Citigroup Global Markets Limited

Pillar 3 Disclosures

June 2020

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Introduction

Citigroup Global Markets Limited's ('CGML') Pillar 3 disclosures for the quarter ended 30 June 2020 are made in accordance with Part 8 of the Capital Requirements Regulation ('CRR') and European Banking Authority ('EBA') guidelines on Pillar 3 disclosures. This document represents CGML on a consolidated basis.

CGML, Citi's principal UK operating subsidiary, is an international broker dealer, providing products and services for institutional clients. It is a market maker in equity, fixed income and commodity products across cash, over-the-counter ('OTC') derivatives and exchange traded markets, as well as a provider of investment banking capital markets and advisory services.

These disclosures do not constitute any form of financial statement and must not be relied upon in making any investment in or judgement on the group or any entity within the group.

Overview of Pillar 3

The CRD IV package, which came into effect on 1 January 2014 and implements the provisions of the Basel Capital Accord in the European Union ('EU'), mandates a framework of capital adequacy regulation for banks and investment firms incorporating three distinct pillars:

- Pillar 1 - prescribes the minimum capital requirements for such firms;
- Pillar 2 - addresses the associated supervisory review process; and
- Pillar 3 - specifies further public disclosure requirements in respect of their capital and risk profile.

Policy and verification

In accordance with Article 431 (3) of the CRR, CGML's Pillar 3 disclosure is prepared under a Citi EU Pillar 3 Standard, which outlines the principles and minimum standards to be applied when preparing Pillar 3 disclosures for legal entities within the EU.

Transitional Arrangements for the Adoption of IFRS 9

CGML has chosen not to apply the transitional arrangements introduced by regulation (EU) 2017/2395 for mitigating the impact of IFRS 9 on own funds and the treatment of certain large exposures.

Regulatory Developments

The UK's withdrawal from the EU

Since the outcome of the UK referendum on EU membership, Citi has put in place a formal program to deliver a co-ordinated response to the UK's decision to leave the European Union. Citi assumes that after the transition period ends, the UK will lose its passporting abilities within the European Economic Area (EEA) and be required to operate under a third country regime. Citi's contingency planning focuses on designing and implementing a strategy that will allow Citi to continue servicing its clients throughout the UK and EEA with minimal disruption, whilst maintaining simplicity and transparency. Given the uncertainties in the final outcome of the UK's negotiations with the EU, CGML continues to progress with its contingency planning assuming a "Hard" Brexit scenario, without an extended transition period or an agreed deal. The main components of this planning are:

- To continue servicing EEA clients after the UK leaves the EU with minimal disruption, CGML will make use of cross-border licenses and exemptions available in EEA jurisdictions. In the remaining EEA jurisdictions where CGML cannot maintain current access arrangements, EEA clients will be serviced via Citigroup Global Markets Europe AG ('CGME') or Citibank Europe plc ('CEP').
- EEA client migrations from CGML to CGME and CEP commenced during 2019 for completion prior to the end of the transition period, currently 31 December, 2020.
- Activities in CGML's existing EEA branches in France, Italy and Spain have been transferred to newly established branches of CGME in these EEA locations.
- As a part of Day 1 strategy, centralisation of market risk will continue in CGML with inter-affiliate transactions subject to appropriate governance and controls as applicable today.
- Citi will continue to review and assess its planning assumptions for CGML in response to further developments in UK/EU negotiations.

COVID-19

The COVID-19 pandemic has had a significant impact on the economy and global regulators have responded with a range of measures to support firms through this period. Regulatory updates are still evolving and they vary by jurisdiction. They cover many topics including reductions in countercyclical capital buffers, the payment of dividends, the use of capital buffers and amendments to the CRR. These measures are intended to help firms to mitigate the economic impacts of the pandemic on their businesses and to allow them to continue to lend to the wider economy.

CRR 2/ CRD V

CGML will be impacted by a number of regulatory rule changes introduced by the Basel Committee on Banking Supervision (BCBS) and other standard setters that have been legislated for in Europe by CRR 2/CRD V. It is expected that following the UK's departure from the EU, the UK will continue to apply similar prudential regulation to that in force within the EU.

CRR 2/ CRD V was published in the Official Journal of the EU in June 2019. The majority of the package comes into force on 28 June 2021; however, some provisions have already been implemented, such as the Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'), whilst other provisions have a longer implementation period, such as elements of Fundamental Review of the Trading Book ('FRTB'). Other key elements in CRR 2 include changes to Counterparty Credit Risk ('SA-CCR'), the Large Exposures framework and the Leverage Ratio. In November 2020, the UK Treasury, in conjunction with the PRA and FCA, delayed the implementation of CRR 2 in the UK until 1 Jan 2022. This will apply to SA-CCR, the Large Exposures framework and the Leverage Ratio.

CRR 3/ CRD VI

A further proposal to revise the CRR (known as CRR 3) is expected to be published by the European Commission in 2021. This will incorporate other changes proposed by the BCBS such as a new Standardised Approach to Credit Risk ('SA-CR'), a new Credit Valuation Adjustment (CVA) framework, revisions to the approach to Securities Financing Transactions ('SFT'), further elements of FRTB, the Output Floor and a new Standardised Approach to Operational Risk.

Key Metrics

Table 1: Key Metrics (KM1)

		30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
	Available capital	**$ million**	**$ million**	**$ million**	**$ million**	**$ million**
1	Common Equity Tier 1 (CET1)	14,452	14,100	14,492	14,547	14,501
2	Tier 1	16,752	16,400	16,792	16,847	16,801
3	Total capital	21,352	21,000	21,392	21,447	21,401
	Risk-weighted assets					
4	Total risk-weighted assets (RWA)	144,713	149,481	132,613	145,837	146,596
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	9.99%	9.43%	10.93%	9.97%	9.89%
6	Tier 1 ratio (%)	11.58%	10.97%	12.66%	11.55%	11.46%
7	Total capital ratio (%)	14.76%	14.05%	16.13%	14.71%	14.60%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.05%	0.11%	0.46%	0.49%	0.41%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%)	2.55%	2.61%	2.96%	2.99%	2.91%
12	CET1 available after meeting the bank's minimum capital requirements (%) [1]	4.42%	3.70%	5.40%	4.30%	4.21%
	Basel III Leverage Ratio [2]					
13	Total Basel III leverage ratio measure	427,658	431,340	397,050	438,335	412,256
14	Basel III leverage ratio (%)	3.92%	3.80%	4.23%	3.84%	4.08%
	Liquidity Coverage Ratio [3]					
15	Total HQLA	25,942	22,790	20,491	19,714	21,260
16	Total net cash outflow	10,537	9,833	9,292	9,864	11,944
17	LCR ratio (%)	246%	232%	221%	200%	178%

1 Basis of calculation for 'CET1 available after meeting the bank's minimum capital requirements' has been modified, with prior periods amended as appropriate.
2 Leverage exposure is disclosed on a fully phased-in basis in accordance with the EU delegated act.
3 LCR daily average is calculated for CGML solo entity, as a consolidated LCR is not monitored on a daily basis (only monthly).

As at 30 June 2020, CGML's CET1 ratio was 9.99%, an increase of 50bps from the prior quarter. An increase in CET1 capital results from a reduction in the prudent valuation adjustment with bid offer spreads tightening as COVID-19 related market volatility reduced, whilst RWAs over the period decreased $4.8 billion. The main RWA drivers being seasonal business activity and reduced intercompany exposures, offset by increased market risk as the impact of COVID-19 market volatility in April are reflected in the time series used in the internal model approach.

Own Funds & Risk Weighted Assets (RWA)

CGML complies with the CRD IV minimum capital requirements to ensure that sufficient capital is maintained to cover all relevant risks and exposures. For this purpose, the firm calculates capital charges including market risk, counterparty risk and operational risk per the CRR using internal models and standardised approaches.

CGML monitors its capital position on a daily basis, calculating its excess over both Pillar 1 and Pillar 2 minimum requirements. These excesses are subject to internal Capital Action Triggers, an internal limit to ensure that the entity holds a sufficient capital excess to permit timely management decisions in case of short-term stresses.

To assess the adequacy of capital to support current and expected future activities, the firm produces regular capital forecasts for CGML, taking into account both normal business conditions and a variety of stressed scenarios. On at least an annual basis CGML prepares an Internal Capital Adequacy Assessment Process ('ICAAP') document, setting out its risk appetite, capital requirements and associated policies and procedures.

Own Funds

This disclosure has been prepared using the format set out in Annex IV of the final 'Implementing technical standards with regard to disclosure of own funds requirements for institutions' (Commission implementing regulation- EU 1423/2013). The table below shows the components of regulatory capital.

Table 2: Own Funds Disclosure Template

		30 June 2020	31 December 2019
		$ million	$ million
	Common Equity Tier 1 (CET1) capital: Instruments and reserves		
1	Capital Instruments and the related share premium accounts	1,500	1,500
2	Retained earnings [1]	2,152	2,171
3	Accumulated other comprehensive instruments (and other reserves)	11,917	12,155
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**15,569**	**15,826**
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative value)	(583)	(695)
8	Intangible assets (net of related tax liabilities) (negative amount)	(208)	(200)
15	Defined-benefit pension fund assets (negative amounts)	(305)	(378)
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**(13)**	**(59)**
20c	of which: securitisation positions (negative amount)	(5)	(40)
20d	of which: free deliveries (negative amount)	(9)	(19)
24	CET1 capital elements or deductions - other	(7)	(2)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(1,116)**	**(1,334)**
29	**Common Equity Tier 1 (CET1) capital**	**14,452**	**14,492**
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	2,300	2,300
31	of which: classified as equity under applicable accounting standards	2,300	2,300
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**2,300**	**2,300**
	Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital**	-	-
44	**Additional Tier 1 (AT1) capital**	**2,300**	**2,300**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**16,752**	**16,792**
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	4,600	4,600
51	Tier 2 (T2) capital before regulatory adjustments	4,600	4,600
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-
58	**Tier 2 (T2) capital**	**4,600**	**4,600**
59	**Total capital (TC = T1 + T2)**	**21,352**	**21,392**
60	**Total risk weighted assets**	**144,713**	**132,613**
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	9.99%	10.93%
62	Tier 1 (as a percentage of total risk exposure amount)	11.58%	12.66%
63	Total capital (as a percentage of total risk exposure amount)	14.76%	16.13%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.05%	7.46%
65	of which: capital conservation buffer requirement	2.50%	2.50%
66	of which: countercyclical buffer requirement	0.05%	0.46%
67	of which: systemic risk buffer requirement	0.00%	0.00%
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00%	0.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	4.42%	5.40%
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) [2]	1,166	1,040

73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions) [2]	-	-
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	202	146

Risk Weighted Assets

The following table provides an overview of RWAs, calculated in accordance with Article 92 of Capital Requirements Regulation, by risk type and calculation approach.

Table 3: Overview of RWA (OV1)

		30 June 2020	31 March 2020	30 June 2020
		RWAs	RWAs	Minimum capital requirements
		$ million	$ million	$ million
1	**Credit risk (excluding CCR)**	**3,732**	**7,331**	**299**
2	Of which the standardised approach	3,732	7,331	299
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which the advanced IRB (AIRB) approach	-	-	-
5	Of which equity IRB under the simple risk-weighted approach or the IMA	-	-	-
6	**CCR**	**65,335**	**75,699**	**5,227**
7	Of which mark to market	49,224	57,604	3,938
8	Of which original exposure	-	-	-
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	9,806	11,039	784
11	Of which risk exposure amount for contributions to the default fund of a CCP	349	268	28
12	Of which CVA	5,956	6,788	476
13	**Settlement risk**	**152**	**345**	**12**
14	**Securitisation exposures in the banking book**	**143**	**150**	**11**
14a	Of which subject to the revised securitisation framework	143	150	11
15	Of which IRB approach	-	-	-
16	Of which IRB supervisory formula approach (SFA)	-	-	-
17	Of which internal assessment approach (IAA)	-	-	-
18	Of which standardised approach	-	-	-
19	**Market risk**	**51,875**	**39,753**	**4,150**
20	Of which the standardised approach	20,903	18,724	1,672
21	Of which IMA	30,972	21,029	2,478
22	**Large exposures**	**748**	**6,549**	**60**
23	**Operational risk**	**22,728**	**19,654**	**1,818**
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	528	516	42
26	Of which advanced measurement approach	22,200	19,138	1,776
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**
28	**Floor adjustment**	**-**	**-**	**-**
29	**Total**	**144,713**	**149,481**	**11,577**

CGML's RWAs decreased $4.8 billion, of which notable drivers:

- Credit Risk RWAs decreased $3.6 billion primarily driven by a decrease in intercompany exposures.
- Counterparty Credit Risk RWAs decreased $10.4 billion primarily driven by seasonal business activity.
- Market Risk RWAs increased $12.1 billion primarily driven by IMA resulting from heightened market volatility during April impacting the time series used for the calculation.
- Large Exposures RWAs decreased $5.8 billion primarily driven by afore mentioned reduction in intercompany exposures.
- Operational Risk RWAs increased $3.1 billion primarily driven by an update to model parameters

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

From January 2019, systemically important banks were required to hold additional long term debt which could be made available to absorb losses from a failing institution, known as Total Loss Absorbing Capacity ('TLAC'). In the EU these requirements were introduced under CRR 2 as the Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'), with effect from June 2019.

MREL is a requirement for firms to maintain a minimum amount of loss-absorbing resources over and above the own funds requirements. This helps to ensure that when firms fail, the resolution authority (the Bank of England) can use a firm's own financial resources to absorb losses and recapitalise the business so it can continue to provide critical functions without the need to rely upon public funds and without threatening financial market stability.

MREL resources can take the form of regulatory capital (own funds) and certain types of debt liabilities (eligible liabilities) that will be written down and/or converted to equity if a firm is likely to fail.

Under CRR 2, CGML as a material subsidiary of a non-EU Global Systemically Important Bank ('G-SIB') is subject to a minimum internal MREL, set as 16% of RWA and 6% of leverage exposures, subject to a 90% scalar.

Table 4: TLAC Key Metrics (KM2)

	30 June 2020	31 March 2020	31 December 2019	30 September 2019	30 June 2019
	$ million	$ million	$ million	$ million	$ million
Total loss absorbing capital (TLAC) available	27,352	26,500	26,892	26,947	26,401
Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes					
Total RWA adjusted as permitted under the TLAC regime	144,713	149,481	132,613	145,837	146,596
Leverage exposure measure	427,658	431,340	397,050	438,335	412,256
TLAC ratios and buffers					
TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)	19%	18%	20%	18%	18%
TLAC (as a percentage of leverage exposure)	6.40%	6.14%	6.77%	6.15%	6.40%

Table 5: TLAC Composition (TLAC1)

		30 June 2020	31 December 2019
		$ million	$ million
Regulatory capital elements of TLAC and adjustments			
1	**Common Equity Tier 1 (CET1) capital**	**14,452**	**14,492**
2	Additional Tier 1 (AT1) capital before TLAC adjustments	2,300	2,300
3	AT1 capital ineligible as TLAC as issued out of subsidiaries to third parties	-	-
4	Other adjustments	-	-
5	**AT1 instruments eligible under the TLAC framework**	**2,300**	**2,300**
6	Tier 2 (T2) capital before TLAC adjustments	4,600	4,600
7	Amortised portion of Tier 2 instruments where remaining maturity > 1 year	-	-
8	Tier2 capital ineligible as TLAC as issued out of subsidiaries to third parties	-	-
9	Other adjustments	-	-
10	**Tier2 instruments eligible under the TLAC framework**	**4,600**	**4,600**
11	**TLAC arising from regulatory capital**	**21,352**	**21,392**
Non-regulatory capital elements of TLAC			
12	Internal TLAC instruments issued directly by the entity and subordinated to excluded liabilities	6,000	5,500
13	Internal TLAC instruments issued directly by the entity which are not subordinated to excluded liabilities but meet all other TLAC Term Sheet requirements	-	-
17	**TLAC arising from non-regulatory capital instruments before adjustments**	**6,000**	**5,500**
Non-regulatory capital elements of TLAC: adjustments			
18	TLAC before deductions	27,352	26,892
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to single point of entry G-SIBs)	-	-
20	Deduction of investments in own other TLAC liabilities	-	-
21	Other adjustments to TLAC	-	-
22	**TLAC after deductions**	**27,352**	**26,892**
Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes			
23	Total RWA adjusted as permitted under the TLAC regime	144,713	132,613
24	Leverage exposure measure	427,658	397,050
TLAC ratios and buffers			
25	TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime)	19%	20%
26	TLAC (as a percentage of leverage exposure)	6.40%	6.77%
27	CET1 (as a percentage of RWA) available after meeting the entity's minimum capital and TLAC requirements	3.11%	4.36%
28	Bank-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss-absorbency requirement, expressed as a percentage of RWA)	2.55%	2.96%
29	Of which: capital conservation buffer requirement	2.50%	2.50%
30	Of which: bank-specific countercyclical buffer requirement	0.05%	0.46%
31	Of which: higher loss-absorbency requirement	-	-

Table 6: TLAC Creditor Ranking (TLAC2)

		Creditor ranking				
		(most junior) 1	2	3	(most senior) 4	Total as at 30 June 2020
		$ million	$ million	$ million	$ million	$ million
1	Is the resolution entity the creditor/investor? (yes or no)	Yes	Yes	Yes	Yes	
2	Description of creditor ranking (free text)	Ordinary Shares	AT1	Subordinated Loans	Senior Subordinated Loans	-
3	Total capital and liabilities net of credit risk mitigation	1,500	2,300	4,600	6,000	14,400
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	1,500	2,300	4,600	6,000	14,400
6	Subset of row 5 that are eligible as TLAC	1,500	2,300	4,600	6,000	14,400
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	3,500	3,500
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	3,600	2,500	6,100
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities	-	-	1,000	-	1,000
11	Subset of row 6 that is perpetual securities	1,500	2,300	-	-	3,800

Leverage

Leverage risk is the risk that excessive growth in exposure or a decrease in capital will lead to an entity becoming more vulnerable to leverage or contingent leverage that may require unintended corrective measures, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

In accordance with CRD IV, the leverage ratio for CGML is calculated by dividing fully loaded Tier 1 capital by the total of the entity's on and off-balance sheet exposures.

The leverage ratio is a monitoring tool which will allow competent authorities to assess the risk of excessive leverage in their respective institutions. It aims to constrain the build-up of excess leverage in the banking sector.

The requirement for the calculation and reporting of the leverage ratio has been implemented in the EU for reporting and disclosure purposes, but currently this is not set as a binding requirement. The leverage ratio during this transitional phase is set at a minimum level of 3%.

Table 7: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures (LRSUM)

This table summarises the total leverage exposure, comprising of the total assets in the statutory financial statement and other regulatory adjustments for leverage purposes.

		30 June 2020	31 December 2019
		$ million	$ million
1	Total assets as per published financial statements	525,100	427,278
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-	-
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-	-
4	Adjustments for derivative financial instruments	(111,857)	(49,987)
5	Adjustment for securities financing transactions (SFTs)	35,510	35,631
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	-	-
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-	-
7	Other adjustments - differences in Statutory and Regulatory consolidation	(21,094)	(15,873)
8	**Leverage ratio total exposure measure**	**427,658**	**397,050**

Table 8: Leverage Ratio Common Disclosure (LRCOM)

		30 June 2020	31 December 2019
		$ million	$ million
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	123,863	96,027
2	(Asset amounts deducted in determining Tier 1 capital)	(526)	(638)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	123,337	95,389
	Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	32,730	26,478
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark- to-market method)	100,236	127,608
	Exposure determined under Original Exposure Method	-	-
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(19,542)	(17,369)
8	(Exempted CCP leg of client-cleared trade exposures)	(11,779)	(8,733)
9	Adjusted effective notional amount of written credit derivatives	513,265	816,088
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(475,783)	(786,117)
11	**Total derivatives exposures (sum of lines 4 to 10)**	139,128	157,954
	SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions [1]	214,228	173,612
13	(Netted amounts of cash payables and cash receivables of gross SFT assets) [1]	(72,443)	(56,717)
14	Counterparty credit risk exposure for SFT assets	23,409	26,811
	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-	-
15	Agent transaction exposures	-	-
	(Exempted CCP leg of client-cleared SFT exposure)	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	165,194	143,706
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	-	-
18	(Adjustments for conversion to credit equivalent amounts)	-	-
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	-	-
	Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		

	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))		
	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
	Capital and total exposure measure		
20	**Tier 1 capital**	16,752	16,792
21	**Leverage ratio total exposure measure** (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	427,658	397,050
	Leverage ratio		
22	**Leverage ratio**	3.92%	4.23%
	Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	
	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	Fully phased in	

CGML's Leverage ratio decreased to 3.92% as at 30 June 2020, reflecting an increase in leverage exposures primarily as reduced netting was achieved within the SFT exposures.

Table 9: Split-up of on Balance Sheet Exposures (Excluding Derivatives, SFTs and Exempted Exposures) (LRSplit)

		30 June 2020	31 December 2019
		$ million	$ million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**123,863**	**96,027**
EU-2	Trading book exposures	118,569	90,658
EU-3	Banking book exposures, of which:	5,294	5,369
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	801	188
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	-	-
EU-7	Institutions	325	360
EU-8	Secured by mortgages of immovable properties	-	-
EU-9	Retail exposures	-	-
EU-10	Corporate	1,203	935
EU-11	Exposures in default	-	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	2,964	3,886

Credit Risk and Credit Risk Mitigation

The tables in this section detail CGML's credit risk profile, focusing on on-balance sheet and off-balance sheet regulatory exposures. The risk profile is detailed by exposure classes, industry, regions, maturities and defaulted exposures

Table 10: Credit Quality of exposures by Exposure Class and Instrument (CR1-A)

		Gross carrying values of						
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
	Standardised approach							
16	Central governments or central banks	-	801	-	-	-	-	801
21	Institutions	-	351	-	-	-	-	351
22	Corporates	-	1,858	-	-	-	-	1,858
31	Claims on institutions and corporates with a short- term credit assessment	-	1,919	-	-	-	-	1,919
33	Equity exposures	-	91	-	-	-	-	91
34	Other exposures	-	394	-	-	-	-	394
35	**Total standardised approach at 30 June 2020**	-	**5,415**	-	-	-	-	**5,415**
36	**Total as at 30 June 2020**							
37	Of which: Loans [1]	-	983	-	-	-	-	983
38	Of which: Debt Securities	-		-	-	-	-	-

		Gross carrying values of						
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
	Standardised approach							
16	Central governments or central banks	-	188	-	-	-	-	188
21	Institutions	-	649	-	-	-	-	649
22	Corporates	-	1,510	-	-	-	-	1,510
31	Claims on institutions and corporates with a short- term credit assessment	-	2,557	-	-	-	-	2,557
33	Equity exposures	-	74	-	-	-	-	74
34	Other exposures	-	552	-	-	-	-	552
35	**Total standardised approach at 31 December 2019**	-	**5,529**	-	-	-	-	**5,529**
36	**Total as at 31 December 2019**							
37	Of which: Loans [1]	-	496	-	-	-	-	496
38	Of which: Debt Securities	-		-	-	-	-	-

1 Loans no longer includes cash held with counterparties, and the comparative figure as at 31 December 2019 has been amended to align with the current period's presentation.

Table 11: Credit Quality of exposures industry or counterparty types (CR1-B)

The tables provide a picture of the credit quality of CGML's on-balance-sheet and off-balance sheet exposures by industry or counterparty types.

		Gross carrying values of						
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Agriculture, forestry and fishing	-	-	-	-	-	-	-
2	Mining and quarrying	-	106	-	-	-	-	106
11	Financial and insurance activities	-	5,123	-	-	-	-	5,123
12	Real estate activities	-	4	-	-	-	-	4
15	Public administration and defence, compulsory social security	-	182	-	-	-	-	182
20	**Total as at 30 June 2020**	-	**5,415**	-	-	-	-	**5,415**

		Gross carrying values of						
		Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Agriculture, forestry and fishing	-	-	-	-	-	-	-
2	Mining and quarrying	-	268	-	-	-	-	268
4	Electricity, gas, steam and air conditioning supply	-	162	-	-	-	-	162
11	Financial and insurance activities	-	4,909	-	-	-	-	4,909
12	Real estate activities	-	2	-	-	-	-	2
15	Public administration and defence, compulsory social security	-	188	-	-	-	-	188
20	**Total as at 31 December 2019**	-	**5,529**	-	-	-	-	**5,529**

Table 12: Credit Quality of Exposures by Geography (CR1-C)

This table provide a picture of the credit quality of CGML's on-balance-sheet and off-balance-sheet exposures by geography.

	Gross carrying values of						
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
	$ million	$ million	$ million	$ million	$ million	$ million	$ million
EMEA	-	**4,083**	-	-	-	-	**4,083**
United Kingdom	-	3,101	-	-	-	-	3,101
Germany	-	343	-	-	-	-	343
Ireland	-	151	-	-	-	-	151
Nigeria	-	139	-	-	-	-	139
Belgium	-	75	-	-	-	-	75
Other countries	-	275	-	-	-	-	275
APAC	-	**316**	-	-	-	-	**316**
India	-	110	-	-	-	-	110
Hong Kong	-	97	-	-	-	-	97
Other countries	-	109	-	-	-	-	109
North America	-	**979**	-	-	-	-	**979**
United States	-	907	-	-	-	-	907
Canada	-	72	-	-	-	-	72
LATAM	-	**37**	-	-	-	-	**37**
Total as at 30 June 2020	-	**5,415**	-	-	-	-	**5,415**

	Gross carrying values of						
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
	$ million	$ million	$ million	$ million	$ million	$ million	$ million
EMEA	-	**4,292**	-	-	-	-	**4,292**
United Kingdom	-	2,700	-	-	-	-	2,700
Germany	-	511	-	-	-	-	511
Ireland	-	180	-	-	-	-	180
Nigeria	-	10	-	-	-	-	10
Belgium	-	269	-	-	-	-	269
Other countries	-	623	-	-	-	-	623
APAC	-	**889**	-	-	-	-	**889**
India	-	272	-	-	-	-	272
Hong Kong	-	364	-	-	-	-	364
Other countries	-	253	-	-	-	-	253
North America	-	**308**	-	-	-	-	**308**
United States	-	242	-	-	-	-	242
Canada	-	66	-	-	-	-	66
LATAM	-	**40**	-	-	-	-	**40**
Total as at 31 December 2019	-	**5,529**	-	-	-	-	**5,529**

Table 13: Credit Quality of performing and non-performing exposures by past due days

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	$ million		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defau-lted
1	Loans and advances	983	983	-	-	-	-	-	-	-	-	-	-
5	*Other financial corporations*	800	800	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	183	183	-	-	-	-	-	-	-	-	-	-
22	**Total as at 30 June 2020**	**983**	**983**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	$ million		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defau-lted
1	Loans and advances	496	496	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	496	496	-	-	-	-	-	-	-	-	-	-
22	**Total as at 31 December 2019**	**496**	**496**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

[1] Comparative figures have been revised to align with table CR1-A

Table 14: Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	$ million		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3			
1	Loans and advances	983	983	-	-	-	-	-	-	-	-	-	-	-
5	*Other financial corporations*	800	800	-	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	183	183	-	-	-	-	-	-	-	-	-	-	-
22	**Total as at 30 June 2020**	**983**	**983**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	$ million		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3			
1	Loans and advances	496	496	-	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	496	496	-	-	-	-	-	-	-	-	-	-	-
22	**Total as at 31 December 2019**	**496**	**496**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

[1] Comparative figures have been revised to align with table CR1-A

Table 15: CRM Techniques – Overview (CR3)

This table shows the extent of the use of CRM techniques.

		Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
		$ million	$ million	$ million	$ million	$ million
1	Total loans [1]	983	-	-	-	-
2	Total debt securities	-	-	-	-	-
3	**Total exposures as at 30 June 2020**	**983**	**-**	**-**	**-**	**-**
4	Of which defaulted	-	-	-	-	-

		Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
		$ million	$ million	$ million	$ million	$ million
1	Total loans [1]	496	-	-	-	-
2	Total debt securities	-	-	-	-	-
3	**Total exposures as at 31 December 2019**	**496**	**-**	**-**	**-**	**-**
4	Of which defaulted	-	-	-	-	-

1 Loans no longer includes cash held with counterparties, comparative figure as at 31 December 2019 has been amended to align with the current period's presentation.

Credit Risk and Credit Risk Mitigation in the Standard Approach

The tables in this section detail CGML's credit risk profile under the standardised approach.

Table 16: Standardised Approach – Credit Risk Exposure and CRM Effects (CR4)

This table shows the effect of CCF and CRM techniques applied on total on-balance sheet and off-balance sheet credit risk exposures, across exposure classes. RWA density is expressed as total risk weighted exposures divided by exposures post-CCF and post-CRM.

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
	$ million	$ million	$ million	$ million	$ million	$ million
Exposure classes						
Central governments or central banks	801	-	801	-	455	57%
Institutions	351	-	351	-	96	27%
Corporates	1,858	-	1,858	-	1,858	100%
Institutions and corporates with a short-term credit assessment	1,919	-	1,919	-	698	36%
Equity	91	-	91	-	94	103%
Other exposures	394	-	394	-	532	135%
Total as at 30 June 2020	**5,415**	-	**5,415**	-	**3,732**	**69%**

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
	$ million	$ million	$ million	$ million	$ million	$ million
Exposure classes						
Central governments or central banks	188	-	188	-	469	249%
Institutions	649	-	649	-	214	33%
Corporates	1,510	-	1,510	-	1,509	100%
Institutions and corporates with a short-term credit assessment	2,557	-	2,557	-	985	39%
Equity	74	-	74	-	76	103%
Other exposures	551	-	551	-	685	124%
Total as at 31 December 2019	**5,529**	-	**5,529**	-	**3,939**	**71%**

Table 17: Standardised Approach – Risk Weighted (CR5)

This table provides the breakdown of exposures under the standardised approach by asset class and risk weight.

	Risk weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	Of which: unrated
	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
Exposure classes																		
Central governments or central banks	619	-	-	-	-	-	-	-	-	-	-	182	-	-	-	-	**801**	182
Institutions	-	-	-	-	267	-	84	-	-	1	-	-	-	-	-	-	**351**	271
Corporates	-	-	-	-	-	-	-	-	-	1,858	-	-	-	-	-	-	**1,858**	1,858
Institutions and corporates with a short-term credit assessment	-	-	-	-	874	-	1,046	-	-	-	-	-	-	-	-	-	**1,919**	-
Equity	-	-	-	-	-	-	-	-	-	90	-	2	-	-	-	-	**91**	91
Other items	-	-	-	-	-	-	-	-	-	303	-	92	-	-	-	-	**394**	394
Total as at 30 June 2020	**619**	**-**	**-**	**-**	**1,140**	**-**	**1,130**	**-**	**-**	**2,252**	-	**275**	**-**	**-**	**-**	**-**	**5,415**	**2,796**

	Risk weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	Of which: unrated
	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
Exposure classes																		
Central governments or central banks	1	-	-	-	-	-	-	-	-	-	-	188	-	-	-	-	**188**	188
Institutions	-	-	-	-	369	-	279	-	-	-	-	-	-	-	-	-	**649**	372
Corporates	-	-	-	-	-	-	2	-	-	1,507	1	-	-	-	-	-	**1,510**	1,507
Institutions and corporates with a short-term credit assessment	-	-	-	-	1,403	-	901	-	-	250	3	-	-	-	-	-	**2,557**	-
Equity	-	-	-	-	-	-	-	-	-	72	-	2	-	-	-	-	**74**	74
Other items	-	-	-	-	-	-	-	-	-	463	-	89	-	-	-	-	**552**	552
Total as at 31 December 2019	**1**	**-**	**-**	**-**	**1,773**	**-**	**1,182**	**-**	**-**	**2,293**	**4**	**278**	**-**	**-**	**-**	**-**	**5,529**	**2,693**

Counterparty Credit Risk

For UK regulatory reporting purposes, CGML uses the standardised approach in determining counterparty credit risk capital requirements, based on External Credit Assessment Institution ('ECAI') ratings for calculating RWAs. The measures of Exposure at Default ('EAD') used to determine these requirements are described below.

For Over-The-Counter ('OTC') derivatives, CGML uses two approaches: Internal Model Method ('IMM') and Current Exposure Method ('CEM'). For IMM, the firm uses a constant covariance Monte Carlo simulation of potential future exposure to determine an effective expected positive exposure ('EEPE') measure as an input to Citi's EAD calculation. The model is calibrated with historical volatilities subject to a set of independent internal validation and statistical back-testing standards. Additionally, the model utilises a standard supervisory alpha multiplication factor of 1.4. For those positions which fall outside of the scope of the firm's IMM model permission, CGML uses the CEM approach. This method assigns to each transaction a regulatory stipulated exposure based on the mark-to-market value and a measure of potential future exposure using a percentage of notional driven by residual maturity and the type of contract.

For Securities Financing Transactions ('SFTs'), CGML applies a supervisory volatility adjustment under the financial collateral comprehensive method for calculating its EAD. The calculation equals exposure less collateral after applying regulatory haircuts for security volatility adjustments and any applicable currency mismatches. The EAD is then used to calculate RWAs using the standardised approach.

Table 18: Analysis of CCR Exposure by Approach (CCR1)

This table provide a comprehensive view of the methods used by CGML to calculate CCR regulatory requirements and the main parameters used within each method.

		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Mark to market		10,331	23,847			24,702	13,781
2	Original exposure		-	-				
3	Standardised approach		-	-				
4	IMM (for derivatives and SFTs)				10,690	1.4	14,966	9,675
6	Of which derivatives and long settlement transactions				10,690	1.4	14,966	9,675
9	Financial collateral comprehensive method (for SFTs)						48,746	34,754
10	VaR for SFTs							
11	**Total as at 30 June 2020**							**58,210**

		Notional	Replacement cost/current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Mark to market		8,976	27,183			28,071	17,828
2	Original exposure		-	-			-	-
3	Standardised approach		-	-			-	-
4	IMM (for derivatives and SFTs)				9,215	1.4	12,900	8,632
6	Of which derivatives and long settlement transactions				9,215	1.4	12,900	8,632
9	Financial collateral comprehensive method (for SFTs)						51,664	38,047
10	VaR for SFTs						-	-
11	**Total as at 31 December 2019**							**64,507**

This excludes CVA charges or exposures cleared through a CCP.

Table 19: Credit Valuation Adjustment (CVA) Capital Charge (CCR2)

		30 June 2020		31 December 2019	
		Exposure value	RWAs	Exposure value	RWAs
		$ million	$ million	$ million	$ million
1	Total portfolios subject to the advanced method	9,118	2,930	8,017	2,324
2	(i) VaR component (including the 3× multiplier)		1,183		697
3	(ii) SVaR component (including the 3× multiplier)		1,747		1,628
4	All portfolios subject to the standardised method	6,758	3,026	9,014	4,469
5	**Total subject to the CVA capital charge**	**15,876**	**5,956**	**17,031**	**6,793**

Table 20: Exposures to CCPs (CCR8)

This table provide a comprehensive picture of the institution's exposures to CCPs. In particular, the template includes all types of exposures (due to operations, margins, and contributions to default funds) and related capital requirements.

	As at 30 June 2020		As at 31 December 2019	
	EAD post CRM	RWAs	EAD post CRM	RWAs
	$ million	$ million	$ million	$ million
Exposures to QCCPs (total)		**1,169**		**1,047**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	14,810	709	12,254	693
(i) OTC derivatives	5,734	338	3,312	212
(ii) Exchange-traded derivatives	3,828	179	5,842	354
(iii) SFTs	5,248	192	3,100	127
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	5,517	110	2,424	48
Prefunded default fund contributions [1]	873	349	723	306
Alternative calculation of own funds requirements for exposures		-		-
Exposures to non-QCCPs (total)		**-**		**-**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) SFTs	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Prefunded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

Table 21 Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk (CCR3)

This table provides a breakdown of Counterparty Credit Risk exposures and risk-weighted by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardised approach).

		Risk weight									
		0%	2%	4%	20%	50%	100%	150%	Others	Total	Of which: unrated
		$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Central governments or central banks	4,847	-	-	89	33	4,873	-	-	9,842	7,996
2	Regional government or local authorities	70	-	-	126	-	7	-	-	203	7
3	Public sector entities	370	-	-	893	-	243	-	-	1,506	145
4	Multilateral development banks	181	-	-	-	-	-	-	-	182	-
5	International organisations	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	18,032	3,087	7,755	27,207	279	-	-	56,359	15,134
7	Corporates	-	-	-	944	2,757	33,692	389	-	37,783	32,945
8	Retail	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	981	1,035	169	476	-	2,661	-
10	Other items	-	-	-	-	-	-	208	-	208	172
10b	Claims in the form of CIU	-	-	-	-	-	-	-	-	-	-
11	**Total as at 30 June 2020**	**5,467**	**18,032**	**3,087**	**10,788**	**31,031**	**39,264**	**1,073**	**-**	**108,743**	**56,400**

		Risk weight									
		0%	2%	4%	20%	50%	100%	150%	Others	Total	Of which: unrated
		$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	Central governments or central banks	4,534	-	-	485	22	7,285	-	-	12,326	10,526
2	Regional government or local authorities	74	-	-	11	-	-	-	-	85	-
3	Public sector entities	81	-	-	1,018	4	549	-	-	1,652	401
4	Multilateral development banks	178	-	-	1	-	-	-	-	179	-
5	International organisations	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	10,313	2,116	7,794	29,116	700	-	-	50,039	10,667
7	Corporates	-	-	-	920	2,327	35,934	442	-	39,623	34,815
8	Retail	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	58	2,219	61	412	-	2,750	-
10	Other items	-	-	-	-	-	-	158	-	158	124
10b	Claims in the form of CIU	-	-	-	-	-	-	-	-	-	-
11	**Total as at 31 December 2019**	**4,867**	**10,313**	**2,116**	**10,287**	**33,688**	**44,529**	**1,012**	**-**	**106,812**	**56,533**

Table 22: RWA flow statements of CCR exposures under the IMM (CCR7)

This table presents a flow statement explaining changes in the CCR RWAs determined under the IMM for CCR (derivatives) in accordance with Part Three, Title II, Chapter 6 of the CRR.

		RWAs	Capital requirements
		$ million	$ million
1	**RWAs as 31 March 2020**	**11,039**	**883**
2	Asset size	(1,301)	(104)
3	Credit quality of counterparties	67	5
4	Model updates (IMM only)	-	-
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	-	-
8	Other	-	-
9	**RWAs as at 30 June 2020**	**9,806**	**784**

During Q2 2020, CCR RWAs decreased by $1,233 million primarily due to a decrease in exposures valued under the IMM.

Table 23: Impact of Netting and Collateral Held on Exposure Values (CCR5-A)

The table provides an overview of the impact of netting and collateral held on exposures for SFT and derivatives, including exposures arising from transactions cleared through a CCP.

		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
		$ million	$ million	$ million	$ million	$ million
1	Derivatives	595,231	543,426	51,805	42,569	9,235
2	SFTs	486,181	-	486,181	471,056	15,125
3	Non-eligible collateral under the CRR11				67,779	
4	**Total as at 30 June 2020**	**1,081,412**	**543,426**	**537,986**	**581,405**	**24,360**

		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
		$ million	$ million	$ million	$ million	$ million
1	Derivatives	498,741	451,067	47,674	37,549	10,125
2	SFTs	410,994	-	410,994	405,680	5,314
3	Non-eligible collateral under the CRR11				37,047	
4	**Total as at 31 December 2019**	**909,735**	**451,067**	**458,668**	**480,276**	**15,439**

Collateral held includes collateral not eligible for CRM or that would have no impact on the netted current credit exposure in the application of Chapter 4 and Chapter 6 of Part Two, Title III of the CRR.

Table 24: Composition of Collateral for Exposures to CCR (CCR5-B)

This table shows the breakdown of all types of posted or received by CGML to support or reduce Counterparty Credit Risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	$ million	$ million	$ million	$ million	$ million	$ million
Cash	-	26,174	-	52,384	176,664	225,832
Sovereign Debt	201	9,164	785	3,391	204,254	182,032
Corporate Bond	74	3,264	140	2,420	19,663	23,980
Equities	99	-	-	-	67,909	46,089
Other	-	3,594	-	523	2,566	5,707
Total as at 30 June 2020	**374**	**42,196**	**925**	**58,718**	**471,056**	**483,641**

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	$ million	$ million	$ million	$ million	$ million	$ million
Cash	1	24,019	1	26,429	143,816	189,963
Sovereign Debt	2,131	4,597	2,820	2,000	175,592	119,277
Corporate Bond	166	2,635	236	2,105	19,871	18,900
Equities	200	-	12	-	61,916	41,087
Other	-	3,800	95	608	4,485	40,900
Total as at 31 December 2019	**2,497**	**35,051**	**3,163**	**31,142**	**405,680**	**410,126**

Table 25: Credit Derivatives Exposures (CCR6)

The table below illustrate the extent of CGML's exposures to credit derivative transactions broken down between derivatives bought or sold.

	Credit derivative hedges		Other credit derivatives	
	Protection bought	Protection sold	Protection bought	Protection sold
	$ million	$ million	$ million	$ million
Notionals as at 30 June 2020				
Single-name credit default swaps			257,133	257,312
Index credit default swaps			259,381	254,228
Total return swaps			26,557	45,450
Credit options			629	629
Other credit derivatives			123	123
Total notionals			**543,823**	**557,743**
Fair values				
Positive fair value (asset)			6,154	8,281
Negative fair value (liability)			(7,411)	(7,428)

	Credit derivative hedges		Other credit derivatives	
	Protection bought	Protection sold	Protection bought	Protection sold
	$ million	$ million	$ million	$ million
Notionals as at 31 December 2019				
Single-name credit default swaps			254,938	253,998
Index credit default swaps			542,505	541,832
Total return swaps			2,210	81,768
Credit options			20,095	18,463
Other credit derivatives			1,098	1,098
Total notionals			**820,847**	**897,159**
Fair values				
Positive fair value (asset)			2,712	23,575
Negative fair value (liability)			(21,530)	(4,972)

Notional value of credit derivatives decreased by $277 million to $544 million for protection bought and by $339 million to $558 million for protection sol, predominantly due to significant decreases in Index credit default swaps. CGML does not use credit derivatives for credit risk mitigation purposes.

Market Risk

CGML uses a Value at Risk ('VaR') model to calculate market risk capital requirements for part of its trading portfolio under an Internal Model Approach ('IMA') permission granted by the Prudential Regulation Authority ('PRA'). The permission covers general market risk and issuer specific risk for a number of Rates, Credit, Equities and Commodities businesses. In addition to VaR based capital requirements, CGML is required to set aside capital in respect of Stressed VaR ('sVaR') and the Incremental Risk Charge ('IRC'). For the remainder of its trading portfolio, foreign currency and commodity positions, CGML uses the standardised method for calculating market risk. CGME is now included in the IMA capital for CGML on a consolidated basis, using the aggregation+ approach.

Non-proprietary details of the scope of CGML's IMA permission are available in the Financial Services Register on the Financial Conduct Authority (FCA) website.

Table 26: Market Risk under the IMA (MR2-A)

		As at 30 June 2020		As at 31 December 2019	
		RWAs	Capital requirements	RWAs	Capital requirements
		$ million	$ million	$ million	$ million
1	**VaR (higher of values a and b)**	12,421	994	2,493	199
(a)	Previous day's VaR (Article 365(1) of the CRR (VaRt-1))		283		69
(b)	Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR		994		199
2	**SVaR (higher of values a and b)**	12,586	1,007	5,043	403
(a)	Latest SVaR (Article 365(2) of the CRR (SVaRt-1))		342		216
(b)	Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)		1,007		403
3	**IRC (higher of values a and b)**	5,965	477	3,653	292
(a)	Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)		477		243
(b)	Average of the IRC number over the preceding 12 weeks		353		292
4	**Comprehensive risk measure (higher of values a, b and c)**	-	-	-	-
(a)	Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)		-		-
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		-		-
(c)	8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)		-		-
5	**Other**	-	-	-	-
6	**Total**	**30,972**	**2,478**	**11,189**	**895**

Over the period, CGMLs total IMA capital requirements increased $1.6 billion primarily driven by an increase in VaR and SVaR.

Table 27: RWA flow statements of market risk exposures under the IMA (MR2-B)

The table presents a flow statement explaining variations in the market RWAs.

		VaR	SVaR	IRC	Comprehe-nsive risk measure	Other	Total RWAs	Total capital requirements
		$ million	$ million	$ million	$ million	$ million	$ million	$ million
1	**RWAs at 31 March 2020**	**7,456**	**9,655**	**3,917**	**-**	**-**	**21,029**	**1,682**
1a	*Regulatory adjustment*	(1,759)	(6,139)	(817)	-	-	(8,715)	(697)
1b	*RWAs at the previous quarter-end (end of the day)*	5,698	3,516	3,100	-	-	12,314	985
2	Movement in risk levels	(1,898)	435	2,861	-	-	1,398	112
3	Model updates/changes	(257)	325	-	-	-	68	5
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWAs at the end of the reporting period (end of the day)*	3,542	4,275	5,961	-	-	13,779	1,102
8b	*Regulatory adjustment*	8,879	8,311	3	-	-	17,194	1,375
8	**RWAs at 30 June 2020**	**12,421**	**12,586**	**5,965**	**-**	**-**	**30,972**	**2,478**

RWAs under the IMA increased $9.8 billion, primarily across VaR as a result of market volatility relating to COVID-19.

Table 28: IMA Values for Trading Portfolios (MR3)

The tables below display the values resulting from models approved to be used for computing the regulatory capital charge before any additional capital charge is applied on the value in accordance with Article 365 in Part Three, Title V, Chapter 5 of the CRR.

CGML Solo

	30 June 2020 $ million	31 December 2019 $ million
VaR (10 day 99%)		
Maximum value	305	86
Average value	118	49
Minimum value	42	27
Period end	125	43
SVaR (10 day 99%)		
Maximum value	291	140
Average value	138	51
Minimum value	77	3
Period end	141	139
IRC (99.9%)		
Maximum value	542	384
Average value	304	211
Minimum value	197	98
Period end	459	227
Comprehensive risk capital charge (99.9%)		
Maximum value	-	-
Average value	-	-
Minimum value	-	-
Period end	-	-

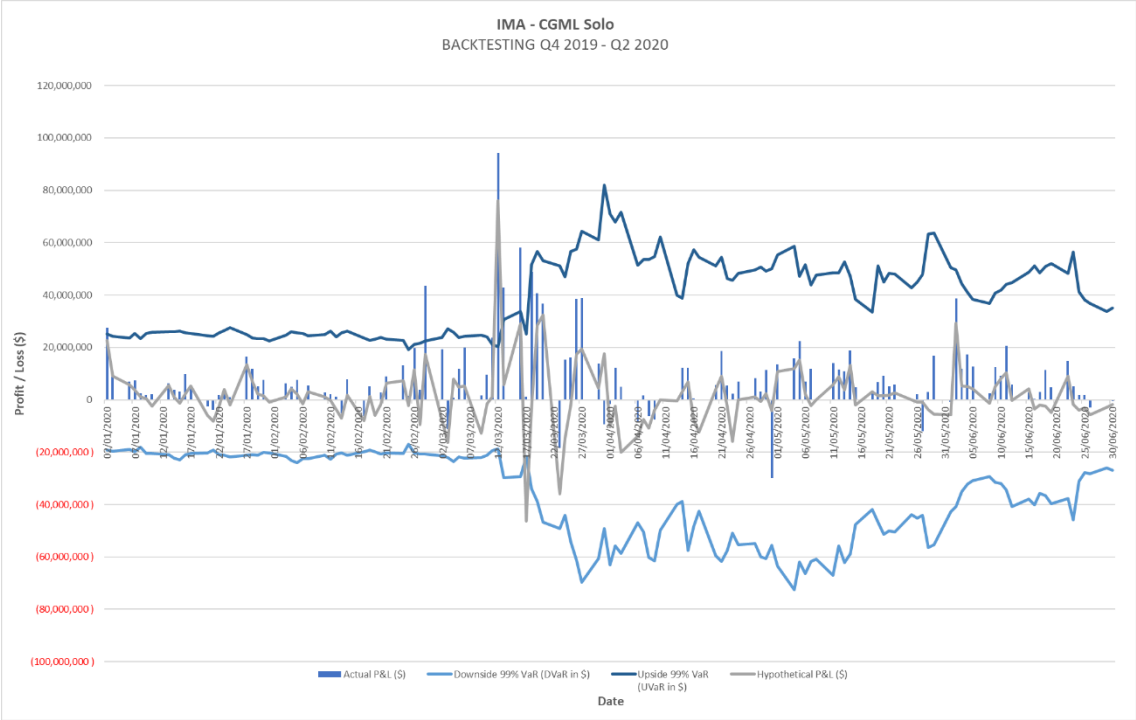
CGME Solo

	30 June 2020 $ million
VaR (10 day 99%)	
Maximum value	51
Average value	20
Minimum value	2
Period end	28
SVaR (10 day 99%)	
Maximum value	96
Average value	41
Minimum value	8
Period end	67
IRC (99.9%)	
Maximum value	3
Average value	1
Minimum value	0
Period end	2
Comprehensive risk capital charge (99.9%)	
Maximum value	-
Average value	-
Minimum value	-
Period end	-

Table 29: Comparison of VaR Estimates with Gains/Losses (MR4)

The tables below present a comparison of the results of estimates from the regulatory VaR model approved with both hypothetical and actual trading outcomes, in order to highlight the frequency and the extent of the backtesting exceptions and to give an analysis of the main outliers in backtested results. CGML shares backtesting results with the PRA on a regular basis, with the backtesting exceptions observed across CGML and CGME to date in 2020 primarily driven by periods of exceptional market volatility.

CGML Solo:



CGME Solo:

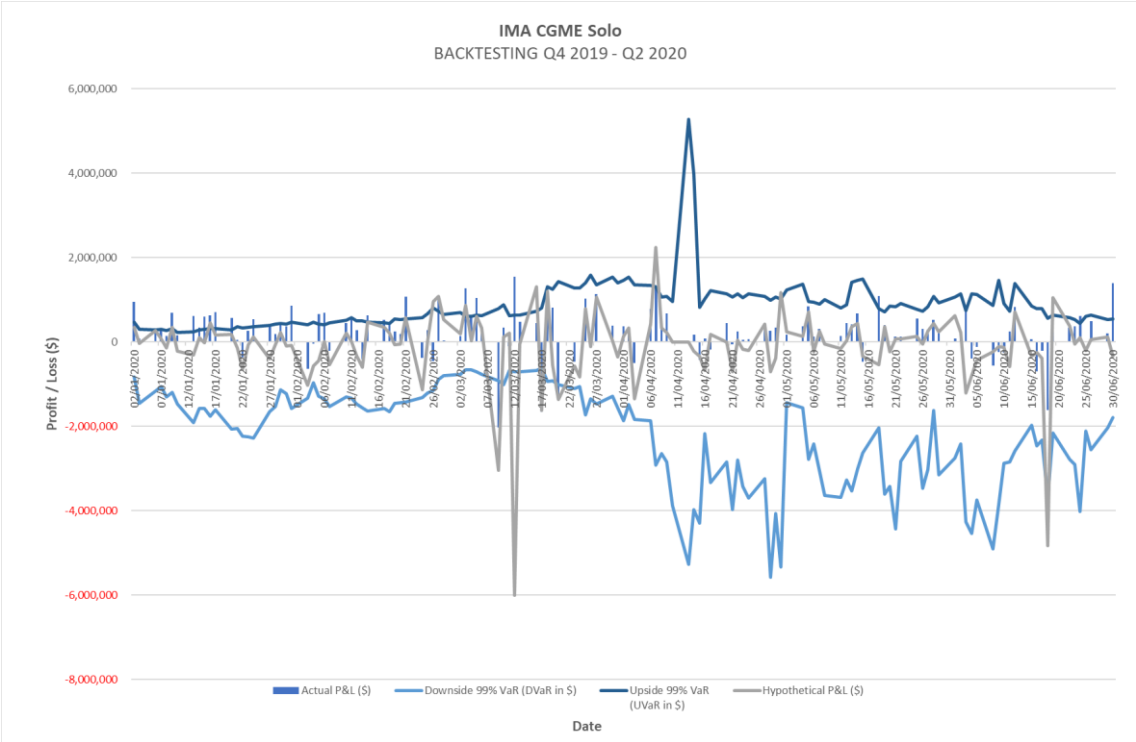


Table 30: Market Risk under the Standardised Approach (MR1)

		30 June 2020		31 December 2019	
		RWAs	Capital requirements	RWAs	Capital requirements
		$ million	$ million	$ million	$ million
	Outright products				
1	Interest rate risk (general and specific)	10,495	840	10,985	879
2	Equity risk (general and specific)	4,358	349	5,033	403
3	Foreign exchange risk	3,170	254	2,669	214
4	Commodity risk	376	30	871	70
	Options				
5	Simplified approach	-	-	-	-
6	Delta-plus method	-	-	-	-
7	Scenario approach	1,977	158	1,973	158
8	Securitisation (specific risk)	528	42	165	13
9	**Total**	**20,903**	**1,672**	**21,695**	**1,736**

Appendix 1: Non-disclosed Tables

Please see below a list of disclosure tables not included in CGML's Pillar 3:

Table	Rationale
Credit Quality of Forborne Exposures	Templates excluded on the basis of immateriality or non-applicability
Collateral obtained by taking possession and execution processes	
CR2-A: Changes in the Stock of General and Specific Credit Risk Adjustments	
CR2-B: Changes in the Stock of Defaulted and Impaired Loans and Debt Securities	
CR6: IRB – Credit risk exposures by exposure class and PD range	CGML does not have any credit or counterparty credit exposures under the IRB approach
CR7: IRB – Effect on RWA of credit derivatives used as CRM techniques	
CR8: RWA flow statements of credit risk exposures under IRB	
CR9: IRB – Backtesting of probability of default (PD) per exposure class	
CCR4: IRB – CCR exposures by portfolio and PD scale	

Glossary

BCBS	Basel Committee on Banking Supervision
CEM	Current Exposure Method
CGML	Citigroup Global Markets Limited
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
EEPE	Effective Expected Positive Exposures
EU	European Union
FCA	Financial Conduct Authority
FRTB	Fundamental Review of the Trading Book
G-SIB	Global Systemically Important Bank
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IRC	Incremental Risk Charge
IMA	Internal Model Approach
IMM	Internal Model Method
LCR	Liquidity Coverage Ratio
MREL	Minimum Requirement for Eligible Liabilities
OTC	Over-the-Counter Derivatives
PRA	Prudential Regulation Authority
RWA	Risk Weighted Asset
SA-CCR	Standardised Approach for Counterparty Credit Risk
SA-CR	Standardised Approach to Credit Risk
SFT	Securities Financing Transaction
sVaR	Stressed Value-at-Risk
TLAC	Total Loss Absorbing Capacity
VaR	Value-at-Risk