Citigroup Global Markets Europe AG
Frankfurt am Main

Management Report and Annual Financial Statements as of December 31, 2023

Citigroup Global Markets Europe AG, Frankfurt am Main

Management Report for Fiscal Year 2023

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1.1 Business Model

Citigroup Global Markets Europe AG, Frankfurt am Main, (CGME) is a CRR – a credit institution within the meaning of Art. 4 § 1 para. 1 (b) CRR[1] in combination with § 32 (1) sentence 3 of the German Banking Act ("KWG") – and engages in a business that is focused on, among other things, offering comprehensive financial services as a broker-dealer to clients in, *inter alia*, the European Union and affording them access to the international capital markets. It operates its business at its registered office in Frankfurt and, in addition, primarily at its branches in Paris, Milan and Madrid. There is also a branch in London.

The **business model** of CGME addresses the product and service needs of its clients and is largely shaped by Citigroup's post-Brexit strategy and the regulatory requirements related thereto. In connection with its business activity, CGME benefits particularly from its integration into the global network of Citigroup, which enjoys a presence in more than 150 countries.

The CGME banking activities are completely integrated into Citigroup's global platform. In order to advise its client base as well as possible, CGME interacts and cooperates closely with Citibank Europe plc., Dublin/Ireland, (CEP) and other Citigroup affiliates in order to guarantee a holistic client approach in which the clients in the European Economic Area are offered the complete range of Citigroup product options broadly across all banks. The CGME strategy here is based on the principles and, with respect to the Stock Exchange and Central Counterparty Clearing House memberships, on facilitating access to global markets for EEA clients and entry into the European markets for global clients.

The CGME business is focused on the European Economic Area, whereby the client-related services and financial products are aligned, among other things, with those of the sole shareholder, "Citigroup Global Markets Limited, London/UK" (CGML).

In the "corporate client segment", the target clients of CGME consist of publicly-listed national and multinational companies from all industries as well as comparable companies and enterprise groups with a private shareholder base. Moreover, CGME maintains active client relationships with Germany's largest banks (private and commercial banks, public sector institutions), asset managers, pension funds and insurance companies. It also advises clients with registered offices in other European countries. These clients include, *inter alia*, large international corporations, financial institutions, institutional investors (such as asset managers and insurance companies) as well as sovereign and public sector institutions.

CGME facilitates services and solutions for other companies within Citigroup. As an essential part of its business operation, CGME also provides support to numerous subsidiaries of internationally active corporate groups that maintain a business relationship with other affiliated Citigroup companies in their respective home countries. In its role as strategic hub, CGME also supports or advises clients from other markets such as Austria, Switzerland and Scandinavian countries.

The **focus of CGME's business activities** is on the following business fields (*Geschäftsfelder*):

- Banking[2] (Investment Banking),
- Markets, and
- Independent Research ("IR"),

which offer clients the following product-oriented financial services:

[1] CRR = Capital Requirements Regulation (Regulation (EU) No. 575/2013 (Capital Requirements Regulation)
[2] formerly referred to as "BCMA".

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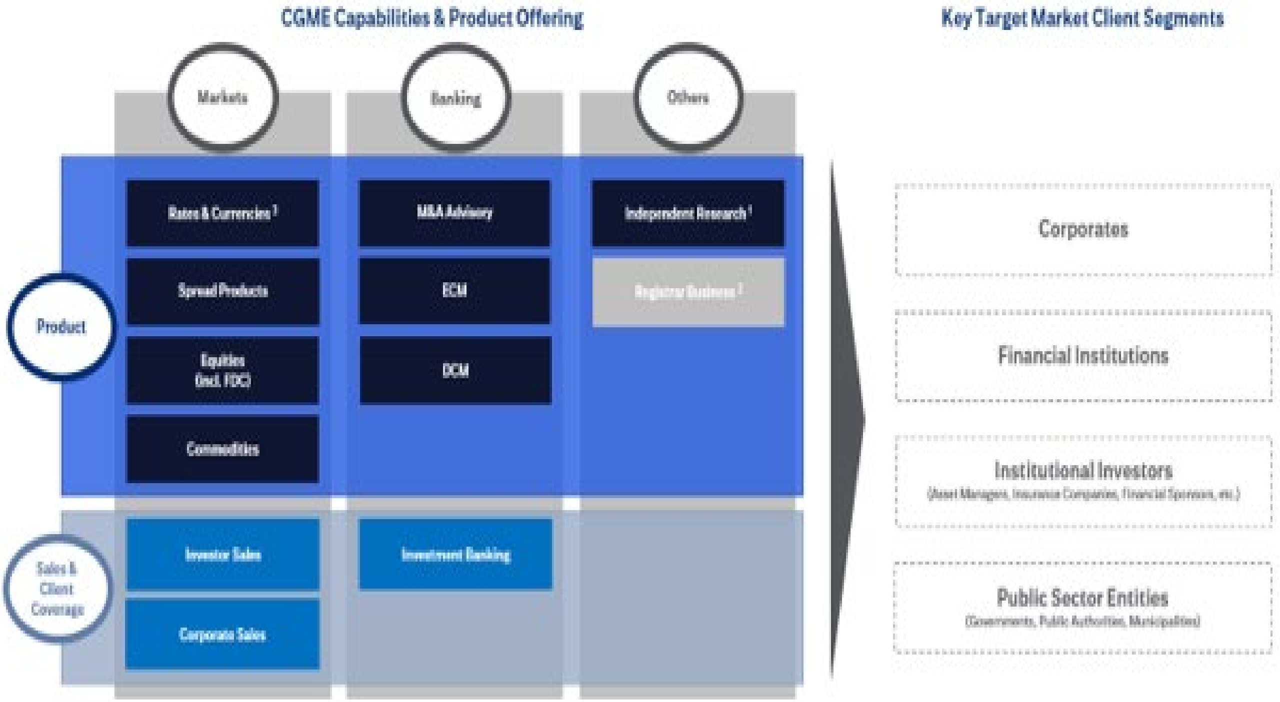


The business division, **"Banking",** includes all advisory work in connection with equity and debt capitalization measures originating on capital markets ("Capital Markets Origination" or "CMO") and advisory work in connection with corporate acquisitions and sales ("Mergers & Acquisition" or "M&A").

The **"Markets"** division covers services in the "securities" segment and is sub-divided into the areas "Capital Markets" ("*Kapitalmarktgeschäft*") and "Underwriting" ("*Emissionsgeschäft*").

The two business segments are supported by the **Independent Research** ("**IR**") division, which provides services particularly in connection with the distribution of research findings, including the delivery of general (i.e., non-client-specific) investment recommendations with respect to stocks, bonds and currencies, the development of macro strategies and the preparation of quantitative analyses and economic forecasts.

The **products and services** of the "Banking" and "Markets" divisions that transcend business divisions and fields and that track the relevant client needs may generally be classified as follows:

Product	Description (non-exclusive)
Rates Products	• Market Making in interest-bearing highly liquid and derivative financial products • Trading in government and other bonds, interest and cross-currency Swaps as well as other derivative und exotic products
Spread Products	• Services in connection with client products to establish access to "investment grade", "high-yield and distressed bond" markets • Credit derivatives and structured credit products
Equities	• Services in connection with the issuance of shares, convertible bonds, publicly listed and equity-based OTC derivatives and structured products, investment financings and ETFs • Securities lending

Product	Description (non-exclusive).)
Commodities	• Services in connection with hedging trades for Investors in the European Economic Area • Spot products as well as OTC derivatives (e.g., swaps, options, forwards, swaptions) with commodities as underlyings (e.g., metals, electricity, gas, coal, oil)
Foreign Exchange/FX – Products	• Services in connection with hedging foreign currency risks • Provision of intragroup and intercompany liquidity
Capital Markets Origination ("CMO")	• Structuring and syndication of securities and financing transactions on debt/bond capital markets • Structuring of equity and other debt capital measures
Mergers & Acquisition Transactions ("M & A")	• Negotiation and structuring of acquisitions and equity investments • Accompanying and supporting clients throughout the entire transaction process • Market research and identification of potential takeover targets • Implementation of defensive measures and support of the company with defense mandates in the event of takeover bids or hostile takeover attempts.

Against the backdrop of the United Kingdom's withdrawal from the European Single Market on January 1, 2021, the ECB conducted a so-called "**desk mapping review"** at CGME in fiscal year 2023. This process involved examining the accounting and risk management procedures of the trading departments working in the areas of "Market Making", "Treasury" and "Derivatives Valuation Adjustments" in an effort to determine whether the existing governance and risk management arrangements are appropriate. On the basis of the findings that have now been made available, CGME may further expand its activities as a "risk hub" in the areas of "Trading" and "Market Risk Management" for selected products.

Since Citigroup's global strategy calls for clients to be advised, whenever possible, in the country in which they are headquartered, a significant portion of CGME's income is generated from intra-group charges ("Global Revenue Attribution" or "GRA"). The intermediated transactions are duly recognized (booked) by other legal entities of Citigroup and are therefore not directly reflected in the CGME's own accounting. The services thereby provided by CGME are compensated under a transfer pricing model.

1.2 Objectives and Strategies

1.2.1 General Information

CGME prepares its business strategy on the basis of a three-year period, which the Executive Board reviews and, if necessary, adjusts quarterly or in shorter intervals, if necessary. Individual statements and forecasts in this strategic plan are "forward-looking" and are based on the current expectations of CGME's Executive Board. In this regard, such statements and forecasts are subject to uncertainties and potential changes, particularly with regard to external conditions and the consequences thereof for the global economy including commodity and financial markets.

The actual economic results as well as capital and other financing requirements can be at odds with the statements and information contained in the current strategic plan due to a variety of factors. These factors include, above all, the continuing repercussions from the war in Ukraine and the conflicts in the Middle East and the consequences thereof for the oil-producing countries in the impacted region as well the related ramifications for, *inter alia*, the various economies of the European Union.

In addition, macroeconomic and geopolitical uncertainties continue to have a complex impact on the capital markets. Central banks around the world are trying to exert a positive influence on inflation and economic stability in order to reduce the risks of a potential recession.

Background Information about the Bank

It should also be noted that no obligations to update the forward-looking statements made in this management report have been assumed beyond those required by law.

1.2.2 Fundamental strategic objectives

Fundamental principles under our corporate policy

Our core business policy generally tracks the following global principles:

- ongoing assessment and adaptation of the individual business divisions in an effort to continue positioning CGME well in the relevant markets.
- deployment of resources in profitable business sectors and relinquishment of less profitable business fields
- coordination and reconciliation of the business divisions with one another and creation of synergies
- Simplification of the processes of our business in order to create value for shareholders.

Business strategies and subgoals

The new business model that Citigroup established for the entire Group in fall of 2023 focuses future business activities on the following areas:

Business Divisions	Services and Subsegments
“Services“	“Treasury”, “Trading” and “Investment Services“
“Markets”	“Fixed Income” and “Equity Markets”
“Banking”	“Investment Banking” and “Corporate Banking”
“Global Wealth Management”	“Private Bank”. “Wealth at Work” and “Citigold”
“U.S. Personal Banking”	“Cards” and “Retail Banking”

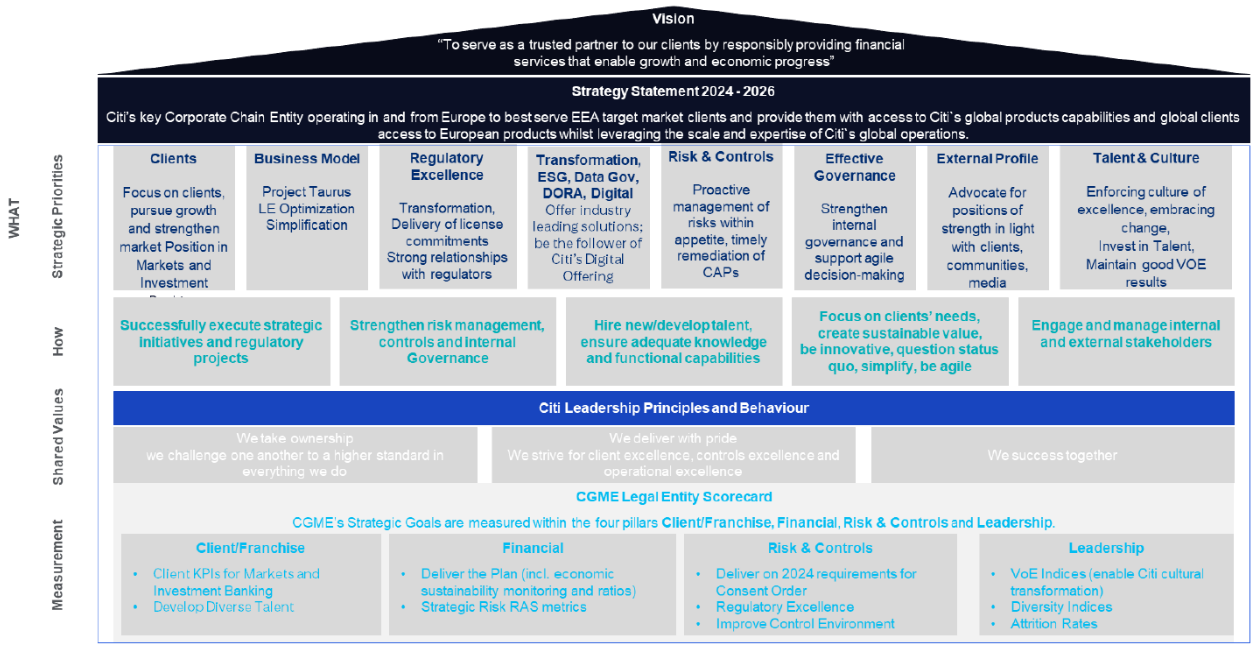
The fundamental principles of the corporate policy and the fields of activities established for the entire group dictate the CGME business strategy, which – together with its own economic efficiency goals – is basically client-oriented. It is based on positioning the individual business divisions, “(**Investment) Banking**” and “**Markets**”, to accord with the client product and service needs and market conditions while factoring in the relevant external environment, the regulatory requirements and the competition. The business activities are supplemented by generally independent research services connected with financial products and country-related and market-sector-related developments.

Background Information about the Bank

CGME’s strategic plan for the years 2024 through 2026 basically focuses on developing a competitive and sustainable presence within the European Economic Area in order to be able to offer clients the best possible advice and support. To achieve the fundamental strategic objectives of

- “ensuring the sustainability of our business model”,
- “improving profitability”, and
- “continuing to strengthen the risk and control environment”,

we implement, among other things, longer-term strategic initiatives and projects. CGME's overall strategy and the sub-strategies and measures derived therefrom are shown in the following overview:



With regard to the individual **business fields** as well as the structural and organizational business areas connected with them, the following **strategic objectives** including the key measures were established:

Background Information about the Bank

- **CGME business model**
  - **Content of strategic objective**
    - Continuous development and updating of the business model, while taking into account client needs as well as internal (e.g., risk-bearing capacity/capital adequacy & financial and non-financial resources) and external parameters (macroeconomic development, regulatory requirements, competition*)*
  - **Crucial sub-goals and implementation measures**
    - Operational implementation of the requirements associated with the granting of the CRR license and the findings from the desk mapping reviews performed by the ECB ("TAURUS" Project)
    - Expansion of CGME and its structures & systems into a risk-bearing institution (*riskotragengenden Institut*)

- **Gaining market share with existing clients and acquiring new clients to preserve and strengthen the existing market position**

- **"Banking" business field**
  - **Content of strategic objective**
    - Growth in the "Debt Capital Market" ("DCM"), "Equity Capital Markets" ("ECM") as well as "Mergers and Acquisitions" business units
  - **Crucial sub-goals and implementation measures**
    - Intensification of existing client relationships through proactive appeal and innovative product offerings
  - Higher client satisfaction as a result of support and care from experienced staff members

    Improvement in earnings surplus
    - Coordination of the overarching cooperation with the affiliates based in Germany, Citibank Europe PLC (within the Citi Corporate Bank (CCB) and "Citi Private Bank" (CPB) divisions)
    - Improvement of strategic capital allocation as part of the cooperation with CCB

- **"Markets" business field**
  - **Content of strategic objective**
    - Striving to become a market leader in the business field
  - **Crucial sub-goals and implementation measures:**
    - Securing a role as the "first" point of contact for clients in the EEA
    - Implementing CGME's function as a risk-bearing unit for selected products for clients domiciled in the EEA
    - Expanding growth and market share in "Commodities" & "Fixed Income Finance".

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- **Ensuring the promotion of a solid management structure including other social aspects with regard to technical skills of the employees and the culture**
  - **Crucial sub-goals and implementation measures**
    - Ongoing focus on recruiting and promoting talent in the individual business divisions
    - Ensuring that employees (including governing bodies) have the necessary professional know-how and competence

- **Strengthening the Bank's own governance structures to support agile decision-making**
  - **Crucial sub-goals and implementation measures**
    - Ensuring a strong and coherent management team at all governance levels
    - Strengthening corporate governance by implementing internal Citigroup standards with regard to corporate management and risk management
    - Continuous optimization of governance processes

- **External image and reputation**
  - **Crucial sub-goals and implementation measures**
    - Leveraging specific media to publicize favorable news from the business divisions
    - Uniform public image & portrayal within the European network of Citigroup

- **Close cooperation with the regulatory or supervisory authorities**
  - **Crucial sub-goals and implementation measures**
    - Successful implementation of the regulatory requirements owed by a CRR credit institution
    - Nurturing the relations with the regulatory authorities (e.g., ECB, BaFin and the German Bundesbank)

- **Implementation of regulatory requirements in accordance with the Corporate Sustainability Reporting Directive (CSRD) and in connection with data governance as well as the Digital Operational Resilience Act (DORA)**
  - **Crucial sub-goals and implementation measures**
    - Implementation of the ESG implementation plan including further development of methodological approaches, integration of client expectations into the services offered by CGME and further enhancement of sustainable banking products
    - Implementation of the Basel Committee's "Principles for the effective aggregation of risk data and risk reporting" ("BCBS 239 Plan"), including *inter alia* through the expansion of local data processing systems and governance measures
    - Regular review and enhancement of the IT processes and systems, while taking into account the regulatory requirements of DORA in connection with cyber security, ICT security and digital operational resilience. cyber security, ICT risks and digital operational resilience

Key financial and non-financial performance indicators

Based on the individual strategic plans for 2024 through 2026, the following **key financial and non-financial performance indicators** have been established and are routinely monitored under a scorecard model:

- ***Financial performance indicators, including***
  - Earnings before Taxes (EBT)
  - Net Income
  - Operating Efficiency[3]
  - Return on Equity (RoE)[4]
  - Return on Assets (RoA)[5]
  - Core Revenue to Assets Ratio (CRaR)[6]
  - Common Equity Tier 1 Ratio (CET 1)
  - Liquidity indicators “Liquidity Coverage Ratio” and “Net Stable Funding Ratio” in accordance with the requirements under the CRR

- ***Non-financial performance indicators*** [7]
  - Number of the (self-identified) regulatory determinations within the internal control process
  - Market share of the individual business divisions within Germany and Europe
  - Implementation of an annual employee surveys with the substantive focus on “diversity”, “commitment”, “management effectiveness” and “ethical corporate culture “
  - Advancement of diversity strategies, which include balanced, gender-specific diversity at individual management levels
  - Employee turnover for specific classes of employees.

1.2.3 Markets Division

The **“Markets”** division is positioned first and foremost to support the needs of clients in the EEA on transactions with an EU-licensed CRR credit institution, specifically to allow clients to interact with a European-wide CRR credit institution. In this regard, a distinction is made between the two following business areas:

- **Capital Markets and**
- **Underwriting.**

In the **Capital Markets** business, CGME remains active in the business fields “Equities”, “Foreign Exchange/FX”, “Rates”, “Spread Products” and “Commodities” by selling derivatives, warrants or certificates, stocks, foreign currencies and bonds and by engaging in investment financing transactions with institutional investors. The product portfolio includes both structured financial instruments and simple daily transactions. In addition, this corporate division is also the organizational home for CGME’s short-term liquidity management.

The “Markets” division is mostly volume-driven and is a business division with some low margin flow. Given the uncertainty surrounding macroeconomic and political developments, the risk of lower client or transaction volumes also rises contemporaneously. With this in mind, some of the core elements of the business strategy are defined as follows:

[3] Operating Efficiency: ratio of expenses to income before income taxes.
[4] Return on Equity (RoE): ratio of annual net income to equity capital shown on the balance sheet.
[5] Return on Assets (RoA): ratio of annual net income to total assets.
[6] Core Revenue-to-Assets Ratio (CRaR): ratio of total income to total assets.
[7] Quantitative disclosures are made insofar as they are used for internal management purposes.

- Intensification of the development and expansion of client relationships with hedge funds, credit institutions and issuers requiring structured financial products
- Implementation of the findings from the “desk mapping review” performed by the European Central Bank
- Strategic expansion of the "Commodities" and "Fixed Income Financing" divisional business units
- Continuation of the expansion of the client-based product lines.

1.2.4 Banking Division (formerly: “BCMA”)

The “**Banking”** business division (formerly referred to as “BCMA”) encompasses advisory work for clients (e.g., companies, financial institutions, the public sector) across all products by coordinating activities of all products and services to which these clients avail themselves with Citigroup throughout the world. In doing so, the Banking Division advises companies on planned mergers and acquisitions (M&A) and in connection with the issuance of equity or debt instruments. The work of the Banking Division also includes arranging corporate financing in the form of syndicated and bilateral loans. The Capital Markets business field is organizationally divided into the “Equity Capital Markets” (ECM) and the “Debt Capital Markets” (DCM) segments.

Based on its long-standing and ongoing client relationships and its closely-meshed cooperation with the Markets Division and the “Corporate Banking” business field, the Banking Division is in a position to offer clients an integrated product portfolio.

The primary task of the Banking Division is to expand CGME’s market position to be one of the first contact points for addressing strategic “corporate finance issues” such as acquisitions and capital market financing and for structuring equity and debt capital transactions. We offer institutional clients a broad spectrum of advisory and financial services, whereby CGME draws on Citigroup's global presence worldwide.

The episodic business encompasses primarily advisory services in the areas of M&A and underwriting for purposes of generating equity capital (ECM) and the issuance of debt instruments (including initial public offerings). Given the great significance of these episodic transactions, the Banking Division is highly dependent on economic trends and the financial markets. The business and earnings development are therefore generally cyclical.

With a large number of existing clients, CGME has already assumed an important role among banks focusing on “corporate finance”. The emphasis has been directed towards expanding this strategic positioning by strengthening the market position among institutional clients in the European Economic Area. The foreign branches of CGME have thereby acquired an important function.

In order to be able to cover the future financing needs of the target clients, the following strategic measures, among others, were established:

- Improvement of the CGME rankings in the European Economic Area – specifically in the countries in which CGME is not yet one of the top three institutions
- Gaining greater market share to improve our profitability
- Positioning CGME as a trusted advisor for large, complex and franchise-defined transactions.

1.2.5 Independent Research Division (IR)

The independent research services in the “EMEA” region (Europe, Middle East and Africa) have been provided by CGME to Citigroup clients in Europe since the beginning of 2021. The strategic approach envisions, among other things, that on the basis of the contracts concluded between CGME and clients, services to be provided in the context of outsourcing to Citigroup units outside the EU area (e.g., CGML, CGMI as well as individual affiliates in Asia and Australia) will be provided by CGME employees in the individual countries based on the existing national rules.

Research services for clients based in an EU country are made available *via* access to the “CitiVelocity” platform as well as other websites (e.g., Bloomberg). They include, *inter alia*, services and investment recommendations in connection with equity, debt, foreign currency and derivative products. In addition, analysts are available to clients to provide further information or advice.

1.2.6 ESG-strategy

The climate crisis is one of the greatest challenges facing our global community and economy in the 21st century. Citigroup and CGME recognize the important role of the financial sector in addressing this crisis by supporting the transition to a sustainable and low-carbon economy.

Citigroup has made progress in environmental, social and governance matters and is guided by the Principles for Sustainable Business and Banking, Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Guiding Principles on Business and Human Rights. As a member of Citigroup, CGME follows the Group strategy, the global objectives and the Group-wide and company-wide risk management principles.

To us, being sustainable means translating our own values and strategy into a daily and credible ESG commitment to internal and external stakeholders. In doing so, CGME simultaneously adheres to Citigroup's policies and contributes to Group-wide initiatives, including the global goals of reducing greenhouse gas emissions to net zero by 2050 ("Net Zero by 2050") and investing $1 trillion in sustainable finance by 2030 ("$1 trillion in Sustainable Finance by 2030").

CGME's "ESG Strategy" articulates the alignment with the global goals of Citigroup, with CGME’s own ESG priorities and with the priorities and relevant measures established in this context. The strategy aims to define the approach which, in connection with the implementation of its own CGME’s project, is enumerated with short-, medium- and long-term goals. To this end, we take into account the derived ESG-specific risks and the impacts thereof and establish a process for measuring and monitoring these risks by, among other things, defining specific key performance indicators (KPIs). In order to be transparent *vis-a-vis* internal and external stakeholders, CGME undertakes to comply with the regulatory requirements in connection with the implementation of the ESG-specific requirements.

For us, the most important **ESG requirements** include

- the European Central Bank's guidelines on climate and environmental risks (as of November 27, 2020),
- the roadmap for sustainable finance of the European Banking Authority (EBA) (as of December 20, 2022),
- BaFin's bulletin on dealing with sustainability risks (as of September 20, 2019),
- Minimum requirements for risk management (MaRisk) in connection with ESG issues in accordance with the 7th MaRisk Amendment (as of June 29, 2023),
- the Non-Financial Reporting Directive (NFRD-2014/95/EU), including the Corporate Sustainability Reporting Directive (CSRD-2022/2464/EU; as of January 5, 2023) which builds upon and updates it,
- the EU Taxonomy Regulation and the

- Regulations of the Markets in Financial Instruments Directive II (MIFID II) in connection with the query of sustainability preferences of clients (as of July 20, 2022).

1.3 System of Controls

Value-based management concept

The management control within CGME remains founded on a **value-based management concept**. The design of this concept is predicated on the fact that the risks assumed by the business fields must be consistent with the external and internal policies on risk-bearing capacity (i.e., capital adequacy) and on the fact that over the long-term, a reasonable return must be earned on the capital employed. In this connection, CGME regularly reviews the allocation of limited resources among the business divisions and proactively adjusts its business strategy to meet changing market conditions in an effort to increase long-term corporate value.

Control size thresholds

Key benchmarks with regard to CGME controlling are based on US-GAAP accounting. Part of the controlling involves a regular analysis of the capital adequacy and the calculation and management of the so-called “operating efficiency” financial performance indicator for CGME. Other financial performance indicators were newly defined for the 2024 fiscal year ("Return on Assets" with a target of 0.3%, "Return on Equity" of 3.1%, "Core Revenue-to-Assets Ratio" of 1.3%).

The established **financial performance indicators**, including **EBT** and **Operating Efficiency,** are continually monitored by the Executive Board. In order to optimize these indicators, CGME engages in an active cost and income management program.

The **capital adequacy** is calculated according to the principles of the Minimum Requirements for Risk Management of the Banks, which are issued by the Federal Financial Supervisory Authority (BaFin) and dated June 29, 2023 (MaRisk). The identified and quantitative risks and risk coverage potential (*Risikodeckungspotential*) are thereby compared. The capital adequacy is deemed to exist if the significant risks (*wesentlichen Risiken*) of CGME are continually covered by the risk coverage potential after factoring in risk concentrations. With the establishment of the individual risk limits, the transgression (breach) of which is linked to escalation procedures, efforts will have been made to ensure that during the course of the year, the capital adequacy corresponds to the business development. Opposing trends and developments are thereby identified early on and counter-measures are implemented.

As in the prior year, another element for controlling and managing CGME is the **market positioning** of CGME in the episodic business. The market positioning is defined using the “Dealogic Rankings”. In this regard, the Bank looks to the overall market and to the market covered by Citigroup.

Just like the “Operating Efficiency”, the capital adequacy and the market positioning in the episodic business, **human resource planning** is an important component of CGME’s strategic planning and is tied to the developments in the banking sector and the financial markets. If key changes take place due to market developments, then the human resource planning will be adjusted in a timely manner and in accordance with existing employee social conditions.

Governance

The corporate culture at Citigroup and CGME is founded on the existing internal principle of performance, which, in turn, is seen as the basis for the business success. We reinforce the pursuit of this principle by:

- setting goals and monitoring performance at the individual and divisional levels
- committing to performance-related pay & advancement
- promoting diversity and equal opportunity among our employees.

The strategic and operational decisions are made by the CGME Executive Board, and the implementation thereof is monitored by the Supervisory Board. The Executive Board meetings are held at least once each month, and the meetings of the Supervisory Board are generally held on a quarterly basis or, if necessary, in shorter intervals. Furthermore, CGME has set up various committees that identify, access and approve the procedures and implemented control processes. For the meetings of the Executive Board, the Supervisory Board and the other working groups, the members of those bodies are given reports and information about all significant activities, initiatives and risks and about the status of all business and supportive divisions. The individual Executive Board members also sit on various committees (for example, the Business Risk Committee, Compliance and Control Committee, Country Coordinating Committee, Governance Committee.

The Executive Board will receive from the “Risk Controlling” Division regular reports (on a daily, monthly and quarterly basis) regarding the status of significant risks of CGME. For details, see the Risk Report below (Section 4 of this Management Report).

In addition to the aforementioned Committees, the Asset Liability Committee (“ALCO”) meets each quarter to focus on balance sheet management, cash flow management and risk management. The ALCO also monitors compliance with the capital adequacy requirements and examines compliance with the legal and regulatory requirements with regard to liquidity, balance sheet and treasury demands.

The “New Product Committee” reviews all of CGME’s new products and the risks related thereto and approves them, if appropriate.

In the opinion of the Executive Board, the **internal control system** of CGME satisfies the requirements of orderly management (*Anforderungen an eine ordnungsgemäße Geschäftsführung)*.

1.4 Significant Business Policy Events in the recently completed Fiscal Year 2023

In light of the expansion of CGME’s business operation in fiscal year 2023 as well as the corresponding quantitative projections about the (risk bearing) business volume for the years thereafter, the sole shareholder of CGME, Citigroup Global Markets Limited, London/UK (CGML), made equity capital contributions in the most recently completed fiscal year totaling USD 1 billion (approx. EUR 911 million) pursuant to § 272 (2) no. 4 of the German Commercial Code (HGB).

By virtue of a decision dated October 23, 2023, the Federal Financial Supervisory Authority revoked the classification of CGME as an "otherwise systemically important institution" (“*anderweitig systemrelevantes Institut*”) in accordance with § 10g (2) of the German Banking Act.

As of July 1, 2023, in agreement with the Financial Conduct Authority of the United Kingdom (FCA), the license of the CGME branch in London/UK to carry out banking activities expired.

2 Economic Report

Economic Report

2.1 Overall Economic Development

Slowdown of global economic growth in 2023 amidst high inflation and rising interest rates

Overall, macroeconomic development in 2023 can be described as very subdued, although the repercussions in individual countries varied greatly. Global gross domestic product (GDP) increased by 0.6% in 2023 (2022: +3.1%)[8]. As in the previous year, the development was largely shaped by the far-reaching effects of Russia's war of aggression against Ukraine, which began in February 2022, by higher (key) interest rates, by higher inflation rates compared to the previous year and by overall weak economic growth. Despite a comparatively favorable start at the beginning of 2023, global economic growth slowed as the year progressed, due in part to weak industrial production and the further significant rise in interest rates in most regions, a trend that also inhibited investment above all in residential construction in particular[9] .

In the **industrialized countries,** consumer inflation averaged 7.8% in 2022 and was still averaging 4.9% in 2023. One of the main reasons for the decline in inflation was the fall in energy prices, which had previously risen dramatically. Core inflation, which does not include energy and food prices, also eased in 2023, dropping from 5.2% in 2022 to 4.8% in 2023[10].

High inflation dampened consumer spending. In addition, tighter monetary policy in many regions slowed economic growth. Nevertheless, there was no recession, not least because labor markets remained robust.

While gross domestic product growth in the **United States** accelerated significantly in the third quarter after a moderate first half of the year, gross domestic product in the European Union (EU) largely stagnated. In the US, GDP grew at a faster rate (2.5%) than in the previous year (1.9%). Private demand was buoyed by a drawdown on savings, rising employment and increasing wages.

Despite the solid labor markets in the **European Union**, consumers there were still reluctant to spend in light of the rise in electricity and gas prices and the uncertainties resulting from the effects of the war in Ukraine. GDP in 2023 rose by just 0.5% (2022: +3.6%)[11]. As in the previous year, there were clear differences between the typical tourist countries and the more industrial and export-driven economies. Whereas GDP in Spain rose by more than 2%, France and Italy reported GDP growth of less than 1%[12].

Economic development in **Asia** was mixed. In **China,** a dynamic start to the year in the first quarter was followed by weak growth during the rest of the year. Domestic demand in China remained subdued as a result of the economic uncertainty surrounding the intensifying real estate crisis, particularly in the second half of 2023, and because the export business suffered from the weakness of the global economy. In **Japan,** the economy picked up temporarily due to the weaker exchange rate, growing private consumption and high foreign and domestic demand for automobiles. Gross domestic product climbed at an above-average rate of 1.8% in 2023 (2022: +0.9%), specifically because of the weaker yen exchange rate, declining imports and rising automotive exports as well as increasing investments. In most **other emerging Asian countries**, particularly **India** (2023: +6.5%, 2022: +7.3%) and **Indonesia** (2023: +5.1%, 2022: +5.3%), growth remained high in light of solid domestic demand[13] .

In the global **core industries,** existing order backlogs were further diminished after the disruptions in the supply chains had largely receded. This catch-up effect led to high growth rates, particularly in the automotive industry, which had been previously hampered by significant supply problems. In contrast, demand for durable consumer goods, such as furniture and consumer electronics, dropped off significantly following the boom in demand during the COVID lockdowns. In the **construction industry,** the sharp rise in interest rates in many countries was increasingly reflected in falling demand.

The persistently high **energy prices** in 2023 did not fully reflect the global economic weakness. The price of oil was supported on the supply side above all by several production cuts by the OPEC+ countries. Nevertheless, oil production in the USA was increased. In light of the cutbacks in gas consumption by

[8] See Economic Report of the European Central Bank, Edition 08/2023, page 18 *et seq.*
[9] See Monthly Report of the German Bundesbank, February 2024, page 13.
[10] See Annual Report of the German Bundesbank 2023, page 8.
[11] see Annual Report of the German Bundesbank 2023, page 11.
[12] See Economic Report of the European Central Bank, Edition 08/2023, page 26 *et seq.*
[13] See Statista Research Department, Publication dated February 2024.

private households and industrial companies, the price of gas fell again significantly over the course of 2023.

Development of international financial markets

Despite their decline during the course of the year, the high inflation rates had a significant impact on the development of the international financial markets in 2023. Central banks gradually raised key interest rates in 2023. Since the beginning of 2023, the Federal Reserve Bank has successively raised its key interest rate by 25 basis points in four steps, from 4.5% (12/15/2022) to 5.5% on July 27, 2023[14]. In light of the relatively high inflation rates in 2023 and the associated pressure on economic development in the Euro-zone, the ECB Governing Council also increased its key interest rates in 2023, initially by 50 basis points on March 22, 2023 to 3.5% and then in four additional steps, each time by 25 basis points, to 4.5% for the last time on September 20, 2023[15].

In view of the change in market participants' expectations regarding the development of key interest rates, **yields** on long-term government bonds fell in a number of countries including the US, Germany, the UK and the Scandinavian countries. Yields on ten-year German government bonds fell in line with EMU yields to 2.4%. Yields on European corporate bonds in the BBB rating class and high-yield bonds with residual terms to maturity of between seven and ten years fell significantly in line with the decline in safe rates. Within the rating class, bond yields for financial companies fell more sharply than for non-financial companies[16] .

On average over the year, the positive **capital market interest rate** in Germany rose from an average of around 1.14% to 2.43% compared to the previous year[17] .

In 2023, the international **stock markets** were shaped by falling risk-free interest rates and a high appetite for risk among investors, which led to a corresponding rise in share prices. Given the relatively optimistic expectations for economic growth in the US, there was some concern that the Federal Reserve would initially refrain from lowering its key interest rates. At the same time, the macroeconomic parameters of economic growth in the USA proved to be robust, with the result that share prices also anticipated higher profit expectations.

Lower interest rates and a high appetite for risk also led to visible share price gains in the Eurozone. However, the rise in share prices was lower than in the US. One important reason for this discrepancy is the comparatively less favorable economic outlook, which was reflected in downwardly revised earnings expectations and thereby moderated the upward price trend. As a result, the prices of European shares (Euro Stoxx) and German shares (CDAX) rose by 10.8% and 9.1%, respectively, in the fourth quarter of 2023. The prices of dividend shares in the UK (FTSE 100) remained almost unchanged (- 0.1%). US stocks (the S&P500) and Japanese stocks (the Nikkei Index), on the other hand, gained 17.3% and 19.8%, respectively[18]

Economic development in Germany

The year 2023 could be described as a difficult year for the German economy. The **overall economic situation** in Germany in 2023 was again largely shaped by the effects of the war in Ukraine, and particularly by the associated energy price increases. These developments likewise led generally to global economic weakness, which was increasingly amplified by a more restrictive monetary policy[19]. Nevertheless, the situation on the energy markets in Germany has eased significantly since the Fall of 2022. Energy costs for both electricity and gas have fallen back to a significantly lower level than at peak times during the first year of Russia's war of aggression against Ukraine[20].

In addition to the after-effects from the sharp rise in energy costs, weak foreign demand weighed on industrial production. Higher inflation than in the previous years also trampled private consumption. The strong

[14] See Statista Research Department, Publication dated January 3, 2024.
[15] See Statista Research Department, Publication dated February 2024.
[16] See Monthly report of the German Bundesbank, February, 2024, page 42.
[17] See Statista Research Department, Publication dated January 15, 2024.
[18] See Monthly Report of the German Bundesbank, February 2024, pages 42-43.
[19] See the Federal Government's Annual Economic Report 2024, published on the Federal Government's website on February 21, 2024, Section B., Item 16.
[20] See the Federal Government's Annual Economic Report 2024, section B., item 24..

wage increases therefore did not yet translate into a significant increase in consumer spending. The Eurosystem's tighter monetary policy also slowed the economy. Higher financing costs curbed investment, particularly in residential construction. Public spending also ebbed as, among other things, government expenses, which had been incurred in the fight against the COVID-19 pandemic (for example for vaccinations and testing), disappeared[21] .

Overall, based preliminary figures from the Federal Statistical Office, German economic output, as measured by price and calendar-adjusted **gross domestic product,** declined slightly last year by 0.1% compared to the previous year.[22] According to the Bundesbank's projection from December 2023, overall economic output will return to an expansionary phase this year and increase by 0.4 %, primarily as a result of brisker export activity and a revival in private consumption.

A hallmark of 2023 was once again unusually high **inflation,** even though it did decline over the course of the year, particularly due to the fall in energy prices. This situation had been previously triggered by the effects of the COVID-19 pandemic and the economic policy responses and was further exacerbated by the Russian war of aggression against Ukraine[23]. In many places, inflation triggered the sharpest price increases in decades. In response to the high inflation rates, wage growth also rose significantly, which itself contributed to more price increases, particularly in the services sector. Some companies also widened their profit margins in an environment of high inflation.

Measured by the so-called "Harmonized Index of Consumer Prices" (HICP), inflation in Germany peaked in October 2022. Since that time, it has weakened considerably as a result of falling energy prices. The HICP reached an annual average of 6% (2022: 8.7%). Core inflation, on the other hand, rose from 3.9% in 2022 to 5.1% last year. Based on the German Bundesbank's expectations, an overall inflation rate of 2.7% and core inflation rate of 3% is expected in 2024[24] .

The economic situation for **government budgets** improved in 2023. This improvement was mainly attributable to the discontinuation of the COVID-19 pandemic relief packages, which was matched by lower charges based on, *inter alia*, government energy-crisis aid for private households and companies as well as higher interest charges. Accordingly, the deficit ratio measured in terms of nominal GDP fell from 2.5% in 2022 to 2.0% in 2023[25].

Economic development at the operations in France, Italy and Spain

In the following countries where CGME maintains operations, the economic situation in 2023 developed dissimilarly.

France reported slightly lower economic growth in 2023 than in the previous year. After a 2.5% increase in gross domestic product (GDP) in 2022, the country expects an increase of only 0.9% for this past year of 2023[26] Among other things, foreign trade made a positive contribution to economic growth in the fourth quarter of 2023, while private household consumption stagnated.

Corporate investment climbed by 3.1% in 2023, although the Banque de France expects the growth rate to be just 0.6% in 2024 due to rising financing costs and an uncertain economic outlook. Nevertheless, the French government has launched a EUR 54 billion reindustrialization and innovation program that aims to promote investment in innovative products through 2030.

The inflation rate declined over the course of 2023, falling from 7.0% in January 2023 to 4.1% in December 2023, due in part to falling energy prices. The average inflation rate in 2023 was 5.6%[27]

The general economic sentiment at the end of 2023 is not considered positive. Geopolitical uncertainties, contained (but still high) energy costs and comparatively weak international demand for goods and services

[21] See German Bundesbank Annual Report 2023, ibid., section 1; publication by the Federal Statistical Office, as of January 15, 2024.
[22] See German Bundesbank Annual Report 2023, publication on the website of the German Bundesbank on February 24, 2024, section 1.
[23] See German Bundesbank Annual Report 2023, id., section 1.
[24] See German Bundesbank Annual Report 2023, id., section 1.
[25] See German Bundesbank Annual Report 2023, id., section 3.
[26] See *Institut national de la statistique et des études économiques*, published on the website on Januar 30, 2024.
[27] See publication from Senergia International Management, Communication France, December, 2023;

are all weighing on France's economic growth. For 2024, the Banque de France only expects a relatively low growth rate of 0.9%, while the inflation rate is expected to decline further to 2.6% in 2024[28] .

In **Italy,** an annual average increase in real gross domestic product of 0.7% over the previous year is expected for 2023, whereas the growth rate is expected to fall by 0.6% in 2024 but increase by 1.1% in 2025 and 2026.[29]

Weak domestic demand hampered the Italian economy. According to the information available to date, investment activity fell again in 2023 due to tighter financing conditions. It is assumed that despite lower inflation, private consumption had only stagnated[30].

The Italian economy was also characterized by a tightening of monetary and credit conditions for households and companies in 2023. Consumer price inflation is expected to average 6% in 2023, although a decline is forecasted in the coming years due to the fall in prices for raw materials and intermediate products[31]. The unemployment rate averaged 7.7% in 2023 (2024: 7.6%)[32].

The pace of economic growth in **Spain** slowed in 2023. Gross domestic product increased by 2.4% (previous year: + 5.5%) with an average annual inflation rate of 3.4% (prior year: 8.3%). The continuing tourism boom in Spain and the grants received from the EU under the "Next GenerationEU" program and amounting to around EUR 77 billion had a positive impact on economic development in 2023. Including the additional loans from the Recovery and Resilience Facility, Spain can budget in a total of around EUR 164 billion in grants for its economy The unemployment rate reached 12.3% in 2023, a high level by European standards, and is currently expected to rise to 12.9% in 2024[33].

2.2 CGME Business Performance

2.2.1 Business development

As a whole, CGME's economic performance in fiscal year 2023 can be considered unsatisfactory, inasmuch as the target earnings figures revised during 2023 were not met despite higher transaction volumes and a commensurate increase in income and expenses. CGME closed fiscal year 2023 with an annual net loss of EUR 16 million (net profit for 2022: EUR 7 million).

As a result of the expansion of the business model in the reporting year and the associated expansion of our portfolio of products and services, our business in financial instruments, which is mainly recognized in client receivables and liabilities and trading portfolios, generally performed satisfactorily. Whereas net interest income improved greatly by a total of approx. EUR 121 million particularly as a result of the significant expansion of the securities lending and repo business and the improved development of interest rates on the capital market, net fee and commission income and net trading income in the Banking and Markets divisions declined sharply by a total of EUR 149 million, in part because of the uncertainties on the energy and capital markets that emerged in 2023 and the continued adverse impact of the war in Ukraine.

The annual result for 2023 was also negatively impacted by an above-average increase in administrative expenses of around EUR 83 million over the previous year; an increase attributable to the surge in the line item, other administrative expenses (totaling EUR 65 million). This increase can be ascribed mainly to the roughly EUR 20 million jump in clearing and custody fees that are associated with the expansion of trading activities and the year-on-year increase in expenses from intra-group charges and cost pass-throughs totaling around EUR 28 million.

In order to secure the necessary liquidity and meet the regulatory requirements for risk-bearing capacity (capital adequacy), the Bank’s equity capital base was once again strengthened. Above all, due to additional capital infusions of approx. EUR 911 million made by the sole shareholder, CGME's equity capital as shown on the balance sheet increased to approximately EUR 4.6 billion.

[28] See publication Germany Trade and Invest, "France", dated December 13, 2023.
[29] See Banca d'Italia, Macroeconomic Projections for the Italian Economy, dated December 15, 2023.
[30] See Monthly Report of the German Bundesbank, dated February 2024, page 22.
[31] See Banca d'Italia, Macroeconomic Projections for the Italian Economy, dated December 15, 2023.
[32] See Economic Report of the RWI - Leibniz Institute for Economic Research, Essen, Economic Development at the end of 2023 Volume 74 (2023) Issue 4, Table 5.
[33] See Economic Report of the RWI - Leibniz Institute for Economic Research, Essen, id. Table 5.

The **core capital ratio** (CET 1 ratio) of 17.5% planned for the recently completed fiscal year was greatly exceeded at the end of the fiscal year with a value of 23.67%.

Our financial performance indicator **"Operating Efficiency,"** which was around 97% in 2022, had a target of 92% for 2023. Due to the overall negative development of interest, trading and commission income as well as the comparatively high increase in administrative expenses, operating efficiency in 2023 came in at around 100.1%.

2.2.2 Markets

In fiscal year 2023, the economic development of the **Markets** Division was essentially shaped by a year-on-year decline in price volatility on the equity and bond markets.

Despite a downward trend in inflation rates and the associated responses from national central banks like the Federal Reserve Bank and the European Central Bank, news about international inflation rates continued to determine the overall market environment. Despite the downward trend in inflation rates compared to the prior year, the overall market environment was still shaped by the inflation rates, by the associated interest-rate policy responses taken by national central banks like the Federal Reserve Bank and the European Central Bank and by the effects of the bond purchasing programs initiated in connection with the COVID-19 pandemic.[34]

Overall, with **gross income** totaling about EUR 304 million, of which around EUR 147 million was directly attributable to the "Equities" subdivision and around EUR 84 million was directly attributable to the "Fixed Income Currencies and Commodities" sub-division[35], a negative result ("Earnings before Taxes" or EBT) of approx. EUR 27 million was reported after deducting additional offset income of approx. EUR 73 million and after deducting the costs incurred in the segment of approx. EUR 331 million. The result thereby was around EUR 87 million lower than planned. With the exception of the positive development of the "Markets" Division in the French branch, which entailed an increase in activities with French banks in the "Secured Financing" sub-division, business development at CGME's other locations in Germany and abroad declined in 2023, an outcome that was also based on reduced client demand specifically caused by the difficult market environment.

The warrants and certificates business was weaker than expected in 2023 due to low volumes and increased hedging costs. By contrast, the earnings performance in the "Equities" and "Commodities" business division was positive. Overall, economic development in the Markets Division cannot be considered satisfactory when compared to the prior year.

2.2.3 Banking

Fiscal year 2023 was generally not a satisfactory year in the Banking Division. The cause here could be ascribed to our client's reluctance to invest in, among other things, potential IPOs or corporate acquisitions and capital market transactions because of the existing uncertainties surrounding interest rate trends and the concomitant risk of climbing refinancing costs as well as other global economic developments, particularly in the United States and China.

Compared with the previous year, Citigroup's market position in the episodic business, as measured by the Dealogic Ranking (Citi Internal View), declined. With respect to the episodic products, our activities once again revealed a downward trend due to external factors (high inflation and conflicts in Ukraine and the Middle East) that influenced the business segment. In view of this trend, **the gross commission result** declined in 2023 from approximately EUR 119 million in the previous year to a total of EUR 116 million, which is thereby approx. EUR 27 million lower than the budgeted numbers. A negative result (earnings before taxes; EBT) of approx. EUR 75 million was reported.

The **gross commission result**[36] is distributed across the following main investment banking products in the Banking Division:

[34] See also Economic Report of the European Central Bank - Edition 08/2023 -, pages 8- 9
[35] See CGME, Analysis, Preliminary Financial Full Year 2023, dated January 29, 2024, page 13
[36] Before intercompany netting

Product/Product Segment "Investment Banking"	2023 (EUR million)	2022 (EUR million)	Change (EUR million)
Mergers & Acquisitions (M&A)	72	55	17
Debt Capital Markets (DCM)	28	28	0
Equity Capital Markets (ECM)	16	36	- 20
Total	**116**	**119**	**- 3**

The **M&A** activities of clients in the European Economic Area (EEA) in 2023 were very modest, particularly because of uncertainties regarding interest rate trends on the capital markets and general global economic developments. Accordingly, the result generated by institutions based in the EEA declined by around 35% overall compared to fee levels in the previous year.

Contrary to the general trend, the fee result generated by CGME increased by EUR 17 million or around 31% to EUR 72 million, thereby exceeding the budgeted figure for 2023 by around EUR 13 million. Nevertheless, CGME's market share in the M&A business segment in the EEA has basically unchanged at around 5% of the fee income. The market position in Spain was even increased in the past fiscal year to around 7% of income, thereby attaining third place (prior year: 6th place) in the Dealogic ranking[37] .

Towards the end of fiscal year 2023, the M & A activities of the market participants increased both at the CGME level and throughout the EEA, meaning that commission result can be expected to rise.

In the first half of 2023, business performance in the "**DCM**" product area was very satisfactory, while in the second half of 2023 the expectations of issuers and investors regarding the development of the European bond markets were substantially subdued, particularly in light of the uncertain general macroeconomic trends. Overall, however, we believe that the European corporate bond market has developed more favorably than in the previous year.

At approx. EUR 27 million, CGME's gross commission result changed only marginally compared to the previous year and remained around EUR 19 million below the original budgeted number. With the "Investment Grade Debt" ("IGD") product, on which this category is based, CGME lost a small amount of market share in the European monetary area in the Dealogic ranking and took fourth place compared to other institutions[38].

Since the market activities in the "**ECM**" product segment stagnated in 2023 as well, gross commission result at approx. EUR 17 million (2022: EUR 37 million) also landed below CGME's 2023 budget expectations of approx. EUR 37 million.

CGME lost market share among clients in the European monetary area and only ranked third in 2023 with a market share of 6.7% (-284 basis points). CGME's market share in the German market declined in 2023 compared to the previous year (and remained in fifth place in the Dealogic Ranking (2022: second place)). The branches in France and Italy also lost market share in 2023, while CGME in Spain regained the market share it had lost in the previous year and once again garnered a "top 3 position[39].

[37] see Dealogic (Citi Internal View) dated December 31, 2023 for Spain.
[38] see Dealogic (Citi Internal View) dated December 31, 2023 for the European Economic Area.
[39] see Dealogic (Citi Internal View) dated December 31, 2023 for the European Economic Area, Germany, France, Italy and Spain.

2.3 Assets, Financial Condition and Results of Operation

2.3.1 Results of operation

The result in fiscal year 2023 compared to the prior year can be summarized as follows:

	2023 (EUR million)	2022 (EUR million)	Change (EUR million)
Net interest income	61	- 60	121
Net commission income	316	397	- 81
Income from trading operations	41	108	- 67
Risk provisioning in lending business	- 6	- 0	- 6
Other operating income	187	146	41
Administrative expenses	- 589	- 506	83
Other income and expenses	- 12	- 45	33
Result before taxes	**- 3**	**40**	**- 43**
Income taxes	13	33	- 20
Annual net loss/profit	**- 16**	**7**	**- 20**

Net interest income improves significantly

Compared to the prior year, **net interest income** improved by EUR 121 million to EUR + 61 million. In this regards, interest income climbed from EUR 230 million to EUR 1,272 million, while interest expenses also increased from EUR 269 million to EUR 1,212 million. The reasons behind the increase in these net interest income components include the rise in interest-bearing holdings from securities lending and repo transactions and the generally favorable interest developments on the capital markets.

Declining development of positive net commission income

In the recently completed fiscal year, the **net commission income** declined by EUR 82 million to a total of EUR 315 million, with commission income totaling EUR 578 million (2022: EUR 671 million). The commission expenses, which came in at EUR 263, were approx. EUR 9 million less than the prior year; a decline that can be attributed primarily to lower intra-group charges related to transfer pricing.

A total of EUR 205 million - or approx. 35% (2022: EUR 315 million, or approx. 47%) - of **commission income** was ascribed to the **Banking** Division (formerly “BCMA”), although at a total of approx. EUR 132 million and like in the prior year (2022: EUR 228 million), a significant share of that income was generated by the Mergers & Acquisitions unit in connection with the European-wide support of clients based on the internal group resource allocation (GRA). The product segments “Equity Capital Markets” and “Debt Capital Markets” developed negatively because client activities did not perform as originally expected due to the global crises and uncertainties on the capital markets during the recently completed fiscal year. Accordingly, the commission income in these product segments decreased to a total of EUR 73 million (2022: EUR 76 million). Commission income of approx. EUR 373 million (2022: EUR 357 million) was generated in connection with f the business activities of the **Markets** Division.

The ongoing tensions on the energy and capital markets, caused by the wars in Ukraine and the Middle East and the international central banks' interest rate policies to curb inflation, intensified client demand for derivatives hedging transactions in 2023. Accordingly, the commission income generated in this product area fortunately increased.

Decline in net trading income amidst an expansion of financial trading operations

The positive **net income from financial trading operations** in the amount of EUR 41 million (2022: EUR 108 million) was almost the exclusive result of trading in derivative equities, index and futures products and of dividends paid out on stock holdings, with income in the amount of EUR 784 million (2022: EUR 1,297 million) juxtaposed with expenses totaling EUR 743 million (2022: EUR 1,190 million). The decline in the net trading income (despite the significant increase in trading activities in the past fiscal year compared to the previous year) can be attributed largely to the consequences from all the uncertainties in the energy and capital markets.

Specifically, the financial instruments achieved the following contributions to 2023:

	2023 (EUR million)	2022 (EUR million)
Net Income Trading Book “Equity and Index Risks”, Certificates” and “Credit Derivatives“	219	280
Net Income Trading Book “Currency Risks”	271	- 199
Net Interest and Dividend Income from Trading Book positions	6	14
Valuation adjustments	17	13
Total	**41**	**108**

The **valuation adjustments** (EUR - 17 million; prior year: EUR + 13 million) relate to the VaR in accordance with § 340e (3) HGB (EUR - 5 million; prior year: EUR 9 million) as well as the additional valuation adjustments made to cover the counterparty default risk inherent in the financial instruments and CGME's own credit risk, including the refinancing costs in connection with unsecured derivatives (EUR 8 million). Moreover, in accordance with § 340e (4) HGB, approx. EUR 5 million (prior year: approx. EUR 4 million) was allocated to the fund for general banking risks in accordance with § 340g HGB.

Higher credit costs and risk provisioning in the lending business

Due to the insolvency of a client in the Banking Division relating to the settlement of a fee claim from the M&A business, the Bank took a write-down of EUR 6 million. The standard loan loss provision to cover general credit risks remained **almost unchanged** in the recently completed fiscal year and continues to equal EUR 0 million. The standard loan loss provisions were calculated while factoring in current information and expectations regarding the future risk situation of the relevant credit volumes as part of the so-called "IFRS 9 stage model" (see also IDW RS BFA 7). It should be noted that the Bank does not operate a traditional lending business and that the assets side of the balance sheet consists almost exclusively of current receivables, collateralized securities transactions (reverse repo transactions) and the trading portfolio, meaning that there is no significant general default risk.

Other operating income climbs substantially

Other operating income in the amount of EUR 187 million (prior year: EUR 146 million) consists primarily of income that was generated from the pass-through of expenses to the sole shareholder and from a share of the income generated from participating in the earnings on equities and other trading transactions totaling EUR 80 million (prior year: EUR 81 million). The cost-sharing (pass-through) charges relate primarily to transaction and stock exchange fees as well as the expenses for the bank charge (*Bankenabgabe*) incurred in 2022.

This item also includes income from charges passed through to other affiliated enterprises of Citigroup (EUR 80 million; prior year: EUR 49 million) which, among other things, include expenses incurred in connection with the business activities of the branches in France, Italy and Spain.

Moreover, income from the turnover tax refunds, specifically from the prior years and totaling EUR 3 million (2022: EUR 16 million), were collected in the recently completed fiscal year.

Increase of general administrative expenses

Compared to the previous year, **general administrative expenses** rose by approximately EUR 83 million to a total of EUR 589 million. The increase in **personnel expenses** by approximately EUR 18 million to EUR 257 million was caused primarily by the increase in staffing in 2023 and by salary raises, adjusted bonus payments and severance payments to employees as part of the global restructuring.

The **other administrative expenses** in the amount of EUR 332 million (prior year: EUR 267 million) relate, *inter alia*, to the expenses incurred in the recently completed fiscal year from the intra-group set-offs and pass-through charges of EUR 89 million (prior year: EUR 61 million) as well as the stock exchange, custody and other transaction fees incurred in connection with transaction settlements and totaling EUR 106 million (prior year: EUR 92 million). Expenses incurred in connection with the payment of the bank charge (*Bankenabgabe*) equaled EUR 46 million in 2023 (prior year: EUR 40 million).

Other income and expenses greatly improve

Other operating income and expenses in the amount of EUR - 12 million (prior year: EUR 45 million) relate almost exclusively to depreciation, amortization and impairment write-downs on intangible assets and tangible assets (EUR 12 million; prior year: EUR 12 million), which includes scheduled amortization totaling EUR 9 million applied to the goodwill identified in connection with the integration of the branches as consideration for the client relationships acquired.

2.3.2 Financial condition

CGME refinances itself primarily within the Citigroup group and can, if necessary, access a credit line of USD 15,000 million.

Cash and other financial assets are exclusively short-term and mid-term.

In the recently completed fiscal year, CGME was in a position at all times to meet its payment obligations. Moreover, any and all liquidity requirements mandated by law were satisfied at all times. No significant capital expenditures, which could impair liquidity, are planned.

Under its new business model, CGME generally does not engage in maturity transformations.

As of December 31, 2023, the Tier 1 common capital ratio and the total capital ratio of CGME were each 23.67% (December 31, 2022: 21.49%). Thus, CGME continues to command a very good equity base.

Otherwise, we refer to the cash flow statement for fiscal year 2023 as shown the notes.

2.3.3 Assets

The **CGME assets** as of the balance sheet date (December 31, 2023) developed as follows compared to the previous year balance sheet:

Assets	12/21/2023 (EUR million)	12/21/2022 (EUR million)	Change (EUR million)
Credit balances held at the German Bundesbank	126	496	- 370
Receivables from banks	2,858	834	2,024
Receivables from clients	36,771	27,863	8,908
Trading portfolio assets	12,960	11,704	1,256
Equity investments	1	1	-
Trust assets	93	446	- 353
Intangible assets	47	56	- 9
Tangible assets	20	17	3
Other assets	1,641	1,098	543
Prepaid and deferred items	1	1	- 0
Total	**54,517**	**42,517**	**12,000**

Liabilities and Equity Capital	12/31/2023 (EUR million)	12/312022 (EUR million)	Change (EUR million)
Liabilities owed to banks	1,652	206	1,446
Liabilities owed to clients	34,891	27,139	7,752
Trading portfolio liabilities	11,570	9,902	1,668
Trust liabilities	93	446	- 353
Other liabilities	1,402	802	600
Deferred income	2	8	- 6
Accruals	225	232	- 7
Funds for general bank risks	36	32	4
Equity capital	4,646	3,750	896
Total	**54.517**	**42.517**	**12.000**

Further increase in business volume and the balance sheet total

CGME's financial position in fiscal year 2023 was again informed by the Bank's continued expansion and focus on the service business with clients and on the trading business in financial instruments. Compared to the prior year, the **balance sheet total** increased by around EUR 12.0 billion to EUR 54.5 billion. This is mainly due to the expansion of business activities with clients, which led to a EUR 8.9 billion increase in receivables from clients to EUR 36.8 billion, and at around 67% (prior year: approx. 66%), account for the highest proportion of CGME's assets. In addition, liabilities owed to clients increased by EUR 7.7 billion or approx. 29% to EUR 34.9 billion, making up the predominant share of the increase in total assets.

As in the prior year, the accounting election was taken in order to offset (to net) positive fair values of certain derivative financial instruments against negative fair values of financial instruments while taking into account existing cash collateral, provided that the necessary conditions for this treatment (e.g., conclusion of a master agreement with the counterparties, daily volume-based adjustment of cash collateral) are met. Netting takes into account the economic approach, according to which under certain conditions, an existing net position may be deemed fictitiously covered economically by collateral that was provided in cash. Overall, the netting of the corresponding assets and liabilities as of the balance sheet date yields a EUR 27.8 billion (prior year: EUR 32.2 billion) reduction in the trading portfolio assets and a EUR 29.4 billion (prior year: EUR 34.2 billion) decrease in the trading portfolio liabilities. Before netting the relevant amounts, the **trading volume** on the assets side equaled EUR 83 billion (prior year: EUR 75 billion) and on the liabilities side equaled EUR 85 billion (prior year: EUR 77 billion).

Unchanged large increase in the predominantly short-term receivables from banks

Of the **receivables from banks** (approx. EUR 2,858 million; prior year: EUR 834 million), a total of EUR 652 million (prior year: EUR 834 million) are **due upon demand**. These receivables are held mainly against affiliated enterprises (EUR 596 million; prior year: EUR 543 million) and arose, among other things, in connection with the broker-dealer business. Furthermore, an additional EUR 54 million (prior year: EUR 137 million) relates to balances due on demand in connection with the broker-dealer business concluded with banks outside the Group.

Receivables held under an **agreed term or notice period** (EUR 2,206 million) are owed almost exclusively by non-Group banks (EUR 2,202 million) and resulted from broker/dealer tansactions (EUR 1,836 million) and from securities lending and repo transactions (reverse repo transactions; EUR 366 million).

Continued major increase in client receivables from the broker/dealer and securities repurchase business

At the end of fiscal year 2023, around 67% of total assets with a total volume of EUR 36,771 million (prior year: EUR 27,863 million) was attributable to **receivables from clients,** which break down as follows in comparison to the prior year:

Business Division	12/312023			12/31/2022
	Non-Group Institutions (EUR million)	Affiliated Enterprises (EUR million)	Total (EUR million)	Total (EUR million)
Securities lending and repo transactions	12,796	12,400	25,197	14,372
Broker-/Dealer-transactions	1,402	8,262	9,664	10,222
Other banking transactions	7	23	30	3,269
Total	**14,206**	**20,685**	**34,891**	**27,863**

The **securities lending and repo transactions** (reverse repo transactions) that are concluded with clients are generally used for short-term liquidity management, predominantly with terms to maturity of less than one year.

The **broker/dealer business** conducted by CGME in its own name and for its own account and with predominantly short-term maturities is settled under so-called “back-to-back transactions”. **Liabilities owed to clients** increased accordingly as of December 31, 2023.

Unchanged high volume of sales and positions in trading portfolio

As of December 31, 2023, the **trading portfolio**, in comparison to the prior year, consists of the following:

Trading Positions and Portfolio	Assets 12/31/2023 (EUR million)	Liabilities 12/31/2023 (EUR million)	Assets 12/31/2022 (EUR million)	Liabilities 12/31/2022 (EUR million)
Derivative Financial Instruments				
FX-induced trades				
OTC-currency options and swaps	4,553	4,577	5,365	5,375
Currency warrants Own issues	145	149	147	152
Spot foreign exchange transactions	626	642	617	617
Own issues equity warrants	5,503	5,727	3,645	3,777
OTC stock and index options and swaps	1,863	1,856	1,681	1,655
Own issues index warrants	2,583	2,624	2,259	2,297
Exchange-traded equities and index option transactions	180	4	66	3
OTC interest rate options and swaps	23,507	23,530	27,396	27,418
Commodities – warrants – own issues	144	146	107	109
OTC Commodities options and swaps	1,157	1,164	2,154	2,156
Subtotal	40,260	40,419	43,437	43,559
Bonds and other fixed interest securities	264	526	211	473
of which negotiable	264	526	211	473
of which publicly listed	264	526	211	473
Equities and other variable securities	222	72	267	33
of which negotiable	222	72	267	33
of which publicly listed	222	72	267	33
Total	40,747	41,017	43,915	44,065
Other market-value-adjustments	1	1	8	1
Value at Risk	14	-	- 9	-
Netting	- 27,775	- 29,448	- 32,209	- 34,162
Total	**12,959**	**11,570**	**11,704**	**9,902**

As in the prior year, the majority of the trading positions are attributable to **OTC interest-rate options,** which as of the balance sheet (reporting) date made up approx. 58% of the total portfolio volume of approx. EUR 41 billion (prior year: approx. 63% of the total portfolio volume of EUR 44 billion) with assets and liabilities before netting and offsetting equaling approx. EUR 24 billion each (prior year: approx. EUR 27 billion each).

In connection with valuing the trading portfolio, a **discount** (Value-at-Risk or “VaR”) was applied in the amount of EUR 14 million (prior year: EUR 9 million) as of December 31, 2023.

Decrease in business volume generated from the "FDC business" ("Futures and Derivatives Clearing Business") as of the reporting date)

A significant component of the service business relates to the trading in derivative financial instruments, which the Bank executes in its own name but for the account of its clients (the so-called "**FDC Business**", which stands for "Futures and Derivatives Clearing Business"). As part of the process of settling transactions and to secure the trading in futures, the clients are required to provide collateral, which is collected by CGME and forwarded directly to the clearing houses that are contracted to handle the trade settlement. The contractual arrangements that were thereby made stipulate a certain segregation of client assets from the CGME assets in an effort to specifically shield client assets from any third-party enforcement action that could be initiated in the event that the "asset-managing" CGME becomes the subject of an insolvency proceeding. The client assets are therefore held in trust. Accordingly, as of the end of fiscal year 2023, CGME is reporting **trust assets** and **trust liabilities** *vis-à-vis* the clients in an amount totaling EUR 93 million (prior year: EUR 446 million).

Decline in the other intangible assets and other assets

As in the prior year, **intangible assets** (EUR 47 million; prior year: EUR 56 million) consist almost exclusively of goodwill (EUR 47 million; prior year: EUR 56 million), which reflects in each case the client relationships that existed with the branches in Paris, Milan and Madrid and that CGME acquired at the beginning of 2019 as an in-kind capital contribution as part of a capital increase. Individual goodwill is being amortized on a scheduled basis over an average useful life of 10 years.

Compared with December 31, 2022, **other assets** have increased by approximately EUR 543 million to a total of approx. EUR 1,641 million. The balance sheet item relates essentially to the post-netted portfolio of the collateral owed in connection with the settlement of broker/dealer transactions (OTC transactions) and the initial and variation margins. In addition, the balance sheet item includes, *inter alia*, refund claims for turnover and investment income withholding tax totaling EUR 66 million (prior year: EUR 27 million).

Sharp increase in liabilities owed to banks and to clients arising from the broker/dealer and securities repurchase (repo) transactions

In view of the further expansion this past fiscal year of business activities with **banks and clients** in connection with the broker/dealer and reverse repo business, liabilities rose by EUR 7,752 million or around 29% to a total of EUR 34,891 million from the prior year.

Of the liabilities owed to **banks** totaling EUR 1,652 million (prior year: EUR 206 million), a total of EUR 189 million is due upon demand as of December 31, 2023. In addition, of the liabilities subject to an agreed term or notice period (EUR 1,463 million), EUR 1,122 million relates to liabilities from the broker/dealer business and EUR 341 million relates to liabilities connected to securities lending and repo transactions.

Of the liabilities owed to **clients** at the end of the past fiscal year (EUR 34,891 million), a total of EUR 25,197 million is attributable to securities lending and repo transactions and EUR 9,694 million is attributable to the broker/dealer business.

Decline in other liabilities

Other liabilities (EUR 1,402 million; prior year: EUR 802 million) consist primarily of initial or variation margins received (EUR 1,330 million; prior year: EUR 744 million) in connection with the broker-dealer business.

Slight decline in accruals

Of the **accruals** totaling EUR 225 million (prior year: EUR 232 million), **provisions for pensions and similar obligations** account for a total of EUR 46 million (prior year: EUR 57 million). The total amount of the remaining obligations equaling approx. EUR 175 million is covered by plan assets totaling EUR 129 million that were made available and held in trust. The fair value of the plan assets was netted against the settlement amount of the obligations as of the balance sheet date.

Of the **other provisions** in the amount of EUR 173 million (prior year: EUR 167 million), a total of approximately EUR 108 million (prior year: approx. EUR 104 million) relates mainly to the bonus payments owed to employees.

Provisions for taxes (EUR 6 million; prior year: EUR 7 million) are attributable mostly to domestic and foreign income tax payments that are expected to be owed for the most recently completed fiscal year.

Renewed reinforcement of the fund for general banking risks

in the reporting year, EUR 5 million was added to the fund for general banking risks in accordance with § 340g of the German Commercial Code (HGB), thereby increasing the balance to around EUR 36 million at the end of the fiscal year.

More improvement in the equity capital

As of December 31, 2023, the **equity capital** shown on the CGME balance sheet compared to the balance sheet date of the previous fiscal year increased by a total of EUR 899 million to EUR 4,649 million. This increase can be attributed to additional payments that the sole shareholder made into the equity capital account in the amount totaling approximately EUR 911 million and that is reported in accordance with § 272 (2) no. 4 HGB.

Pursuant to the Executive Board's recommendation, the **annual net loss** reported in the recently completed fiscal year and totaling approximately EUR 16 million should be fully replenished (equalized) by withdrawing the funds from other earnings reserves.

Overall, the assets as of December 31, 2023 are orderly and sound (*geordnet*), also in light of what we believe is a good equity capital base.

3 Outlook and Opportunities

Outlook and Opportunities

3.1 Outlook and Opportunities of the Business Divisions

3.1.1 General economic development

Contrary to previous forecasts, the global economic recovery from the effects of the COVID-19 pandemic, the Russian invasion of Ukraine and the general rise in the cost of living has surprisingly developed satisfactorily. In view of the positive development of the economy in the United States and additional economic support measures taken in China, a further improvement in overall economic development is expected.[40] The updated global economic outlook assumes that global growth will climb to 3.1% in 2024. The growth forecast for 2024 is 0.2 percentage points higher than it was in October 2023.[41]

Furthermore, a swifter decline in inflation can be expected in the industrialized countries in 2024. The inflation rate is likely to fall to 2.3% by the final quarter of 2024[42].

The development in the business, financial and, in particular, capital markets is once again exposed to an array of risks and dangers in the coming fiscal year. Gross domestic product in the European Union and the euro area is expected to increase by 0.9% in 2024 and by 1.7% in 2025[43].

It is assumed that real wage growth and stable employment will bolster consumer behavior. Despite falling profit margins, investments are likely to increase thanks to a gradual easing of credit conditions and the increase in government subsidies from the "NextGenerationEU (NGEU) programs".

In addition, foreign demand from EU countries is expected to "normalize". In the second half of 2024, the rate of growth should stabilize at a "normal pace" until the end of 2025.

Moreover, foreign demand from EU countries is expected to "normalize". In the second half of 2024, the pace of growth is likely to stabilize at a "normal pace" through the end of 2025.

The inflation rate in the Eurozone is currently expected to fall from an average of 6.3% in 2023 to 3.0% in 2024 and to 2.5% in 2025[44].

In our view, however, the outlook on economic development in the Eurozone is still subject to a high degree of uncertainty. The main reasons for concern are the effects and economic consequences of the war in Ukraine and the spread of the conflict in the Middle East on the entire global economy. Furthermore, in the event of a further escalation, a renewed strain on supply chains cannot be ruled out, which could impair growth potential in every EU country. These countries are also specifically exposed to potential economic risks due to their geographical proximity to the conflict regions and their strong dependence on the adequate functioning of supply chains.

With regard to economic development in **Germany,** real gross domestic product is currently expected to increase by 0.5% in 2024 and by 1.6% in 2025[45] . Nevertheless, it cannot be ruled out that economic output will fall once again in the first quarter of 2024, as foreign demand has tended to decline and consumers have also been rather cautious with their spending. Other negative factors include, *inter alia*, the persistently high financing costs and the impact of mounting strikes in the rail and air transport sectors. The phase of weakness in the German economy that has persisted since the start of the Russian war of aggression against Ukraine would thereby continue. However, a recession in the sense of a significant, broad-based and prolonged decline in economic output is still not discernible and is not currently expected. In particular, the income situation and therefore private household consumption should continue to improve in the future in light of a stable labor market, strong wage growth and a declining inflation rate.[46] The inflation rate in Germany was 2.9% in January 2024 and is expected to be 2.5% in February 2024.[47] The main factor in the de-inflation process is the declining price momentum for food and industrial goods. The slowdown in inflation at the upstream stages is having an impact here. In contrast, price pressure on services is likely to ease much more slowly in the coming months, partly due to continued strong wage growth.

[40] See International Monetary Fund, World Economic Outlook, January 2024.
[41] See International Monetary Fund, World Economic Outlook, January 2024.
[42] See Monthly Report of the German Bundesbank, February 2024, page 14
[43] See „Winter-Prognose“ der EU-Commission February 2024, page 25, published on the webpages of the Europeans Union.
[44] See„Winter-Forecast of the EU-Commission February 2024, id, at page 27.
[45] See International Monetary Fund, World Economic Outlook, January 2024, page 11.
[46] See Monthly Report of the German Bundesbank, February 2024, page 10.
[47] See Press Release of the Federal Statistical Office (Destatista) dated February 29, 2024.

Outlook and Opportunities

With regard to the development of the capital and financial markets, we expect financial conditions and the need for additional credit volume to ease or turn around in 2024. In principle, a downward shift in the yield curve and a slight decline in risk premiums for government and corporate bonds is already discernable on the bond markets. The key interest rates last set by the Federal Reserve Bank and the ECB in the second half of the previous year are currently unchanged. In view of the comparatively sharp decline in inflation rates, it is expected that the ECB, for example, will begin to cut key interest rates appreciably by up to 200 basis points in the second quarter of 2024. This will also have a corresponding impact on investors' demand for credit.

3.1.2 Outlook and opportunities for the business

Economic and organizational parameters

Based on our expectations, CGME's business performance in 2024 and the related forecasts will be shaped largely by internal and external factors. In budgeting our target earnings, we are assuming that the activities in the **"Banking"** division will be expanded; an assumption that is, in turn, predicated on what we consider to be realistic expectations that capital market interest rates will have peaked at the end of 2023. Furthermore, in light of the findings from the "desk mapping review" carried out by the ECB, significant additional impacts on earnings are expected based on the offering of more products or of trading and hedging products that meet the individual needs of clients, which we expect will have, among other things, positive consequences for the earnings contribution of the **Markets** Division.

Nevertheless, there are increased geopolitical uncertainties that will impact the development of client activities and external market conditions, including more repercussions from the war initiated by Russia in Ukraine and the increasing conflicts in the Middle East. The climate crisis and stricter regulation of the financial and capital markets as well as the regulatory authorities are also expected to have a significant impact on future business activities. Accordingly, in view of the European and global economic environment and the geopolitical situation, there could be a downward trend in economic scenarios in industrialized and emerging countries over the next three years, which could influence investor sentiment, client activity and transaction volumes under our business model and result in a decline in earnings. The major, potentially negative factors or events that we see include:

- Persistent, comparatively weak economic performance
- Volatility of the foreign currency exchange rates
- Rapid monetary policy changes by the central banks and government reserve banks, with a significant impact on capital markets
- Potentially negative effects of regulatory and/or legal measures adopted in the European Union
- Terrorism and security concerns that may affect investor confidence, global trade, and tourism
- Increase in credit risks due to increase in debt or financial burden of borrowers
- Political uncertainties
- Additional regulatory requirements in connection with the implementation of ESG-related tasks.

Outlook and Opportunities

Economic forecasts and financial performance indicators

Based on the previous budget for 2024 and with **gross income** totaling approximately EUR 687 million and **gross expenses** totaling approximately EUR 459 million, the Bank expects to generate a positive EBT of approximately EUR 228 million. The after-tax earnings of CGME for 2024 are expected to be about EUR 148 million.

The budgeted figures are predicated, among other things, on assumptions and expectations related to the projected developments on, *inter alia*, the financial and capital markets, the economic effects of the Ukraine conflict and the growing political tensions in the Middle East. Above all, with regard to CGME's business model, which is influenced in part by highly volatile factors in the financial markets over which the Bank has no basic influence, there could also be, however, significant deviations from the business and earnings forecasts, which are thereby encumbered by individual uncertainties.

With respect to both the **Banking** and **Markets** divisions, which include the other banking business earnings components, we are **projecting** the following **operating results**:

	Banking (EUR million)	Markets (EUR million)	Other Divisions (EUR million)	Total (EUR million)
Projected gross income	170	315	202	687
Projected gross expenses	149	275	35	459
Earnings before Taxes (EBT)	**21**	**40**	**167**	**228**
Projected Operating Efficiency (%)	87	87	-	67

In the **Banking** Division, a favorable business development is expected, particularly in the "M&A" area, with projected income of approx. EUR 78 million (actual income in 2023: approx. EUR 72 million) and an increase in the positive earnings contribution in the "DCM business", from EUR 28 million in 2022 to approx. EUR 57 million in 2023. For the "ECM" sub-division (*Teilbereich*), the budget for 2024 envisages projected income of EUR 34 million (actual income in 2023: EUR 16 million).

The main positive earnings indicators expected in 2024 in the **Markets** Division are the "Equities" products (projected income of approx. EUR 160 million) and "Fixed Income" products (projected income of approx. EUR 154 million). In addition, a total of EUR 8 million was calculated as projected income for the "Independent Research" sub-division. The sharp increase in projected earnings can also be attributed to CGME's strategic decision to act in the future as a risk-bearing unit in the Markets Division.

The projected income for **Other Divisions** (EUR 202 million) includes net interest income of EUR 139 million, which is expected to be generated from, among other things, highly liquid investments. In addition, the budget includes income from intra-group offsets of EUR 63 million, which is expected to be incurred in connection with refinancing costs. The projected gross expenses attributed to Other Divisions (EUR 38 million) relate, among other things, to auditing and consulting costs, non-deductible VAT amounts and expenses in connection with pension commitments.

For the CGME **financial performance indicator**, “**Operating Efficiency**”, the goal for 2024 is 66%.

Outlook and Opportunities

The budget planning for the period of 2024 yielded the following values for the other defined financial performance indicators:

Financial Performance Indicators (in %)	2024
Return on Equity (RoE)	3,2
Return on Assets	0,2
Core Revenue to Assets	1,1
Employee surveys (participation rate)	79%
Share of self-identified findings	50%
Quota of women in management positions	30%
Turnover rate for specific groups of employees	8%

In the future, the quantitative liquidity requirements under the CRR, including the liquidity ratios "**Liquidity Coverage Ratio (LCR)**" and "**Net Stable Funding Ratio (NSFR)**", which had been likewise prescribed as financial performance indicators, will be decisive for assessing the liquidity situation at CGME. The foundation here is, among other things, the defined internal stress scenarios, for example on the basis of a 30-day time horizon, which are intended to facilitate the maintenance of a sufficient liquidity buffer over this period in accordance with the requirements of the LCR. In light of its business model, CGME will going forward continue to hold highly liquid assets that are generally earmarked. In addition, future liquidity levels will also be determined by the initial margins and variation margins paid or payable under certain financial instruments.

With the continued expansion of the business, the **staff numbers** are expected to increase to approx. 608 in 2024 (as of the end of 2023: 604).

3.2 General Statement about Anticipated Performance

With the start of the Ukraine crisis in 2022 and the concomitant consequences for national economies and for the financial and capital markets, a comparatively high degree of uncertainty has arisen in all areas of the global economy, which has had varying economic effects and will continue in 2024. Nevertheless, we assume that the downward trend in inflation rates that occurred in the second half of 2023 and particularly at the beginning of 2024 will persist. As a result, we expect the Federal Reserve Bank and specifically the ECB to ease their interest rate policy over the course of 2024, which will contribute to a further improvement in the situation on the capital markets, above all by lowering key interest rates. This will have a positive overall effect on the scope of our business activities with our clients, including with regard to financial instruments in the trading portfolio and other interest-bearing products.

In the **Markets** Division, there is a general expectation that income will increase in 2024. Growth potential exists particularly *via* the strategic expansion of the "Commodities" and "Fixed Income Financing" business fields within the Rates business and by way of the product-oriented and organizational adjustments occasioned by the findings of the European Central Bank's desk mapping review. Overall, the further development of the Markets Division is subject to a high degree of uncertainty, particularly in terms of the macroeconomic trends, inflation, the continuing trajectory of existing geopolitical conflicts and the central banks' interest rate policies and their impact on the equity, bond, commodity and real estate markets.

Given the increasing focus by public and private investors on environmental, climate and social issues, there has been a growing interest in ESG financial products on the capital markets. In this regard, CGME has set global growth targets that are supposed to be implemented in equal measure by way of, *inter alia*, its own investments and the placement of new financial products (that meet these changing demands) on the capital market.

In view of the changing requirements of the market environment, we expect the volume of transactions in the client segment in 2024 to remain at the previous year's level. Taking into account the overall economic environment, we aim to offer a range of products and services that fully meet our clients' needs. Given the forthcoming additional digitalization in the design and process settlement of transactions, we expect positive effects on earnings, although we cannot rule out the possibility that margins could shrink.

As in the previous year, the focus in the **Banking Division** in 2024 will be on retaining existing clients and expanding our market share in the non-coverage segment. On the industry side, the focus will remain on clients from the industrial and technology sectors as well as private equity firms.

For 2024, we expect that the trend of improving M&A activities, which began in the fourth quarter of 2023, will continue. In view of the broad stabilization of interest rates on the capital markets, we are expecting key interest rate cuts beginning in the second quarter of 2024. Overall, we anticipate a significant improvement in our results in the "DCM" product area. Although the underwriting level is expected to remain at the level it was in 2023, the market drivers will change positively. The market for corporate bonds is expected to continue to grow strongly, although we assume that issuers will tend to act cautiously given the anticipated volatility.

In any case, a continuing hallmark of this market is likely to be a high degree of competition from national and international banks and from niche players. In light of the foregoing, a close and well-coordinated co-operation within Citigroup is also essential to further fortify our own market position to be able to offer clients an optimal range of financial products and services in accordance with their needs.

4 Risk Report

Risk Report

4.1 General Principle of our Risk Management

The focus of our business operation as CRR credit institution, which has a central core competency in this area of business, is the ability to correctly assess and purposefully manage the risks that are related thereto. The management of the risks in all relevant aspects is therefore an essential factor for the sustained business success of our Bank. This requires an implemented, suitable risk management system that is continually updated to accord with, among other things, the extensive regulatory requirements in risk management.

In the recently completed fiscal year 2023, we therefore further upgraded our **procedure for identifying, measuring, limiting and managing** the risks related to our business operation. In this connection and among other measures, the implementation of the guidelines of the European Central Bank's Internal Capital Adequacy Assessment Process (ICAAP) guidelines, the ECB's Internal Liquidity Adequacy Assessment Process (ILAAP) Guidelines, new quantification procedures and enhanced model governance were all further refined. The processes for complying with the EBA guidelines on internal governance were also strengthened.

Moreover, the **process for identifying risk and assessing significant risks** was enhanced, and the global approach was adjusted, to the extent that the adjustment was possible while also still complying with local regulatory requirements and the CGME-specific business model. The process for identifying the reciprocal effects of sustainability risks on other material risk categories was methodically refined in this context. In collaboration with the divisions of the 1st Line of Defense and with experts from the respective risk management departments, ESG risks were systematically identified using a scorecard process, the effects on other risk categories were analyzed and the materiality of sustainability risks was determined. Furthermore, quantification methods for calculating the economic capital requirement, the adverse stress tests and other calculation methods have been enhanced and subjected to global model validation to ensure the appropriateness of the methods. While the use of the IMM model to quantify regulatory capital requirements for credit risks was approved by the supervisory authority in 2021, the Bank also received approval to use the IMA model in 2023, meaning that capital requirements resulting from market price risks can now be quantified using this method. Additional developments in Outsourcing Governance, the risk controlling function, the inclusion of sustainability risks in reporting and the general redrafting of the written rules rounded out the most significant adjustments to the Bank's management system.

In view of the geopolitical crises and the resulting negative impact on the overall economic situation, which manifested itself primarily in a high inflation rate, reduced macroeconomic growth momentum and pressure on the global financial markets, the Bank performed *ad hoc* stress tests and simulations on the main risk drivers in order to identify the potential impact on CGME at all times and to be able to take appropriate actions. At no time during the past fiscal year were any significant additional risks identified through the analytical procedures described above, nor did any potential losses materialize.

4.2 Organization of the Risk Management

The overall responsibility for risk management and risk monitoring lies with the plenary Executive Board and with the Supervisory Board of CGME. Individual competencies at the organizational unit levels are shown below:

Overall Responsibility: **Executive Board and Supervisory Board of CGME**		
Type of Risk	Risk Management	Risk Monitoring
Market risks	Asset Liability Committee, Risk Management Committee, and Trading-Desks	Risk Controlling
Liquidity risks	Asset Liability Committee and Corporate Treasury	Risk Controlling
Counterparty risks	Asset Liability Committee, Risk Management Committee and Trading-Desks	Risk Controlling
Operational and compliance risks	Business Risk, Compliance and Control Committee (BRCC)	Risk Controlling
Business and strategic risks	Business Strategy and Risk Strategy	Risk Controlling
Other risks (including "pensions risks" and "reputational risks")	Business Strategy and Risk Strategy Country Coordination Committee (CCC), Risk Management Committee	Risk Controlling
Non-Litigation Monitoring by CGME's Internal Audiring office		

The **Executive Board** sets business and risk strategy and defines the general conditions in a so-called "Risk Appetite Statement" ("RAS"). On the basis of the "risk appetite", CGME's maximum risk exposure, which management is prepared to assume, is thereby described. The risk appetite determination is made under the presumption that the permanent continuation of the business operation will not be endangered even if the risks manifest.

Analogously to the global approach, CGME uses the so-called "**Lines of Defense Model**" to identify, assess and control risks. For the respective business unit ("First Line of Defense"), the RAS provides the framework for the independent and responsible management of existing risks.

The **Risk - Controlling** Division **("Second Line of Defense**") regularly determines the quantitative utilization of the defined risk limits and provides reports thereon. In addition, the Internal Auditing Department at CGME ("Third Line of Defense") regularly reviews the organizational structures and procedures and risk-related processes, including the implementation of the RAS, and assesses their appropriateness. Furthermore, the internal workflow processes of CGME ensure that Compliance also gets brought in on compliance-relevant issues as a Second Line of Defense. The RAS also provides qualitative guardrails, the compliance with which must be monitored by the respective functions responsible for the process and by the business units of the First Line of Defense. Compliance with such requirements, as determined by the CGME Executive Board, is administered through the Manager Control Assessment Process ("MCA").

In connection with the risk management, the following **committees** have been formed (among others):

Committee	Key Tasks	Membership

Business Risk, Compliance und Control Committee (BRCC)	• Assessment and reporting of the whole risk situation with regard to the comprehensive risks related to operational risks of
	  ○ CGME
	  ○ Branch CNA, Frankfurt am Main
	  ○ CKG, as well as
	  ○ Branch CEP, Frankfurt am Main
	• Control Committee for the 2nd-Line of Defense
		• Members of the Executive Board
		• Representatives of the operational departments of CGME (e.g., Finance, Risk Controlling, Legal, Compliance)
		• Internal Auditing
		• Management of the branches of CNA and CEP in Frankfurt am Main and of CKG

Asset Liability Committee (ALCO)	• Ongoing monitoring of liquidity and market price risks as well as the financing situation	• Members of the Executive Board • Risk Controlling • Corporate Treasury
Executive Board	• Assessment and reporting of the whole risk situation, taking into account all material risk categories • Approval of all strategic analyses and documents (e.g., business and risk strategy, RAS, ICAAP)	• Members of the Executive Board
Model Control and Review Committee (EMCRC)	• Assessment of the appropriateness of the IMM model	• Chief Risk Officer • Chief Financial Officer • Additional functions within Risk and Finance
Internal Model Control Committee (IMACC)	• Assessment of the appropriateness of the IMM model	• Chief Risk Officer • Chief Financial Officer • Additional functions within Risk and Finance
ICAAP and Stress Testing Model Control and Review Committee (ISTMCRC)	• Assessment of the appropriateness of the ICAAP model and Stress Testing Models	• Chief Risk Officer • Chief Financial Officer • Additional functions within Risk and Finance
Risk Management Committee (RMC)	• Assessment of the overall risk situation, essentially in relation to market price risks and counterparty risks . • Preparation of decisions by the CGME Executive Board	• Chief Executive Officer (Co-chair) • Chief Risk Officer (Co-chair) • Other Executive Board members from business and functional areas • Additional functions

As a member of the Executive Board, the **Chief Risk Officer ("CRO")** is actively involved in the process of approving the risk policy guidelines established by the Executive Board for the identifiable risks and is furthermore responsible for the implementation thereof. The Operational Risk Manager routinely reports to the CRO and to the Business Risk, Compliance and Control Committee ("BRCC") about the controls over, and findings about, the risk situation, particularly the operational risks, at CGME. The meetings of the BRCC are held regularly on a quarterly basis. The CRO also reports to the Supervisory Board during the regular quarterly meetings of the committees and, if necessary, when special situations arise.

The reporting is based on internal rules that were enacted in accordance with local regulatory requirements on the reporting systems of a bank (see Special Part 3 of the June 29, 2023 version of the MaRisk.

4.3 Risk Definition and Risk Strategy

CGME defines **risk** as potential future developments or events that could lead to a deviation in the forecasts or objectives that is negative for CGME.

Risk management generally distinguishes between **quantitative and qualitative types of risk**. Quantitative risks regularly include, *inter alia*, the counterparty credit risk (counterparty risk), the market price risk and the liquidity risk, which can be assessed regularly and, if necessary, with the aid of appropriate measurement methods. The so-called qualitative risks can be quantifiable (e.g., operational risks). In addition, there are qualitative risks for which an objective assessment is not possible (e.g., reputational risk or strategic risk).

The business strategy established by the Executive Board and approved by the Supervisory Board frames risk management. Building thereon and taking into account in CGME's risk-bearing capacity (capital adequacy), the overall risk strategy, including individual strategies, is established for the risk management of key identified types of risks. In this regard, the strategies are based on the principle of ensuring a professional and diligent handling of the existing risks in all business and function areas. To implement the strategies and unconditionally guarantee CGME's capital adequacy, corresponding risk management and risk controlling processes were implemented.

The **RAS** stipulates the so-called "risk appetite" as the maximum risk that CGME is willing and able to assume in the pursuit of its business objectives without exposing itself to existential risks. It also includes the establishment of a so-called "management buffer" through which the Executive Board considers strategic planning risks and planning uncertainties. The main idea here is to ensure reasonable liquidity and equity capital resources in the normative and economic perspective of CGME. The RAS should therefore be seen as an integral component of CGME's strategic process that is intended to support the Executive Board in guiding CGME's risk appetite to ensure that CGME is protected against taking on an excessive risk appetite.

The RAS documents the risk management concept implemented by CGME for purposes of creating a forward-looking process that defines expectations for the consolidated risk profile at CGME that are linked to the bank's general business strategy and its essential resources like capital and liquidity. Key elements of the overall process emerge from the regular risk identification and evaluation process, which is performed in accordance with the requirements pursuant to AT 2.2 of the MaRisk, This process represents the basis for the CGME risk strategy, including the assessment of the capital adequacy and a three-year capital projection.

The maximum risk or “risk appetite” is defined in the form of quantitative thresholds and qualitative parameters and is documented in the RAS. In this regard, the “risk appetite” does not describe the desired risk level, but instead defines a framework of reasonable limits that are established and approved by the Executive Board. Transactions and/or business decisions must therefore satisfy all components of the “risk appetite framework”.

The overall risk strategy and the individual strategies developed therefrom for the significant types of risk are reviewed at least once each year. Each member of the Executive Board may request a review on an *ad hoc* basis. Furthermore, capital adequacy (or risk-bearing capacity) is also verified at least once each year. This verification also includes a review of the suitability of the risk measuring methods, the processes and the individual risk limits (suitability of the capital buffer as set by the Executive Board). Calculations about risk-bearing capacity during the course of the year are performed on a monthly basis. The results are an integral part of the monthly reporting to the Executive Board. On a quarterly basis, the Bank also calculates a so-called “ICAAP variance analysis”, which ensures a reconciliation with the annual ICAAP approved by the Executive Board.

Where limit transgressions are threatened, CGME has instituted escalation and decision-making procedures. The “Risk Controlling” Division takes actions to ensure a timely and independent risk report is filed with the Executive Board and with the constituted “BRCC”, “ALCO” and Risk Management Committee. Furthermore, topics that arise in connection with the use of the IMA, UMM and ICAAP models will be escalated *via* the implemented bodies and committees (IMACC, EMCRC and ISTMRC).

Another key component of CGME’s strategy processes is the implemented internal control system (IKS). The control measures, which have been instituted here, are described in the documented rules for individual procedures of each respective department and division. The internal controls are upstream, equal or downstream of the individual work procedures. The IKS therefore encompasses the entirety of all control measures and seeks to ensure specified qualitative and quantitative standards, including legal and regulatory requirements and compliance with the defined risk limits.

4.4 Risk-Bearing Capacity (Capital Adequacy) and Risk Limitation

Economic capital planning

The **risk-bearing capacity** (i.e., capital adequacy) represents one of the most important determining factors for structuring risk management. In this regard, one core component of a reasonable and effective risk management system is the evaluation of internal bank processes for ensuring capital adequacy (“Internal Capital Adequacy Assessment Process”; “ICAAP”). To ensure capital adequacy at all times, CGME pursues a dual-control approach. The risk management in the calculation of the economic capital is based the approach, which ensures that risk positions are assumed only to the extent that the long-term continued operation of the Bank can be guaranteed, even if the existing risks should in fact fully materialize and lead to economic detriment. During the economic capital calculation, the primary concern is to identify and quantify those risks that are not captured by the normative capital calculation in order to protect the long-term safety of the company’s inherent value. The economic capital calculations are based primarily on a confidence level of 99.9%, although justified exceptions are permissible.

Under this approach, the **risk coverage potential** is established on the basis of the balance sheet and income statement items, which are prepared in accordance with the provisions of German commercial law and are simultaneously the fundamental elements of the regulatory equity capital. In this regard, the equity capital is recognized as risk coverage potential up to the amount that would be available to offset any potential or incurred losses without thereby violating the minimum requirements under the Capital Requirement Regulation (CRR). In view of the capital planning requirements under the Supervisory Review and Evaluation Process (SREP), which is based on the regulatory capital, a period of three years is assumed.

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CGME has identified

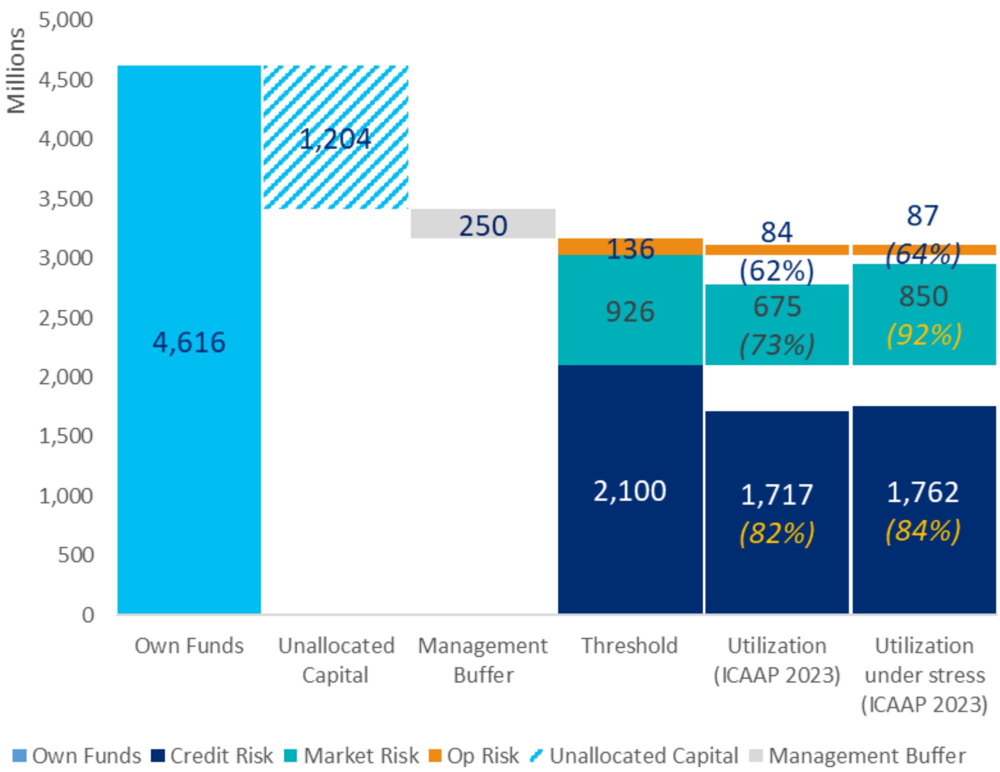
- the concentration risks on counterparty risks
- die CCP membership risks
- the operational risks
- the risks from pension funds and
- the risks from reputational risk and strategic risks as stress simulation for setting the capital buffer

as significant economic risks that must be covered by equity capital in addition to the normative approach. The basis for the foregoing is a risk inventory (risk assessment) carried out at least once annually or on an occasion-related basis and as part of procedurally developing the ICAAP concept.

The risk-bearing capacity concept does not qualify as “significant” liquidity risk, because conceptually no economic capital requirement can be derived from that risk. The appropriate monitoring of the liquidity risk is guaranteed at all times on the basis of the implemented control system and through regular controls performed by the Asset and Liability Committee.

The significant risks are quantified on the basis of statistical methods (models) or with the help of expert assessments. Calculations are supplemented through regular stress simulations for all significant and quantifiable risk categories.

As of December 31, 2023, the risk coverage potential (Tier 1) totaled EUR 4,626 million, which can be broken out as follows in accordance with the regulatory requirements and the capital buffer set by the Executive Board:



The management capital buffer was left unchanged at EUR 250 in fiscal year 2023. The size of the management capital buffer is determined on the basis of stress test simulations of strategic risk and the reputational risk, as well as a volatility calculation of risk-weighted assets. In the past year, a capital increase was carried out in order to cover higher capital requirements resulting from the change in strategic orientation. Overall, equity risk coverage was adequate enough to meet the capital adequacy requirements. Of the total available equity of EUR 4,616 million, a total of EUR 3,162 million (excluding the management buffer) was determined as risk appetite at year-end 2023, of which EUR 2,476 million was utilized. This corresponds to a utilization rate of 78% of the prescribed threshold.

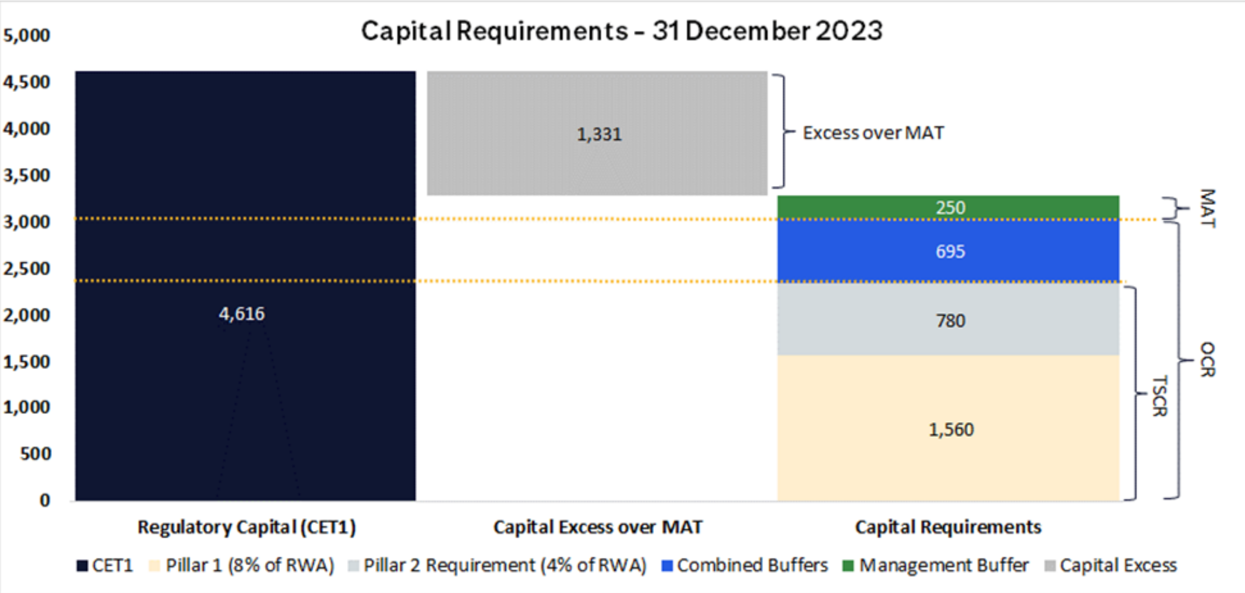
The **risk-bearing capacity** (**capital adequacy**), which is also calculated during the year by way of monthly and quarterly procedures, was guaranteed at all times during the 2023 fiscal year, and CGME had an adequate risk capital buffer. The capital projection carried out as part of the annual risk strategy process also revealed that the economic and normative capital adequacy will remain in place at all times upon taking into account the targeted business development and the demands in the strategy process specified under the MaRisk.

Normative capital planning

In the context of normative capital management in the base scenario, the requirements for compliance with regulatory key figures were met for the entirety of 2023. In addition to planning, a quarterly review of the planning assumptions and the actual risk development were undertaken as part of the ICAAP variance analysis and reported to the Executive Board in accordance with § 25 of the German Banking Act (“KWG”). In addition to the pure capital requirements, the required regulatory key figures such as the leverage ratio and large exposure limits were complied with and monitored. Normative capital management takes into account business performance over a period of three years and requires constant compliance with, and monitoring of, all regulatory key figures. Requirements extending beyond Pillar 1 are taken into account in the economic analysis.

In the normative perspective, the risk strategy and regulatory requirements were compliant as of December 31, 2023. At the end of the year, the equity base was in an adequate range, registering a capital surplus of EUR 1,869 million with a CET1 capitalization of EUR 4,617 million and a resulting CET1 ratio of 23.67%. With respect to the regulatory capital adequacy requirements, the Bank complied with an SREP buffer of 4% on each calculation date last year. Other capital ratios, such as the leverage ratio at 7.41%, were satisfied in addition to regulatory requirements, including the internal so-called “management buffer” of EUR 250 million.

The key figures include the USD 1,000 million capital increase carried out in December 2024, equivalent to around EUR 911 million. A new target CET1 ratio of 18.5% was approved by the Board. Both measures are intended to support the projected growth in accordance with the CGME Strategy 2024-2026 and the new Target Operating Model.



4.5 Risk Types and Risk Identification and Management

4.5.1 General information

In connection with the risk assessment inventory performed each year, the following significant risks were identified against the backdrop of the CGME business model:

- Credit risk (counterparty credit risk and issuer risk)
- Market price risk;
- Liquidity risk (no quantification in the sense of an economic capital requirement);
- Operational risk;
- Compliance risk;
- Strategic risk,
- Reputational risk and

Additional risks, which are determined as a sub-function of the significant risk categories listed above, are monitored in separate management committees. These risks include, but are not limited to, technology risks, cyber risks and model risks. In this context, sustainability risks ("ESG") and concentration risks (inter-risk-type and intra-risk-type concentrations) are understood as cross-risk exposures that are analyzed and controlled with regard to their interdependent effect on other risks.

4.5.2 Counterparty and credit risks

The CGME business activity results in the following significant, client-related **counterparty risks,** which are sub-categories of credit risks for dedicated monitoring and control processes:

- Issuer risk (stocks and bonds)
- Counterparty risk, including risk concentrations
- Country risk.

In addition, there are counterparty risks related to the ongoing business activities with the Citigroup companies.

The prevailing principle for structuring the processes in the CGME business activities that entail counterparty risks is a clear segregation between the front office (market-facing) and the back-office up to and including the Executive Board level. The back-office tasks are handled by the independent divisions, Operations and Risk Controlling. The Risk Controlling Division continually monitors whether the lines of credit granted to the clients, including the counterparty limits for trading as well as the issuer risks, are being observed. The monitoring is performed by a division operating independently of the front office (Trading, Banking).

The tasks and responsibilities for the work procedures are stipulated in the form of organizational directives. Clearly defined processes have been implemented for required adjustments.

The trading desks, which are defined according to product specifications, are responsible for risk management and the conclusion of trades containing counterparty risks. The control and the verification of trading transactions with counterparties and the settlement of the trades are the responsibility of the "Operations" Division. This Division also reviews the market fairness for the executed trades.

For purposes of evaluating the counterparty credit risk, all counterparties or issuers in trading transactions are subject to a rating through an independent credit risk analysis, either on a regular cycle or based on an event. The rating is an important indicator for defining the counterparty or issuer-related limits.

The discussions and descriptions below relate primarily to issuer and counterparty risks.

The Bank defines limits for various credit types according to the relevant counterparties who are assigned to a class of debtors under § 19 (2) of the German Banking Act (KWG). These limits are approved by the competent decision-makers.

Reports on the different counterparty and issuer risks are generated by the system and analyzed on a daily basis. In the event limit breaches are identified, the responsible trader and the head of the trading department must be informed without undue delay. The Executive Board will also be informed about these facts as part of the regular reporting and will be advised about the applicable thresholds.

As of the end of fiscal year 2023, CGME's **total pre-settlement exposure limits** (PSE limits) totaled USD 36,596 million, (approx. EUR 35,834)[48], and existed *vis-à-vis* a total of 438 counterparties. Of that amount, a total of approximately USD 9,743 million (approx. EUR 8,827 million) were utilized. The limit utilizations in the recently completed fiscal year stabilized after the exposures had increased dramatically in recent years as a result of client migrations caused by BREXIT.

Broken down according to **rating classes**, the counterparty credit risk (counterparty risk and credit exposure) to which CGME was exposed as of the end of December 2023 can be shown as follows in terms of the utilizations:

		Dec'21	Dec'22	Sep'23	Nov'23	Dec'23
Exposure by FRR	1	607.8	1,565.2	1,773.6	1,892.1	1,417.8
	2	2,493.5	1,769.9	2,016.3	2,355.3	2,619.0
	3	1,464.8	2,776.6	3,380.9	3,014.3	3,281.0
	4	2,027.7	3,109.8	2,067.2	1,998.2	2,215.7
	5	352.6	269.6	370.5	336.7	319.3
	6	28.3	39.9	51.6	49.3	62.2
	7	13.4	22.9	11.1	21.7	5.8
	Unrated	45.8	64.7	231.1	186.8	89.8
Grand Total		7,033.8	9,618.6	9,902.3	9,854.4	10,010.6
Weighted Avg FRR		4	4	4+	4+	4+

The majority of utilizations (representing a share of approx. 95%) is thereby ascribed to rating classes 1 through 4.

[48] USD 1.00 = EUR 0.9050

To reduce the credit risks among the counterparties and the issuer risks in trading, master contracts for financial futures[49] and for securities repurchase agreements (repos) are generally used that provide reciprocal "netting agreements" intended to lower the counterparty credit risks. The master contracts used by CGME for financial futures transactions contain netting or setoff agreements at the individual trade levels (so-called "payment netting") and where all individual trades are terminated under a master agreement (so-called "close-out netting")

In general, all master contracts are subject to the principle of the unified / standard contract (*Prinzip des einheitlichen Vertrages*). In the event of a termination, the offsetting receivables are netted and only the receivable's credit balance resulting from the netting may be enforced against the defaulting contractual party. The prerequisite for this process to proceed is that the receivable (claim) must be valid and enforceable and that the respective jurisdictions recognize the principle of the unified / standard contract, thereby protecting the claims against seizure by an insolvency administrator that might otherwise pose a risk.

The "close-out netting" might also be exposed to (international) legal risks. These risks are addressed by obtaining legal opinions.

CGME settles security repurchase agreements both bilaterally and *via* EUREX Clearing AG, acting as a central counterparty. With regard to securities repo transactions, the "payment and delivery netting" is performed in reliance on the respective counterparty. The counterparty risk is also mitigated by settling derivative transactions *via* central counterparties such as EUREX Clearing AG and LCH Clearnet Ltd.

On derivative transactions, only cash collateral is accepted and is normally transferred on the basis of the relevant contractual agreements. For repo transactions, collateral in the form of securities is made available.

Risk management also entails the assessment and monitoring of country risks. We understand this risk to mean the default risk of a government or a sovereign body and the danger that a counterparty, who is willing and able to make payment, will be unable to meet its payment obligations as a result of governmental action (transfer risk). Country risks are managed across divisions on the basis of the country limits identified as a result of the country risk assessment.

Moreover, the Bank launched a suitable tool for quantifying the risk concentrations related to counterparty default risks and for implementing them in the reporting system. Above all, the concentration of counterparty risks is backed by economic equity resources.

4.5.3 Market price risks

For the most important types of trading transactions offered by CGME, the following **market price risks** were identified:

- Warrants business in equity, commodity and foreign exchange assets as well as the corresponding hedges
- Issuance and trading of investment certificates in equities, commodities and foreign exchange assets as well as the corresponding hedges
- Repos and reverse repos with group companies (refinancing)
- Fixed income finance.

With regard to this set of risks, the following market prices exist:

- Stock prices (e.g., stock price risks)
- Interest rates (e.g., interest change risks, yield curve risks, option risks)
- Commodity prices, and
- Exchange rates (e.g., risks based on a change in the spot or forward exchange rates).

[49] The master contracts for financial futures also include the master contracts published by the International Swaps and Derivatives Association Inc (ISDA) (the so-called "ISDA Master Agreement"). These agreements are standard contracts that, *inter alia*, have also been recommended for use by the leading associations of German banks (such as the BdB).

Risk concentrations exist generally in the warrants trading sector, inasmuch as the significant risks arise from the “equity warrants” products, whereas there are considerably lower risks associated with the “foreign exchange warrants” and “commodity warrants”. In addition, there are also risk concentrations due to the high VaR limit utilizations emanating from the Fixed Income Finance Trading Division.

In order to assess the risk position in the Trading Division, all individual transactions are marked to market on a daily basis. The prices underlying the valuation are obtained directly from independent external sources or in connection with using valuation models. The market parameters used in this process are either transferred automatically to the valuation system or are observed manually by the traders. The market parameters are fastidiously checked by the market surveillance office by comparing them with independent external sources. Based on this data, the current market values and the daily gains and losses are assessed independently from the trading function.

The risk exposures in the trading books are quantified daily by means of **factor sensitivity analyses** that evaluate all trade transactions both in terms of their price-relevant market factors (foreign exchange, equity and equity index spot prices, yield curves and interest rate volatility, currencies, commodities) and in terms of the changes in value that would occur when there is a standardized market movement. Such analysis provides an overview of the risk profile of the individual trading portfolios and the trading portfolio as a whole.

In addition, we quantify the loss potential of each market factor and calculate the “**value at risk**” (“VaR”), taking into account the correlation between the market factors. The VaR approach has established itself as the authoritative method for assessing economic market risks. The VaR reflects the maximum loss to be expected from a trading book during a certain holding period (e.g., 1 day) with a pre-set likelihood (e.g., a confidence level of 99%). The calculation also takes into account the specific risks of individual stocks (beta risk).

The VaR is calculated using a Monte Carlo simulation, which is carried out for all trading activities and is based on uniform valuation criteria. The volatilities of the individual market factors included in the calculation and their correlations are determined on an empirical basis.

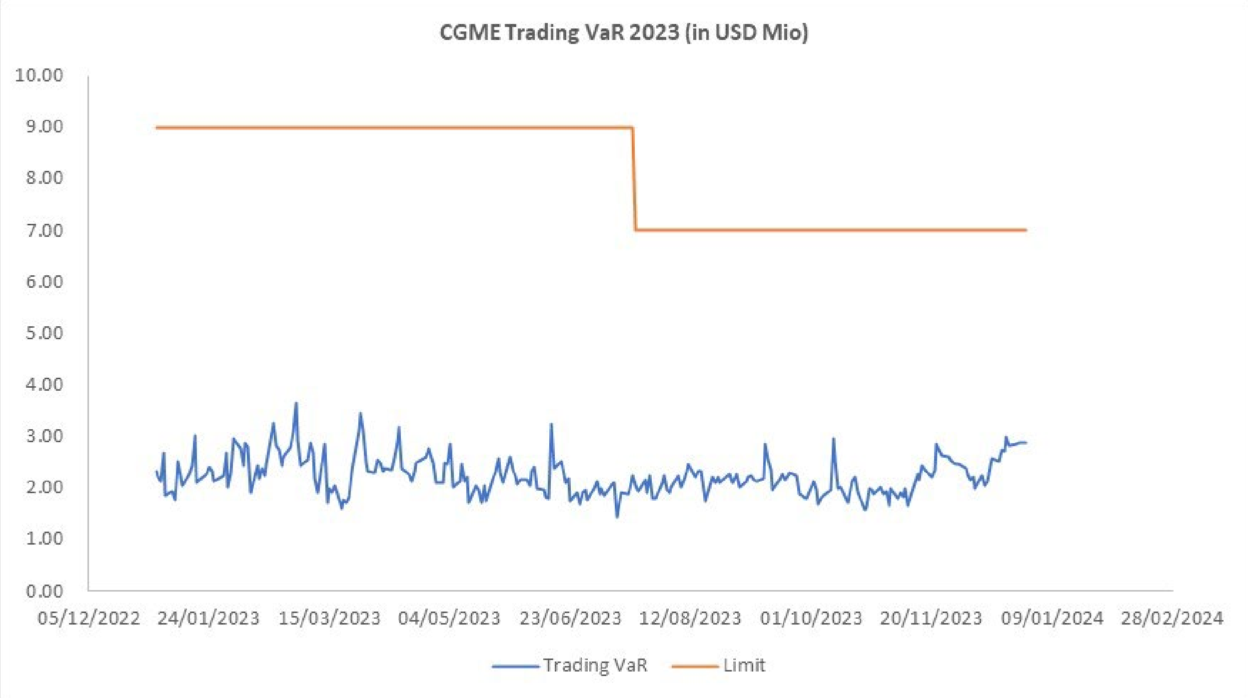
The Group’s standard VaR model is subject to an annual, local model validation process in order to ensure that the group-wide model parameters match the profile of the local market risk. Core elements of the validation process are the hypothetical back-testing method, which is carried out each day, and the quarterly “Risk not in VaR” analysis, which serves to identify and quantify those risks that are not covered by the model calculation.

Moreover, in order to simulate extreme market changes, analyses of the stress tests are performed in regular intervals and, in specific situations, on an *ad hoc* basis.

For the individual trading books and the risk of an interest rate change in the non-trading book, limit structures have been established over which the Executive Board actively prescribes the risk tolerance for the individual trading books and the Bank as a whole.

For measuring the derivatives trading activities, CGME is tied into the group-wide risk monitoring system. In this regard, that system presents all aggregate market price risks by products, currencies and markets and compares the risk exposures at the different levels to the relevant limits. The daily market risk reports, which are generated by the system and also highlight specific limit breaches, are provided to Risk Controlling each day by a department that is located in London and is responsible for that task. The trading-independent Risk Controlling function monitors compliance with the limits and the escalation of the Management Action Trigger on a daily basis. The aggregated reports are provided to the Executive Board and to the heads of the trading desks.

The **development of the VaR** in 2023 can be depicted as follows:



Due to the low limit utilization, the VaR limit was reduced from USD 9 million to USD 7 million in July 2023. The Risk Appetite Statement was updated accordingly and approved by the Executive Board of CGME.[50]

The following risks continued to be the main risk factors in fiscal year 2023:

- Stock price risks, resulting from the trading book activities of the "Public Listed Products" unit and corresponding hedging transactions
- Interest rate risks resulting from the trading book activities of the “Rates and Currencies” unit. Positions arose mainly from the applied accounting method ("back-to-back") and the not necessarily matching products used for collateralization
- Valuation risks (“xVA“) resulting from adjusting the derivative products to “fair value”.

Fiscal year 2023 was characterized by increased trading activity on the Fixed Income Finance Desk, which led to a higher value at risk exposure in this trading area. At the same time, the VaR exposure in the Public Listed Products area was permanently reduced following the launch of a dynamic hedging strategy for trading book positions in December 2022 in order to ensure improved hedging against serious market movements.

The increased market volatility resulting from the geopolitical situation surrounding the Ukraine-Russia crisis and the Middle East crisis did not have a significant impact on the trading book result of CGME.

The sale of new trading products, which had been launched in light of the Bank’s regional preparation for BREXIT, does not lead to any significant additional trading book positions because all transactions are fully hedged with other Group entities, the so-called “Risk Hubs”. However, an exception here are sensitivities that are based on credit valuation adjustments (CVA), such as the credit spread risks. To monitor such risks, firm limits were introduced that are monitored and reported to management in the same manner as the risks specified above.

With the launch of the 2023 risk inventory process, the decision was made to differentiate between market price risks that arise from a trading book position and those that have a different origin (for example: pension fund risks in the banking book). The change was taken into account accordingly in the Bank's overall management group (incl. ICAAP and Risk Appetite Statement).

[50] The spike in February was caused by technical reasons, and the increase during the period from July to September was due to increased customer activity.

4.5.4 Liquidity risks

The management of the **liquidity risk** is the responsibility of the Corporate Treasury Division and aims to ensure that future payment obligations can be met at any time with adequate liquid funds. In fiscal year 2023, CGME participated in the European Central Bank's ILAAP process for the first time. The concept was successfully submitted to the supervisory authorities.

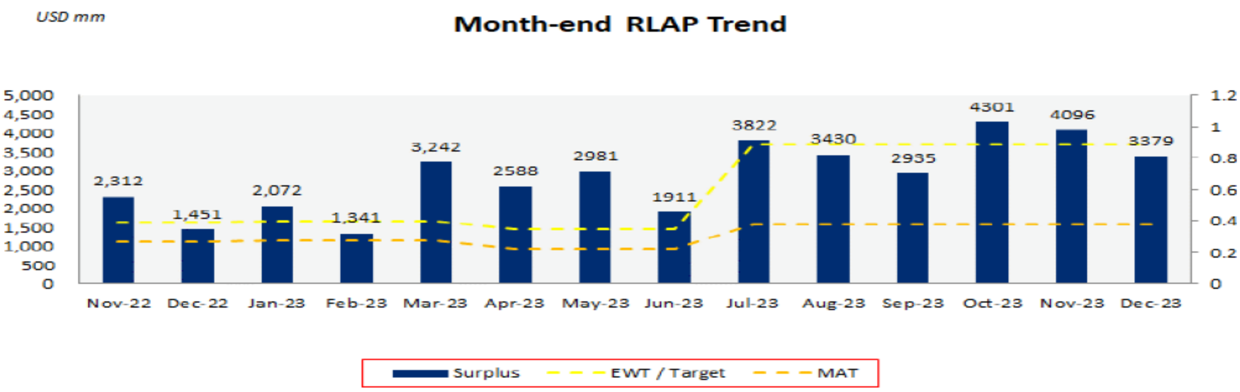
The risk monitoring and management is based on analyses of all cash flows according to products and currencies and include the monitoring of, and setting limits for, aggregated cash outflows and inflows. On a daily basis, both internal and external metrics are used to monitor liquidity risks. The internal metrics consist primarily of the TLST (Term Liquidity Stress Test, with a one-year plan assumption) and RLAP (Resolution Liquidity Adequacy and Positioning, with a 30-day plan assumption). In addition, external regulatory ratios such as the net stable funding ratio or the liquidity coverage ratio are calculated and monitored.

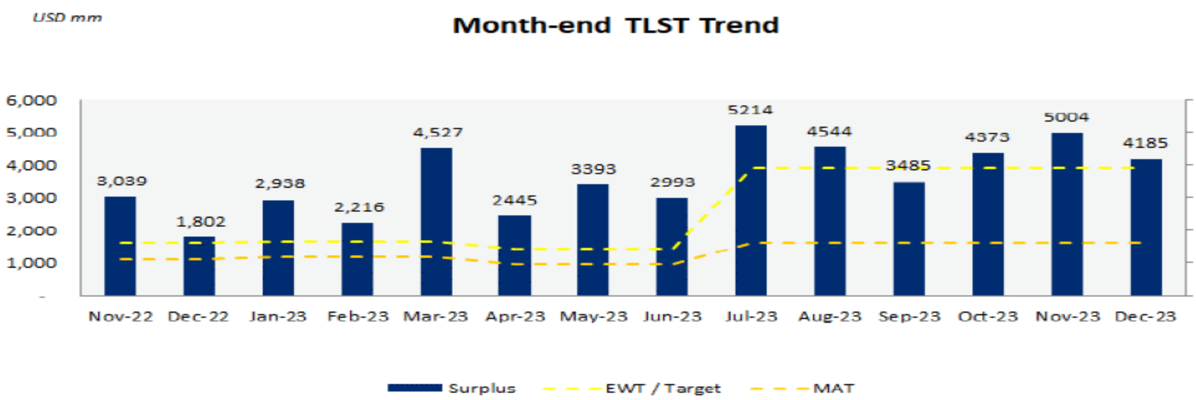
Monitoring of the intraday liquidity reserve has been integrated into the Bank's written policies and control processes. Monitoring the compliance with the corresponding limits is the responsibility of the Risk Controlling Division. The Executive Board receives regular and timely reports on CGME's liquidity situation.

In addition, CGME has set up a liquidity reserve in order to absorb potential distortions on the capital markets and to fund any liquidity bottlenecks that could result therefrom. In accordance with the relevant EBA Guidelines, the liquidity reserve consists of so-called “high quality liquid assets” (HQLA) and is earmarked for liquidity management only. Active management of the liquidity reserve is the responsibility of Corporate Treasury.

CGME reports on all significant structural liquidity gaps beyond all maturities that are stipulated in the funding matrix (liquidity gap analysis). In the course of fiscal year 2023, no limit breaches (negative cash flow) were shown in the funding matrix.

Broken down into the individual maturity bands as of the end of fiscal year 2023, the respective cumulative cashflows of CGME can be shown below as follows:





The monitoring of liquidity risks is done on the basis of the early warning indicators and limits set forth below. In general, no negative cash flow is accepted.

Internal Liquidity Metrics	Q1 2023	Q2 2023	Q3 2023	Oct-23	Nov-23	Dec-23	No Action Trigger	Management Action Trigger	Limit	Targets (Nov 23 update)
TLST (Low Point Surplus; $ MM)	4527	2993	3485	4373	5004	4185	≥$1600mn	≥$0mn to <$1600mn	< $0 mm	$3,907
TLST (Low Point Surplus Tenor)	M3	M3	M7-12	M7-12	M1	M1				
RLAP (Low Point Surplus; $ MM)	3242	1911	2935	4301	4096	3379	≥$1578mn	≥$0mn to <$1578mn	< $0 mm	$3,700
RLAP (Low Point Surplus Tenor)	O/N	CD28	CD27	CD30	CD29	CD26				
Local Regulatory Liquidity Metrics	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Oct-23**	**Nov-23**	**Dec-23**	**No Action Trigger**	**Management Action Trigger**	**Limit**	
Liquidity Coverage Ratio Surplus (€mm)	7485	5787	5849	7178	5579	6154	≥€1300mm	≥€0mn to <€1300mn	< €0 mm	
Net Stable Funding Ratio Surplus (€mm)	5633	5048	4683	4029	4306	3269	≥€900mm	≥€0mn to <€900mn	< €0 mm	

The current, revised system of limits and management action triggers shown in this table was launched in the second quarter of 2023. In the first quarter of 2023, the metrics were also above the management action trigger thresholds applicable to them at the end of all months.

According to the table shown above, CGME has had adequate liquidity in all time bands of up to one year.

The refinancing risk and the market liquidity risk are taken into account each day through appropriate limits and the monitoring thereof. The market liquidity risk, which results primarily from warrants and certificates trading, is monitored through issuer limits with regard to the instruments underlying the derivative products. In this respect, a 100% loss of the underlying is simulated (so-called “jump-to-default”).

Moreover, CGME has structural and currently unused excess cash flow as well as adequate capital resources to cover any results that would have an adverse effect on liquidity.

4.5.5 Operational risks

Within CGME, **operational risks** are defined as the risk of incurring losses that are triggered by the unsuitability or the failure of internal procedures, persons and systems and/or caused by external events. Key elements or components of the risk management process involving operational risks are:

- regular implementation of a risk inventory on the basis of an estimate about the likelihood of occurrence and the anticipated risk expense for quantifying the operational risk
- self-assessment to determine indicators for any risk exposure within CGME’s organizational structures and procedures

- loss database for compiling relevant incidents and the documentation in processing the elimination of materializing potential losses (CitiRisk Loss Capture System). The loss database must record all loss events sustained starting at a volume of USD 20k as well as potential cases that have not yet materialized (“Near-Miss Events”) but would have an anticipated loss volume of USD 1,000k.

In order to prepare for the potential supply shortages in the energy sector caused by the geopolitical situation, the Bank participated in a cross-regional real-time simulation to prepare for a "power outage” scenario.

In light of the outsourcing of individual services and infrastructure measures, there is an inherent risk that is fully taken into account under the risk management by virtue of suitably institutionalized control processes. CGME continued to develop the underlying governance processes for the management of outsourcing risks in the past fiscal year by establishing a uniform control design, introducing a monthly outsourcing governance meeting and continuously refining the written rules, including the contracts with the service providers.

The responsibility for the implementation measures with respect to managing the operational risks lies with the department heads or the business managers below the Executive Board level. These persons are responsible for creating, documenting and regularly updating all work directives and control procedures. The supervision of the operational risk and the reporting thereof is the responsibility of Operational Risk Management (“ORM”).

The tasks and responsibilities as well as the documentation are regulated under the applicable CGME policies. The Executive Board shall be informed in a reasonable manner about the aforementioned risks through daily, monthly and quarterly reports.

In order to record quantifiable risk findings, a database is used (Loss Capture System), which also serves as a basis for the reports to the Executive Board.

The operational risks in connection with the economic capital calculation are quantified through a statistical simulation that is fed/inputted with historical loss events. The standard approach is used in the normative perspective.

Taking into account all business divisions and departments, CGME performs a risk inventory on an annual basis in order to identify and assess existing operational risks using prescribed scenarios. In this regard, the likelihood of occurrence and the assumed loss potential serves as the primary criteria.

Outsourcing processes and internal and external services have increased the operational risk. CGME has developed a suitable infrastructure in order to be able to assess and monitor the potential risks resulting from outsourcing measures. In this way, the materiality of all outsourcing will be evaluated once each year by the competent Outsourcing Steering Committee upon considering numerous factors. Furthermore, it is the responsibility of all outsourcing managers to regularly review the quality of the services rendered. Problems, which are thereby identified, must be reported to the Executive Board in a timely manner but, in any case, no later than as part of the monthly report.

Compliance risks are risks involving violations of regulatory requirements and rules that can negatively affect the Bank’s profitability and stability. Compliance risks are also deemed to include adherence to ethical standards and internal guidelines. Because the causes and nature of these compliance risks are often identical to those of operational risks, the control and governance activities that have been implemented are essentially standardized. No significant violations occurred in the 2023 fiscal year.

4.5.6 Other significant risks

Reputational risks

Since reputational risk can emanate from all other risks, it is handled separately from operational risk. For the aforementioned reason, reputational risks are monitored and managed implicitly by controlling all risk categories from which a reputational risk could arise. An explicit monitoring of the reputational risk is carried out by the “Legal” and “Corporate Communication” divisions because reputational risks could ermerge from complaints and litigation or negative press reports. In accordance with the CGME Risk Taxonomy, reputational risk (overarching risk category) was divided into two sub-categories last year (Public Facing Policies and Position Statements Reputational Risk, and Institutional Client Activity Reputational Risk).

A quantification as contemplated under the risk capital concept is handled through an expert assessment. The calculated magnitude is derived from a pre-defined scenario for which the pricing of the issued products cannot be made over a period of three days. For the next 12 months, the Bank presumes a 10 percent drop in revenues. The result of this calculation is not assimilated directly into the risk capital concept; rather, it is used to determine the amount of the management capital buffer approved by the Executive Board. The management of reputational risks is addressed primarily by the CGME Executive Board, which also decides on any action that may been needed.

In fiscal year 2023, there were no material effects identified on the basis of a reputational risk.

Strategic risks

Strategic risks are primarily anticipated potential losses that threaten the profitability and capital strength of the Bank as a result of wrong business decisions. Strategic risks may be influenced by internal as well as external factors. The Bank has taken extensive measures to minimize the likelihood that strategic risks will manifest and to keep the economic effects of any such manifestations as low as possible.

Strategic risks are backed by, and supported with, economic equity resources in connection with the setting of the capital buffer under the risk capital concept. This is carried out by incorporating the results of an idiosyncratic stress test, which simulates the Bank's profitability in the wake of an earnings shock.

Tax risks

In connection with a currently still pending tax audit of CGME for the 2009 – 2012 tax assessment period, the tax authorities have taken the view that the credited investment income withholding tax (which resulted from the Bank’s own holdings) plus the solidarity surcharge (which is levied thereon) for the years 2009 through 2011 cannot be fully credited. If, based on this view, a credit of the relevant amounts is (partially) denied by the tax authorities for the years 2009-2011, then potential tax repayment obligations will need to be discharged not by CGME but instead by owners of Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, which was the shareholder of CGME during the aforementioned audit period and with which an income tax-integrated group (*ertragsteuerliche Organschaft*) had existed. Its owners (i.e., partners) were “Citigroup Global Markets Finance LLC, Delaware/USA” (general partner), and “Citi Overseas Investments Bahamas Inc., Commonwealth of The Bahamas” (limited partner). Based on the information currently available, a claim against CGME is not expected. Accordingly, the tax risks for CGME are viewed as low.

Based on the findings from individual tax audits, which had been conducted at the customers of CGME’s clients, the tax authorities are of the opinion that these customers (also referred to as “primary debtors”) had executed certain stock transactions in the years up to 2011 and had incorrectly credited the investment income withholding tax (*Kapitalertragsteuer*), together the solidarity surcharge, which had been incurred on the dividend payments, The tax authorities believe that CGME should be subject to so-called “secondary liability”, to the extent that the primary debtors did not discharge their tax repayment obligations. The tax authorities thereby issued the relevant liability orders (*Haftungsbescheide*) against CGME for the tax assessment period 2015 through 2022. CGME has filed an appeal against these liability orders and a motion to stay their enforcement pursuant to § 361 (2) of the German Fiscal Code (AO). The substantiating argument is that according to a legal opinion obtained in 2022, it is not likely that CGME would be exposed to secondary liability with regard to the relevant tax liabilities of customers, which could serve as the basis for asserting claims against CGME.

The tax risks are therefore still considered to be low.

For the external tax audit ordered in 2019 and 2022 and relating to corporate income tax, trade tax and sales tax for the **periods 2013 to 2015** and 2016 to 2018, respectively, the individual audit findings are substantively not material.

Risks in connection with the branches

The counterparty credit risks, market price risks, liquidity risks and operational risks connected with the business operations of the branches in Madrid, Milan and Paris as well as London are factored into the risk management and the assessment of CGME’s capital adequacy.

4.6 Summary Description of the Risk Situation

CGME holds adequate liquidity and capital resources to suitably cover all of the identified aforementioned risks and to be able at all times to support sustained business development. Under each of these scenarios, this also applies to the implemented stress test. In fiscal year 2023, the regulatory equity capital requirements were met at all times and the risk coverage potential in connection with the economic capital requirement was adequate at all times during the fiscal year in order to support the risk profile resulting from the Bank’s business activity.

The effects of the geopolitical crises surrounding the Ukraine-Russia war and the military conflict in the Middle East were monitored very closely at all times during the past fiscal year. In this context, effects on trading book positions and counterparty risks in particular were reviewed using portfolio simulations and stress tests in order to be able to make corrections where and when needed. Effects, including second-level effects (*Effekte zweiter Ordnung*) such as the increased inflation rate resulting from the energy crisis, were examined in this context and the findings and conclusions forwarded to the decision-making bodies. The Bank's risk profile has not changed in the long term as a result of the geopolitical crisis, and no significant potential losses have materialized.

In fiscal year 2023, preparations were made to further diversify the business model, which will take effect in the coming years. Essentially, the Bank's control and governance processes were fortified. This process was underpinned by appropriate capitalization measures to ensure that the Bank has an adequate capital base at all times.

In this context, the Bank will continue to find itself in an actively growing environment for fiscal year 2024. This is in connection with the planned expansion of business activities in the Markets division through the allocation of additional market risk areas to CGME.

5 Corporate Governance Statement pursuant to § 289f (4) in combination with § 289f (2) no. 4 of the German Commercial Code

Corporate Governance Statement

CGME is mindful of the need to diversify the composition of the Executive Board and Supervisory Board in an effort to achieve a greater wealth of experience and expertise and to make even better use of skills.

CGME's management continues to aim for a target quota of at least 30% of women on both the Supervisory Board and the Executive Board. The Executive Board of CGME has set corresponding target quotas based on the German Act on Equal Participation of Women and Men in Management Positions of April 30, 2015. To that end, a uniform minimum target quota of 30% was set for the first and second management levels below the Executive Board. CGME has set itself the goal of achieving these target quotas by the end of 2025 and monitors target achievement on a quarterly basis.

The target quota for the proportion of women on the **Supervisory Board** was reached at the end of fiscal year 2023 with a proportion of 33%.

When appointing members to the Supervisory Board, greater-than-average preference or emphasis is placed on those members' professional expertise and experience in alignment with the importance of the function. This approach is intended to ensure comprehensive coverage of all topics and issues relating to advising, supporting and monitoring the Executive Board. Each member of the Supervisory Board should, as far as possible, have specialist knowledge which, in view of CGME's business model, ensures that the tasks and duties of the Supervisory Board are fully discharged. When nominating candidates for the Supervisory Board of CGME, it is imperative that balanced composition is ensured in order to fully meet the requirements for a diversity of expertise on the Supervisory Board. Moreover, the Chairperson of the Supervisory Board should be familiar with CGME's field of business and its regulatory environment.

At the end of fiscal year 2023, the **Executive Board** consisted of five female and three male members. The proportion of women on the Executive Board was therefore around 63%, well above the target quota. At the end of fiscal year 2023, the proportion of women at the second level below the Executive Board was around 30% and at the first management level around 23%, and management has taken measures to improve this ratio.

CGME is endeavoring to increase the proportion of women in the aforementioned positions, while taking into account natural attrition and consistent professional and personal qualifications, and to hire more women generally. This goal is also being pursued in 2024.

6 Non-Financial Statement

Non-Financial Statement

6.1 Introduction

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

CGME is developing its local environmental and social processes and related disclosures in alignment with Citi, based on applicable sustainable finance regulation and guidance, including the ECB Guide on Climate-Related and Environmental Risks, the EBA Roadmap on Sustainable Finance, the German Minimum Requirements for Risk Management ('MaRisk'), the Non-Financial Reporting Directive and the EU Taxonomy, Capital Requirements Regulation, the MiFID II Sustainability Amendments[51]. This non-financial statement included in CGME's management report intends to meet non-financial reporting requirements. ESG matters and the implementation of ESG-related regulatory and supervisory requirements are a key focus area for CGME. In this context, CGME recognizes ESG risks as drivers of existing financial and non-financial risk categories that can materialize and impact CGME directly or indirectly in line with the definition of 'ESG risks' according to the ECB Guide on Climate-Related and Environmental Risks and the BaFin Guidance Notice on Dealing with Sustainability Risks.

CGME expects to continue to develop its ESG disclosures over future iterations to address evolving regulatory expectations and stakeholder needs. The availability and quality of climate and wider ESG data and metrics continues to present a challenge in non-financial reporting. Citi continues to contribute to methodological improvements and developing tools to assess climate risk and climate data, including the quantification of the greenhouse gas ('GHG') emissions – these capabilities will continue to evolve as the underlying data improves.

Non-financial statements are regulated by Directive 2014/95/EU (Non-Financial Reporting Directive – 'NFRD') amending Directive 2013/34/EU. Germany transposed the NFRD into national law in the German Commercial Code ("Handelsgesetzbuch" – 'HGB'). CGME's non-financial statement discloses information on environmental, social and employee matters, anti-corruption and anti-bribery, and respect for human rights in line with the NFRD and section 289b and 289c HGB. Climate-related information is included in the category of environmental matters. The report provides qualitative and quantitative information to enable the understanding of CGME's development, performance, position and impact in regard to these activities.

6.2 ESG at CGME

6.2.1 ESG Strategy

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

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

For CGME, sustainability includes integrating relevant ESG commitments and priorities into its business strategy, while consistently aligning with Citi's policies. CGME is contributing to Citi's initiatives of achieving net zero GHG emissions by 2050, in its own operations by 2030, and is also contributing to Citi's goal to reach $1 trillion in sustainable finance by 2030. It aims to further accelerate the transition to a sustainable, low-carbon economy that balances society's environmental, social and economic needs.

[51] Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms

Non-Financial Statement

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

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

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

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

For further information on CGME's business model, see section "Geschäftsmodell".

6.2.2 ESG Governance

Roles and responsibilities for the management of ESG risks are assigned within CGME's organisational structure, including the Management and Supervisory Board and across its three lines of defence. In addition to the roles and responsibilities at legal entity level, CGME collaborates with various subject matter experts and teams across Citi to facilitate a holistic implementation of ESG governance.

In order to meet applicable regulatory requirements, client and other stakeholder requests as well as to mitigate and manage ESG-related risks, CGME continues to integrate ESG considerations into its relevant products and operations as needed. In addition, to progress its ESG priorities and contribute to Citi's commitments, while appropriately mitigating and managing identified ESG risks and their impact, CGME monitors key performance indicators ('KPIs') per ESG risk categories: environmental, social, and governance. This facilitate CGME's effective monitoring and progress towards ESG goals and its contribution to commitments.

CGME Supervisory Board

The CGME Supervisory Board is responsible for overseeing the embedding (incorporating?) of ESG considerations and risks into CGME's business strategy, governance and risk management framework.

CGME Management Board

The CGME Management Board is ultimately responsible for the establishment of adequate ESG governance and the overall ESG implementation at CGME. This includes, among others, the setting and management of ESG priorities as well as the incorporation of ESG risks into the risk management framework of CGME. Additionally, the CGME Management Board plays a key role in embedding ESG risks in the business and risk strategy.

CGME ESG Working Group

CGME has established a dedicated ESG working group with representatives across the 3 Lines of Defence including First Line of Defence, Independent Compliance Risk Management, Risk Management, and Internal Audit. The purpose of the ESG Working Group is to act as a cross functional, central forum to bring together expertise from stakeholders across CGME to progress the ESG risk integration across the entity, as well as to monitor and prepare the implementation of regulatory requirements and expectations around ESG risks.

6.2.3 Materiality Assessment

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

CGME applies a double materiality approach for the materiality assessment, including both CGME's impacts on sustainability matters ("inside-out" perspective) and how sustainability matters affect CGME's development, performance and position ("outside-in" perspective) as defined in section 289c of the HGB and taking into account the Guidelines on Non-Financial Reporting published by the European Commission. CGME's approach is guided by four steps[52] that enable the organisation to determine its material ESG matters and report them:

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

The first three steps relate to the organisation's ongoing identification and assessment of impacts. In the fourth step, the organisation prioritises its most significant impacts for reporting and, in this way, determines its material topics.

As a result, a final list of material ESG issues was created for CGME:

ESG Factors	Material ESG topics	Reference Chapter
Environmental	Climate change	1.3.1 Environmental Matters
	GHG emissions	1.3.1 Environmental Matters
	Operational footprint	1.3.1 Environmental Matters
Social	Diversity, inclusion and equal opportunity	1.3.2 Employee Matters
	Employment conditions	1.3.2 Employee Matters
	Remuneration	1.3.2 Employee Matters
	Innovation and digitization	1.3.3 Social Matters
	Customer focus	1.3.3 Social Matters
	Human rights	1.3.4 Human Rights
Governance	Anti-financial crime	1.3.5 Anti-Corruption and Bribery Matters
	Digital security	1.3.6 Digital Security

[52] Four-step approach as defined by the Global Reporting Initiative ("GRI")

6.2.4 Stakeholder Dialogue

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

To ensure the most efficient and effective approach, stakeholder engagement is led by Citi, in particular where matters are of group-wide significance or have an impact on Citi's reputation including our clients, shareholders, staff and global regulators.

The CGME Management Board considers and discusses information from across the organisation to help it understand the impact on CGME's operations and the interests and views of its key stakeholders.

Stakeholder group	Engagement
Clients and customers CGME's clients include corporates, financial institutions, institutional investors and public sector entities.	The CGME Management Board receives regular reporting of client performance and themes, allowing an understanding and oversight of the direction of client sentiment. Citi performs a Voice of the Client survey which provides in-depth understanding of the clients' needs and expectations, alongside regular client performance and service benchmarking, leveraging external reporting and analysis where appropriate.
Employees	Colleagues are encouraged to present their suggestions and views to CGME through various channels, including an employee representative body and the Voice of the Employee survey, the results of which are presented to the CGME Management Board each year by Human Resources. The CGME Management Board requests presentations on areas such as employee resilience and mental health in response to identified areas of focus.
Suppliers	CGME has a well-established framework for the engagement with and on-going relationship management and controls relating to risks of its key suppliers, ensuring shared values in the conduct of their business.
Communities	As part of Citi, CGME is committed to enabling responsible growth and progress in the communities where we operate. Citi is in regular dialogue with charities and non-governmental organisations (NGOs), as part of its philanthropic mission to catalyze positive social impact in communities around the world.
Government and Regulators Primary regulatory engagement for CGME is with the Joint Supervisory team of the European Central Bank, BaFin and Bundesbank.	CGME maintains an open and regular engagement with regulators to ensure clarity and transparency over its strategy, key risks and opportunities, and progress on ongoing initiatives. Regulatory engagement is maintained both at the CGME Management Board as well as the senior management level to ensure regulatory requirements and expectations are consistently understood and met.
Policymakers	As part of Citi, CGME engages with policymakers both directly and as part of industry efforts, as a member of several financial services trade associations.

6.2.5 Sustainability Risks and Risk Management

ESG risks include those related to climate change impacts, mitigation and adaptation, environmental management practices and duty of care, working and safety conditions, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.

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

Other environmental risks are risks related to engaging in activities that may influence the number of species essential to global and bioregional ecosystem resilience as well as activities which may be impacted by related environmental events.

Social risks are the risks posed by the exposure of institutions to counterparties that may potentially be negatively affected by social factors. Social factors include the rights, well-being and interests of people and communities, which may have an impact on the activities of the obligor. Social factors, such as (in)equality, health, inclusiveness, labour relations, and investing in human capital and communities, are increasingly being considered in the business strategies and the operating frameworks of businesses, institutions and their counterparties.

Governance risks are the risks posed by the exposure of institutions to counterparties that may potentially be negatively affected by governance factors. Counterparties should be assessed for good governance practices that include sound management structures, employee relations, remuneration of staff and tax compliance.

Working towards a broader ESG risk consideration in our business, CGME incorporated ESG risks with a focus on climate and environmental risks in the Risk Identification and Assessment Process ('RIAP'), Risk Appetite Statement ('RAS'), as well as in the Risk Strategy, Internal Capital and Liquidity Adequacy Assessment Process ('ICAAP' and 'ILAAP'), and CGME's Enterprise Risk Management Framework. In addition, CGME Risk Management includes ESG Risk metrics in the CGME Management Board Risk Report each quarter. In line with its ESG strategy, CGME is committed to maintain strong and consistent ESG risk management practices.

At group level, Citi has developed an end-to-end Climate Risk Management Framework ('CRMF') to promote a globally consistent approach to managing climate risk across the bank. In addition to the CRMF, Citi's long-standing Environmental and Social Risk Management ('ESRM') Policy applies to all Citi entities globally and provides a framework for how we identify, mitigate, and manage the potential risk to Citi associated with the environmental and social risks of our clients' activities.

ESG Risk Management

CGME, in alignment with Citigroup, manages and mitigates risks from climate and environmental change through numerous internal initiatives, including Citi's ESRM Framework and Policy.

Citi's ESRM Policy guides our approach to engaging with clients to help us responsibly mitigate environmental and social risks in our financing within our Banking, Markets and Services businesses. The Policy was established in 2003 and covers a broad scope of financial products and client sectors to guide assessment of client impacts and associated risks related to air quality, water quality, climate change, biodiversity, local communities, labour, human rights and other environmental and social issues. A specialized Environmental and Social Risk Management team in the Risk Management function supports the development and implementation of the policy. Under the ESRM Policy, Citi screens project-related transactions and clients in specific sectors that are typically associated with elevated environmental and social risks. In addition, the Policy includes Areas of High Caution, which identify flags for heightened risk factors to escalate to the ESRM team for review regardless of financial product or sector. The implementation of the ESRM Policy and Standard is a shared responsibility across the lines of defense with first line identifying transactions and clients subject to policy, providing relevant information related to environmental and social impact for screening, review, and approval by the second line (ESRM unit) who also serves as in-house advisor on environmental and social risk matters.

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

Citi developed a quantitative tool called the Climate Risk Assessment & Scorecard (CRAS) to better understand the climate related & environmental risk profiles of individual corporate clients, with the goal to progressively embed this tool into credit underwriting process during 2023 and 2024. The CRAS was designed to help identify the material climate related & environmental risks Citi clients face and the management plans in place for adaptation and mitigation of those risks, using both quantitative and qualitative inputs. The tool assesses clients' vulnerability to climate related & environmental risk, the feasibility of their plans to transition to a low carbon environment and the quality of their governance and disclosure. CRAS process was enhanced in 2023 to include ESG Considerations in line with regulatory expectations, which are planned to be embedded in Q1, 2024.

Risk Identification

The identification of ESG risk is based on a set of standard ESG risk drivers linked to the CGME Risk Taxonomy, its transmission channels and materiality of the risk impact assessed over different time horizons. CGME considers ESG as a cross-cutting risk with impacts on other risk stripes for the RIAP assessment. CGME has reflected the Citi developments with regard to climate risk identification and assessment and further expanded an approach to other environmental risks, social risks and governance risks in line with regulatory requirements. Therefore, the following risks are reflected in CGME's current Risk Taxonomy from the cross-cutting perspective (impacting existing Financial and Non-financial risks):

- Climate Risk
- Other Environmental Risks
- Social Risks
- Governance Risks

CGME established a horizon scanning process in Q2 2023 to monitor the regulatory and external business environment to assess impacts on business strategy and risk management. Outcomes are used to inform the downstream processes such as material risk statements, scenario design and stress testing. The outcome of this exercise informs the materiality assessment and vice versa.

Risk Measurement & Materiality assessment

CGME considers ESG risk as a cross-cutting risk category which can manifest through transmission channels or amplify existing risks within CGME's risk taxonomy. Transmission channels are the causal chains that explain how ESG risk drivers may materialize directly or indirectly as sources of financial or non-financial risks. ESG risks are incorporated into CGME's risk management activities across the risk management lifecycle (risk identification, risk measurement, risk monitoring, risk control and risk reporting).

CGME performs a risk materiality assessment, at least, on an annual basis across risk stripes to inform the annual RIAP. The aassessment is based on a combination of qualitative and quantitative methodologies.

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

1. Identification of risk drivers and transmission channels relevant for CGME's current business model and in line with the risk categories defined in CGME's Risk Taxonomy.

2. Mapping of the potential ESG risk drivers and transmission channels to CGME's existing financial and non-financial risks on an expert judgment-based approach.

3. Analysis of CGME's risks and their potential impact on the risk categories through the defined transmission channels, including quantitative assessment of concentrations of Climate risks based on Citi developed tools (including the climate risk sectoral heatmap, and CRAS results), supplemented with qualitative analysis. Assessment of other environmental, social and governance risks currently relies on qualitative analysis and expert judgment.

The materiality assessment is based on the results of qualitative and quantitative metrics as applicable in case of a particular risk stripe. The Results of the assessment inform the development of the CGME Strategic Plan, CGME Risk Appetite Statement and ICAAP/ILAAP processes.

Risk Reporting

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

In addition, several existing indicators for operational risk, strategic risk, reputational risk, and compliance risk have been linked to climate risk transmission channels in line with the Risk ID results. As new indicators are agreed on continuously, they are introduced to the monitoring and reporting process.

ESG risk metrics defined in the CGME Risk Appetite Statement, newly introduced metrics intra-year, and other material updates are included in the monthly CGME Management Board Risk Report at least once every quarter, coordinated by Enterprise Risk Management for the various risk categories. The same materials are also included in the quarterly Supervisory Board Risk Committee report.

Scenario analysis and stress testing

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

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

6.3 Reporting on Material ESG Matters

6.3.1 Environmental Matters

Climate Change

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

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

Net Zero

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

Sustainable Finance

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

Metrics

As it relates to CGME, the following metrics were identified to monitor the carbon intensity of the entity's assets. KPIs have been selected and calculated based on the recommendations of the Guidelines on Non-Financial Reporting[53] and in alignment with the CGME ESG Strategy.

Amount or percentage of carbon-related assets for CGME:

The amount or percentage of carbon-related assets shows the exposures towards sectors that highly contribute to climate change in line with the Commission Delegated Regulation (EU) 2020/1818. In the banking book, the volume of carbon-related assets is calculated for Securities Financing Transactions ('SFTs')[54] as these represent CGME's largest portfolio of loans and advances as of 31 December 2023. In the trading book, the KPI is calculated for derivatives, which account for 96% of financial assets held for trading as of 31 December 2023.

[53] Supplement on reporting climate-related information (2019/C 209/01) which is a supplement to the Guidelines on Non-Financial Reporting adopted by the European Commission in 2017 (C(2017) 4234 final)
[54] Including repos, reverse-repos, etc.

KPI description	Description	Unit of measure	Securities Financing Transactions		Derivatives	
			2023	2022	2023	2022
Amount of carbon-related assets	Exposures towards sectors that highly contribute to climate change (NACE A-H, L categories)[55] calculated from SFTs (banking book) derivatives (trading book)	MEUR	-	-	565	598
Carbon-related assets as a percentage of the current portfolio value		%	0%	0%	5%	5%

Volume of exposures by sector of counterparty for CGME:

The volume of exposures by sector of counterparty shows the concentration of exposures towards high-carbon and low-carbon sectors. Exposures are grouped into major and moderate impact industries based on vulnerability to Citi's climate risk heatmap[56].

In line with the amount or percentage of carbon-related assets, the volume of exposures by sector of counterparty is calculated for SFTs in the banking book and derivatives in trading book as of 31 December 2023.

Securities Financing Transactions in the banking book (gross carrying amount):

Vulnerability category	Balance in MEUR		%	
	2023	2022	2023	2022
Major	-	-	0%	0%
Moderate	-	-	0%	0%
Other	30,781	15,199	100%	100%
Total	30,781	15,199	100%	100%

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

[56] Major impact industries based on Citi heatmap 2023: Oil & Gas, Auto & Motorcycle Manufacturers, Moderate impact industries based on Citi heatmap 2023: Chemicals, Commercial Real Estate, Residential Real Estate, Multi-Utilities and Electric Utilities, Agricultural Products, Airlines and Tour Operators, Auto-related Fincos, Beverages, Building products & related, Reinsurance, Metals & mining, Food products, Paper Forest Products & Packaging, Shipping & Maritime Logistics excl. Offshore, Commodity Trader

Derivatives in the trading book (mark-to-market value):

Vulnerability category	Balance in MEUR		%	
	2023	2022	2023	2022
Major	49	82	0%	1%
Moderate	455	544	4%	5%
Other	11,982	10,608	96%	94%
Total	12,487	11,234	100%	100%

CGME's ESG strategy intends to align to Citi policies and initiatives, while meeting European regulatory requirements. CGME is aware of the risk of exposure towards high vulnerability sectors and aims to monitor the future development of this exposure to consider appropriate mitigation measures.

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

	Unit of measure	2023 SFT	2023 Derivatives
Exposure with countries and sectors which are vulnerable to climate risk - physical risk	$ million	-	150
Exposure with countries and sectors which are vulnerable to climate risk - physical risk as a percentage of the total portfolio value	%	0%	28%

Values show the concentration of exposures and collateral in countries and geographies highly exposed to physical risks. CGME uses a dedicated portal and database recommended by the European Banking Authority guidelines that defines geographical areas exposed to climate change related acute and chronic events. For the 2023 disclosures CGME applied reference data of Think hazard's physical risk mapping. According to the reference data, six countries are identified as highly affected within CGME's jurisdictions: Spain, France, Italy, Greece, Portugal, and Romania. The exposures towards physical risks were further examined in the portfolios of counterparties according to their primary operational locations according to sectors that highly contribute to climate change as defined above (NACE A-I, L).

Operational Footprint and GHG Emissions

In alignment with Citi, CGME is working towards the 2025 operational footprint goals, which aim to reduce GHG emissions and energy consumption for the operations. These goals cover GHG emissions, energy use, water consumption, waste reduction and diversion, and sustainable building design.

Citi's emissions are calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach and cover the emissions CGME is responsible for across Scope 1 (building emissions such as direct gas, diesel consumption or emissions of Citi's car fleet), Scope 2 (location-based building emissions such as electricity, district steam) and Scope 3 business travel (car, air, rail emissions).

Citi's Net Zero Operations team gathers data from its operations on an ongoing basis, with primary evidence sourced from vendors and power companies. Where Citi pays for occupancy via service charges and the share of consumption is not known, consumption is calculated by benchmarking the energy / square foot against our global portfolio. CGME calculates GHG emissions in line with Citi's methodology. A summary of CGME's GHG emissions in 2023 is provided below in tons (t) of CO2 equivalent (e). For 2023 CGME focused on calculating emissions from its own operations including the emissions resulting from business travel.

Greenhouse Gas (GHG) Emissions	Unit	2023	2022
Scope 1 – Direct	tCO_2e	30	28
Scope 2 – Indirect	tCO_2e	375	363
Scope 3 – Business Travel	tCO_2e	739	473
Total	tCO_2e	1,143	864

CGME understands that in disclosing indicators related to GHG emissions, banks should focus on their Scope 3 GHG emissions. As the methodology is still evolving in relation to Scope 3 emissions, CGME is disclosing information for financial year ended 2023 for its operational emissions for all locations (Scope 1 and 2) and for business travel (Scope 3). In 2023, scope 3 emissions were 56% higher compared to 2022. The rise in scope 3 emissions was a result of an average 16% increase of the DEFRA emission factors and CMGE full-time employees that required to travel to a greater extent in 2023. There was an increase of over 100% in air business-related travels in some countries.

CGME is committed to reducing its operational footprint by using energy and other resources efficiently, by purchasing renewable energy and leasing certified office buildings. Citi and CGME source 100% renewable electricity through green tariffs for electricity purchased directly at locations in France, Germany, UK, Ireland and Italy. Where electricity is obtained in leased properties from landlords, EU Guarantee of Origin certificates are purchased for the equivalent amount used. When CGME is looking for new locations, efficient design and construction standards are considered in the decision-making to contribute to more sustainable operations. Over 50% of CGME locations are certified by the Leadership in Energy and Environmental Design (LEED) program. Business travel emissions (Scope 3 Category 6) include emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft and trains.

Sustainable Building Principles

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

Efficient Travel Options

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

EU Taxonomy Regulation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CGME's Green Asset Ratio (GAR) for 2023 is zero, mainly because covered assets in the numerator represent exposures to credit institutions and other financial corporations. Financial undertakings commence the reporting of their GAR ratio as of 1 January 2024 and as the Disclosures Delegated Act requires financial undertaking to use the KPIs disclosed by their counterparties, data is not available for this year's reporting.

Non-Financial Statement

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

		Total environmentally sustainable assets	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	-	0.00%	0.00%	74%	45%	26%

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	-	0%	0%	48%	-	-
	*Trading book**	N/A	N/A	N/A			
	Financial guarantees	N/A	N/A	N/A			
	Assets under management	N/A	N/A	N/A			
	*Fees and commissions income**	N/A	N/A	N/A			

*Trading book and Fees and commission income is first to be reported for 2026

1.Assets for the calculation of GAR – Turnover

	Million EUR	Total [gross] carrying amount	2023																	
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	16,037	1,208	-	-	-	-	-	-	-	-	-	-	-	-	1,208	-	-	-	-
2	**Financial undertakings**	16,037	1,208	-	-	-	-	-	-	-	-	-	-	-	-	1,208	-	-	-	-
3	Credit institutions	12,002	1,208	-	-	-	-	-	-	-	-	-	-	-	-	1,208	-	-	-	-
4	Loans and advances	12,002	1,208	-	-	-	-	-	-	-	-	-	-	-	-	1,208	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-			-	-		-	-
7	Other financial corporations	4,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-			-	-		-	-
16	of which insurance undertakings	3,369	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	3,369	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-			-	-		-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
24	**Households**	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-									-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	24,647	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	22,988																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	9,577																		
35	Loans and advances	9,577																		
36	of which loans collateralised by commercial immovable property	-																		
37	of which building renovation loans	-																		
38	Debt securities	-																		
39	Equity instruments	-																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations	13,411																		
41	Loans and advances	13,411																		
42	Debt securities	-																		
43	Equity instruments	-																		
44	**Derivatives**	-																		
45	**On demand interbank loans**	652																		
46	**Cash and cash-related assets**	-																		
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,006																		
48	**Total GAR assets**	40,684	1,208	-	-	-	-	-	-	-	-	-	-	-	-	1,208	-	-	-	-
49	**Assets not covered for GAR calculation**	14,419																		
50	**Central governments and Supranational issuers**	48																		
51	**Central banks exposure**	1,411																		
52	**Trading book**	12,959																		
53	**Total assets**	55,102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																				
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-

Non-Financial Statement

1.Assets for the calculation of GAR - CAPEX

	Million EUR	Total [gross] carrying amount	2023																	
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	16,037	616	-	-	-	-	-	-	-	-	-	-	-	-	616	-	-	-	-
2	**Financial undertakings**	16,037	616	-	-	-	-	-	-	-	-	-	-	-	-	616	-		-	-
3	Credit institutions	12,002	616	-	-	-	-	-	-	-	-	-	-	-	-	616	-		-	-
4	Loans and advances	12,002	616	-	-	-	-	-	-	-	-	-	-	-	-	616	-		-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
6	Equity instruments	-	-	-		-	-	-	-		-					-	-		-	-
7	Other financial corporations	4,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	3,369	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	3,369	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-
24	**Households**	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-									-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	24,647	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	22,988																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	9,577																		
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40	Non-EU country counterparties not subject to NFRD disclosure obligations	13,411																		
41	Loans and advances	13,411																		
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44	**Derivatives**	-																		
45	**On demand interbank loans**	652																		
46	**Cash and cash-related assets**	-																		
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,006																		
48	**Total GAR assets**	40,684	616	-	-	-	-	-	-	-	-	-	-	-	-	616	-	-	-	-
49	**Assets not covered for GAR calculation**	14,419																		
50	**Central governments and Supranational issuers**	48																		
51	**Central banks exposure**	1,411																		
52	**Trading book**	12,959																		
53	**Total assets**	55,102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2. GAR sector information - Turnover

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
	-	-			-	-			-	-			-	-		

2. GAR sector information – CAPEX

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not		Non-Financial corporates		SMEs and other NFC not	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
	-	-			-	-			-	-			-	-		

3. GAR KPI stock - Turnover

	% (compared to total covered assets in the denominator)	2023																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.29
2	**Financial undertakings**	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.29
3	Credit institutions	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.22
4	Loans and advances	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.22
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-														
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	0.29

3. GAR KPI stock - CAPEX

	% (compared to total covered assets in the denominator)	2023																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.29
2	**Financial undertakings**	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.29
3	Credit institutions	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.22
4	Loans and advances	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.22
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-														
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	0.29

4. GAR KPI flow - Turnover

	% (compared to flow of total eligible assets)	2023																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-									-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4. GAR KPI flow – CAPEX

	% (compared to flow of total eligible assets)	2023																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR), Circular economy (CE), Pollution (PPC), Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-									-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5. KPI off-balance sheet exposures – Turnover (stock)

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

5. KPI off-balance sheet exposures – Turnover (flow)

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

5. KPI off-balance sheet exposures – CAPEX (stock)

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

5. KPI off-balance sheet exposures – CAPEX (flow)

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

Nuclear energy and fossil gas related activities

In line with the Complementary Climate Delegated Act (EU 2022/1214 III.9. amending EU 2021/2139 and EU 2021/2178) CGME did not identify any portion of its portfolio related to certain economic activities related to nuclear and fossil gas that can be classified as environmentally sustainable under the EU Taxonomy.

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

6.3.2 Employee Matters

Diversity and inclusion

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

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

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

Female representation of employees

Description	Unit	2023	2022	Aspirational goal 2023-2025
CGME Directors and Managing Directors female representation (C15+)	%	23	25	≥ 30
CGME Assistant Vice President and above female representation	%	29	29	≥ 30

Female representation of the Management Body

Description	Unit	2023	2022	Aspirational goal 2023-2025
Female representation of Board members				
Supervisory Board	%	33	33	≥ 30
Management Board	%	63	71	≥ 30

CGME is committed to enhance our diversity and inclusion practices through hiring, promoting and retaining more women and minorities. The entity will continue working towards Citi's aspirational representation goal of achieving at least 30% women's representation at C15+ levels by 2025. CGME is promoting corrective targeted actions on recruitment and hiring practices, to continuously improve the female representation in order to meet Citi's aspiration representation goal.

Remuneration

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

Environmental, Social, and Governance (ESG) considerations are an essential part of Citi's firm-wide strategy and integrated into business and long-term priorities. Reinforcing gender neutrality and inclusion, continues to be a key focus area, particularly as Citi considers this to be one of the key elements of its ESG approach, and is one of the sustainable development goals highlighted in the Citi 2023 ESG Report. Citi is committed to reducing pay gaps by increasing the diversity of workforce, including increasing the representation of women at all levels, particularly at senior levels and in high-paying roles, as well as other underrepresented demographics.

Senior-level accountability has been introduced for representation efforts, with gender goals and diversity, equity and inclusion factors documented in balanced scorecards and performance measures.

Compensation decisions are supported by analysis from the annual global pay equity review assessments. The annual market data review is based on Citi roles which are categorized into job functions and families, with job codes and career levels. Market data is gender neutral and is assessed via role levelling. Citi's commitment to transparency around pay equity and reducing the raw pay gap also strengthens its approach to incorporating ESG factors within the HR policies. Annual salary and incentive budgets are gender neutral, and salary increase accruals are based on the same percentage accrual by location and regardless of gender.

Talent and training

The Citi talent management strategy covers the entire life cycle of our employees. It is fully aligned with CGME leadership, mobility, performance management strategy, diversity and engagement strategy and integrated into its people management processes to bring CGME's strategy to life. With an employee base of approximately 600 staff across 5 countries CGME is committed to identify, attract, develop and retain talent to ensure it has the best people and leaders to drive future business growth. CGME recognizes that the success of its business depends on the implementation of and an effective management of the talent framework.

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

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

All employees are onboarded to CGME through the `Hello Citi` program, an enterprise-wide recommended program designed to help new hires navigate the organization, make connections and become familiar with our values and culture. This gives an employee a better understanding of Citi, its structure, management approaches and the dynamics of the employee lifecycle.

In addition, other resources, courses and development experiences are made available to individuals to support applicable development in their individual roles. A further suite of training is provided to managers to ensure they are appropriately trained on how to communicate and have crucial conversations, effective delegation, giving feedback and coaching, promoting teamwork, inclusion and managing risk responsibly.

Well-being at work

Citi aims to create workspaces that promote employee wellness and engage employees in order to maintain a culture of safety, sustainability and wellness. CGME is fully aligned to Live Well program designed to support the physical and mental well-being of Citi employees by promoting a culture of health, learn more about healthy nutrition and exercise, prevention, living tobacco free, and mental health and balance.

Social engagement

Employees in the Community

Across CGME, employees continue to support their local communities. Citi colleagues volunteer their time, talent and expertise to catalyze positive social impact. A flagship initiative is Global Community Day, Citi's annual service campaign where Citi CGME and employees from across the world, including Europe, come together to support local communities.

Citi Foundation

The Citi Foundation works to improve the lives of low-income communities around the world. In 2023 the Foundation issued a Request for Proposals (RFP) for its inaugural Global Innovation Challenge, a funding model to help scale the impact of nonprofits in Europe and around the world that are tackling some of society's most pressing issues. The Challenge provided a collective $25 million in catalytic funding to 50 community organizations working in novel ways to address food insecurity.

Ukraine

We are committed to supporting Ukraine's communities that have been affected by the war. Since February 2022, Citi and the Citi Foundation have donated over $4.5 million to support humanitarian efforts, including re-building schools, supporting women with legal and psychosocial counselling as well as helping Ukrainian refugees to find safe shelters in other countries.

6.3.3 Social Matters

Innovation and Digitization

Through Citi's transformation, Citi and CGME are working to modernize and simplify the organization so that we can better manage risk, improve our service to customers and clients and make CGME an easier place to work. Through the modernization of the data infrastructure and operations, and by evolving our culture, we are strengthening our safety and soundness and improving our ability in the digital age.

Citi and CGME are observing the shift to digital delivery and architecture by our clients, financial market intermediaries, central banks and the fintech industry.

Customer Focus

CGME's mission, which is aligned with Citi's, is to achieve the best results for clients by responsibly providing innovative financial services that enable growth and economic progress while fulfilling its responsibilities to the environment and society. As part of our sustainability transition, we aim to become a more resilient bank through an understanding of sustainability issues and clients' needs, providing orientation and advice around ESG and related products and services for clients.

When designing variable incentive plans, we consider compliance with our Principles for the Fair Treatment of Customers and internal policies as well as our Code of Conduct.

As part of the program, our employees complete various trainings which aim to ensure they understand how to identify issues of fairness or potential conflicts of interests and how fairness influences real world results respectively how to manage conflicts in an appropriate manner.

6.3.4 Human Rights

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

Citi's policies, standards and due diligence practices guide our business decisions with respect to human rights. The Citi Requirements for Suppliers document details some of the obligations that suppliers must meet while doing business with Citi.

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

To learn more about Citi's commitment to human rights, see Citi Statement on Human Rights.

6.3.5 Anti-Corruption and Bribery Matters

As a global financial institution that offers banking, securities and insurance products to millions of customers around the world, Citi recognizes its obligation to join with governments, international organizations and other members of the financial industry to help close off the financial channels that terrorists and money launderers use for their illicit purposes.

CGME embraces Citi's mission of enabling growth and economic progress, while adhering to the highest ethical standards. CGME asks its colleagues to ensure their decisions pass three tests: they are in our clients' interests, create economic value, and are always systemically responsible.

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

Anti-Financial Crime

Citi established a number of enterprise-level programs and training to help combat financial crimes which partner with the CGME compliance function, as well as with business lines and other functions:

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

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

6.3.6 Digital Security

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

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

Citi maintains a Cyber & information security policy that is regular reviewed and updated as needed.

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

7 Final Statement regarding the Relations with Affiliated Enterprises (Affiliate Dependency Report) pursuant to § 312 (3) sentence 3 of the German Stock Corporation Act

Final Statement regarding the Relations with Affiliated Enterprises (Affiliate Dependency Report

The Executive Board of Citigroup Global Markets Europe AG, Frankfurt am Main, has prepared a report regarding the relations with affiliated enterprises for the recently completed fiscal year 2023, and that report contains the following final statement:

“With respect to the legally binding transactions that are listed in the report regarding relations with affiliated enterprises and based on the facts and circumstances of which we were aware at the time the legally consequential transactions were carried out, our Company received adequate consideration (payment) on each of those legally binding transactions. Because CGME did not engage in any actions at the behest of CGML or any enterprise affiliated with CGML, CGME did not incur any detriment therefrom”.

This assessment is based on the facts and circumstances of which we were aware at the time of the reportable transactions.

Frankfurt am Main, April 10, 2024

Citigroup Global Markets Europe AG

The Executive Board

Dr. Silvia Carpitella (CEO)	Sylvie Renaud-Calmel
Stefan Hafke	Oliver Russmann
Amela Sapcanin	Dr. Jasmin Kölbl-Vogt
Michael Weber	Jean Young

Balance Sheet for the Fiscal Year as of December 31, 2023

Citigroup Global Markets Europe AG, Frankfurt am Main

Assets

Assets	EUR	EUR	EUR	Prior Year kEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		125,704,167.67		496,000
of which: at the Deutsche Bundesbank (German Central Bank) EUR 125,704,167.67 (prior year: kEUR 496,000)				
c) Credit balances held at post giro offices		-.--	125,704,167.67	-
3. Receivables from banks				
a) Due upon demand		652,405,196.01		833,902
b) Other receivables		2,205,863,688.57	2,858,268,884.58	-
4. Receivables from clients			36,771,226,871.48	27,863,341
of which: secured through *in rem* security interests (*Grundpfandrechte*) EUR -.-- (prior year: kEUR -)				
Municipal loans EUR -.-- (prior year: kEUR -)				
6a Trading portfolio			12,959,466,901.05	11,703,563
7. Equity investments			1,135,714.07	1,136
of which: held in banks EUR -.-- (prior year: kEUR -)				
held in financial service institutions EUR 1,135,714.00 (prior year: kEUR 1,136)				
held in securities institutions EUR -.-- (prior year: kEUR -)				
9. Trust assets				
of which: trust loans EUR 92,720,873.66 (prior year: kEUR 446,356)			92,720,873.66	446,356
11. Intangible assets				
a) Internally-generated industrial property rights and similar rights and assets		-.--		-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		1,361.12		4
c) Goodwill		47,016,667.00		56,117
d) Prepayments		-.--	47,018,028.12	-
12. Tangible assets			19,788,297.96	17,064
14. Other assets			1,641,183,888.34	1,097,788
15. Prepaid and deferred items			896,771.67	1,232
17. Excess of plan assets over post-employment benefit liability			18,771.00	33
Total Assets			**54,517,429,169.60**	**42,516,536**

Liabilities and Equity Capital

Liabilities and Equity Capital	EUR	EUR	EUR	Prior Year kEUR
1. Liabilities owed to banks				
a) Payable on demand		189,380,683.92		205,903
b) With an agreed term or notice period		1,462,553,758.08	1,651,934,442.00	-
2. Liabilities owed to clients				
a) Savings deposits				
aa) with an agreed notice period of three months	-.--			-
ab) with an agreed notice period of more than three months	-.--	-.--		-
b) Other liabilities				
ba) payable on demand	6,701,287,005.41			8,670,371
bb) with an agreed term or notice period	28,189,738,484.02	34,891,025,489.43	34,891,025,489.43	18,468,217
3a Trading portfolio			11,569,730,765.32	9,901,842
4. Trust liabilities			92,720,873.66	446,356
of which: trust loans EUR 92,720,873.66 (prior year: kEUR 446,356)				
5. Other liabilities			1,401,928,399.97	802,057
6. Deferred income			2,250,412.75	7,712
7. Accrued liabilities				
a) Pensions and similar obligations		46,137,297.22		57,130
b) Tax reserves		6,408,323.45		7,420
c) Other accrued liabilities		172,648,330.98	225,193,951.65	167,322
11. Funds for general bank risks			36,383,610.23	31,834
of which: as defined in § 340e (4) HGB EUR 36,383,610.23 (prior year: kEUR 31,834)				
12. Equity capital				
a) Subscribed capital	242,393,054.05	242,393,054.05		242,393
b) Captial reserves	4,317,352,452.84	4,317,352,452.84		3,405,961
c) Earnings reserve				
ca) legal reserve	33,027,197.15			33,027
cb) reserv for treasury shares	-.--			-.--
cc) reserves required by articles of association	-.--			-.--
cd) other earnings reserves	68,991,285.31	102,018,482.46		61,666
d) Unappropriated earnings/loss (balance sheet profit / loss)		-15,502,764.76	4,646,261,224.59	7,325
Total Liabilities and Equity Capital			**54,517,429,169.60**	**42,516,536**

Income Statement of Citigroup Global Markets Europe AG, Frankfurt am Main, for the Period of January 1, 2023 through December 31, 2023

	EUR	EUR	EUR	1/1/2022 - 12/31/2022 kEUR
1. Interest income earned on				
a) Loans and money market transactions	1,282,664,609.48			210,866
2. Negative interest income from				
a) Loans and money market transactions	9,951,730.05	1,272,712,879.43		19,314
3. Interest expenses	1,212,062,515.08			259,830
4. Positive interest from loans and money market transactions	491,023.56	-1,211,571,491.52	61,141,387.91	8,527
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		324,796.66		436
c) Interests in affiliated enterprises		-. --	324,796.66	-
6. Commission income		578,733,715.70		671,612
7. Commission expenses		263,038,893.16	315,694,822.54	274,335
8. Net income from financial trading operations			40,769,474.31	107,899
Included therein are deposits into funds for general bank risks per § 340e (4) HGB : EUR 4,550,000.00 (2022: kEUR 3,500)				
9. Other operating income			186,732,135.78	146,072
10. General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	239,871,906.24			216,000
ab) Social security contributions, pension and social welfare expenses	17,482,799.40	257,354,705.64		23,077
of which: for pensions: EUR 1,750,049.85 (2022: kEUR 15,190)				
b) Other administrative expenses		331,848,398.31	589,203,103.95	267,402
11. Depreciation, amortization and write-downs of tangible and intangible assets			11,739,309.32	11,858
12. Other operating expenses			150,299.65	33,199
13. Write-downs of, and provisions for, receivables and certain securities and additions to loan reserves		6,271,365.84		141
14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves		-. --	-6,271,365.84	-
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities			-. --	-
16. Results from ordinary operations			**-2,701,461.56**	**40,256**
17. Taxes on income and earnings		12,801,303.20		32,931
18. Other taxes, to the extent not reported under "Other operating expenses"		-. --	12,801,303.20	-
19. Income from loss transfers			-. --	-
20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement			-. --	-
21. Annual net profit/Annual net loss			**-15,502,764.76**	**7,325**
22. Profit carried forward/Loss carried forward from the prior year			-. --	-
			-15,502,764.76	**7,325**
23. Transfers from capital reserves			-. --	-
			-. --	-
24. Transfers from earnings reserves				
a) from legal reserve		-. --		-
b) from reserve for treasury shares		-. --		-
c) from reserves required by the bank's articles of association		-. --		-
d) from other earning reserves		-. --	-. --	-
			-. --	-
25. Transfers from capital participation rights (*Genussrechtskapital*)			-. --	-
			-. --	-
26. Transfers to earnings reserves				
a) to legal reserve		-. --		-
b) to reserve for treasury shares		-. --		-
c) to reserves required by the bank's articles of association		-. --		-
d) to other earning reserves		-. --	-. --	-
			-. --	-
27. Replenishment of capital with profit participation rights			-. --	-

28. Unappropriated profit (balance sheet profit)	**-15,502,764.76**	**7,325**

Citigroup Global Markets Europe AG, Frankfurt am Main

Notes to the Financial Statements for the Fiscal Year of January 1, 2023 through December 31, 2023

Principles of the Accounting

Citigroup Global Markets Europe AG, Frankfurt am Main (abbreviated herein as "CGME"), is a stock corporation with its registered place of business in Frankfurt am Main and has been recorded in the Commercial Register of the Local Court of Frankfurt am Main under registration number HRB 88301 since June 10, 2010.

CGME is not a capital markets-oriented corporation within the meaning of § 264d of the German Commercial Code (abbreviated herein as "HGB") in combination with § 340a (1) HGB, because none of the securities issued by CGME were admitted for trading on an organized market within the meaning of § 2 (11) of the German Securities Trading Act (abbreviated herein as "WpHG") in Fiscal Year 2023 and because CGME also did not apply for admission to trading such securities on an organized market within the meaning of § 2 (11) of the WpHG in the most recently completed fiscal year.

CGME is classified as a CRR credit institution in accordance with Directive (EU) No. 2019/2034 in combination with Article 4 para. 1, no. 1 of Regulation (EU) No. 575/2013 and is considered a public interest entity ("PIE") within the meaning of § 316a no. 2 HGB in combination with § 1 para. 3d, sentence 1 of the German Banking Act (abbreviated herein as "KWG")

The annual financial statements for the fiscal year of January 1 through December 31, 2023 ("Fiscal Year") were prepared in accordance with the provisions of the HGB, the German Stock Corporation Act (abbreviated herein as "AktG") and the supplemental accounting rules of the provisions under the Accounting Regulation for Banks and Financial Services Institutions (abbreviated herein as "RechKredV").

The annual financial statements were prepared in accordance with § 244 HGB in the German language and in euro. Unless otherwise indicated in any individual sections, the figures shown are in million euros (EUR million) in an effort to provide better clarity. Due to rounding, certain numbers in the annual financial statements may do not add up exactly to the indicated sums.

The annual financial statements will be published in the Company Register (*Untermehmensregister*) after they are adopted by the Committee.

ACCOUNTING AND VALUATION METHODS

(1) Cash reserve

The balance sheet item comprises balances that are held with central banks and recognized at their nominal amount.

(2) Receivables

Receivables from banks and clients are recognized on the balance sheet at their cost of acquisition plus accrued interest, unless risk provisioning or write-downs to the lower fair value are required in order to account for the existing counterparty credit (or default) risks.

Individual and standard valuation allowances have been created on the balance sheet to account for counterparty risks. Bad debts, for which in all likelihood no further payments are anticipated from either the debtor or the sale of collateral, are removed from the books immediately after information about the non-recoveranbilty has been presented (direct write-off).

Pursuant to IDW Statement IDW RS BFA 7 of December 13, 2019 and the IDW Accounting Guidance IDW RH BFA 1.004 of July 31, 2023, the election of using a simplified model was made in determining the **standard valuation allowances**, whereby as in the prior year, the standard allowances were implemented in accordance with the so-called "IFRS 9 Phase Model". In view of the existing volume of receivables with primarily short-term maturities (in line with CGME's business model) which - when compared to the date they arose and regular measurement at fair value - does not yield any significant increase in the credit default risk, the standard valuation allowances are generally calculated on the basis of the expected loss over a period of 12 months. In accordance with the requirements of IDW RS BFA 7 and IDW RH BFA 1.004, it is not necessary to provide evidence of parity between the losses anticipated when a receivable arises and an agreed credit rating premium. As of December 31, 2023, there are volumes of receivables that were classified as risk level 2 in terms of their anticipated counterparty default risk. There were no receivables classified at risk level 3.

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In addition to the client-specific credit ratings and expected credit default probabilities, the calculation of the standard allowances also takes into account, among other things, macroeconomic factors of the countries in which the CGME clients have their registered headquarters (e.g., gross domestic product, unemployment rate), which can generally influence the client-specific counterparty default risk. The respective factors are reviewed on a quarterly basis in terms of appropriateness and then adjusted, if necessary. Furthermore, the valuation parameters are subject to regular sensitivity analysis in order to determine the influence of macro-economic factors on expected loan losses.

An adjustment of the model results in the form of a Top Level Adjustment (TLA) was performed due to, for example, the knock-on effects of the Russian/Ukraine war, the war in the Middle East and the COVID pandemic.

(3) Financial instruments of the trading portfolio

Accounting

In accordance with the statutory provisions of § 340e HGB, financial instruments traded on and off the stock exchange may be recognized at the trade date or at the settlement date. In view of Citigroup's uniform rules, according to which, from the point of view of the Group parent company, accounting as of the **settlement date** leads to a more relevant and reliable presentation of assets and liabilities in the balance sheet, CGME records the trading transactions with financial instruments and the resulting receivables as of the settlement date for accounting and balance sheet purposes.

In its financial statements as of December 31, 2023, CGME has offset positive and negative fair values as well as the related settlement payments (cash collateral) of trading portfolio derivatives that were traded over-the-counter with central counterparties and non-central counterparties (OTC derivatives). The exercise of the **netting election (*Saldierungswahlrechts*)** under German commercial law results from an economic approach according to which an existing net position can, under certain conditions, be regarded as fictitiously fulfilled by the collateral that is provided in cash, thereby yielding an overall net presentation of the (bilateral) OTC derivatives.

One prerequisite for the netting is the existence of master agreement with an enforceable collateralization appendix (*Besicherungsanhang*) and a daily exchange of cash collateral from which only an insignificant credit or liquidity risk remains. Positive fair values from derivative financial instruments are initially offset or netted against negative fair values from derivative financial instruments. Subsequently, the settlement payments attributable to the fair values are netted against the positive fair values of derivative financial instruments. Furthermore, the collateral paid must be netted against the negative fair values of derivative financial instruments. The amounts netted in this respect from the settlement payments and fair values are reported as a net amount under "Trading Assets" or "Trading Liabilities.

The volumes generated from the netting of the relevant OTC derivatives portfolios will tigger a commensurate decrease in the trading portfolio assets of around EUR 28 billion (prior year: approx. EUR 32 billion) as well as a decrease in the trading portfolio liabilities of around EUR 29 billion (prior year: EUR 34 billion) as of December 31, 2023.

Valuation

The valuation of the **financial instruments of the trading portfolio** was carried out at fair value less a risk discount in accordance with sentence 1 of § 340e (3) HGB. The financial instruments are recognized at their cost of acquisition at the time they are acquired. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed in accordance with the hierarchical order of valuation criteria set forth in § 255 (4) HGB. For unlisted financial instruments, comparative prices and the valuation results obtained by applying valuation models are used

In general, these methods are based on estimates of future cash flows while factoring in any risk factors. In this regard, the most important factors, in each case dependent on the nature of the relevant financial instrument, are the “underlying price”, “implicit volatilities”, “yield curves” and “dividend forecasts”. In this regard and depending on the structure of the respective financial instrument, there are, *inter alia*, other assumptions that the valuation is "risk-neutral" with regard to the future development of market prices, that interest rates and credit costs are deterministic and, for example, that the amount of dividends is generally known and will be paid on certain dates. Furthermore, when applying the valuation models, additional probabilities regarding the occurrence of certain valuation parameters or factor sensibilities (e.g., Delta, Gamma) are also taken into account.

As of December 31, 2023 a **risk discount (value-at-risk; VaR)** calculated for regulatory purposes was applied to the financial instruments in the trading portfolio in accordance with § 340e (3) HGB. The VaR is generally calculated for the entire portfolio and deducted from the line item "trading assets". For purposes of calculating the value-at-risk, CGME uses a model that was developed by Citigroup and applied uniformly within the corporate group (IMA) and that is utilized to satisfy the equity capital requirements for market price risks. In this regard, the VaR reflects the maximum expected loss of a trading book during a certain holding period (CGME: 10 days) with a pre-defined probability (CGME: confidence level of 99%). Specific risks of certain stocks (beta risk) are likewise factored into the calculation. The calculation of the VaR is made using a Monte Carlo simulation, which is run for all trading activities on the basis of uniform assessment criteria. The volatilities of the individual market factors, which are included in the calculation as well as their correlation to one another, are computed on an empirical basis. Any increase in the risk discount over the previous year that is required in accordance with § 340e (4) HGB will be recognized in profit or loss and charged to net income from the trading portfolio in accordance with § 340c (1) HGB. Where a risk discount is applied to trading liabilities, it is accounted for as a surcharge, which is also recognized as an expense in determining the net trading income pursuant to IDW Statement IDW RS BFA 2.

Any exchange-traded derivatives that yielded settlement payments were recognized in the balance sheet under the items "Other assets" and "Other liabilities”.

The model valuation of non-exchange-traded derivatives in the trading portfolio (with the parameters used in this process) requires assumptions and estimates, the scale of which depends on the transparency and availability of market data and on the complexity of the respective financial instrument. Since these are associated with uncertainties and may be subject to change, the actual results and values could differ from these estimates. The valuation methods applied include common factors and parameters that CGME believes will also be considered by other market participants. **Valuation adjustments** are made if the valuation methods do not take individual factors into account or if such action appears appropriate to eliminate weaknesses in the models used to date. Significant valuation adjustments relate, among other things, to the counterparty's credit risk (Credit Valuation Adjustment, CVA) and the Group's own credit risk (Debt Valuation Adjustment, DVA) for OTC derivatives.

For the funding valuation adjustments (FVA), the funding or refinancing expenses and income of unsecured derivatives and secured derivatives, for which only partial collateral is available or the collateral cannot be used for refinancing, are taken into account at fair value. For the calculation of the FVA, the refinancing effects were taken into account in the valuation when computing the present cash values *via* preimiums on the discount rates.

Observable market data (e.g., credit default swap spreads) are used to determine the fair value of CVA, DVA and FVA where available. Changes in the fair value of the trading portfolio are netted and reported in the net result of the trading portfolio.

(4) Derivates

Derivative financial transactions are generally not recognized as pending transactions. If the derivatives are exchange-traded, they are recognized in the balance sheet at their market price. In the case of OTC derivatives, the market price is determined using standardized and customary valuation models (e.g. present value or option pricing models.

Acquired or issued structured products are recognized as assets or liabilities in accordance with IDW Statement IDW RS HFA 22.

(5) Equity investments

The **equity investments** are recognized at their cost of acquisition or, pursuant to § 253 (3) sentence 5 HGB, at the lower fair value, if there appears to have been a permanent impairment.

(6) Trust assets and trust liabilities

Assets and liabilities that CGME holds in its own name but for the accounts of third parties are shown on the balance sheet under the line items **trust assets and trust liabilities**. The valuation is made at the amortized cost or at the settlement amount.

(7) Intangible and tangible assets

The **intangible assets**, which were all acquired in exchange for consideration, and the **tangible assets** are valued at their cost of acquisition and are generally written-down on a straight-line basis in accordance with the expected standard useful life of those assets. Any permanent impairment that may exist is taken into account through an unscheduled write-down..

When in fiscal year 2019 the branches in Paris, Milan and Madrid were contributed as capital in connection with the CGME registered share capital increase, the customer relationships that existed at the branches were also transferred and those relationships were attributed a goodwill value that is being amortized on a scheduled basis *pro rata temporis* over a 10-year period.

Tangible assets in the categories **leasehold improvements** and **construction in progress** are depreciated over a period of five to ten years, while **office and plant equipment** is depreciated over a period of three to ten years on a *pro rata temporis* basis. Purchased **software licenses** are amortized over a period of one to five years.

Low-value assets are written off in full in the year of acquisition or production, provided that the net acquisition or production cost is EUR 800 or less.

(8) Other assets

Other assets are shown on the balance sheet at their nominal value. In the event of an impairment, the stock or market price or the lower fair value will be subject to a one-time (unscheduled) write-down in accordance with § 253 (4) HGB. Any anticipated losses that are identified in connection with the valuation of the collateral provided as part of the derivatives settlement (variation margins) are booked on the balance sheet as accrual for threatened losses in accordiance with § 249 (1) sentence 1 HGB .

(9) Accrual and deferral items

The **accrual and deferral items** on the asset and liability side of the balance sheet include payments that are attributable to the bottom-line in future fiscal years

(10) Deferred taxes

If there are differences between the carrying values of the assets, liabilities and accrual and deferral items shown on the commercial law balance sheet and those values shown on the tax law balance sheet and those differences are expected to be balanced out in subsequent fiscal years, then - in accordance with § 274 HGB- any ensuing overall tax burden will be recognized as a deferred tax liability or any ensuing overall tax relief will be recognized as a deferred tax asset. Tax loss carryforwards are taken into account when calculating deferred tax assets in the amount of the expected offset potential within the next five fiscal years. Deferred taxes are measured on the basis of the company-specific and country-specific tax rates that are expected to apply at the time the temporary differences are realized and the losses carried forward are offset.

As of the end of the past fiscal year, the asset surplus that resulted from offsetting the deferred tax liabilities against the deferred tax assets are not being recognized in accordance with § 274 (1) sentence 2 HGB.

(11) Excess of plan assets over post-employment benefit liability

The excess of plan assets over post-employment benefit liabilities is yielded from the net balance of the fair value of the plan assets, which is placed out of the reach of all other CGME creditors and are used exclusively to settle liabilities from pension obligations or comparable long-term obligations, and the amount from the liabilities to be offset.

(12) Liabilities owed to banks and to clients

Liabilities owed to banks and to clients were stated at their settlement amount plus accrued interest.

(13) Other liabilities

The **other liabilities** were recognized at their settlement amount.

(14) Accrued liabilities

Provisions for pension and similar obligations were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship (employment tenure), for which pension commitments have been made, and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time.

In order to calculate the present cash value, a discount rate of 1.83% (12/31/2022: 1.78%) based on a 10-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used as the discount rate for calculating the present cash value in the recently completed fiscal year. Future salary and wage increases were estimated at 3.0%, and at the same time, a 2.3% adjustment of the current annuities was assumed.

In general, the biometric data was derived from the Dr. Klaus Heubeck 2018 G mortality tables. In connection with accounting for the accruals for pensions and similar obligations, assets that serve only to settle the debts owed under the pension obligations or similar long-term obligations in accordance with § 340a (1) in combination with § 246 (2) sentence 2 HGB were offset against them.

When a legal or factual obligation exists, **tax reserves** and **other accruals** are recognized on the balance sheet at their settlement amount in accordance with the principles of reasonable business judgment (*Grundsätzen vernünftiger kaufmännischer Beurteilung*). The settlement amount of **other accruals** was calculated by factoring in future price and cost increases.

Accruals or provisions with a residual term to maturity of more than one year were discounted at the average market interest rate over the past seven fiscal years as that rate was calculated by the German Bundesbank for matching maturities. If recourse agreements existed, then they were taken into account in calculating the accrual (net result shown).

For **contracts and pending legal disputes** that could have an adverse effect on the Bank's financial condition, appropriate accruals were created, where necessary, as of the balance sheet.

(15) Funds for general bank risks

The balance sheet item, "**Funds for General Bank Risk**", was created pursuant to § 340g HGB and serves to hedge against general banking risks to the extent that this is necessary in accordance with reasonable business judgment based on the special risks inherent in CGME's line of business.

A total of EUR 4.6 million was allocated to the fund for general bank risks in the reporting year in accordance with § 340e (4) HGB.

(16) Currency translation

Currency receivables and liabilities were valued in accordance with § 340a (1) HGB in combination with § 256a HGB at the average rates that are published on the balance sheet date by the European Central Bank (ECB). To the extent that the ECB does not publish any average rates, the currency positions are recognized at market rates. For foreign exchange spot transactions or currency futures that were not yet settled, the vaulation was made at the average spot or futures rates on the balance sheet date and applicable to their respective maturity.

The treatment of expenses and income from the currency translation satisfies the requirements under § 340h HGB. The result of the currency translation is included in the income statement under the item "Net income from financial trading operations".

NOTES INDIVIDUAL ITEMS ON THE INCOME STATEMENT

(17) Interest income and expenses

The negative interest income and positive interest expenses are shown in the income statement line items no. 2 “Negative interest income” or line item no. 4 “Positive interest from loans and money market transactions”.

The negative interest income and positive interest expenses are attributable mainly to the closed-out repo transactions and to the collateral given or received from the broker/dealer business.

(18) Commission income and expenses

The commission income is derived from the following components:

Type of Fee	2023 (EUR million)	2022 (EUR million)
Commission fees from M&A and other broker transactions	249	262
Broker commissions from affiliated enterprises	263	316
Commissions on foreign currency products	5	29
Miscellaneous commission income	62	64
Commission income	**579**	**671**
Commission expenses	**- 263**	**- 274**
Net commission income	**316**	**397**

Of the **commission income** from M&A and other broker transactions (EUR 249 million), EUR 132 million arose from M&A activities, of which a total of EUR 7 million was generated from income passed through to affiliated enterprise. Income from broker commissions from affiliated enterprises (EUR 263 million) was generated, *inter alia*, in connection with financial commission transactions in the “Markets” division (EUR 142 million). EUR 34 million of the miscellaneous commission income (EUR 62 million) with third parties relates to the underwriting business.

Commission expenses (EUR 263 million) relate to intra-group allocations from the work and activities listed under commission income (EUR 168 million) and, *inter alia*, remuneration paid in connection with brokerage and other activities in the investment banking and equity underwriting business (EUR 89 million).

(19) Net income from financial trading operations

The net income derives as follows from the respective results of the individual trading books and the respective "value adjustments" made at the end of the fiscal year:

	2023 (EUR million)	2022 (EUR million)
Net earnings reported in “Equities and Index Risk” Trading Book; certicates and credit derivatives	- 294	280
Net earnings reported in “Currency Risks” Trading Book	271	- 199
Net interest and dividends from trading portfolios	6	14
Value Adjustments	17	13
Total	**41**	**108**

The **valuation adjustments** (- EUR 17 million; prior year: + EUR 13 million) relate to the VaR pursuant to § 340 (3) HGB (- EUR 5 million; prior year: EUR 9 million) as well as the additional valuation corrections made to cover the counterparty risk inherent in the financial instruments as well as CGME's own credit risk including the refinancing costs in connection with unsecured derivatives (- EUR 8 million; prior year: EUR 8 million). Moreover approximately EUR 5 million (prior year: EUR 4 million).was allocated in accordance with § 340e (4) HGB to the fund for general banking risks under § 340g HGB.

(20) Other operating income

This item is comprised primarily of income from the passing on costs to the shareholder and income generated from the profit participation in connection with equity and other trading transactions with financial instruments of the shareholder in the amount totalling EUR 80 million (2022: EUR 81 million). The pass-through of charges related mostly to transaction fees and the expenses for the bank charge (*Bankenabgabe*) incurred in 2023. In addition, the item covers income from passing on expenses to affiliated enterprises in the amount of EUR 80 million (2022: EUR 49 million) as well as income from turnover tax refunds in the amount of EUR 3 million (2022: EUR 16 million).

(21) Other administrative expenses

The item “Other administrative expenses” consists of the following:

	2022 (EUR million)	2021 (EUR million)
Expenses from intra-group offsets and pass-through charges	89	61
Bank charges	46	40
Stock exchange fees	44	45
Clearing and custody fees	41	21
SWIFT and other transaction fees	21	26
Turnover tax and other earnings-based tax expenses	17	8
Lease expenses for building and office furnishings/equipment	15	10
Legal, auditing and consulting costs	13	14
Travel expenses	11	7
Costs use market data	10	10

Costs for temporary staffing	4	4
Miscellaneous	21	21
Total	**332**	**267**

(22) Other operating expenses

Other operating expenses relate, among other things, to expenses from the compounding of interest on pension obligations and the valuation of the corresponding pension plan assets in an amount totalling EUR 0.1 million (prior year: EUR 30 million).

(23) Write-downs of, and provisions for, receivables and certain securities and additions to loan reserves

In the past fiscal year, additional individual valuation (bad debt) allowances of EUR 6 million and additional standard valuation allowances of kEUR 49 were recognized.

(24) Income and expenses related to other accounting periods

The income components related to other accounting periods consisted mainly of tax income for prior years totalling EUR 5 million as well as turnover tax refunds based on the filing of turnover tax returns for 2021 in the amount of EUR 3 million.

(25) Block on dividend payments

In the fiscal year, the total amount that was blocked from dvidend distribution was EUR 12 million (prior year: EUR 10 million). Of this amount, EUR 10 million (prior year: EUR 3 million) relates to an amount blocked from dividend distribution due to the capitalization of plan assets in connection with pension obligations at fair value in accordance with § 268 (8) sentence 3 in conjunction with § 340a (1) HGB. The remaining EUR 2 million (prior year: EUR 7 million) blocked from dividend distrbution is attributable to the difference between the amount recognized for pension provisions based on the relevant average market interest rate over the past ten fiscal years and the amount recognized for pension provisions based on the relevant market interest rate over the past seven fiscal years, as calculated in accordance with § 253 (6) sentence 1 HGB.

NOTES TO INDIVIDUAL ITEMS ON THE BALANCE SHEET

(26) Trading portfolio assets and liabilities

The **trading portfolio assets and liabilities** consist of the following:

Trading Portfolio				
	Asset	Liability	Asset	Liability
	12/31/2023 (EUR million)	12/31/2023 EUR million)	12/31/2022 (EUR million)	12/31/ 2022 (EUR million)
1. Derivative Financial Instruments				
• FX-induced transactions				
○ OTC-currency options and swaps	4,553	4,577	5,365	5,375
○ Currency warrants Own issues	145	149	147	152
○ Foreign exchange spot transactions	626	642	617	617
• Stock warrants own issues	5,503	5,727	3,645	3,777
• OTC equity and index options and swaps	1,863	1,856	1,681	1,655
• Index warrants – own issues	2,583	2,624	2,259	2,297
• Exchange-traded stock & index options	180	4	66	3
• OTC interest rate options and swaps	23,507	23,530	27,396	27,418
• Commodity warrants - own issues	144	146	107	109
• OTC commodity options and swaps	1,157	1,164	2,154	2,156
Subtotal	**40,261**	**40,419**	**43,437**	**43,559**
2. Bonds and other fixed-income securities	**264**	**526**	**211**	**473**
of which marketable (börsenfähig)	*264*	*526*	*211*	*473*
of which exchange-traded	*264*	*526*	*211*	*473*
3. Stocks and other variable-yield securities	**222**	**72**	**267**	**33**
of which marketable (börsenfähig)	*222*	*72*	*267*	*33*
of which exchange-traded	*222*	*72*	*267*	*33*
Total	**40,747**	**41,017**	**43,915**	**44,065**
- **Other Market-Value Adjustments**	1	1	8	1
- **Value at Risk**	14	-	- 9	-
- **Netting**	**- 27,775**	**- 29,448**	**- 32,209**	**- 34,162**
Total	**12,959**	**11,570**	**11,704**	**9,902**

As in the prior year, the accounting election has been taken this recently completed Fiscal Year to offset (to net) positive and negative fair values as well as related settlement payments (cash collateral) of derivatives which are held in the trading portfolio and traded over the counter with central counterparties and non-central counterparties (OTC derivatives).

In the reporting year, the trading portfolio assets and liabilities includes repurchased own issues of structured securities (certificates and options) totaling approx. EUR 8 billion (prior year: EUR 6 billion).

(27) Trust transactions

CGME has been providing to its clients services that are part of its business services connected with derivatives. Under this so-called "**FCX Business**" (which stands for "Futures, Clearing and FX Prime Brokerage Business"), the CGME investor services business encompasses, *inter alia*, the trading of derivate financial instruments in its own name but for the account of the clients as well as the related receipt and forwarding of client funds, which must be deposited by the client to serve as collateral to secure the trading in futures. The contractual arrangements that were thereby made stipulate a segregation of client assets from the CGME assets in an effort to specifically shield client assets from any third-party enforcement action that could be initiated in the event that the "asset-managing" CGME becomes the subject of an insolvency proceeding. The client assets are therefore held in trust. Accordingly, as of the end of Fiscal Year 2023, CGME is reporting **trust assets** and **trust liabilities** *vis-à-vis* the clients in an amount totaling EUR 93 million (12/31/2022: EUR 446 million). The trust assets solely consists of receivables due from banks whereas the trust liabilities relate to payabels to customers.

(28) Intangilble and tangible assets

The fixed assets (intangible fixed assets and tangible fixed assets) developed as follows in the Fiscal Year:

	Original acquisition costs			Accumulated depreciation, amortization and write-downs					Book values	
		Additions (Disposals)					Additions (Disposals)			
	01/01/2023	Re-posting	12/31/2023	01/01/2023	Write-downs	Write-ups	Re-posting	12/31/2023	12/31/2023	12/31/2022
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Intangible assets acquired for consideration										
		0					0			
	96	0	96	40	9	0	0	49	47	56
		0					0			
Office and plant equipment		2					0			
	8	(1)	9	4	1	0	0	5	4	4
		0					0			
Leasehold improvements		5					0			
	29	(1)	33	17	1	0	0	18	15	13
		0					0			
Construction in progress		0					0			
	0	0	0	0	0	0	0	0	0	0
		0					0			
Equity investments	1	0	1	0	0	0	0	0	1	1
		0								
		0					**0**			
Total	**135**	**5**	**140**	**61**	**11**	**0**	**0**	**72**	**68**	**74**

(29) Other assets

The line item, “Other Assets” (EUR 1,641 million; 12/31/2022: EUR 1,098 million), includes primarily receivables generated from variation/initial margins paid (EUR 768 million; 12/31/2022: EUR 828 million), collateral received for repo transactions (EUR 798 million) as well as tax refund claims (EUR 25 million; 12/31/2022: EUR 27 million). Margins in the amount of EUR 5,362 million (prior year:12/31/2022: EUR 5,863 million) were netted in connection with OTC derivatives.

(30) Prepaid and deferred items

Prepaid expenses (EUR 1 million) relate to prepaid fees and expenses.

Deferred (unearned) income of EUR 2 million includes payments received in the most recently completed Fiscal Year for services to be rendered in the subsequent period.

(31) Deferred taxes

After offsetting deferred tax liabilities against deferred tax assets, there is a surplus remaining on the assets side, which is not reported as of December 31, 2023 in light of the accounting election taken pursuant to § 274 (1) sentence 2 HGB.

Deferred tax assets were recognized primarily on the tax valuations, which deviate from those used in commercial accounts, for the pension provisions. The additional deferred tax assets, which are attributable to loss carryforwards, relate exclusively to foreign operations.

The deferred tax liabilities result mostly from the goodwill recognized on the commercial balance sheet.

The valuation of deferred taxes was based on a tax rate of 31.9% in Germany and a tax rate of between 25.8% and 30.0% in connection with the foreign permanent establishments.

(32) Other liabilities

The line item, “Other Liabilities” (EUR 1,402 million; 12/31/2022: EUR 802 million), involves primarily liabilities arising from variation/initial margins received (EUR 644 million; 12/31/2022: 744 million), collateral provided for repo transactions (EUR 686.7 million) and liabilities from taxes (EUR 54 million; 12/31/2022: EUR 48 million). In the fiscal year as in the prior year year, there was a netting of margins in connection with OTC derivatives (EUR 3,690; 12/31/2022: EUR 3,911).

(33) Accruals for pensions and similar obligations

To hedge third-party claims from pension and similar commitments, assets in the form of liquid funds and units or shares in securities funds (*Wertpapiersondervermögen*) are available as of the balance sheet date. The funds are managed exclusively by outside asset managers who invest in exchange-traded securities in accordance with the relevant investment guidelines. In the event CGME enters insolvency, CGME creditors will be denied access to those assets that are transferred to the trustees.

In accordance with § 246 (2) sentence 2 in combination with § 340a (1) HGB, the assets used for hedging purposes will be set off at their fair value against the obligations valued at the settlement amount. The fair values of the relevant funds' assets are documented as of the balance sheet date in a schedule that is provided by the administrator.

The contractual hedge of the **business pension obligations** was carried out on the basis of a contractual trust arrangement (CTA) with the trustee, Towers Watson Treuhand e.V., Reutlingen.

In 2021 and 2022, pension obligations and shares in the special fund known as "MI-Fund 42" were transferred to Metzler Pensionsfonds (MPF). In accordance with Art. 28 EGHGB, no reserve was set aside for this indirect obligation based on commitments for current pensions. The settlement amount from the pension obligations transferred to the MPF totalled EUR 139 million as of December 31, 2023 (12/312022: EUR 136 million).

To hedge the pension commitments, shares that are held in the special fund "MI-Fonds F42" (costs of acquistion of EUR 58 million) and were purchased or contractually promised by CGME are made available and, pursuant to § 246 (2) sentence 2 in combination with § 340a (1) HGB, were netted at their fair value (EUR 62 million) against the settlement amount from the pension obligations (EUR 104 million). The settlement amount exceeding the plan assets as of the balance sheet date and equaling EUR 42 million (12/31/2022: EUR 42 million) is recognized on the balance sheet under the item, "Accruals for pensions and similar obligations".

As of December 31, 2023, there are also **obligations from pension plans** resulting **from bonus conversions.** The obligations under these plans are linked to the fair values of the corresponding special assets to be used as plan assets. In detail, the **balance sheet values of** the accruals for pensions and similar obligations are composed as shown in the table below, while facoring in the relevant available plan assets that were netted against the fair values in accordance with § 246 (2) sentence 2 HGB:

	12/31/2023		12/31/2022	
	EUR million	EUR mil-lion	EUR million	EUR million
I. . General pension obligations				
Settlement amount	104		102	
less				
plan assets *)	- 62	42	- 56	46
II. Pension obligations from bonus conversions **)				
Settlement amount	71		72	
less				
plan assets	- 67	4	- 60	11-
Excess of plan assets over post-employment benefit liabilities		**-**		**-**
Accruals for pensions and similar obligations		**46**		**57**

*) Acquisition costs EUR 58 million
**) Acquisition costs EUR 61 million

(34) Tax reserves

The tax provisions in the amount of EUR 6 million (prior year: EUR 7 million) relate exclusively to the corporate income taxes expected to be payablke by the foreign permanent establishments for the recently completed Fiscal Year and for previous tax assessment periods.

(35) Other accrued liabilities

The other accrued liabilities consist of the following:

Accruals for	12/312023 (EUR million)	12/312022 (EUR million)
Bonus payments to employees	104	104
Outstanding invoices	33	40
Outstanding vacation	14	9
Audit costs	10	6
Personnel costs	12	8
Total	**173**	**167**

In calculating the provisions set aside for early retirement obligations (EUR 0 million; 12/31/2022: EUR 0 million), claims arising from pledged reinsurance policies and totaling EUR 0.2 million (12/31/2022: EUR 0.3 million) were reconciled against the settlement amount of EUR 0.2 million (12/31/2022: EUR 0.3 million). The plan assets exceeding the settlement amount and totaling EUR

0.02 million (12/31/2022: EUR 0.03 million) were reported under the balance sheet item, “Excess of plan assets over the post-employment benefit liability”.

(36) Equity capital

In comparison to the prior year, the equity capital has developed as follows in the reporting year:

EUR millions	Subscribed capital	Capital reserve	Earnings Reserves		Balance sheet profit	Total
			Legal reserve	Other earnings reserves		
As of 1/1/2023	**242**	**3,406**	**33**	**62**	**7**	**3,750**
Capital infusions	-	912	-	-	-	912
Allocation to earnings reserves				7	- 7	-
Allocations from net income for 2022	-	-	-	-	- 16	-16
As of 12/312023	**242**	**4,318**	**33**	**69**	**-16**	**4,646**

Subscribed capital

The **subscribed capital,** which equals EUR 242 million and is unchanged from the previous year, is divided into 9,481,592 no par shares. The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain (abbreviated herein as “CGML”), whose financial statements are included in the consolidated financial statements of Citigroup Inc., New York/USA.

Capital reserve

As a result of an additional capital infusion of USD 1,000 million made by the sole shareholder Citigroup Global Markets Limited (CGML), London/UK, in December 2023 into equity captial in accordance with § 272 (2) no. 4 HGB, the capital reserve increased by approx. EUR 912 million (converted) to a total of EUR 4,317 million.

Return on equity

In the past Fiscal Year, the return on equity in accordance with § 26a (1) sentence 4 KWG is - 0.02 %.

(37) Breakdown of residual terms to maturity

	12/31/2023 (EUR million)	12/31/2022 (EUR million)
Receivables from banks	**2,858**	**834**
with a term to maturity		
- due upon demand	652	834
- due within three months	2,206	0
Receivables from clients	**36,771**	**27,863**
with a term to maturity		
- due upon demand	7,449	10,379
- due within three months	22,558	14,898
- due between three months and one year	4,517	1,236
- due between one year and five years	2,248	1,349
Liabilities owed to banks	**1,652**	**206**
with a term to maturity		
- due upon demand	189	206
- due within three months	1,463	0
Liaiblities owed to clients	**34,891**	**27,139**
with a term to maturity		
- due upon demand	6,701	8,670
- due within three months	19,560	11,118
- due between three months and up to one year	5,179	2,996
- due between one year and five years	3,175	3,885
- due after five years	275	469

(38) Shareholding

The equity investments (EUR 1.14 million), which are unchanged compared to the prior fiscal year, are not marketable and relate to the shares in True-Sale International GmbH, Frankfurt am Main (EUR 0.15 million) and in Börse Stuttgart CATS GmbH, Stuttgart (EUR 0.99 million).

(39) Foreign currency

The total amount of assets denominated in foreign currencies as of the balance sheet date is EUR 12,851 million (12/31/2022: 11,721 million); liabilities include foreign currency amounts totaling EUR 9,576 million (12/312022: EUR 11,827 million).

MISCELLANEOUS NOTES

(40) Derivative financial instruments

At the end of fiscal year 2023, CGME's derivatives business included the following **transactions** allocated to the respective trading books:

Trading Book	Types of Transactions
Foreign Currency Risks	• OTC currency option transactions and swaps • Currency warrants • Foreign exchange spot transactions
Equities and Index Risks	• Shares and other variable-income securities in the trading portfolio • OTC index & stock options and swaps • Stock and index warrants • Exchange-traded futures and option transactions on equties and stock indexes as well as • Index and equity certificates
Interest rate	• OTC interest rate options and swaps
Other Trading Operations	• Exchange-traded futures • Warrants on commodities and precious metals • OTC options and swaps on commodities and pre-cious metals

The nominal values and fair values of derivatives transactions show the following **residual terms to maturity** as of December 31, 2023:

EUR million	Nominal Value				Fair Value
Trading Book/ Type of Transaction	Terms to Maturity				
	< 1 year	≥ 1 year, ≤ 5 years	> 5 years	Total	Total
Foreign Currency Risks					
OTC-currency options and currency swaps					
○ Bought	145.468	39.254	19.612	204.334	4.553
○ Sold	76.621	40.441	19.616	136.679	- 4.577
Currency warrants own issues					
○ Bought	84	-	1.434	1.518	145
○ Sold	96	-	1.480	1.576	- 149
Exchange-traded currency futures					
○ Bought	25.244	934	-	26.178	626
○ Sold	24.633	933	-	25.566	- 642
Equities and Index Risks					
Equity warrants own issues					
○ Bought	4.015	1.004	5.378	10.397	5.503
○ Sold	5.260	1.485	5.576	12.321	- 5.727
OTC-stock options and equity swaps					
○ Bought	16.530	14.603	2.866	33.999	1.603
○ Sold	16.895	14.421	2.819	34.135	- 1.595
OTC-index options and index swaps					
○ Bought	3	195	-	198	260
○ Sold	3	195	-	198	-260
Index warrants own issues					
○ Bought	8.417	116	15.462	23.994	2.582
○ Sold	9.229	145	15.729	25.103	- 2.624
Exchange-traded index futures					
○ Bought	53	-	-	53	0
○ Sold	227	-	-	227	- 0
Exchange-traded equity and index options					
○ Bought	1.825	409	-	2.234	180
○ Sold	126	3	-	129	- 4
Index and equity certificates own issues					
○ Bought	73	-	161	234	264
○ Sold	312	2	167	482	- 525
Interest rate transactions					
OTC-interest options and interest rate swaps					
○ Bought	39.178	172.247	150.439	361.864	23.507
○ Sold	39.598	171.143	149.159	359.900	- 23.530

kEUR	Nominal Value				Fair Value
Trading Books/ Type of Transaction	Terms to Maturity				
	< 1 year	≥ 1 year, ≤ 5 years	> 5 years	Total	Total
Other Trading Operations					
OTC-options and swaps on commodities, base and precious metals					
○ Bought	5.136	2.518	-	7.654	1.157
○ Sold	5.144	2.508	-	7.652	-1.164
Warrants on commodities and precious metals own issues					
○ Bought	7	-	724	731	144
○ Sold	8	-	734	742	- 146
Exchange-traded futures on commodities and precious metals					
○ Bought	21	-	-	21	0
○ Sold	-	-	-	-	-

(41) Other financial obligations

For the years up to and including 2044, other financial obligations from contracts in connection with the leasing of the business premises equal EUR 91 million. Financial obligations from leases amount to EUR 1 million, which are primarily owed to affiliated enterprises.

Furthermore, there are indirect obligations for the pension obligations that are outsourced to Metzler Pensionsfonds (MPF). Please refer to our comments under Note (33) "Provisions for pensions and similar obligations".

(42) Minimum tax pursuant to Act for Guaranteeing a Global Minimum Tax for Corporate Groups (Minimum Tax Act)

The regulations published by the Organization for Economic Cooperation and Development (OECD) on a two-pillar tax model include Pillar II (Pillar Two) regulations on global minimum taxation, which have since been implemented into national law by individual countries. As of December 31, 2023, Germany, France, Italy, Spain and the United Kingdom have enacted corresponding laws to implement these regulations, which will take effect for the first time in 2024. CGME is subject to these regulations in the aforementioned countries.

In view of the currently available financial data of the Citigroup group companies, no additional tax is expected for CGME and its branches in light of the application of the so-called “CbCR Safe Harbour” rules.

(43) Information on affiliated enterprises

Receivables from and liabilities owed to affiliated enterprises consist of the following:

	12/31/2023 (EUR millions)	12/31/2022 (EUR millions)
Receivables from banks	801	543
Receivables from clients	17,324	9,616
Other receiavbles	1,006	307
Total	**19,131**	**10,465**
Liabilities owed to banks	312	98
Liabilities owed to clients	20,685	12,030
Other liabilities	428	4
Total	**21,425**	**12,132**

Transactions with related enterprises are settled on an arm's length basis.

(44) Cash flow statement

CGME refinances itself primarily within the Citigroup group. Cash investments and other financial investments are made exclusively in the short-term segment. Apart from that, we refer to the cash flow statement as set forth below.

Cash Flow Statement per German Accounting Standard No. 21	Fiscal Year 01/01/-12/31/2023 EUR million	Fiscal Year 01/01/-12/31/2022 EUR million
Annual Net Profit	**-16**	**7**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and fi-	2	38
Changes in accruals	7	-1
Change in other non-cash expenses/income	11	4
Gain/loss from the sale of financial and tangible assets	0	0
Other adjustments (in net terms)	-53	78
Subtotal:	**-49**	**126**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-2.024	1.049
- from clients	-8.561	-3.171
Trading portfolio assets	-1.256	36.046
Other assets from current operating activities	-543	7.932
Liabilities:		
- owed to banks	1.446	-1.620
- owed to clients	7.399	5.306
Securitized liabilities		-
Trading portfolio liabilities	1.668	-37.823
Other liabilities from current operating activities	595	-7.772
Interest and dividend payments received	1.300	234
Interest paid	-1.234	-279
Income tax payments	-13	-33
Cash flow from current operating activities	**-1.272**	**-5**
Payments received from the outflow of		
- Financial assets	0	42
- Tangible assets	2	8
Payments made for investments in		
- Financial assets	-4	-16
- Tangible assets	-7	-19
Change in cash resources based on investing activities (in net terms)		-
Cash flow from investing activities	**-9**	**14**
Payments received from contributions to equity capital	911	487
Payments made to company owners:		
- Dividend payments		-
- Other outgoing payments		-
Change in cash resources other capital (in net terms)		-
Cash flow from financing activities	**911**	487
Cash and cash equivalents at the end of previous period	**496**	**0**
Cash flow from current operating activities	-1.272	-5
Cash flow from investing activities	-9	14
Cash flow from financing activities	911	487
Cash and cash equivalents at the end of the period	**126**	**496**

(45) Annual accounts auditor

The total fees charged by the annual accounts auditor for the Fiscal Year encompass the annual accounts auditing services (EUR 2.0 million) and other services (EUR 0 million).

(46) Recommendation on allocation of profits

The Executive Board recommends offsetting the entire annual net loss incurred in Fiscal Year 2023 and totalling EUR 16 million by making a withdrawal from the other earnings reserve account.

(47) Governing bodies (officers and directors) of CGME as well as mandatory disclosures pursuant to § 285 no. 10 HGB in combination with § 340a (4) Nr. 1 HGB

Supervisory Board

Members

Ms. Dagmar Kollmann, Vienna, Laywer, independent Supervisory Board member,
- Chairperson of the Supervisory Board -

- Membership on other supervisory boards required by law or similar domestic and foreign supervisory bodies
  - Deutsche Telekom AG, Bonn, Germany
  - Unibail-Rodamco-Westfiel SE, Paris, France

Ms. Barbara Frohn, London, Bank Director, Citigroup Global Markets Limited, London, - Deputy Chairperson of the Supervisory Board -

Mr. Leonardo Arduini, London, Bank Director, Citigroup Global Markets Limited, London, term ending July 24, 2023

Mr. James Bardrick, Coggeshall Hamlet, Bank Director, CEO, Citigroup Global Markets Limited, London

Mr. Mbar Diop, London, Bank Director, Citigroup Global Markets Limited, London, term commencing July 24, 2023

Mr. Tim Färber, Kelsterbach, Bank employee, Employee Representative

Mr. Dirk Georg Heß, Friedrichsdorf, Bank employee, Employee Representative

- Membership on other supervisory boards required by law or similar domestic and foreign supervisory bodies
  - Börse Stuttgart AG, Stuttgart, Germany.

Executive Board

Members

Dr. Silvia Carpitella, Milan/Italy, CEP, Bank Director,
Chairperson of the Executive Board, term commencing May 1, 2023

Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Legal, Bank Director,
Chairperson of the Executive Board / Interim CEO, term ending April 30, 2023

Mr. Stefan Hafke, Kelkheim, Head of BCMA, Bank Director, term commencing May 1, 2023

Mr. Peter Kimpel, Frankfurt am Main, Head of BCMA, Bank Director, term ending April 30, 2023

Ms. Sylvie Renaud-Calmel, Paris, Head of Markets, Bank Director

Mr. Oliver Russmann, Bad Vilbel, CFO, Bank Director

Ms. Amela Sapcanin, Frankfurt am Main, CRO, Bank Director,

Mr. Michael Weber, Frankfurt am Main, CAO, Bank Director, term commencing August 24, 2023

Ms. Jean Young, Königstein im Taunus, O&T, Bank Director.

(48) Information about significant events following the balance sheet date

CGME Management Board in alignment with CGME Supervisory Board took the decision to generally stop the trading of own issued derivatives during 2024.

No other significant events occured following the end of the recently completed Fiscal Year and that have not yet been addressed in these annual financial statements.

(49) Information on remuneration

Total remuneration for members of the **Executive Board** in the Fiscal Year (including granted stock options) was EUR 7.2 million. As of the end of the Fiscal Year, pension obligations totaled EUR 0.7 million.

The total remuneration for the former members of management bodies and their survivors was EUR 1.0 million in the reporting year.

Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled EUR 24.8 million.

Due to the stock-based remuneration, approximately 35.1 thousand shares with a fair market value totaling USD 1.7 million, which converts to approximately EUR 1.6 million, were granted as variable compensation.

In the most recently completed Fiscal Year, expenses for supervisory board compensation benefits were incurred in the amount of EUR 0.4 million.

As of the end of the year, there were no outstanding loans to members of the CGME Executive Board and Supervisory Board.

(50) Employees

During the Fiscal Year, CGME employed an average of 600 persons. Of that amount, 583 were full-time employees and 17 persons were part-time employees. No trainees were on staff.

The average number of employees in Fiscal Year working within CGME and its branches can be shown as follows.

	2023	2022
Citigroup Global Markets Europe AG – Main Branch	278	257
Citigroup Global Markets Europe AG – France Branch	167	148
Citigroup Global Markets Europe AG – Spain Branch	74	64
Citigroup Global Markets Europe AG – Italy Branch	53	52
Citigroup Global Markets Europe AG – UK Branch	29	36
Summe	**600**	**558**

(51) Group affiliation

CGME is included in the group of consolidated companies of CGML, whose financial statements are, in turn, included in the consolidated financial statements of Citigroup Inc., New York, 388 Greenwich Street. The consolidated financial statements can be viewed at the website, www.citigroup.com.

Frankfurt am Main, April 10, 2024

The Executive Board

Dr. Silvia Carpitella (CEO)	Sylvie Renaud-Calmel
Stefan Hafke	Oliver Russmann
Amela Sapcanin	Dr. Jasmin Kölbl-Vogt
Michael Weber	Jean Young