



CITGO[®]

Pursuing Excellence



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A MESSAGE FROM THE CEO



Carlos Jordá

*President and
Chief Executive
Officer and Director
CITGO Petroleum
Corporation*

In 2021, we realized improved refining margins as product demand continued to recover from the most significant effects of the COVID-19 pandemic; however, during the first quarter of the year, Winter Storm Uri dealt us a serious blow. The storm impacted six million barrels of refining capacity in the U.S. and caused a 15-day shutdown of our Corpus Christi refinery, which led to a significant net loss of \$180 million during the first quarter.

As a result, for the year CITGO generated a net loss of \$160 million, primarily driven by the operational and financial effects of the winter storm. While still a loss, it was an approximately \$500 million improvement compared to 2020. After adjusting for special items, adjusted EBITDA for 2021 was positive \$557 million, an increase of almost \$1 billion compared to negative \$432 million in 2020. These improvements from prior year were driven by improved economics related to the recovery in product demand, higher throughput volume and higher margins.

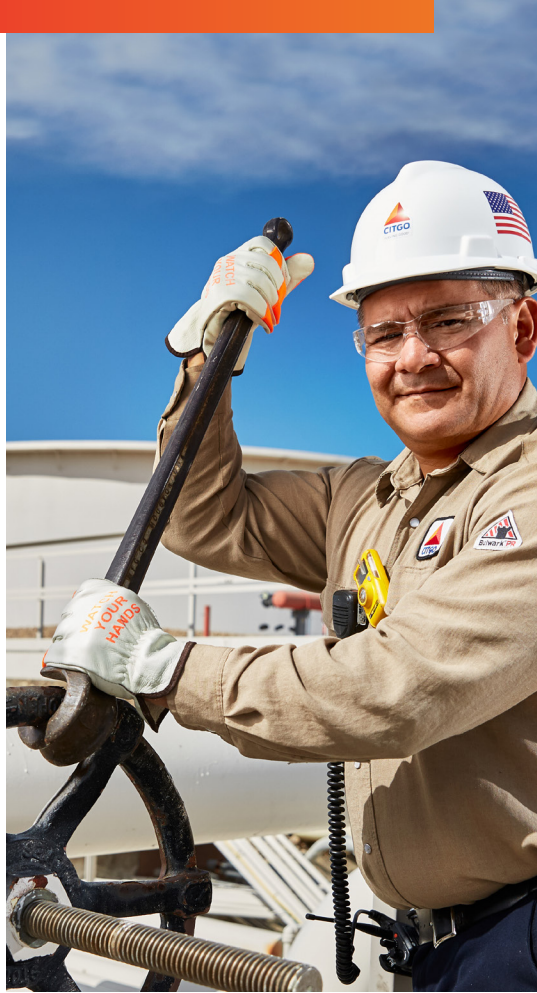
Notwithstanding the effects of the winter storm, CITGO performed well in 2021. We achieved our best TRIR (total recordable incident rate) performance and second-best process safety performance since 2012. Additionally, we were recognized again by International Liquids Terminal

Association (ILTA) for occupational safety performance. Reliability at our Lake Charles and Lemont refineries was excellent, which was a major contributor to our strong performance. Normal operations at the Corpus Christi refinery also fully resumed in the fourth quarter.

CITGO ended 2021 with improved liquidity, exceeding what we had at the beginning of the pandemic, which is a testament to the Company's financial strength and resilience. We increased available capacity under our existing two-year accounts receivable securitization facility to \$500 million, successfully completed a favorably priced \$650 million bond offering and received a tax refund of \$556 million under the Coronavirus Aid, Relief and Economic Security (CARES) Act.

**We demonstrated a
commitment to operational
and commercial
excellence, financial
strength, and we remain
focused on improving on
all ESG fronts.**

Light Oils Marketing, Lubricants, Terminals & Pipelines, Supply & Trading, IT and Procurement also delivered excellence in



their respective areas this year, expanding markets, promoting our brands and improving customer satisfaction. We achieved record safety and environmental performance, and we continued to make solid progress in our ethics and compliance initiatives. We also focused on taking care of our people, and we remained active in our communities, contributing both time and money.

Our accomplishments in 2021 were significant. Throughout the organization, we demonstrated a commitment to operational and commercial excellence and financial

strength, and we remain focused on improving across all ESG fronts.

The start of 2022 has been impacted by the events in Ukraine, which have reinforced the need to ensure reliability and security of product supplies while at the same time transitioning to new energy sources. While the environment may be changing, we believe that CITGO is well-positioned to continue as a reliable supplier of fuel products to the North American and Latin American markets.

— Carlos Jordá

ABOUT US

CITGO Petroleum Corporation makes the products that fuel everyday life.

We refine, transport and market motor fuels, lubricants, petrochemicals and other industrial products. CITGO operates three complex refineries in the Gulf Coast and Midwest and a network of pipelines and terminals, as well as lubricants blending plants across the country.



accordance with safety and environmental regulations.

Terminals and Pipelines

Our extensive network of petroleum product terminals and pipelines is among the largest in the nation, consisting of 38 active wholly and/or jointly owned terminals and six pipelines. This network offers the flexibility to store and distribute products to our customers throughout the United States.

Lubricants

Lubricants and oils are blended and packaged in plants located across the country. An extensive line of finished agricultural, automotive, industrial and private label lubricants, oils and greases provide products for consumer, commercial and industrial customers. Lubricant products are marketed under the CITGO, Mystik® and Clarion® brands with more than 2,200 individual formulations.

Refining

CITGO operates three sophisticated, highly complex and competitive refineries in Lake Charles, Louisiana, Corpus Christi, Texas, and Lemont, Illinois. Each refinery has the capability to process large volumes of crude oil into a varied and flexible slate of refined products that include light fuels and petrochemicals. These refineries operate in

Supply and Marketing

We market TOP TIER™ CITGO TriCLEAN® gasoline and unbranded commercial fuels to independent marketers who consistently rate CITGO as one of the best-branded supplier companies in the industry. CITGO branded marketers sell motor fuels through approximately 4,400 independently owned, branded retail outlets.

OUR CORPORATE STRUCTURE

We take seriously our responsibility to CITGO’s ultimate shareholder, the Venezuelan nation. That means safeguarding CITGO assets and operating the company safely, efficiently and profitably for Venezuela’s future. **– Message from the Board of Directors**

CITGO Petroleum Corporation is the indirect subsidiary of U.S.-based PDV Holding, a non-operating stock holding company incorporated in Delaware and headquartered in Texas. PDV Holding is the indirect sole stockholder of CITGO Petroleum Corporation, through ownership of 100% of the shares of its direct subsidiary CITGO Holding, Inc. (CITGO Holding, Inc. is the sole stockholder of CITGO Petroleum Corp.).

Petróleos de Venezuela (PDVSA), the Venezuelan state oil company, owns 100% of the stock of PDV Holding. However, given the current political situation in Venezuela, the PDV Holding board is currently elected by the ad hoc Board of Directors of PDVSA which was appointed by, and accountable to, the U.S.-recognized interim government of Juan Guaidó. CITGO, CITGO Holding, and its parent entity PDV Holding work closely with the U.S. government and legal bodies to ensure all legal standards are met.

All three boards have the mandate of ensuring operational stability, strengthening corporate governance and safeguarding the assets of the business.



2021 HIGHLIGHTS



Achieved the best TRIR performance and second-best process safety performance since 2012.

2021 Financial Overview

- ▶ 2021 net loss of \$160 million, EBITDA of \$623 million and adjusted EBITDA¹ of \$557 million.
- ▶ Refinanced \$650 million outstanding of senior secured notes due 2022 with proceeds of a private offering of \$650 million of newly issued 6.375% senior secured notes due 2026. This refinancing transaction did not increase the Company's total debt.
- ▶ Increased the maximum borrowing capacity under our accounts receivable securitization financing facility from \$250 million to \$500 million (with the full \$500 million available at the end of 2021).
- ▶ Received \$556 million, including interest, from the Internal Revenue Service, which constitutes our share of the CITGO Group's U.S. income tax refund payments under the CARES Act.

2021 Operational Overview

- ▶ Achieved our best TRIR performance to date and second-best process safety performance since 2012.
- ▶ The Lake Charles and Lemont refineries increased utilization rates from the prior year to 87% and 94%, respectively. The combined utilization rates across all three of our refineries improved from the prior year as well, from 72% to 87%, despite operational challenges at Corpus Christi.
- ▶ Excellent reliability at the Lake Charles and Lemont refineries, allowing those facilities to set multiple production records.
- ▶ The ILTA awarded CITGO its 2021 Safety Excellence award, and for the second year in a row, the CITGO Corpus Christi Refinery received the Energy Star certification from the U.S. Environmental Protection Agency.
- ▶ Successfully managed the nearly weeklong Colonial Pipeline shutdown, receiving positive customer feedback because of our effective response.

¹ EBITDA and adjusted EBITDA are non-GAAP financial measures. For additional information, please see the reconciliation contained on page 5 of this report and the information contained under "General Information – Non-GAAP Financial Measures" on page 12 of this report.

OPERATIONS

Meeting the Challenge

The refining industry continued its recovery from the most significant challenges posed by the pandemic as 2021 came to a close, with improving refining margins as product demand continued to improve. Despite these positive industry developments, Winter Storm Uri dealt CITGO a serious blow in the first quarter of the year. The storm impacted six million barrels of refining capacity in the U.S. and caused a 15-day shutdown of our Corpus Christi refinery.

While the effects of the storm created a challenging start for the Corpus Christi refinery and the Company, CITGO still performed well in 2021 and ended the year with many outstanding accomplishments. Starting with safety, CITGO achieved its best TRIR performance to date and second-best process safety performance since 2012. In addition, the ILTA again recognized CITGO for occupational safety performance. Reliability was also excellent, which allowed our Lake Charles and Lemont refineries to exceed expectations for the year.

Refining, Operations Set Records

Total refinery throughput was 730,000 barrels-per-day (bpd), up 14% compared with the prior year. This resulted in an 15% increase in crude utilization, from 72% in 2020 to 87% in 2021. The Lake Charles refinery had record safety and environmental performance, while setting seven production records and achieving its second-best reliability index. The

Lemont refinery's performance was equally impressive, with record environmental performance, 21 production records and a reliability index below the five-year average for the third year in a row. After adjusting for the effects of the winter storm, the Corpus Christi refinery set a light crude processing record, its contractors went 25 months without a recordable injury and the facility was recognized with the EPA's Energy Star certification for the second year in a row.

**Refinery throughput was
730,000 bpd, up 14%
compared with the
prior year.**

The vital role of the nation's energy infrastructures came to the fore during the May 2021 cyberattack on the important Colonial Pipeline, which carries refined products from the Gulf Coast to the East Coast. The pipeline is a major distribution channel and affected operations at the Lake Charles refinery and several terminals along the pipeline.

In response, our Product Supply team secured additional marine, cargo and barge capacity to keep the refinery running while also keeping external customers informed of steps taken to respond to the cyberattack. Our response required coordination among the CITGO IT team, our manufacturing facilities and federal



authorities, and also helped us reinforce our cybersecurity defenses and incident and recovery plans. When the Transportation Security Administration (TSA) issued Security Directives for pipeline companies in response to the cyberattack, CITGO had already taken important measures to meet many of them. CITGO continues to work with the TSA to address the remaining items from the directive.

Supply, Marketing Driving Commercial Excellence

2021 saw an increased focus on commercial excellence across CITGO supply, trading, lubricants and light oils, with key metrics such as product volumes, customer acquisition and financial performance all heading in favorable directions.

Supply and Trading made important strides, securing new export markets in Brazil, Chile and Peru and establishing promising new commercial relationships with major airlines.

The CITGO Light Oils and Lubricants businesses also made positive progress in 2021. The Light Oils business increased

branded and unbranded volumes for the first time since 2015 – even as the effects of the pandemic lingered. Marketers and retailers were increasingly drawn to the CITGO brand in 2021, with new-to-CITGO brandings improving and existing customers remaining loyal.

On the Lubricants side, all three lubricants blending plants achieved the prestigious ISO 45001 occupational health and safety certification, even as the lubes business reformulated 233 existing products and launched two new products. Lubricants customers praised CITGO for successfully navigating the supply chain disruptions and ensuring customers had the CITGO products they needed.

ESG: An Ongoing Commitment

CITGO is committed to making a positive impact on our employees, customers and communities through the initiatives outlined below and those included in our ESG Reports available on our [website](#).

Environment

CITGO granted nearly \$500,000 to 11 environmental organizations as part of the Caring for our Coast initiative, which supports the restoration and protection of vulnerable coastal and inland habitats. Over the course of the year, the program planted 74,475 trees, grasses and shrubs; collected nearly 30,000 pounds of trash; restored 1,460 acres; and engaged over 1,850 volunteers across 166 events.

Social: People and Communities

Our employees are vital to our ability to manage operations and are integral to our leadership in the industry. We are particularly proud of the fact that CITGO avoided layoffs related to the economic effects of the COVID-19 pandemic, and we were equally pleased that we could restore certain employee benefits, which were temporarily reduced during the pandemic, three months earlier than planned.

CITGO is committed to maintaining a diverse and inclusive workforce that reflects the diversity of the communities we serve. We believe that fostering a work environment in which our differences are embraced, valued and respected is critical to our continued success and innovation. CITGO is working to support its commitment to an inclusive and diverse workforce through its longstanding commitment to fair hiring, retention and development opportunities.

CITGO supports educational initiatives that are focused on creating meaningful impact and empowering our communities to achieve long-lasting sustainability. As part of the STEM Talent Pipeline strategic grants program, CITGO committed over \$1 million to 30 schools and educational organizations to encourage students to pursue STEM careers. The program supports 12 CITGO Innovation Academies that celebrated

National STEM Day with hands-on activities and presentations on CITGO careers. Over the course of the year, the STEM program reached more than 20,000 students and educators.



COVID-19 continued to impact our communities—particularly our healthcare workers. Through a charitable program with Baylor College of Medicine, CITGO donated \$60,000 to purchase and deliver 3,260 hot meals to healthcare workers in the Harris Health System in Houston, Texas.

As proud members of the communities in which we work and live, our employees give back to our community through charitable giving and volunteering, including the following activities and initiatives:

- ▶ CITGO held its 35th annual Corporate Golf Challenge benefiting the Muscular Dystrophy Association, which attracted 61 sponsors and raised more than \$700,000 for families living with muscular dystrophy, ALS and related neuromuscular diseases.



- ▶ In Lemont, employees raised almost \$184,000 in support of 37 partner agencies in the United Way Campaign, which engaged more than 570 employees.
- ▶ Throughout CITGO, in 2021 there were more than 1,650 hours volunteered in local community organizations and nearly \$120,000 in donations by employees/retirees, including CITGO matching funds.

Governance

One of the main responsibilities of management is to ensure that CITGO operates under the highest levels of integrity and works to adopt industry-leading practices in everything we do. To this end, the Board of Directors gives priority to strong governance, which is fundamental to our other objectives of operational and

financial stability. Throughout 2021, the CITGO Ethics & Compliance Department continued to make improvements in our Ethics & Compliance Program, including the following achievements:

- ▶ Appointed the first dedicated Ethics & Compliance Officer in the history of CITGO
- ▶ Launched the CITGO Code of Business Conduct and Ethics on CITGO.com and deployed a new on-line Code of Business Conduct and Ethics (Code) training module
- ▶ Adopted the Company's Investigations Committee Charter
- ▶ Completed an employee engagement survey, with results being assessed

The Simón Bolívar Foundation is the 501(c)(3) non-profit, private foundation of CITGO Petroleum Corporation. The Foundation initiatives seek to improve the health of vulnerable communities both in and from Venezuela. The Foundation supports a wide range of charitable programs and direct support for those in needs creating dividends to benefit the wider community for years to come.



In 2021 the Foundation achieved the following:

- ▶ Awarded \$663,000 through its Medium / Large Humanitarian grants to four charitable projects to improve the health conditions of the Venezuelan diaspora in Colombia, with a focus on nutrition, general and mental health, preventive medicine, emergency medical attention, capacity building and school retention.
- ▶ Awarded \$1 million through Medium / Large Humanitarian grants to a large U.S. based organization for international grantmaking services for non-profit organizations working in Venezuela or with Venezuelan communities to improve access to medicine, nutrition and healthcare. This program includes prequalification of a selected cohort of subgrantees, a needs assessment and co-creation of a capacity building program. The sub-grants are expected to be implemented in 2022.
- ▶ Reinforced and strengthened collaboration with large, reputable organizations including:
 - ▶ Johns Hopkins University: mapping the health system in Venezuela and improving efficiency in the Foundation's grantmaking;
 - ▶ Center for Disaster Philanthropy: mapping evolving situations in the Latin American region, identifying potential new grantees and helping to raise awareness through several webinars taking place in 2022; and
 - ▶ Baylor College of Medicine: Donated funds for ten scholarships for Venezuelan doctors to participate in Baylor College of Medicine's Virtual Diploma in Tropical Medicine in 2022.
- ▶ Pre-approved new grant with IFRC for \$807,000 to continue supporting primary health care in Venezuela; grant agreement signed in early 2022.
- ▶ Continued assisting existing patients pursuant to their grant agreements and evaluating alternatives for transition to longer-term care.

2021 FINANCIAL RESULTS

We generated a net loss of \$160 million in 2021, compared to a net loss of \$667 million in 2020. After giving effect to the adjustments identified in the table below, adjusted EBITDA was \$557 million compared to \$(432) million for the prior year. The improvements from prior year were driven by improving economic conditions in 2021 as the effects of the COVID-19 pandemic on product demand lessened, higher throughput volume and higher prices.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA (unaudited, in millions of U.S. dollars)

	Year Ended	
	12/31/21	12/31/20
Net income (loss)	(160)	(667)
Plus (less)		
Interest expense, including finance lease	240	207
Income tax expense (benefit)	(50)	(482)
Depreciation and amortization	593	614
EBITDA	623	(328)
Plus (less)		
LIFO inventory permanent dip impact	100	57
Hurricane Laura expenses, net of insurance recoveries	12	29
Winter Storm Uri costs, net of insurance recoveries	10	—
Charitable contributions	6	9
Loss on early extinguishment of debt	6	3
Insurance litigation recovery - Athos	—	(183)
Litigation recovery - credit card interchange fees	—	(19)
Adjusted EBITDA	557	(432)

- LIFO permanent dip (2021 and 2020): we recorded an approximately \$100 million benefit and a \$57 million loss in 2021 and 2020, respectively, as a result of selling prior year inventory layers at prices above and below cost, respectively.
- Hurricane Laura expenses (2021 and 2020): we incurred approximately \$30 million in repair costs, of which approximately \$18

million were recovered through insurance in 2021. We incurred approximately \$58 million in repair costs, of which approximately \$29 million were recovered through insurance in 2020.

- Winter Storm Uri expenses (2021): we incurred approximately \$24 million in repair costs, of which approximately \$14 million were recovered through insurance.

- Insurance litigation recovery - Athos (2020): we recovered approximately \$183 million in 2020 in insurance proceeds from the previously incurred costs related to a shipping incident in 2004.
- Litigation recovery - credit card interchange fees (2020): proceeds received from legal settlements.



Operational Results

2021 Refinery throughput

Total 2021 refinery throughput was 730,000 bpd a 14% increase compared to the prior year. This resulted in an approximately 15% increase of our crude utilization, from 72% in 2020 to 87% in 2021. Current year refinery throughput increased as refining margins experienced a recovery from the negative impacts the pandemic had on product demand and despite the impact of Winter Storm Uri, which caused a hard shutdown at our Corpus Christi refinery. Prior year refinery throughput was impacted by two major turnarounds in Lake Charles and Lemont and an extended shutdown at the Lake Charles refinery due to Hurricanes Laura and Delta.

TOTAL REFINERY YIELD (thousand barrels-per-day)

	Year Ended	
	12/31/21	12/31/20
Rated Refining Crude Capacity:	769	769
Refinery Input:		
Crude Oil	671	554
Other feedstocks	59	84
Total	730	638
Product Yield:		
Light Fuels	626	535
Petrochemicals	53	42
Industrial Products	50	61
Total	729	638
Utilization of rated crude refining capacity:	87%	72%
Lake Charles utilization	87%	60%
Corpus Christi utilization	81%	90%
Lemont utilization	94%	83%

Capital Investment & Turnaround Costs

During the year-ended December 31, 2021, we invested \$200 million in capital activities and spent \$184 million on turnaround and catalyst costs. More than 70% of annual capital expenditures and turnaround activities were performed during the second half of the year to help preserve liquidity and manage the economic impacts of the pandemic.

Our main categories of capital expenditures in 2021 and 2020 (in millions of U.S. dollars) were:

	ACTUAL 2021	ACTUAL 2020
Regulatory and HSE	\$100	\$55
Maintenance	\$98	\$97
Strategic	\$2	\$31
Total Capital Expenditure	\$200	\$183
Total Turnaround and Catalyst	\$184	\$331

Our lower actual spend in 2021 when compared to prior year was primarily driven by the timing changes of scheduled turnarounds. Specifically, the FCC and Alkylation turnaround of Corpus Christi scheduled for the fourth quarter of 2021 was moved to the first quarter of 2022 in order to receive all the materials required for the turnaround and the HSE capital projects in the alkylation plant.

LEADERSHIP



Carlos Jordá

*Chief Executive Officer
and President*



Edgar Rincón

*Chief Operating Officer
and Executive Vice
President*



John Zuklic

*Chief Financial Officer
and Vice President
Finance*



Jack Lynch

*Vice President of Legal
and Government
Affairs*



Balvy Bhogal-Mitro

*Vice President
of Strategic and
Corporate Planning*



Joe Carroll

*Chief Information
Officer*



James Cristman

*Vice President and
General Manager,
Corpus Christi Refinery*



Jerry Dunn

*Vice President of
Refining*



Mark Holstein

General Counsel



Stephen McNabb

Treasurer



Shane Moser

*Vice President of
Health, Safety, and
Environment (HSE)*



Sterling Neblett

*Vice President and
General Manager, Lake
Charles Refinery*



Steven Scarpino

*Chief Ethics and
Compliance Officer*



Karl Schmidt

*Vice President of
Supply and Marketing*



Bob Shoemaker

*Chief Accounting
Officer*



Fernando Vera

Corporate Secretary



Dennis Willig

*Vice President and
General Manager,
Lemont Refinery*



Chrysti Ziegler

General Auditor

Leadership as of June 1, 2022

GENERAL INFORMATION

General

We publish financial and other information on our website, including reports of our quarterly and annual results of operations and financial position. While our historical financial information is presented in accordance with U.S. generally accepted accounting principles (“GAAP”), except for certain non-GAAP financial measures (see below), we are not an SEC reporting company and do not report all information required of SEC reporting companies.

Forward-Looking Statements

This report contains “forward-looking statements” regarding financial and operating items relating to the CITGO business. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these forward-looking statements. This report may also contain estimates and projections regarding market and industry data that were obtained from internal company estimates as well as third-party sources believed to be generally reliable. However, market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey, interpretation or presentation of market data and management’s estimates and projections. The forward-looking statements contained in this report are made only as of the date of this report. We disclaim any duty to update any forward-looking statements.

Non-GAAP Financial Measures

This report also contains operational metrics and non-GAAP information, including EBITDA and Adjusted EBITDA, that have not been audited and are based on management’s estimates, which may be difficult to verify. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP and may differ from non-GAAP measures used by other companies in our industry. We consider these non-GAAP financial measures to be important because they provide useful measures of the operating performance of the Company, exclusive of unusual events, as well as factors that do not directly affect what we consider to be our core operating performance. These non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP. Please see the reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable GAAP measure set forth on page 12 of this report.





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