection	The risk of adverse consequences arising from violations of, or non-conformance with, applicable customer and client protection laws, rules, regulations, policies, standards and procedures, as well as the risk of Citi employees or agents intentionally or through negligence - harming customers or institutional clients through inappropriate and/or inadequate product or service design, or failure to exercise reasonable care while executing a properly designed process.	Client Data Confidentiality & Privacy Risk
		Fiduciary Risk
		Suitability Risk
		Safeguarding Assets
		Disclosure and Misrepresentation Risk
		Unauthorized Customer or Client Activity Risk
		Customer Treatment Risk
		Pricing & Fee Assessment Risk
		Protected Customer / Discrimination Risk
		Product & Service Design Risk
Cyber Risk (incl. information security)	Risk to Citi's organizational operations (including mission, functions, image, reputation), organizational assets, individuals, other organizations, and the Nation due to the potential for unauthorized access, use, disclosure, disruption, modification, or destruction of information and/or information systems.	System and information protection risk
	Risk of inadequate data management and governance practices that hinder data quality,	Poor Data Quality
		EUC Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
Data Management Risk	management decision making, and internal and external reporting, which could result in one or more of the following adverse outcomes: (i) reputational impact (ii) financial losses and/or (iii) regulatory fines.	Unintentional Inappropriate Retention or Disposal
		Unintentional Misuse of Data
		Unintentional Data Privacy Breach
Financial Statement Reporting Risk	Risk of material misstatement of Citigroup Inc.'s / Citibank, N.A.'s quarterly and/or annual consolidated financial statements. It also includes the risk of materially inaccurate, incomplete or untimely financial reporting and disclosures including material departure from U.S. generally accepted accounting principles (U.S. GAAP). This risk stripe covers financial statement reporting for only Citigroup Inc. & Citibank N.A Risk arising from external financial statement reporting for all other legal entities is included as part of Regulatory & Management Reporting Risk.	Financial Statement Reporting Risk
Fraud & Theft (excl Tech)	Risk due to dishonest use or appropriation of assets, resources, services or benefits.	External Fraud Risk
		External Theft Risk
		Internal Fraud & Theft Risk
Human Capital Risk	Risk arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity / discrimination events.	Talent Acquisition Risk
		Employee Relations Risk
		Remuneration & Rewards Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
		Workforce Protection Risk
		Talent Management Risk
		Workforce Relations Risk
		Diversity and Discrimination Risk
Market Practices Risk	The risk of adverse consequences to the integrity of the markets arising from: (i) violations of, or non-conformance with, applicable market integrity protection laws, rules, regulations, policies, standards and procedures, or (ii) errors made by an employee or agent of Citi by failing to exercise reasonable care while executing a properly designed process, or (iii) a Citi employee or agent executing a poorly or improperly designed process.	Anti-Competitive Risk
		Market Manipulation Risk
		Market Manipulation Risk
		Insider Trading Risk
		Automated Trading / System Runaway
Model Risk	Risk of potential adverse consequences from decisions based on incorrect or misused model outputs and reports. This includes where a Model does not meet conceptual soundness criteria, has model limitations, unexpected performance deterioration or has fundamental errors.	Model Use Risk
		Model Development and Implementation Risk
		Model Validation and Ongoing Monitoring Risk
		Model Identification Risk
		Model Governance and Inventory Management Risk
		AML Detection Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
Money Laundering Risk	Risk arising from the failure to comply with AML laws, regulations, rules, related self-regulatory organization standards and firm policies. Money Laundering risk includes the risk that the firm's processes and controls are insufficient to prevent and/or detect money laundering, terrorist financing, evasion of tax liabilities or other criminal activities, as well as the risk that regulatory or financial reporting is incomplete or untimely.	AML Governance & Enterprise-Wide Controls Risk
		AML Prevention Risk
		AML Reporting Risk
Business Disruption and Safety Risk	Risk arising from physical harm (including intentional and uniententional acts) to premises and supporting utilities availability, physical assests, and/or people, which may disrupt normal operations to a level that is insuffienct to support Citi business functions, products and services	Natural Disasters Risk
		Physical Accident Risk
		Physical Infrastructure Unavailability Risk
		Wilful Damage Risk
Prudential & Regulatory Risk	The risk arising from ineffective regulatory relationships, and inadequate change management of prudential regulations, practices that jeopardize the safety and soundness of legal entities through which Citi conducts business and establish licenses and registrations. This category also includes the risk arising from a failure by boards, board committees, and senior executive management governance committees to oversee risk governance structure; as well as the risk arising from conflicts of interest. This excludes risks relating to transaction level governance and oversight activities, and to laws, rules, regulations and policies and procedures	Compliance Risk Framework Design and Execution Risk
		Conflict of Interest Risk
		Corporate Governance Risk
		Prudential Standards Risk
		Compliance Risk Framework Design and Execution Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
	covered under the other compliance or operational risk categories	
Processing Risk	Citi defines Processing risk as risk of untimely, inaccurate or incomplete manually performed activities, caused by deficiencies in the design of processes and / or controls, or in their performance. Processing Risk applies across Citi's core business activities including account services, deposits, credit cards, wealth management, liquidity management, trade finance & services, investments, loans, payments, accessing the capital markets. It includes manual errors in account set up and reference data; initial transaction and trade capture, repairs, amendments, and cancellations; payments and settlements; physical asset handling; and collateral / margin management. Processing Risk also applies to internal activities performed to support the Citi franchise, including Corporate Treasury, payroll processing, vendor payments, etc. It excludes risks covered under other Level 1 risks categories, namely, Know Your Customer (KYC), financial / regulatory reporting P&L production, fraud, customer or client protection risk and market practices risks. Processing Risk also excludes risk driven by IT failures which is covered under Technology Risk. Processing risk events may or may not result in financial loss. In some cases the impact may include the cost of	Collateral & Margin Management Risk Placeholder Risk Processing Error Settlement & Payments Risk Physical Asset Handling Risk Account Set up & Reference Data Risk Initial Transaction Capture & Execution Risk Transaction Maintenance Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
	recovery efforts or poor customer service, both which do not readily lend themselves to a financial measure. Thus, there may be regulatory and / or reputational impact, even if there is no direct financial impact.	
Regulatory and Management Reporting Risk	Risk arising from inaccurate, untimely and/or incomplete external regulatory reports and internal management reports utilized regularly by senior management (EMT-1 or higher), the Citigroup Board of Directors or Legal Entity Board of Directors to monitor and manage firm-wide risks and exposures. This risk stripe excludes financial statement reporting included as part of Financial Statement Reporting Risk (Citigroup Inc. & Citibank N.A.)	Management Reporting Risk
		Regulatory Reporting Risk
Sanctions Risk	Sanctions Risk is a category of Compliance Risk that covers the risk arising from breaches, violations of, or non-conformance with, applicable sanctions laws and regulations, and Citi's Global Sanctions Policy and related sanctions standards and procedures. Sanctions Risk includes circumvention and violation of applicable sanctions, as well as breakdowns of key sanctions control processes to detect, investigate, escalate, take appropriate actions (e.g., block, reject), and report business activities (i.e., accounts, relationships, securities holdings, and transactions) that relate to a target of applicable sanctions.	Blocks or Freezes Risk
		Processing of prohibited transactions
		Risk of provision of prohibited account/financial services
		Sanctions-Related Regulatory Reporting Risk
Technology Risk	Risk arising from disruption of business or system failures	IT Benefit / Value Enablement Risk

Operational Risk Level 1	Operational Risk Level 1 Definition	Operational Risk Level 2
		IT Operations and Service Delivery Risk
		IT Program / Project Delivery Risk
Third Party Risk	Risk arising from an individual or entity that has entered, or may enter, into a business arrangement, by contract or otherwise, to provide products or services to a Citi entity or otherwise has an ongoing business relationship (other than a customer/consumer or employee relationship) with Citi. Includes internal and external third parties.	Third Party Authorization Risk
		Third Party Corporate Performance Risk
		Third Party Oversight Risk
		Third Party Service Delivery Risk

3.2.6 Annexure – II Risk Appetite Statements

Risk Appetite Statement summary by Risk Category adopted at a group level are as follows & the same are also applicable to Citibank NA, UAE :

Risk Type	Appetite Statement Summary
Bribery Risk	Citi has Low Bribery Risk appetite. Citi has No tolerance for violations or non-conformance with applicable anti-bribery laws and regulations or breaches of the Citi Anti-Bribery Policy. Citi has low tolerance for: ▪ Controlled Bribery Risks introduced by inadvertent and isolated anti-bribery control process breakdowns. First Line (i.e., business management) and Global Functions acting as First Line (e.g., Human Resources) behaviors that negatively affect: the implementation regulatory changes, the allocation of resources to in-

Risk Type	Appetite Statement Summary
	business anti-bribery control processes, or the timely, comprehensive, and sustainable resolution of bribery-related issues.
Customer or Client Protection Risk	Citi has a Low Customer or Client Protection Risk Appetite. Citi has no tolerance for: ▪ Employees or agents whose intentional actions result in harm to customer or clients. ▪ Violations of, or non-conformance with, local, national, or cross-border laws, rules, and regulations. ▪ Breaches of internal policies. Citi has a low tolerance for employees or agents' actions resulting in harm to customers or clients through negligence due to inappropriate and / or inadequate product or service design or a failure to exercise reasonable care while executing a properly designed process.
Cyber Risk (incl. information security)	Citi's overall appetite for cybersecurity risk is Low, with acceptable levels of residual risk as follows: ▪ Citi has a Low appetite for any breach of confidentiality, integrity, or availability of systems or data creating financial losses, including investigation and restitution to customers. ▪ Citi has a Medium appetite for any breach of confidentiality, integrity, or availability of systems or data causing reputational damage (limited media coverage or interest from elected officials, minor brand damage whereby impacts on loyalty will be recovered). Citi has implemented the following control processes to prevent, detect, and mitigate the effects of breaches of confidentiality, integrity, or availability of systems or data. Each of Citi's control processes is managed within a particular risk tolerance, with those tolerance levels collectively driving the organization to remain within our overall appetite.

Risk Type	Appetite Statement Summary
Data Risk	Overall, the organization has a low appetite for data related risks0. The organization will achieve its business goals and objectives in a manner that is compliant with the data laws and regulations in the jurisdictions in which it operates. One of the three key Citi strategic objectives is to build a safer, simpler and stronger global bank through enhancement of risk and controls and managing data as a strategic asset. Citi considers effective data governance as fundamental to the delivery of the wider Group strategy. Citi seeks to minimize these risks in a manner that is aligned to their risk reduction benefit (including through adequate data controls), recognizing that some risks are unavoidable in pursuit of strategic objectives (this does not preclude Citi from identifying, assessing, and managing said risks). The organization will adopt a set of qualitative principles and quantitative metrics to achieve its Data Risk objectives. Citi will adhere to managing its Data Risk Appetite level within the tolerance levels outlined below, for otherwise it could lead to one of more of the following risks: inability to meet a business process objective (e.g., inability to report, inaccurate reporting, adverse decision making, financial loss), regulatory breaches, statutory, financial and reputational damage.
Financial Statement Reporting Risk	Financial Statement Reporting Risk: The risk that Citigroup Inc.'s / Citibank N.A.'s consolidated financial statements do not present fairly, in all material respects, the financial condition of the company and the results of its operations and cash flows in conformity with U.S. GAAP. Also, the risk that the company fails to maintain, in all material respects, effective ICFR based on criteria established in Internal Control – Integrated Framework (2013) set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Citi has **no tolerance for a material weakness** in internal control over financial reporting

Risk Type	Appetite Statement Summary
	Citi has established a robust system of ICFR to provide reasonable assurance for its financial reporting. This includes both process and entity level controls across the financial reporting lifecycle covering booking, initiation, substantiation and reconciliation, analytical reviews, governance and oversight. Controls cover the following end to end processes: • Transaction capture, confirmation and verification of business activities • Accounting Policy reviews of new transactions or implementations • Automated balancing and transaction processing; completeness and accuracy of GL reconciliations and substantiations • Review of data completeness and accuracy, edit checks and variances between financial information and source systems • System-to-system reconciliation and post close adjustments • Controller review and validation of financial results; quarterly analytical reviews of financial information by Close Assurance and Analytics Team • Statements of Accountability from operating segments / regional CEOs and CFOs and others • Multiple management reviews, Disclosure Committee and other reviews of Citigroup Inc.'s of SEC filings containing the quarterly and/or annual financial statements and Citibank, N.A.'s annual financial statements
Fraud Risk (excl. Technology)	Citi does not tolerate: ▪ Fraud and theft committed by its staff and 3rd parties representing Citi; ▪ Non-compliance with regulations; or ▪ Untimely or incomplete escalation of fraud and theft events to Senior Management.

Risk Type	Appetite Statement Summary
Human Capital Risk	**Citi's overall Human Capital Risk appetite is low, but Citi does not tolerate:** 1. Employing people that present undue risk to the firm 2. Discriminatory and/or retaliatory employment practices 3. Violations of applicable employment, immigration, pension, benefits and social laws, as well as health and safety regulations 4. Rewarding or failure to create accountability for unapproved risk taking 5. Failure to create accountability for employee misconduct that bears material impact to the firm 6. Failure to escalate, investigate and review issues that may be material to the firm **Citi recognizes mistakes or exceptions may occur but has a low risk tolerance for:** 1. Inappropriate terms and conditions of employment 2. Ineffective performance management 3. Poor workplace sentiment 4. Untimely processing of employee terminations 5. Non-competitive selection processes 6. Inability to attract and retain talent
Market Practices Risk	Citi has a low-risk appetite for Market Practices Risk. Citi has No tolerance for: ▪ Employees or agents whose intentional actions interfere with the free and fair operation of the markets ▪ Violations of, or non-conformance with, local, national, or cross-border laws, rules, and regulations.

Risk Type	Appetite Statement Summary
	▪ Breaches of internal policies Citi has a low tolerance for employees or agents' actions resulting in harm to customers or clients through negligence due to inappropriate and / or inadequate product or service design or a failure to exercise reasonable care while executing a properly designed process.
Model Risk	**Citi has low tolerance for model risk based on the businesses and functions using models:** • Citi enforces controls to monitor and limit model risk for internally and externally developed models. • Citi revalidates models on a risk based and timely manner. • Citi enforces compliance to its model risk management policy and standards to ensure model risk is adequately managed in line with industry best practices and regulatory standards. • Citi actively identifies, monitors, and mitigates execution risk associated with its Model Risk Management strategic initiatives and business-as-usual activities. To anticipate, mitigate and control model risk, Citi maintains relevant policies and is implementing a consistent framework for monitoring, assessing, communicating and remediating thresholds breaches to model risk.
Money Laundering Risk	Citi has a low ML Compliance Risk Appetite. Citi has No tolerance for: ▪ Violations or non-conformance of local, national, or cross-border AML laws, rules and regulations. ▪ Breaches of Citi's AML internal policies.

Risk Type	Appetite Statement Summary
	▪ Citi's Products and Services being intentionally misused for the purposes of money laundering, terrorist financing, evading taxes or other illegal activities. ▪ Employees or Third-Party Supplier that knowingly facilitate money laundering, terrorist financing, tax evasion or any other financial crimes. Citi has a low AML risk tolerance for: ▪ Issues in operational activities and control processes. Interpretation of and response to regulatory developments that results in a non-compliant status for a temporary period. Citi will exercise responsible discretion, where policy allows and where legally permissible, to comply with changing laws and regulations on a timely basis.
Business Safety and Disruption Risk	**Citi has a low tolerance for:** • **Risks arising from damage to physical assets due to external factors.** • **Physical damage to Citi assets resulting in financial impact or business disruptions.** Citi recognizes that due to the wide range and sometimes unpredictable nature of threats to physical damage, even the best risk management practices cannot ensure that adverse events will not occur. Citi purchases, leases or otherwise procures a range of physical assets to support the effective operation of its businesses. Citi seeks to protect these assets by providing the appropriate level of physical

Risk Type	Appetite Statement Summary
	safeguards and security to minimize the likelihood and impact of physical damage. **Financial Loss** • Citi seeks to minimize the risk of financial loss due to write off and / or replacement costs for assets suffering physical damage. **Business Disruption** • Citi seeks to minimize business disruption resulting from physical damage to Citi assets. • Should physical damage to Citi assets occur, defined strategies may be employed.
Processing Risk	Citi has a low overall risk appetite for processing risk related to manually performed activities caused by deficiencies in the design of processes and / or controls, or in their performance. Citi maintains robust preventative, detective, and corrective controls, as well as monitoring of internal and external processing to mitigate processing risk and reduce it through process re-design or automation. Citi relies upon timely, accurate and complete processing to support business objectives and retain the confidence of its customers. To sustain this Citi will: • Maintain a well-controlled operating environment for its businesses and functions to mitigate the most material processing risks. • Enhance controls through use of systemic and preventive controls to ensure timeliness, accuracy, and completeness in processing. • Minimize high risk manual processes and use automation to enhance the operating environment. Capture, escalate and share material processing issues to ensure timely resolution and reduce recurrence. • Promote compliance to relevant policies and procedures which have been established to mitigate Processing Risk

Risk Type	Appetite Statement Summary
	• Citi has zero tolerance for: • Most Significant Processing Risk Exposures (MSPRE) manual processes to operate without controls to monitor or identify issues in a timely manner
Regulatory and Management Reporting Risk	**Regulatory Reporting:** ➢ **Citigroup has a low tolerance for reporting errors that may result in supervisory actions, fines, penalties, punitive damages from regulator, violations of law, or reputational damage to the firm and for restatements due to control deficiencies. Citi monitors reporting errors resulting from:** • Failure to comply with regulatory deadlines • Failure to comply with regulatory reporting requirements (e.g., mandated edit checks, instructions, etc.) • Submission of regulatory reports that are not materially accurate and result in restatements • Significant internal control failures in the reporting processes and activities that are evidenced by the number of open Issues **Management Reporting:** ➢ **Citigroup has a low tolerance for reporting errors in internal management reporting to senior management or the Board of Directors that may result in delayed escalation of risks or incomplete / ill-informed decision making. Citi monitors reporting errors resulting from:** • Failure to comply with management reporting timelines due to late submissions • Submission of management reports that are not materially

Risk Type	Appetite Statement Summary
	accurate and result in high rates of revisions / reissuances post original delivery • Significant internal control failures in the reporting processes and activities that are evidenced by the number of open Issues
Sanctions Risk	Citi has a low Sanctions Risk Appetite. Citi has no tolerance for violations or non-conformance with applicable sanctions laws and regulations or breaches of the Sanctions Policy. Also, Citi has low tolerance for: ▪ Controlled Sanctions Risks introduced by inadvertent and isolated sanctions control process breakdowns First Line (i.e. business management) behaviors that negatively affect the implementation of sanctions regulatory changes, the allocation of resources to in-business sanctions control processes, or the timely, comprehensive, and sustainable resolution of sanctions-related issues.
Technology Risk	For each of Technology Control Process, risk tolerance statements are as follows: Manage Architecture • Low tolerance for applications not being managed by a recognized Citi technology organization. • Low tolerance for technology change not following Citi's Architecture Standards. Manage Requirements and Solution Development • Low tolerance for use within Citi-developed solutions of externally-sourced technologies not managed in a Citi approved system of record. • Low tolerance for Citi-developed solutions using supported technologies not performing all development work using Citi's standard developer toolset.

Risk Type	Appetite Statement Summary
	• Low tolerance for software development to be conducted outside the practices and controls defined by the Citi Solution Delivery Life Cycle. Manage Programs and Projects • Low tolerance for Organization Project Management Offices at Citi to operate in a manner inconsistent with the requirements established in the Citi Program and Project Management Policy and Standards. • Low tolerance for projects relating to Safety and Soundness commitments that fail to deliver commitments by the original target date. • Medium tolerance for projects relating to discretionary and strategic activities that fail to deliver by the current target date agreed with the business sponsor. Manage Availability and Capacity • Low tolerance for failure to implement capacity to meet planned resource projections. • Low tolerance for the lack of collection of capacity metrics in a timely manner. • Low tolerance for failure to review and assess capacity constraints in a timely manner. Manage Configurations • Low tolerance for deviation from configuration baseline Manage Technology Changes • Low tolerance for change implementations not adhering to change management process.

Risk Type	Appetite Statement Summary
	• Low tolerance for change implementations resulting in Severity 1, 2, or 3 Major Incidents. Manage Incidents • Low tolerance for severity 1 and 2 major incidents with impact duration exceeding the defined service level objective. • Low tolerance for major incident severity upgraded during the post-mortem Problem Management process. • Low tolerance for severity 1 and 2 major incidents being reported post resolution. Manage Problems • Low tolerance for undetermined or delayed severity 1 and 2 major incident root cause identification associated with major problems. • Medium tolerance for severity 1 and 2 major problem remediation exceeding the defined service level objective. • Low tolerance for severity 1 and 2 major incident recurrence. Manage Continuity • Low tolerance for untimely recovery of Franchise Critical Applications. • Low tolerance for unsuccessful technology recovery when invoked in response to a severity 1 or 2 major incident. • Low tolerance for untimely recovery of High Business Criticality Applications. • Low tolerance for inability to recover one of our Franchise Critical applications from a data corruption event. Manage External Third Parties • Low tolerance for material operational losses or near miss events caused by third party service providers.

Risk Type	Appetite Statement Summary
	• Low tolerance for critical services where the third party service provider does not meet the requirements of the service level agreement. • Low tolerance for priority services where the third party service provider does not meet the requirements of the service level agreement. • Medium tolerance for non critical / priority services where the third party service provider does not meet the requirements of the service level agreement. • Low tolerance for severity 1 and 2 major incidents caused by third party service providers. Manage Internal Service Agreements • Low tolerance for negative trend in severity 1 and 2 incidents. • Medium tolerance for negative trend in standard Incidents. • Low tolerance for service catalog not to include technology services. Manage Service Requests • Low tolerance for priority service requests not delivered within defined service level agreement. • Medium tolerance for routine service requests not delivered within defined service level agreement. Manage Monitoring and Logging • Low tolerance for Franchise Critical Applications not having timely and complete logs in a centralized repository. • Low tolerance for not monitoring infrastructure which support Franchise Critical Applications in a centralized repository. Manage Inventory and Assets • Low tolerance for products/components without vendor support. • Low tolerance for any technology hardware not inventoried. • Low tolerance for any technology software not inventoried.

Risk Type	Appetite Statement Summary
	• Low tolerance for unapproved use or distribution of licensed software. • Low tolerance for applications with poor residual risk scoring. Manage Data • Low tolerance for loss of physical electronic assets containing unencrypted regulatory or customer data. • Low tolerance for inability to recover unexpired backup data. • Low tolerance for failure to retain backup data for the time period defined. • Medium tolerance for backup restore service offerings that do not meet service level objectives.
Third Party Risk	*Citi does not tolerate:* • Violations of applicable laws or regulations by third parties • Fraud committed by a directly contracted third party (or their employees or agents) against Citi or a Citi Client. All such substantiated cases of either are to follow due process to determine the remedial and legal actions that will be taken, to the extent permitted by local laws and the executed contract. *Citi has low appetite for:* • Behaviors or misrepresentations by third parties that may harm, injure, or adversely impact Citi's brand, assets, or clients • Failure of third parties to protect Citi's informational and physical assets • Threats to Citi or client assets arising from external malicious attacks through third parties • Financial risks created by third parties when managing Citi or client

Risk Type	Appetite Statement Summary
	assets *Citi has certain expectations of its businesses <u>and</u> third parties:* • Third parties providing significant products or services to the Citi will hold themselves to the highest ethical standards of conduct in accordance with Citi's values and policies • Third parties' performance will remain (a) commensurate with the expectations outlined in their respective contracts and service level agreements and (b) • responsive to the needs of the businesses receiving the services or products at Citi • Citi and its businesses globally will (a) maintain a robust third party management control environment and (b) make resources available to effectively manage the third party relationship lifecycle from planning through due diligence, contracting, monitoring, and termination, as well as third parties' performance

17. Remuneration Policy

17.1 Template REMA: Remuneration policy (Annual)

Compensation Philosophy

Employee compensation is a critical tool for Citi to attract and retain top talent and successfully execute our corporate goals. Effective compensation programs appropriately balance the incentives offered to employees who take risks to achieve financial and competitive performance objectives and the need to prudently manage those risks along with other imperatives. The Compensation, Performance Management and Culture Committee of Citi's Board of Directors (the "Committee") oversees the design and operation of Citi's compensation programs. The link to the Committee charter can be found under this link:

https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/compculturecharter.pdf

To assist with this objective, the Committee is advised by its independent consultants and delegates certain tasks to Citi management as appropriate. Citi routinely reviews and revises our compensation programs to reflect changing circumstances. Such programs are used as tools to help Citi properly balance risk-taking and risk-mitigating incentives. The membership of the Committee can be found under this link:

https://www.citi.com/citi/investor/data/bddircom.pdf?ieNocache=575

CITI's Principle Compensation Objectives

The principal objectives of our compensation program are listed below:

- Incentivize conduct that aligns with shareholder and other stakeholder interests
- Reinforce a business culture based on accountability, achieving excellence and maintaining the highest ethical and control standards through Citi's Leadership Principles
- Encourage prudent individual and group decision-making in regards to risk consistent with applicable regulatory guidance and Citi's Mission and Value Proposition Statement
- Function as a tool to attract and retain the best talent and to reward talent for engaging in appropriate behaviors that support Citi's corporate goals
- Encourage behaviors that are in the best interests of our customers, shareholders and the goals of the organization, including environmental and social principles
- Align realized pay with achievement of important risk and control, regulatory, strategic and financial-based objectives

Shareholder and Other Stakeholder Alignment

Use a scorecard approach with financial metrics and nonfinancial objectives, including a focus on environmental, social and corporate governance, to link pay to performance to compensate executives and other senior managers. Provide meaningful portions of incentive compensation for executives and other senior managers in the form of equity to help to build a culture of ownership and to align employee interests with those of shareholders. Defer the delivery of significant portions of equity-based incentive compensation for executives and other senior managers over a number of years to tie compensation earned to the returns of long-term shareholders. Require that executive officers hold a substantial amount of Citi stock for at least one year after the end of their service as executive officers.

Ethics, Culture and Leadership Principles

Develop a culture that supports accountability and an environment that discourages unethical conduct, through appropriate and consistent compensation and employment decisions. Embody Citi's Leadership Principles that represent the qualities, behaviors and expectations we all must exhibit to deliver on our mission of enabling growth and economic progress by:

- We Take Ownership - challenging one another to a higher standard in everything we do
- We Deliver with Pride - striving for client excellence, controls excellence and operational excellence
- We Succeed Together - valuing and learning from different perspectives to surpass stakeholder expectations
- Ensure that compensation decisions across our workforce are equitable.
- Communicate throughout the organization that acting with integrity at all times is the foundation of our business and ensure that senior leadership's tone reflects Citi's ethical standards and culture.
- Promote culture and conduct through performance assessments, incentive compensation programs and, where appropriate, disciplinary actions

Risk Management and Regulatory Guidance

Design incentives that reward a thoughtful balance of risk and return and penalize undue risk-taking. Exercise discretion concerning risk-related compensation outcomes in a disciplined, proportionate and consistent manner.
Encourage prudent risk-taking by all employees who manage or influence material risks through a combination of design features, including

a) rigorous performance
b) discretionary compensation funding and individual bonus determination processes that reflect risk-adjusted performance, and
c) deferrals that keep a meaningful portion of incentives at risk for future performance and control outcomes.

Retrospectively and periodically evaluate incentive compensation program results, recognizing that validation and monitoring may reveal inconsistent application of standards or the inappropriate exercise of discretion, and then make adjustments to in-process and future compensation decisions when necessary. Communicate clearly to all employees that poor risk and control management practices and imprudent risk-taking activity will lead to an adverse impact on incentive compensation, including the loss of incentive compensation and the reduction or elimination of previously awarded incentive compensation.

Reinforce consistent shared accountability through the organization. Involve Citi's Independent Risk, Independent Compliance Risk Management and Internal Audit functions in compensation governance and oversight. Design incentive compensation programs with the recognition that global regulation of bank incentive compensation is continuously evolving and that Citi's programs must be responsive to these regulations, emerging trends and best practices. Where appropriate, develop innovative and industry-leading approaches that reflect regulatory considerations in compensation structures and designs.

Attract, Retain and Reward Talent

Provide compensation programs that are competitive within global financial services to attract the best talent to successfully execute the company's strategy. Differentiate individual compensation to reflect employees' current or prospective contributions, based on both financial and non-financial performance, such as risk and control behaviors, and to reward those employees who demonstrate ingenuity and leadership. Clearly and consistently communicate Citi's approach to compensation throughout the year, cascading such communications broadly to employees through key value statements such as Citi's Code of Conduct, Leadership Principles and the statements and actions of senior management and managers generally.

Encourage the Best Behaviors

Provide for adjustment, cancellation and clawback of incentive compensation in cases of improper risk-taking, misconduct, and material adverse outcomes. Compensate employees based on the achievement of goals, embodiment of Citi's Leadership Principles, and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions. Exercise discretion in disciplined and predictable ways to enhance the incentive for, and perceived value of, good performance and the certainty of equitable and proportionate consequences of inappropriate conduct.

Align Pay with Performance

Adjust compensation from year-to-year and over extended periods to reflect market rates as well as overall Citi and individual executive performance, with goals tied to key areas of accountability and factors that each executive influences including:

- Risk and Controls performance
- Financial performance
- Client / Franchise performance
- Leadership performance

17.2 Template REM1: Remuneration awarded during the financial year (Annual)

			a	b
	Remuneration Amount		**Senior Management**	**Other Material Risk-takers**
1	Fixed Remuneration	Number of employees	5	-
2		Total fixed remuneration (3 + 5 + 7)	6,927,560	-
3		Of which: cash-based	5,179,460	-
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	1,748,101	-
8		Of which: deferred	-	-
9	Variable Remuneration	Number of employees	5	-
10		Total variable remuneration (11 + 13 + 15)	1,471,122	-
11		Of which: cash-based	1,198,410	-
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	272,712	-
14		Of which: deferred	272,712	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total Remuneration (2+10)**		8,398,683	-

Additional Notes:

- Reporting is provided in AED.

- Senior Management refers to specific key senior management positions i.e. The Interim CCO, Chief Financial Officer, Chief Risk Officer, Head of Audit and Head of Compliance as at 31st December 2023
- Under Citibank N.A. United Arab Emirates, there are no managers who are classified as material risk takers
- Fixed remuneration in cash includes salary
- Fixed remuneration in other forms includes the value of pension and benefits.
- Variable remuneration awarded in respect of 2023 performance year.
- Share-based awards are made in Citi shares and represent value at grant.

17.3 Template REM2: Special payments (Annual)

Special Payments	Guaranteed Bonuses		Sign on Awards		Severence Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	0	0	0	0	0	0
Other material risk-takers	0	0	0	0	0	0

17.4 Template REM3: Deferred remuneration (Annual)

	a	b	c	d	e
Deferred and retained remuneration	**Total amount of outstanding deferred remuneration**	**Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment**	**Total amount of amendment during the year due to ex post explicit adjustments**	**Total amount of amendment during the year due to ex post implicit adjustments**	**Total amount of deferred remuneration paid out in the financial year**
Senior management					
Cash					
Shares	188,040	188,040		20,690	78,213
Cash-linked instruments					
Other					
Other material risk-takers					
Cash					
Shares					
Cash-linked instruments					
Other					
Total					

Additional Notes:

- Value of cash & share awards are reported in AED.
- Value of outstanding share awards is calculated using Citi closing share price as at December 31, 2023.
- Shares are considered paid when vested. The Fair Market Value (FMV) at vest is determined by the closing New York Stock Exchange stock price for Citigroup common stock the trading day immediately prior to the award's vest date.