Citibank UK Limited
Pillar 3 Disclosures

31 December 2020

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Introduction

Citibank UK Limited (‘CUKL’ or ‘the Company’) is a wholly owned subsidiary of Citibank Overseas Investment Corporation (‘COIC’), which is a subsidiary of the banking entity Citibank NA (‘CBNA’), a subsidiary of Citigroup Inc. (‘Citi’). Its core activity is the offering of consumer banking products principally to high net worth individuals, both onshore and offshore.

Effective the 17 May 2019, the Company was authorised by the Prudential Regulation Authority (‘PRA’) and regulated by the PRA and Financial Conduct Authority (‘FCA’). Pursuant to the above, the existing Global Consumer Bank (‘GCB’) customers formerly serviced out of Citi affiliates, Citibank Europe Plc UK branch (‘CEP UK’) and CBNA London were transferred to the Company, on the 16 September 2019, in line with High Court approvals received on 26 July 2019.

Citi currently operates via two primary business segments, the Institutional Clients Group (‘ICG’) and the Global Consumer Bank (‘GCB’).

Global Consumer Bank (‘GCB’)

The Company’s principal business falls within the GCB segment of Citi’s operations. GCB offers consumer banking products and services, principally to high net worth individuals (‘HNWI’), both onshore and offshore. The onshore UK business focuses on domestic clients while the offshore business is part of Citi’s International Personal Bank (‘IPB’) focusing on target market clients from Europe, Russia, Hong Kong and the Middle East. Offshore clients are primarily referred through Citi’s global network. The product offering includes multi-currency deposits, investments, foreign exchange solutions and other wealth management services.

Institutional Clients Group (‘ICG’)

The Company’s ICG businesses utilise the excess liquidity generated in the entity to fund high quality loans, bonds and securitised notes considering, among other factors, the Liquidity, Risk and Governance framework of the entity.

Overview of Pillar 3 Disclosures

The Capital Requirements Directive (‘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

The Pillar 3 disclosures complement both the group level materials included in the Citigroup Annual Report, and CUKL’s own 2020 financial statements. The CUKL Pillar 3 disclosures are prepared on a stand-alone basis.

These disclosures are made in accordance with Part 8 of the Capital Requirements Regulation (‘CRR’) within the CRD IV package. In addition, we have implemented the European Banking Authority (‘EBA’) final guidelines on revised Pillar 3 disclosures (EBA/GL/2016/11), amended in June 2017, which bring into force the disclosure of new quantitative tables to further enhance comparability and consistency across the industry.

Frequency of disclosure

CUKL as a non Global Systemically Important Bank (‘non G-SIB’) publishes Pillar 3 disclosures annually in line with the CRR and EBA requirements. CUKL publishes its Pillar 3 disclosures at **https://www.citigroup.com/citi/investor/reg.htm**

Quantitative Disclosure

Where not relevant to the activities of CUKL, specific rows and columns have been deleted from tables. Tables may not sum due to rounding. Any information deemed as immaterial, proprietary and confidential to CUKL has been omitted.

Details of disclosures omitted can be found in Appendix 3.

Policy and verification

In accordance with Article 431(3) of the CRR, CUKL’s Pillar 3 disclosure is covered under the Citi EU Pillar 3 Standard, which outlines the principles and minimum standards to be applied when developing a set of Pillar 3 disclosures for legal entities within the EU regulatory framework. The firm operates within a framework of internal controls and procedures for assessing the appropriateness of this disclosure.

This Pillar 3 disclosure is governed and approved by the CUKL Board of Directors.

Regulatory Outlook

The UK's withdrawal from the EU

The UK's membership of the European Union came to an end on 31 January, 2020 following the ratification by the UK and the EU of the Withdrawal Agreement with a transition period. The Brexit transition period ended at 11:00pm (UK) on 31 December, 2020, resulting in EU laws, rules and regulations no longer being applicable to the UK.

The UK has on-shored relevant existing EU financial services legislation into UK law, these include the CRR, CRD, Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS). Additionally, the UK regulatory authorities are using a temporary transitional power (TTP) to delay or phase-in on-shoring changes to UK regulatory requirements arising at the end of the transition period for a period of 15 months ending 31 March 2022.

Citi continues servicing its clients in the EEA and UK with minimal disruption, whilst maintaining simplicity and transparency.

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. The responses include reductions in countercyclical capital buffers, clarifications on the use of capital buffers and proposed revisions to the securitisation framework and associated amendments to the CRR. In addition, a 'CRR Quick Fix' package was enacted in the EU in June 2020, making amendments to the regulatory framework. 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.

Basel Reforms

CUKL 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 II /CRD V. Following the UK's departure from the EU, the UK has on-shored certain parts of the CRR II regulation and is consulting on rules to implement other elements of CRR II in the UK.

Key elements in CRR II include changes to Counterparty Credit Risk (SA-CCR), the Large Exposures framework, the Leverage Ratio, Net Stable Funding Ratio (NSFR), Minimum Requirements for Own Funds and Eligible Liabilities (MREL).

CRR II / CRD V (the CRD V package) was published in the Official Journal of the EU in June 2019. The majority of the package applies two years later, however some applied immediately following the entry into force, such as MREL. In November 2020, the UK Treasury, in conjunction with the PRA and FCA, delayed the implementation of the majority of the CRR II package in the UK until 1 Jan 2022.

Minimum Requirements for Own Funds and Eligible Liabilities (MREL)

MREL is a requirement for firms to maintain a minimum amount of loss-absorbing resources over and above the own funds requirements. MREL resources can take the form of regulatory capital (own funds) and certain types of liabilities (eligible liabilities) that will be written down and/or converted to equity if a firm is likely to fail.

The Bank of England (BoE) has adapted the MREL framework to implement the Financial Stability Board's (FSB) total loss absorbing capacity (TLAC) standard in the UK, However since the Bank of England has set CUKL's MREL requirement as equal to its minimum capital requirement, it will not impact the entity.

The Standardised Approach for Measuring Counterparty Credit Risk Exposures (SA-CCR)

In 2014, the Basel committee published the final framework for SA-CCR. This approach replaces the Current Exposure Method (CEM) and addresses historical deficiencies by distinguishing between bilateral and cleared trades, margined and unmargined transactions, allowing better reflection of netting, hedging and collateral benefits.

The Large Exposures framework

The capital that can be considered for the purposes of large exposures will be limited to Tier 1 capital only, a change from the previous 'eligible capital' which was inclusive of Tier 2 capital.

The introduction of SA-CCR further impacts the large exposures as the use of internal models is no longer permitted for calculating the exposure value used in the large exposures framework. CUKL is not impacted as the Company does not use internal models.

The Leverage Ratio

CRR II imposes a binding requirement for institutions to maintain a leverage ratio of at least 3% effective 1 January 2022. Additionally, leverage exposures are also subject to calculation under SA-CRR.

Net Stable Funding Ratio (NSFR)

NSFR rules were finalised and published in the EU as part of the CRD V package. CUKL is required to comply with the CRR II NSFR requirements from 1 January 2022 that also includes the binding requirement of maintaining a ratio of at least 100%.

NSFR is the minimum amount of required stable funding firms must maintain based on the liquidity, residual maturity and counterparty of the assets over one year time horizon. The ratio is calculated as available stable funding (ASF) over required stable funding (RSF) taking into account the accounting value of assets, liabilities, off-balance sheet items and regulatory capital.

CRR III/ CRD VI

A further proposal to revise the CRR (known as CRR III) is expected to be consulted by the PRA in 2021. This will incorporate other changes proposed by the BCBS, and those which are mainly applicable to CUKL are the new Standardised Approach to Credit Risk ('SA-CR'), revisions to the calculation of exposure for Securities Financing Transactions, the Output Floor and a new Standardised Approach to Operational Risk.

Key Metrics

Table 1: Key Metrics (KM1)

		31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
	Available capital	**£ million**	£ million	£ million	£ million	£ million
1	Common Equity Tier 1 (CET1)	**316.7**	323.1	331.4	318.3	291.8
2	Tier 1	**368.7**	375.1	383.4	370.3	343.8
3	Total capital	**420.7**	427.1	435.4	422.3	395.8
	Risk-weighted assets					
4	Total risk-weighted assets (RWA)	**961.6**	845.7	726.7	897.2	873.2
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**32.9%**	38.2%	45.6%	35.5%	33.4%
6	Tier 1 ratio (%)	**38.3%**	44.4%	52.8%	41.3%	39.4%
7	Total capital ratio (%)	**43.7%**	50.5%	59.9%	47.1%	45.3%
	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 (%)	**0.02%**	0.03%	0.03%	0.08%	0.49%
10	Bank G-SIB and/or D-SIB additional requirements (%)	**-**	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%)	**2.52%**	2.53%	2.53%	2.58%	2.99%
12	CET1 available after meeting the bank's minimum capital requirements (%) [1, 4]	**25.7%**	30.0%	37.4%	27.2%	25.2%
	Basel III Leverage Ratio [2]					
13	Total Basel III leverage ratio measure	**5,424.1**	5,059.7	5,062.3	5,044.3	4,773.6
14	Basel III leverage ratio (%)	**6.8%**	7.4%	7.6%	7.3%	7.2%
	Liquidity Coverage Ratio [3]					
15	Total HQLA	**3,069.7**	3,425.9	3,514.3	3,515.6	3,474.2
16	Total net cash outflow	**434.5**	427.5	429.8	421.9	436.6
17	LCR ratio (%)	**707%**	801%	818%	833%	796%

[1] Basis of calculation for 'CET1 available after meeting the bank's minimum capital requirements' has been modified. CET1 ratio does not include CRD IV buffers for both current and prior periods.
[2] Leverage ratio exposure is disclosed on a fully phased-in basis in accordance with the EU delegated act.
[3] The LCR is based on daily averages and HQLA calculation does not include Pillar 2 add on.
[4] IFRS 9 transitional arrangements do not apply for CUKL.

CUKL's CET1 ratio increased to 25.7% as at 31 December 2020 (31 December 2019: 25.2%). This is the result of

- An increase in total capital of £24.9 million driven by realised gains on AFS bonds during the year.
- RWA increased £88.4 million to £961.6 million, primarily due to the purchase of high quality securitisation positions, partially offset by a decrease in Commercial Real Estate ('CRE') loans.

Leverage ratio measure increased by £650.5 million as a result of the aforementioned increase in securitisation positions, offset by a decrease in intercompany reverse repos.

Risk Management

Risk Culture and Mission

Effective risk management is of primary importance to CUKL and its operations. Accordingly, CUKL has designed its risk management process to monitor, evaluate, and manage the risks it assumes in conducting its activities. The activities CUKL engages in, and the risks those activities generate must be consistent with Citi's mission and value proposition and the key principles that guide it.

Citi's mission and value proposition, developed by Citi's senior leadership and distributed throughout the organization, is to serve its clients as a trusted partner by responsibly providing financial services that enable growth and economic progress while earning and maintaining the public's trust by constantly adhering to the highest ethical standards.

Citi asks all employees to ensure that their decisions pass three tests: they are in our clients' interests, create economic value, and are always systemically responsible. Additionally, Citi evaluates employees' performance against behavioural expectations set out in Citi's leadership standards, designed in part to effectuate Citi's mission and value proposition. Other culture-related efforts in connection with conduct risk, ethics and leadership, escalation, and treating clients fairly help Citi to execute its mission and value proposition.

Risk Governance Framework

CUKL's risk governance framework consists of the risk management practices that include a risk governance structure, the policies, processes, personnel, and control systems through which CUKL identifies, assesses, measures, monitors, and controls risk across the Company. It also lays out standards, procedures and programs that are designed to set, reinforce and enhance the Company's risk culture, integrate its values and conduct expectations into the organization, and provide employees with tools to assist them in making prudent and ethical risk decisions and to escalate issues appropriately.

Risk Appetite Framework

CUKL's risk appetite framework, approved by the CUKL Board of Directors, sets boundaries for risk taking and consists of a risk appetite statement that articulates the aggregate level and types of risk that CUKL is willing to accept in order to achieve its business objectives, as well as the governance process through which risk appetite is established, communicated and monitored. It is built on quantitative boundaries, which include risk limits or thresholds, and on qualitative principles to guide behaviour.

Three Lines of Defence Approach

- CUKL uses a three lines of defence construct to manage its risks; the lines coordinate with each other in support of the common goal of identifying, measuring, monitoring, and controlling risk-taking activities so they remain consistent with the company's strategy and risk appetite. CUKL's first line of defence owns the risks inherent in or arising from their business, and is responsible for identifying, assessing and controlling those risks so that they are within CUKL's risk appetite. Front line units are responsible and held accountable for managing the risks associated with their activities, designing and implementing effective internal controls, and maintaining processes for managing their risk profile. Front line unit activities are considered part of the first line of defence and are subject to the oversight and challenge of independent risk management, whether they are conducted by a front line unit or another line of defence designation. The first line of defence is composed of CUKL's Business Management, Regional and Country Management, certain Corporate Functions (Enterprise Operations and Technology (EO&T) and Finance), as well as other front line unit activities.

- CUKL Independent Risk Management ('IRM') is independent of its front line units and is responsible for overseeing the risk-taking activities of the first line of defence and challenging the first line of defence in the execution of its risk management responsibilities. IRM is also responsible for independently identifying, measuring, monitoring and controlling aggregate risks and for setting standards for the management and oversight of risk. This includes Independent Risk Management and Independent Compliance Risk Management (ICRM).

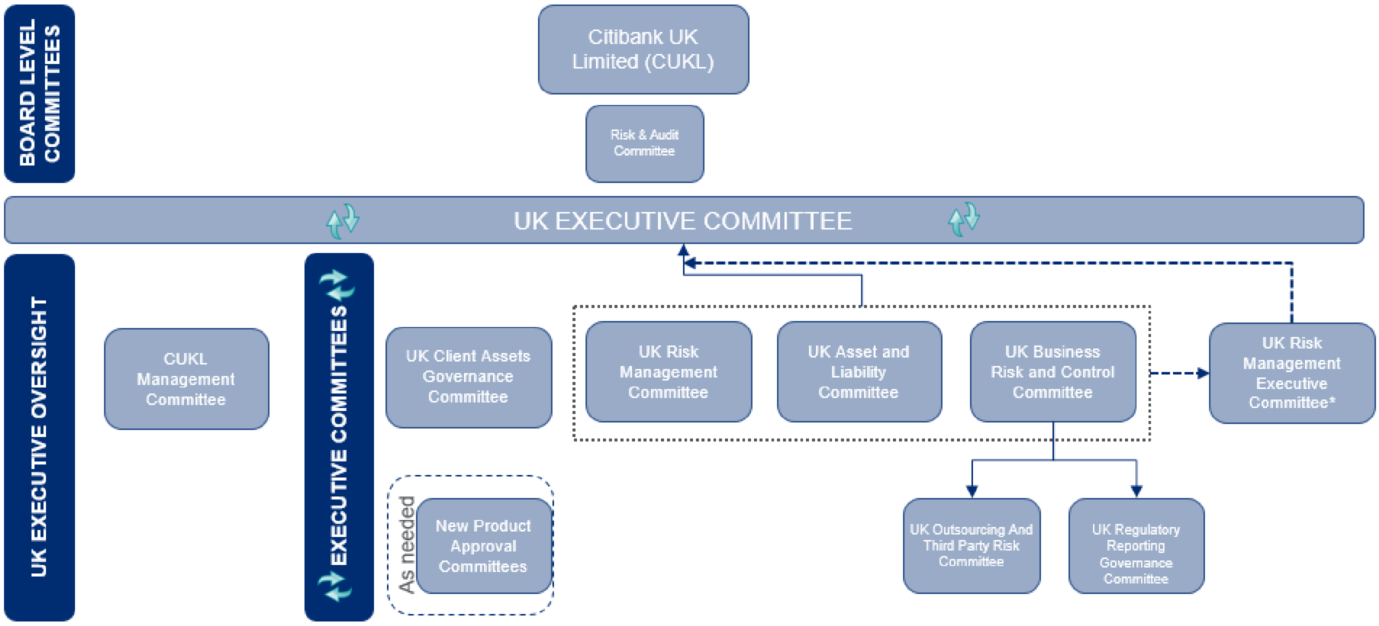
- CUKL's Internal Audit function is the third line of defence and is independent of front line units and independent risk management units. It provides independent assurance on the effectiveness of governance, risk management and internal controls. Control and support functions do not meet the definition of front line unit, independent risk management or internal audit. They are expected to design, implement and maintain an effective control environment with respect to the risks they generate, and also support safety and soundness. They are defined to include organizational units such as Human Resources and Legal.

Risk Organisation

CUKL's Risk Management Framework, approved by the CUKL Board of Directors, codifies its risk governance and appetite frameworks and sets responsibilities across the three lines of defence. The Board Risk and Audit Committee ('RAC') and the CUKL Management Committee ('CUKL ManCo') perform an oversight role for risk related items at the legal entity level with support of the following committees at the product and/or business level such as the New Product Approval Committee ('NPAC'), Consumer Products Approval Committee (CPAC), UK Business Risk and Control Committee ('UK BRCC'), UK Risk Management Committee, and UK Asset and Liability Committee ('UK ALCO'). The Chief Risk Officer is responsible for second line of defence oversight and management of the various risk portfolios of the Company.

Governance Forums and Committees

The Board of Directors has overall responsibility for the stewardship of the Company's business and, as a result, is primarily responsible for safeguarding its profitability, financial solvency and assets and for ensuring that it complies with all legal and regulatory requirements, subject to necessary delegations. Further the CUKL Board fulfils remuneration responsibilities detailed in the Remuneration Statement section on Page 36.



*Owned by 2nd line of defence

CUKL Risk & Audit Committee

The CUKL Risk and Audit Board Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") and operates within its charter approved by the Board. The purpose of the Committee is to advise the Board on the Company's overall current and future risk appetite and to assist the Board in fulfilling its responsibility relating to oversight of:

Risk

- the financial and non-financial risks the Company faces in managing its credit, market, liquidity, operational, compliance, reputational, strategic, culture and conduct risks;
- alignment of the Company's risks with the strategy, capital adequacy and the macroeconomic environment;
- development of a strategy to manage these risks and monitoring the effectiveness of risk management activities;
- CUKL's compliance with Citigroup's risk management framework including the policies and practices adopted by Citigroup for the management of its risks;

Audit

- the integrity of the Company's financial statements and financial reporting process and the Company systems of internal accounting and financial controls;
- the performance of Internal Audit;
- policy standards and guidelines for risk assessment and risk management as they relate to financial reporting;
- compliance by the Company with local legal and regulatory requirements as they relate to the Risk and Audit Committee, including CUKL's disclosure controls and procedures;
- monitoring the preparation of CUKL's financial statements, and reviewing and assessing the independence of the statutory auditor, in particular in the provision by the auditor of additional services to CUKL;
- providing any concerns or recommendations to the Board.

The Committee shall comply with all local legal and regulatory requirements concerning membership and independence, which include:

- The Committee will consist of at least three members of the Board and the Chair of the Committee must be an Independent Non-Executive Director
- Each member shall meet the independence, experience and expertise requirements of the FCA and PRA and have sufficient time to discharge the responsibilities of the Committee
- The members of the Committee and the Committee Chair shall be appointed by, and may be removed by, the Board of CUKL
- Committee membership and the position of Committee Chair shall be reviewed on a periodic basis and be updated as required
- The Chief Auditor UK (or his/her delegate), or an appropriate nominee, shall be a permanent attendee at meetings of the Committee. Other non-members such as the CUKL Risk and Finance officers, and the Independent Audit Partner may be invited to attend all or any part of any meeting as and when appropriate and necessary.
- The CUKL Chief Risk Officer will have full access to the Risk & Audit Committee and to the Board.

The CUKL Risk and Audit Committee meets at a minimum quarterly. During 2020 it held seven meetings.

The Directors of CUKL receive regular reports on any risk matters that need to be brought to their attention via standing forums. In addition, ad-hoc notifications take place via the CUKL Chief Executive Officer (CEO) or CUKL CRO where escalation is required to the Board, depending on materiality, the criteria for assessing which has been previously presented to and approved by the CUKL Risk & Audit Committee.

There are a number of governance and control committees that escalate issues to the CUKL Board and CUKL Risk & Audit Committee. Members of CUKL management sit on all of these committees. The chart in the previous page highlights the main components of CUKL's governance structure, within Citi's regional and UK management and governance framework during 2020.

Material Risks

The Company has a formalised process for the identification and assessment of material risks consistent with the three lines of defence model and comprised of both a top down and bottom up assessment of risks to the Company. The process provides the Company with the opportunity to consider the risks to its business, raises awareness of those risks through broad participation from within the Company, and ensures that the Company's view of the risks evolves in conjunction with changes in the Company's strategy, risk profile and market conditions. It further informs the Company's Strategic Plan and, in turn, Risk Appetite setting and other formal processes, which includes the Internal Capital Adequacy Assessment Process ('ICAAP'), Internal Liquidity Adequacy Assessment Process ('ILAAP'), and Recovery and Resolution Planning ('RRP').

CUKL has identified the following risks as material to its business: credit risk, liquidity risk, market risk, operational risk and compliance risk. Strategic and reputational risks are second order risks that may arise from exposure to the Company's other material risks.

Climate Change

Climate change presents immediate and long-term risks to Citi and to its clients and customers, with the risks expected to increase over time. Climate risk refers to the risk of loss arising from climate change and is divided into physical risk and transition risk.

- Physical risk considers how chronic and acute climate change (e.g., increased storms, drought, fires, floods) can directly damage physical assets (e.g., real estate, crops) or otherwise impact their value or productivity.
- Transition risk considers how changes in policy, technology, and market preference to address climate change (e.g., carbon price policies, power generation shifts from fossil fuels to renewable energy) can lead to changes in the value of assets, commodities and companies.

Climate risk is an overarching risk that can act as a driver of other types of risk in the Citi risk taxonomy, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries, and operational risk from physical climate risks to Citi's facilities.

The Company's risk management is still evolving on the identification, measurement, management and reporting of the financial risks presented by climate change. Considering the majority of credit assets are concentrated in the UK and the US, and at the same time most of the current risk exposures are not directly exposed to sectors that represent very high risks from climate change like Fuel, Energy, and Agriculture and overall the credit exposures are very short maturity allowing the Company to have a swifter response to emerging risks as they present themselves, the financial risks from climate change are expected to be less material to the entity, at the present time.
Citi currently identifies climate risk as an "emerging risk" within its risk governance framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties. With the increased importance and focus on climate risk, Citi has continued to expand its governance of climate risk and integrate climate considerations into the priorities of Citigroup's and CUKL's Board of Directors and senior management.

Citi manages and mitigates the credit and reputational risks from climate change through several internal initiatives, including Citi's Environmental and Social Risk Management ("ESRM") Policy. First established in 2003, the ESRM Policy is part of Citi's broader credit risk management policy and is applicable to all Citi entities globally. The ESRM Policy provides the framework for how Citi identifies, mitigates, and manages the potential environmental and social risks (including climate risks) associated with clients' activities that could lead to credit or reputation risks to the firm. It guides how Citi evaluates lending, underwriting and advisory in environmentally sensitive and/or high-carbon sectors, and presents opportunities for Citi to engage clients on solutions to thematic risks.

Citi's ESRM Policy covers lending and underwriting with identified use of proceeds directed to physical assets and activities, as well as sector standards for corporate relationships in higher-risk sectors, including carbon-intensive sectors.

Stress Testing

CUKL defines stress testing as an internal risk management tool and a key regulatory requirement used to perform forward-looking capital and liquidity adequacy assessments i.e. the ICAAP and the ILAAP. The stress testing processes are designed to assess the resilience of the Company's balance sheet, capital and funding plans to adverse economic or financial scenarios on a forward-looking basis.

Regulatory Framework for Disclosure

The Pillar 3 Disclosures at 31 December 2020 are prepared in accordance with regulatory capital adequacy concepts and rules, while the financial statements are prepared in accordance with IFRS, both on a stand-alone basis.

The tables presented in this section outline the differences in the accounting balance sheet and carrying values under the scope of regulatory consolidation, with the latter broken down by risk category.

Table 2: Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (LI1)

As permitted by the guidelines on revised Pillar 3 disclosures (EBA/GL/2016/11), for institutions not required to publish consolidated financial statements, the "carrying values as reported in the published financial statements" column is not disclosed.

		Carrying values of items				
	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	£ million	£ million	£ million	£ million	£ million	£ million
Assets						
Cash and balances at central banks	524.0	524.0	-	-	-	-
Derivative financial instruments	135.2	-	135.2	-	135.2	-
Treasury bills and other eligible bills	2,113.7	2,113.7	-	-	-	-
Loans and advances to banks	624.6	278.1	346.5	-	-	-
Loans and advances to customers	353.7	353.7	-	-	-	-
Debt securities	1,770.0	-	-	1,770.0	-	-
Intangible fixed assets	7.3	-	-	-	-	7.3
Other assets	97.4	1.2	-	-	-	96.2
Total assets as at 31 December 2020	5,625.9	3,270.7	481.6	1,770.0	135.2	103.6
Liabilities						
Deposits by banks	19.0	-	17.1	-	-	1.8
Customers accounts	4,983.4	-	-	-	-	4,983.4
Derivative financial instruments	139.6	-	139.6	-	139.6	-
Other liabilities	21.6	-	-	-	-	21.6
Accruals and deferred income	5.7	-	-	-	-	5.7
Provisions for liabilities	0.2	-	-	-	-	0.2
Subordinated liabilities	52.1	-	-	-	-	52.1
Called up share capital	0.0	-	-	-	-	0.0
Reserves	375.8	-	-	-	-	375.8
Profit and loss account	28.6	-	-	-	-	28.6
Total liabilities as at 31 December 2020	5,625.9	-	156.8	-	139.6	5,469.1

Table 3: Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements (LI2)

This table provides a reconciliation between assets carrying values under the regulatory scope of consolidation as per table 2 and the exposures used for regulatory purposes, split as per the regulatory risk framework.

			Items subject to		
		Total	Credit risk framework	CCR framework	Securitisation framework
		£ million	£ million	£ million	£ million
1	Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	5,522.3	3,270.7	481.6	1,770.0
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	156.8	-	156.8	-
3	**Total net amount under the regulatory scope of consolidation**	5,365.6	3,270.7	324.9	1,770.0
4	Off-balance-sheet amounts [1]	24.2	24.2	-	-
6	Differences due to different netting rules and collateral usage [2]	(246.1)	-	(246.1)	-
9	Other	2.4	2.4	-	-
10	**Exposure amounts considered for regulatory purposes**	5,146.2	3,297.4	78.8	1,770.0

[1] Off balance sheet amounts subject to credit risk framework include undrawn credit facilities. Credit conversion factor ("CCF") is applied to these items.

[2] Differences primarily attributable to carrying value for assets under IFRS differ from exposure for regulatory reporting purposes, such as potential future exposure (PFE) for counterparty credit risk and netting under master netting agreement. Carrying value does not take into account Credit Risk Mitigation (CRM) or regulatory volatility adjustments such as currency and maturity mismatch

Table 4: Reconciliation of Balance Sheet to Regulatory Capital

The following table shows CUKL's Own Funds as at 31 December 2020, against the Accounting Balance Sheet, per Annex I of the final 'Implementing technical standards with regard to disclosure of own funds requirements for institutions' (Commission implementing regulation- EU 1423/2013).

	Accounting balance sheet	Own Funds
	£ million	£ million
Shareholders Funds		
Other Reserves	311.0	311.0
Other equity instruments (AT1)	52.0	52.0
Accumulated Other Comprehensive Income (AOCI)	12.2	12.4
Retained Earnings	3.0	3.0
Profit & Loss [1]	25.5	-
Other	0.6	-
Total Shareholders Funds	404.3	378.4
Subordinated Liabilities	52.1	52.0
Regulatory Adjustments		
Additional Valuation Adjustments		(2.4)
Intangible Assets		(7.3)
Deferred Tax Assets		-
Total		420.7

[1] Own funds does not reconcile to the accounting balance sheet, primarily due to inability to recognise unaudited 2020 profit or loss in Own Funds per article 26(2) of the CRR

Own funds

Under the PRA's minimum capital standards, CUKL is required to maintain a prescribed excess of own funds over its capital resources requirements. Own funds are measured and reported in accordance with the provisions of the Capital Requirements Regulation ('CRR').

CUKL's total capital resources comprise of Tier 1 and Tier 2 Capital. Tier 1 capital comprise of common equity tier 1 ('CET1') and additional tier 1 ('AT1'). CET1 consist of retained earnings and other reserves in accordance with accounting standards, with adjustments for prudential filters such as additional value adjustment ('AVA'), regulatory deductions for intangible assets and defined-benefit pension fund assets. AT1 is capital instruments and the related share premium accounts that is classified as Equity. Tier 2 is comprised of subordinated loans.

The main features, terms and conditions of CUKL's Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments are outlined in Appendix 4.

Effective 1 January 2020, Minimum Requirements for Eligible Liabilities ('MREL') introduced an internal MREL requirement for CUKL. The Bank of England has set CUKL's MREL requirement as equal to its minimum capital requirement. No MREL eligible debt has been issued.

Table 5: Own funds disclosure template (CC1)

This table presents CUKL's capital resources as at 31 December 2020. The template is prepared using the format set out in Annex I of the final 'Implementing technical standards with regard to disclosure of own funds requirements for institutions' (Commission implementing regulation- EU 1423/2013).

		31 December 2020 £ million	31 December 2019 £ million
	Common Equity Tier 1 (CET1) capital: Instruments and reserves		
1	Capital Instruments and the related share premium accounts [1]	**-**	-
2	Retained earnings	**3.0**	-
3	Accumulated other comprehensive income (and other reserves) [1]	**323.4**	303.5
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**-**	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**326.4**	303.5
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative value)	**(2.4)**	(1.7)
8	Intangible assets (net of related tax liabilities) (negative amount)	**(7.3)**	(7.6)
15	Defined-benefit pension fund assets (negative amounts)	**-**	-
24	CET1 capital elements or deductions - other	**-**	(2.5)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(9.7)**	(11.8)
29	**Common Equity Tier 1 (CET1) capital**	**316.7**	291.8
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	**52.0**	52.0
31	of which: classified as equity under applicable accounting standards	**52.0**	52.0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**52.0**	52.0
	Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total Regulatory Adjustments to Additional Tier 1 (AT1) Capital**	**-**	-
44	**Additional Tier 1 (AT1) capital**	**52.0**	52.0
45	**Tier 1 capital (T1 = CET1 + AT1)**	**368.7**	343.8
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	**52.0**	52.0
51	Tier 2 (T2) capital before regulatory adjustments	**52.0**	52.0
57	Total regulatory adjustments to Tier 2 (T2) capital		
58	**Tier 2 (T2) capital**	**52.0**	52.0
59	**Total capital (TC = T1 + T2)**	**420.7**	395.8
60	**Total risk weighted assets**	**961.6**	873.2
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**32.9%**	33.4%
62	Tier 1 (as a percentage of total risk exposure amount)	**38.3%**	39.4%
63	Total capital (as a percentage of total risk exposure amount)	**43.8%**	45.3%
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)	**7.02%**	7.49%
65	of which: capital conservation buffer requirement	**2.50%**	2.50%
66	of which: countercyclical buffer requirement	**0.02%**	0.49%
67	of which: systemic risk buffer requirement	**0.00%**	0.00%
67a	of which: Global Systemically Important Institution (G-811) or Other Systemically Important Institution (0-811) buffer	**-**	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) [2]	**25.7%**	25.2%
	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)	**-**	-
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)	**-**	-
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)	**2.2**	-

[1] Basis of presentation has been changed. Prior year comparative amended accordingly.

[2] Basis of calculation for 'CET1 available after meeting the bank's minimum capital requirements' has been modified. This calculation excludes CRD IV buffers for both current and prior period.

Capital Management

CUKL's capital management is centred on current and prospective business activities, risk profile, risk appetite, as well as meeting regulatory capital requirements and changing regulatory landscape.

CUKL 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. These limits and targets are subject to detailed monitoring by finance subject matter experts, and reported to senior management on a daily basis. Full Balance Sheet and Net Income reforecasts are performed annually while Regulatory Capital and Leverage reforecasts are performed semi-annually. These forecasts are owned by the businesses together with the CUKL Management team and updated if required during the year.

All the above tools are monitored and controlled through the bi-weekly UK Capital Forum and monthly UK ALCO governance. The UK Capital Forum makes recommendations for approval, proposals for consideration, and notifications of relevance to the UK ALCO.

The UK ALCO is the primary balance sheet and liquidity governance committee of CUKL which meets monthly and its responsibilities include:

- Oversight of CUKL's balance sheet management, liquidity and capital levels, local regulatory requirements related to the Balance Sheet, oversight of market and foreign exchange risks of non-trading portfolios, and monitoring of Treasury management limits, targets and ratios
- Review and approval of key regulatory documents such as Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) before these are submitted to the Board for approval
- Ensure adherence to capital standards, determines dividend repatriation, and monitors local capital hedging and investment
- CUKL senior management through UK ALCO monitors changes in the economic environment and any corresponding impact on the asset quality of CUKL's balance sheet and the prudential adequacy of CUKL
- Membership of the UK ALCO includes the CUKL Chief Executive Officer & UK Chief Country Officer (chair), UK CFO, UK Treasurer, UK CRO, Independent Treasury Market Risk and other key business and functional heads

Capital Requirements and Buffers

CUKL 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 for credit risk, counterparty credit risk, market risk and operational risk based upon standardised approaches, as well as recognising a number of credit risk mitigation techniques.

The table below provides information on the exposures and calculation approaches by risk type.

Risk Category	Definitions	Regulatory Exposure Approach	Risk Weight Assets (RWA) Approach
Credit Risk	Credit risk measures the risk of loss arising from a borrower failing to meet its obligations.	Credit Risk exposures are captured as accounting value, net of general and specific credit risk adjustments.	CUKL uses the standardised approach to determine credit and counterparty credit risk capital requirements, based on External Credit Assessment Institution (ECAI) ratings for calculating Risk Weighted Assets (RWAs)
Counterparty Credit Risk	Counterparty credit risk (CCR) arise from derivatives and securities financing transactions (SFTs) across the banking and trading book and in the regulatory framework captures the methodologies for measuring exposures resulting from market movements.	CUKL adopts two approaches for the calculation of CCR exposures: • Current exposure method (CEM) - applies to over-the counter ("OTC") derivatives • Financial collateral comprehensive method (FCCM) - applies to Securities Financing Transactions (SFTs) (Further details outlined in Counterparty Credit Risk section)	
Securitisation	A securitisation is a transaction or scheme where the associated credit risk of the exposure or pool of exposures is tranched, where key features include: • the tranching reflects subordination of the distribution of losses on the transaction or scheme • the payments in the transaction or scheme rely on the exposure or pool of exposures' performance	Securitised exposures from traditional securitisations are captured as the accounting value after relevant specific credit risk adjustments for on-balance sheet securitisation position for both trading and non-trading book exposures.	Under the revised securitisation framework, CUKL risk weights relevant positions using the Standardised Approach (SEC-SA)
Market Risk	Market risk assesses the risk of losses to positions or a portfolio from market movements. Market volatility may be driven by one or more of: market price, interest rates, indices, correlations or implied volatilities.	Market Risk positions are based on accounting values and notionals in both trading and non-trading books.	For residual positions, these are captured under standardised approach (SA). . As at December 31 2020, CUKL's market risk was nil in accordance to de Minimis guidance under article 351 of the Capital Requirements Regulation.
Operational Risk	Operational risk captures the loss resulting from inadequate or failed internal processes, people and systems or from external events	CUKL only uses standardised approach. Under standardised approach, activities are divided into individual business lines for calculation of operational risk	Operational Risk uses Standardised Approach to calculate RWA.

Table 6: Overview of RWA (OV1)

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

		31 December 2020 RWAs	31 December 2019 RWAs	31 December 2020 Minimum capital requirements
		£ million	£ million	£ million
1	**Credit risk (excluding CCR)**	**543.6**	668.2	**43.5**
2	Of which the standardised approach	**543.6**	668.2	**43.5**
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**	**39.4**	8.3	**3.2**
7	Of which mark to market	**19.4**	4.5	**1.6**
7a	Of which Financial collateral comprehensive method (for SFTs) [1]	**20.0**	3.8	**1.6**
8	Of which original exposure	**-**	-	**-**
9	Of which the standardised approach	**-**	-	**-**
10	Of which internal model method (IMM)	**-**	-	**-**
11	Of which risk exposure amount for contributions to the default fund of a CCP	**-**	-	**-**
12	Of which CVA	**-**	-	**-**
13	**Settlement risk**	**-**	-	**-**
14	**Securitisation exposures in the banking book**	**246.7**	28.0	**19.7**
15	Of which internal ratings-based approach ("SEC-IRBA")	**-**	-	**-**
16	Of which external ratings-based approach ("SEC-ERBA")	**-**	-	**-**
17	Of which internal assessment approach (IAA)	**-**	-	**-**
18	Of which standardised approach ("SEC-SA")	**246.7**	28.0	**19.7**
19	**Market risk**	**-**	-	**-**
20	Of which the standardised approach	**-**	-	**-**
21	Of which IMA	**-**	-	**-**
22	**Large exposures**	**-**	-	**-**
23	**Operational risk**	**132.0**	168.7	**10.6**
24	Of which basic indicator approach	**-**	-	**-**
25	Of which standardised approach	**132.0**	168.7	**10.6**
26	Of which advanced measurement approach	**-**	-	**-**
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	-	**-**
28	**Floor adjustment**	**-**	-	**-**
29	**Total**	**961.6**	873.2	**76.9**

[1] Financial collateral comprehensive method for SFTs have been separated from Mark to Market to give a better representation of CUKL's RWA's. Prior period have been amended accordingly

Credit Risk

RWAs decreased by £124.6 million primarily due to the repayment of CRE loans and a reduction in intercompany placements, partially offset by an increase in risk weight of intercompany placements following an internal review.

Counterparty Credit Risk

CCR RWA rose by £31 million reflecting an increase in FX derivatives exposure and an increase in securities haircut for SFTs.

Pillar 2

Pillar 2 in the Basel Framework is to capture risks that are not fully captured or considered under Pillar 1, including assessment of internal risk management processes and governance framework.

Pillar 2 comprises Pillar 2A and Pillar 2B:

- Pillar 2A considers any risk not adequately captured by the Pillar 1 framework. The risk categories covered under Pillar 2A are specific to the CUKL based on the nature and size of its business.
- Pillar 2B buffers are determined based on the impact of a severe downside stress used to quantify the Pillar 2B requirement including the Management Action

To assess the adequacy of capital to support current and expected future activities, the firm produces regular capital forecasts for CUKL, taking into account both normal business conditions and a variety of stressed scenarios. On at least an annual basis CUKL prepares an Internal Capital Adequacy Assessment Process ('ICAAP') document, setting out its risk appetite, capital requirements and associated policies and procedures. Through its Supervisory Review and Evaluation Process, the PRA has set CUKL's minimum Total Capital Requirement (Pillar 1 + Pillar 2a) at 12.9%.

Securitisation

RWAs increased by £218.6 million primarily due to the purchase of high quality securitisation positions.

Operational Risk

RWA fell by £36.6 million due to a reduction in the forecasted revenue used to calculate capital

Capital Buffers

Under CRD IV, CUKL is required to hold additional capital buffers including the capital conservation buffer (2.5%) and the institution-specific countercyclical buffer, detailed in Appendix 2.

Leverage

The leverage ratio is a measure which allows for the assessment of institutions' exposure to the risk of excessive leverage. It is a simple non-risk based measure to reinforce the risk-based capital framework. The Basel III Framework ensures broad and adequate capture of both the on- and off-balance sheet sources of banks and investment firms' leverage and aims to constrain the build-up of excess leverage in the financial sector.

CUKL calculates the leverage ratio in accordance with Capital Requirements Regulation and CRD IV.

This provides for a minimum requirement of 3%, currently this is not set as a binding requirement however, but will become binding on the implementation of CRR II/CRD V on 1 January 2022. Leverage ratios are reported to UK ALCO monthly, to ensure that any excessive risk is escalated, assessed, and managed appropriately in-line with Citi internal management action trigger framework.

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.

		31 December 2020	31 December 2019
		£ million	£ million
1	Total assets as per published financial statements [1]	**5,625.9**	4,810.6
4	Adjustments for derivative financial instruments	**(96.3)**	(16.7)
5	Adjustment for securities financing transactions (SFTs)	**0.4**	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**(2.5)**	(2.5)
7	Other adjustments	**(103.5)**	(17.8)
8	**Leverage ratio total exposure measure**	**5,424.1**	4,773.6

[1] Prior year comparative amended to reflect year-end financial statements total assets.

Table 8: Leverage ratio common disclosure (LRCOM)

This table shows the breakdown of the Leverage exposure disclosed in Table 7 – Summary reconciliation of accounting assets and leverage ratio exposures and the leverage ratio.

		31 December 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)	**5,043.2**	3,325.7
2	(Asset amounts deducted in determining Tier 1 capital)	**(7.3)**	(10.1)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	**5,035.8**	3,315.6
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	**-**	0.4
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark- to-market method)	**38.9**	8.7
11	**Total derivatives exposures (sum of lines 4 to 10)**	**38.9**	9.1
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**346.9**	1,446.4
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**346.9**	1,446.4
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	**24.2**	20.6
18	(Adjustments for conversion to credit equivalent amounts)	**(21.8)**	(18.0)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**2.5**	2.5
Capital and total exposure measure			
20	**Tier 1 capital**	**368.7**	343.8
21	**Leverage ratio total exposure measure** (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	**5,424.1**	4,773.6
Leverage ratio			
22	**Leverage ratio**	**6.8%**	7.2%
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**	

CUKL's Leverage ratio decreased to 6.8% as at 31 December 2020, reflecting a £24.9 million increase in Tier 1 capital, offset by an increase in leverage exposure as the result of a growth in securitisation positions and government bond inventory.

Table 9: Split up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LRSPL)

This table provides a breakdown by asset class of on balance sheet banking and trading book exposures excluding derivatives, SFTs and exempted exposures

		31 December 2020	31 December 2019
		£ million	£ million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**5,043.2**	3,325.7
EU-2	Trading book exposures	**-**	-
EU-3	Banking book exposures, of which:	**5,043.2**	3,325.7
EU-4	Covered bonds	**-**	-
EU-5	Exposures treated as sovereigns	**2,638.3**	2,035.3
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	**-**	-
EU-7	Institutions	**279.1**	413.8
EU-8	Secured by mortgages of immovable properties	**127.2**	470.3
EU-9	Retail exposures	**1.3**	-
EU-10	Corporate	**112.3**	126.2
EU-11	Exposures in default	**0.0**	0.0
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	**1,884.9**	280.1

Credit Risk and Credit Risk Mitigation

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

Credit risk arises in many of CUKL's business activities and is categorised into wholesale and retail credit exposures. CUKL's wholesale credit exposures are classifiably-managed (individually risk rated) and arise from activities in corporate lending through commercial real estate ('CRE') loans; structured finance through investments in residential mortgage backed securities ('RMBS'); and in Treasury through securities held in high quality liquid assets ('HQLA') and cash held at the Bank of England and with other Citi affiliates. CUKL's retail exposures are delinquency managed (portfolio-based) and arise from activities in consumer lending through unsecured overdrafts and margin and securities backed finance ('MSBF') loans.

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It arises from over-the-counter ('OTC') derivatives contracts, securities financing transactions ('SFTs') such as repo-style transactions, and settlement exposure. For CUKL, counterparty credit risk is immaterial due to very limited activity in these products.

Credit Risk Management

Wholesale credit risk

CUKL's wholesale credit risk exposures are to corporate, institutional, and public sector clients. CUKL's credit risk management framework establishes standards for measuring, managing, monitoring, and controlling credit risk. Obligors are assigned risk ratings and facilities are approved in accordance with Citi level and business level risk policies. The risk policies require a comprehensive analysis of each obligor and all proposed credit exposures to that obligor on an annual basis, at a minimum. The business and risk share responsibility for the accuracy of the ratings and re-approving the ratings process every three years unless specified otherwise.

Retail credit risk

CUKL extends credit to retail clients based on the client's willingness and ability to repay, CUKL's stated risk appetite, and underwriting guidelines. Depending on a client's standing and type of product, facilities may be provided on an unsecured basis.

Credit risk management (and jointly with Operational Risk and Fraud Risk Management) is responsible for establishing consumer credit risk policies, approving business-specific policies and procedures, monitoring business risk management performance, providing ongoing assessment of portfolio credit risk, ensuring the appropriate level of credit reserves, and approving new products and new risks.

Credit Risk Measurement

Wholesale credit risk

For CUKL's wholesale exposures, internal credit ratings are inputs into determining approval levels, risk capital and reserves. Each wholesale obligor is assigned an obligor risk rating ('ORR') that reflects the one-year probability of default ('PD') of the obligor. Each wholesale facility is assigned a facility risk rating ('FRR') that reflects the expected loss rate of the facility, the product of the one-year PD and the expected loss given default ('LGD') associated with the facility characteristics.

The process for approving a counterparty's credit risk exposure limit is guided by core credit policies, procedures and standards, experience and judgment of credit risk professionals, and the amount of exposure and risk capital at risk. Credit risk analysts conduct daily monitoring versus limits and any resulting issues are escalated to credit officers and business management as appropriate. Usage against the credit limits may reflect netting agreements and collateral.

While internal ratings are the starting point in establishing credit assessments, a range of factors, such as quality of management and strategy, nature of industry, and regulatory environment, among others, is also taken into consideration for obligor limits and approval levels.

Retail credit risk

For retail exposures, various metrics are used including those to measure receivables, delinquencies, gross and net credit losses, and collateral.

The credit approval process, acceptable collateral, loanable value, and margining processes is guided by policies, procedures, and standards, and the experience and judgment of credit risk professionals.

Credit risk regulatory capital requirements

CUKL has adopted the Standardised Approach for calculating credit and counterparty risk capital requirements. Under this approach, external credit ratings, assigned by External Credit Assessment Institutions ('ECAIs'), are used in the calculation of risk-weighted assets. Risk weights reduce with increasing credit quality of the obligor. For all on-balance sheet items, the exposure value is measured as the on-balance sheet carrying, or accounting, value. For off-balance sheet items, a Credit Conversion Factor (as defined in CRR, Art 111) is used to transform the nominal value into an exposure-at-default. CUKL uses ratings assigned by Standard and Poor's, Moody's and Fitch for credit risk calculations. Risk weightings are assigned to each exposure depending on its credit quality step and other factors, including exposure class and maturity. Exposures for which no rating is available are treated in a similar way to those under Credit Quality Step 3. In addition items associated with particular high risk shall be assigned 150% risk weight pursuant to Article 128 of the CRR. The below table provides a summary of risk weights by credit quality step:

Table 10: Risk weightings by credit quality step

						Institutions		
Credit Quality Step	Standard & Poor's	Moody's	Fitch	Corporates	Governments and central banks	Sovereign method	Maturity > 3 months	Maturity ≤ 3 months
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	0%	20%	20%	20%
2	A+ to A-	A1 to A3	A+ to A-	50%	20%	50%	50%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	50%	100%	50%	20%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	100%	50%
5	B+ to B-	B1 to B3	B+ to B-	150%	100%	100%	100%	50%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%

Internal credit risk capital assessment

Wholesale credit risk is assessed using a Monte Carlo simulation model that estimates defaults and economic losses during a 1-year time horizon. The model estimates a range of loss scenarios based on simulated distributions for Probabilities of Default ('PD'), Loss Given Defaults ('LGD'), facility usage/Exposure at Default ('EAD') and credit rating migration loss estimates. The internal risk capital assessment for credit risk also considers both Single Name and Sectorial credit concentration risk.

Stress Testing

Stress testing is performed on expected credit losses conditional on a given macroeconomic scenario and includes the projection of credit losses for all facilities in the credit risk portfolio and all businesses. CUKL Independent Risk Management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises, and uses the information to make judgements as to the ongoing appropriateness of exposure levels and limits.

Scope and Nature of Credit Risk Reporting and Measurement Systems

CUKL leverages a Citi global risk exposure warehouse and monitoring system to manage, monitor and report credit exposure to its wholesale obligors and counterparties. Retail exposures are booked in local systems specific to local credit risk regulations. However all retail exposures and performance information are captured and reported centrally at the portfolio level for monitoring and managing the risks.

Credit Risk Mitigation

CUKL uses various risk mitigants for credit risk in its portfolios, in addition to outright asset sales. Credit risk mitigation, including netting, collateral and other techniques, is important to CUKL in the effective management of its credit risk exposures. Netting agreements and margin collateral may be recognised as credit risk mitigants provided they meet certain eligibility criteria.

Generally, in consultation with legal counsel, CUKL determines whether collateral documentation is legally enforceable and gives CUKL the right to liquidate or take possession of collateral in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor. Also, in consultation with legal counsel, CUKL approves relevant jurisdictions and counterparty types for any netting purposes.

Wholesale exposures

- **Collateral management and valuation**
  CUKL adopts Citi's global policies and procedures that govern the management of financial assets, including securing and valuing collateral utilised for the purpose of mitigating the credit risk of real estate loans, RMBS, OTC derivatives, and repo-style transactions.

  Collateral assets taken as credit risk mitigants in the wholesale banking book receive initial and subsequent periodic valuations. This is part of the facility approval process and is aimed at ensuring a comprehensive understanding of the potential recovery value of the pledged collateral asset in an event of obligor default.

  Collateral must be realisable and have either (1) a value capable of being established on the open market or (2) a value that can be provided by a recognised external market source or independent valuer. Valuations must also take into account the environment, the relevant market, and the type of collateral. Different asset types, collateral types, and borrowers' risk profiles may require different processes with respect to valuation, the frequency of evaluation (and re-evaluation), inspection, and verification.

  For OTC derivatives and repo-style transactions, businesses are required to establish standard eligibility criteria for collateral usage and review processes for approving non-standard collateral.

  The current market value of collateral is monitored on a regular basis. Counterparties may be required to post cash or securities as margin.

  Margin procedures are established for managing margin calls, and daily margining maintains an appropriate level of collateral coverage reflecting market value fluctuations. Trades are reconciled on a regular basis and margin dispute processes are in place. Procedures are established surrounding collateral substitution and collateral reuse/rehypothecation. Limits and concentration monitoring are utilised to control CUKL's collateral concentrations to different types of asset classes.

- **Derivative master netting agreements**
  Counterparty credit risk from derivative transactions is mitigated through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. CUKL policy requires all netting arrangements to be legally documented. ISDA (International Swaps and Derivatives Association) master agreements are CUKL's preferred manner for documenting OTC derivatives. The agreements provide the contractual framework within which dealing activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

  CUKL considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process.

- **Primary Types of Collateral**
  The main types of credit risk mitigants utilised for CUKL's wholesale banking book exposures are cash, real estate collateral, and government bonds. Only cash is collected, posted, or exchanged as eligible margin collateral on OTC derivative transactions, at a counterparty level.

- **Collateral concentrations**
  CUKL's collateral concentrations are within the entity's risk limit framework. CUKL has a high concentration in the public sector due to investments in government securities for HQLA purposes and balances with the Bank of England and a concentration in securitisation from investments in US credit cards and UK residential mortgage backed notes. There are no other material collateral concentrations as of 31 December 2020.

Retail exposures

- **Collateral management and valuation**
  Collateral assets taken as credit risk mitigants in the consumer business receive initial and subsequent periodic valuations. CUKL uses lower standard loanable values for common financial assets. The collateral is monitored weekly for eligibility. For MSBF loans, collateral valuations are performed daily.

- **Primary types of collateral**
  Loans to wealth management clients may be made against the pledge of eligible marketable securities and cash. Acceptable collateral for MSBF loans include cash, fixed income securities, structured notes, mutual funds, exchange traded funds, and equities.

Risk Concentrations

A concentration of risk refers to an exposure with the potential to produce losses large enough to threaten a covered bank's financial condition or its ability to maintain its core operations. To manage concentration risk, Citi uses a risk concentration management framework consisting of industry limits, product limits and single-name triggers. Independent Risk Management reviews concentrations of risk across Citi's regions and businesses to assist in managing this type of risk. Independent Risk Management periodically reviews exposures across all portfolios to ensure compliance with various limit and concentration constructs.

Wrong Way Risk

Wrong-way risk ('WWR') occurs when movement in a market factor causes an increase in CUKL's exposure to a counterparty at the same time as the counterparty's capacity to meet its obligations decreases – the exposure to a counterparty is negatively correlated with the credit quality of the counterparty.

Specific WWR arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty. General WWR is less definite than specific WWR and occurs where the credit quality of the counterparty is subject to impairment due to changes in macroeconomic factors. CUKL is not exposed to any form of Wrong Way Risk.

Credit Risk Adjustments

CUKL is required to calculate estimated credit losses ('ECLs') for all credit exposures (such as deposits, loans, and debt securities) recorded at amortised cost or at fair value through other comprehensive income under the IFRS 9 impairment model.

The measurement of an ECL is primarily determined by an assessment of the financial asset's Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') where the cash shortfalls are discounted to the reporting date. The proportion recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition of the asset, and financial assets are classified in three stages depending on the extent of credit deterioration.

For a detailed description of CUKL's accounting policies and risk management practices, please refer to Note 1G, "Impairment of financial assets" in the CUKL Annual Report and Financial Statements 2020.

Definitions of Past Due and Impairment

Exposures are considered to be past due if contractually agreed payments of principal and/or interest remain unpaid by due date.

CUKL recognises exposures as being past due in accordance with section 4 of the EBA Guidelines on the application of the definition of default and Commission Delegated Regulation (EU) 2018/171 on the materiality threshold for credit obligations past due. An exposure can only be past due if there is a legal obligation to make a payment and the payment is compulsory. In the event there is no legal obligation or payment is not compulsory, non-payment does not constitute a breach. Once the legal obligation for a mandatory payment has been established, the counting of days past due starts as soon as any amount of principal, interest, or fee has not been paid at the date when it was due.

In line with the default definition under Article 178 of the Capital Requirements Regulation ('CRR'), exposures which are 90 days past due are treated as defaulted and classified as Stage 3 from an IFRS9 perspective.

Financial assets are deemed to be credit-impaired when a credit loss event has occurred. Credit-impaired assets are classified as Stage 3 and in default. A loss allowance equal to the full lifetime expected credit losses is recognised. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows.

For a detailed description of CUKL's accounting policies and risk management practices, please refer to Note 1G, "Impairment of financial assets" in the CUKL Annual Report and Financial Statements 2020.

Credit & Counterparty Credit Risk Profile

Credit Risk

Table 11: Total and average net amount of exposures (CRB-B)

The table below provides a breakdown of credit risk exposures pre CCF and CRM by exposure class and average over the last four quarters. Average net exposure values are calculated by aggregating the last four-quarter ends of the year and dividing it by four.

	Net value of exposures at the end of the period		Average net exposures over the period	
	31 December 2020	31 December 2019 [1]	**31 December 2020**	31 December 2019 [1]
Ref*	**£ million**	£ million	**£ million**	£ million
Standardised Approach				
Central governments or central banks	**2,633.3**	2,030.3	**2,332.2**	1,772.1
Multilateral development banks	**5.0**	5.0	**5.0**	2.5
Institutions	**279.1**	413.8	**387.3**	209.3
Corporates	**120.0**	126.2	**134.1**	70.5
Retail	**17.7**	-	**18.9**	63.2
Secured by mortgages on immovable property	**127.3**	475.0	**274.5**	500.9
Exposures in default	**0.0**	-	**0.0**	-
Exposures associated with particularly high risk	**114.9**	-	**28.7**	-
Total Standardised Approach	**3,297.4**	3,050.3	**3,180.7**	2,618.5

[1] Prior year comparative is based on two quarter, as CUKL was a newly established company in 2019.

Year-end exposures increased slightly compared to prior year end.

- Central government or central bank exposures rose by £603 million driven by an increase in central government bonds held.
- Exposures secured by mortgages on immovable property decreased by £347.7 million due to the repayment of CRE loans and additionally part of the CRE loan portfolio was re-classified as high risk exposures in Q4 2020.
- Exposures related to institutions decreased due to the aforementioned decrease in intercompany placements.

* Prior year comparatives in table 11 and subsequent Tables have been updated to align with the current year presentation.

Table 12: Geographical breakdown of exposures (CRB-C)

This table provides a breakdown of credit risk exposures pre CCF and CRM by geographical areas and exposure classes. Exposures to countries representing less than 1% of the total exposure value are summarized under “Other Countries”.

		Of which:						Of which:				
	EMEA	**United Kingdom**	**Germany**	**Russian Federation**	**Luxembourg**	**Other countries**	**North America**	**United States**	**Other countries**	**APAC**	**LATAM**	**Total**
	£ million	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Standardised approach												
Central governments or central banks	**2,083.0**	**1,678.3**	**404.7**	**-**	**-**	**-**	**550.2**	**550.2**	**-**	**-**	**-**	**2,633.3**
Multilateral development banks	**5.0**	**-**	**-**	**-**	**-**	**5.0**	**-**	**-**	**-**	**-**	**-**	**5.0**
Institutions	**3.0**	**3.0**	**-**	**-**	**-**	**-**	**276.1**	**276.1**	**-**	**-**	**-**	**279.1**
Corporates	**118.5**	**10.1**	**0.4**	**87.6**	**-**	**20.3**	**-**	**-**	**-**	**1.6**	**-**	**120.0**
Retail	**17.4**	**12.6**	**-**	**4.0**	**-**	**0.8**	**0.2**	**0.2**	**-**	**0.1**	**-**	**17.7**
Secured by mortgages on immovable property	**127.3**	**81.2**	**-**	**-**	**46.1**	**-**	**-**	**-**	**-**	**-**	**-**	**127.3**
Exposures in default	**0.0**	**0.0**	**0.0**	**-**	**-**	**0.0**	**0.0**	**-**	**0.0**	**-**	**-**	**0.0**
Items associated with particularly high risk	**114.9**	**114.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**114.9**
Total as at 31 December 2020	**2,469.2**	**1,900.2**	**405.1**	**91.6**	**46.1**	**26.2**	**826.5**	**826.5**	**-**	**1.6**	**-**	**3,297.4**

		Of which:						Of which:				
	EMEA	**United Kingdom**	**Germany**	**Russian Federation**	**Luxembourg**	**Other countries**	**North America**	**United States**	**Other countries**	**APAC**	**LATAM**	**Total**
Ref*	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Standardised approach												
Central governments or central banks	1,562.7	1,173.0	389.7	-	-	-	467.6	467.6	-	-	-	2,030.3
Multilateral development banks	5.0	-	-	-	5.0	-	-	-	-	-	-	5.0
Institutions	413.8	413.8	-	-	-	-	-	-	-	-	-	413.8
Corporates	124.3	18.0	4.9	76.4	-	25.0	-	-	-	1.7	0.2	126.2
Retail	-	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	475.0	254.5	-	-	185.6	34.9	-	-	-	-	-	475.0
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
Total as at 31 December 2019 [1]	2,580.8	1,859.2	394.6	76.4	190.7	59.9	467.6	467.6	-	1.7	0.2	3,050.3

[1]Prior year comparatives amended to be in line with the 2020 geographical breakdown and with CR1-C table.

Credit risk exposure increased by £247.1 million mainly due to the following key geographical areas:

- EMEA exposures fell by £111.6 million with the largest decrease being in institution related exposures as a result of the reclassification of placements from United Kingdom to the United States. This is offset by an increase in central governments or central banks, especially with a rise in the UK exposures.
- Exposures in North America rose by £358.9 million mainly attributed to the reclassification for institutional exposures described above.

Table 13: Concentration of exposures by industry or counterparty types (CRB-D)

This table provides a breakdown of exposures pre CCF and CRM by industry or counterparty types and exposure classes

	Financial and insurance activities	Real estate activities	Public administration and defence, compulsory social security	Total
	£ million	£ million	£ million	£ million
Standardised approach				
Central governments or central banks	**524.0**	**-**	**2,109.3**	**2,633.3**
Multilateral development banks	**-**	**-**	**5.0**	**5.0**
Institutions	**279.1**	**-**	**-**	**279.1**
Corporates	**120.0**	**-**	**-**	**120.0**
Retail	**17.7**	**-**	**-**	**17.7**
Secured by mortgages on immovable property	**127.3**	**-**	**-**	**127.3**
Exposures in default	**0.0**	**-**	**-**	**0.0**
Items associated with particularly high risk	**-**	**114.9**	**-**	**114.9**
Total standardised approach as at 31 December 2020	**1,068.2**	**114.9**	**2,114.3**	**3,297.4**
Total as at 31 December 2020	**1,068.2**	**114.9**	**2,114.3**	**3,297.4**

	Financial and insurance activities	Real estate activities	Public administration and defence, compulsory social security	Total
Ref*	£ million	£ million	£ million	£ million
Standardised approach				
Central governments or central banks	410.0	-	1,620.3	2,030.3
Multilateral development banks	-	-	5.0	5.0
Institutions	413.8	-	-	413.8
Corporates	126.2	-	-	126.2
Retail	-	-	-	-
Secured by mortgages on immovable property [1]	131.3	343.7	-	475.0
Exposures in default	-	-	-	-
Items associated with particularly high risk	-	-	-	-
Total standardised approach as at 31 December 2019	1,081.2	343.7	1,625.3	3,050.3
Total as at 31 December 2019	1,081.2	343.7	1,625.3	3,050.3

[1]Comparative figures as at 31 December 2019 for secured by mortgages on immovable property has been aligned with current period classification based on industry codes.

Decrease in Real estate activities is due to the repayment of CRE loans, while public administration and defence, compulsory social security exposures increased due to the increase in central governmental bonds held.

Table 14: Maturity of exposures (CRB-E)

The table below provides a breakdown of net exposures pre CCF and CRM by residual maturity and exposure classes.

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	Undated	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Central governments or central banks	**-**	**157.6**	**1,265.7**	**1,210.0**	**-**	**2,633.3**
Multilateral development banks	**-**	**5.0**	**-**	**-**	**-**	**5.0**
Institutions	**28.9**	**-**	**250.2**	**-**	**-**	**279.1**
Corporates	**-**	**-**	**-**	**-**	**120.0**	**120.0**
Retail	**-**	**-**	**-**	**-**	**17.7**	**17.7**
Secured by mortgages on immovable property	**-**	**46.1**	**81.2**	**-**	**-**	**127.3**
Exposures in default	**-**	**-**	**-**	**-**	**0.0**	**0.0**
Items associated with particularly high risk	**-**	**-**	**114.9**	**-**	**-**	**114.9**
Total standardised approach as at 31 December 2020	**28.9**	**208.8**	**1,712.0**	**1,210.0**	**137.8**	**3,297.4**

	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	Undated	Total
Ref*	£ million	£ million	£ million	£ million	£ million	£ million
Central governments or central banks	-	3.2	778.2	1,248.9	-	2,030.3
Multilateral development banks	-	-	5.0	-	-	5.0
Institutions	13	-	400.9	-	-	413.8
Corporates	-	-	-	-	126.2	126.2
Retail	-	-	-	-	-	-
Secured by mortgages on immovable property	-	185.6	289.4	-	-	475.0
Exposures in default	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-
Total standardised approach as at 31 December 2019 [1]	13	188.8	1,473.5	1,248.9	126.2	3,050.3

[1]Comparative figures as at 31 December 2019 align with current year presentation to include cash at bank in the on demand maturity class.

Exposures rose across almost all maturity categories, with the largest increase being in exposures between 1 to 5 years. For details see commentary under table CRB-B.

Table 15: Credit quality of exposures by exposures class and instrument (CR1-A)

This table provides a comprehensive picture of the credit quality of CUKL's on-balance-sheet and off-balance-sheet exposures.

		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	-	**2,633.3**	-	-	-	-	**2,633.3**
19	Multilateral development banks	-	**5.0**	-	-	-	-	**5.0**
21	Institutions	-	**279.1**	-	-	-	-	**279.1**
22	Corporates	-	**120.0**	-	-	-	-	**120.0**
24	Retail	-	**17.7**	-	-	-	-	**17.7**
26	Secured by mortgages on immovable property	-	**127.3**	-	-	-	-	**127.3**
28	Exposures in default	**0.0**	-	-	-	-	-	**0.0**
29	Items associated with particularly high risk	-	**114.9**	-	-	-	-	**114.9**
35	**Total standardised approach at 31 December 2020**	-	**3,297.4**	-	-	-	-	**3,297.4**
36	**Total as at 31 December 2020**	**0.0**	**3,297.4**	-	-	-	-	**3,297.4**
37	Of which: Loans [1]	**0.0**	**630.2**	-	-	-	-	**630.2**
38	Of which: Debt Securities	-	**2,114.3**	-	-	-	-	**2,114.3**
39	Of which: Off-balance sheet exposures	-	**24.2**	-	-	-	-	**24.2**

		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**
	Ref*	£ million	£ million	£ million	£ million	£ million	£ million	£ million
	Standardised approach	-	-	-	-	-	-	-
16	Central governments or central banks	-	2,030.3	-	-	-	-	2,030.3
19	Multilateral development banks	-	5.0	-	-	-	-	5.0
21	Institutions	-	413.8	-	-	-	-	413.8
22	Corporates	-	126.2	-	-	-	-	126.2
24	Retail	-	-	-	-	-	-	-
26	Secured by mortgages on immovable property	-	475.0	-	-	-	-	475.0
28	Exposures in default	-	-	-	-	-	-	-
29	Items associated with particularly high risk	-	-	-	-	-	-	-
35	Total standardised approach at 31 December 2019	-	3,050.3	-	-	-	-	3,050.3
36	Total as at 31 December 2019	-	3,050.3					3,050.3
37	Of which: Loans [1]	-	1,002.1	-	-	-	-	1,002.1
38	Of which: Debt Securities	-	1,625.3	-	-	-	-	1,625.3
39	Of which: Off-balance sheet exposures	-	20.6	-	-	-	-	20.6

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

Table 16: Credit quality of exposures by industry and counterparty types (CR1-B)

The table provides a picture of the credit quality of CUKL'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**
11	Financial and insurance activities	**0.0**	**1,068.2**	-	-	-	-	**1,068.2**
12	Real estate activities	-	**114.9**	-	-	-	-	**114.9**
15	Public administration and defence, compulsory social security	-	**2,114.3**	-	-	-	-	**2,114.3**
20	**Total as at 31 December 2020**	**0.0**	**3,297.4**	-	-	-	-	**3,297.4**

		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**
	Ref*	£ million	£ million	£ million	£ million	£ million	£ million	£ million
11	Financial and insurance activities	-	1,081.2	-	-	-	-	1,081.2
12	Real estate activities [1]	-	343.7	-	-	-	-	343.7
15	Public administration and defence, compulsory social security	-	1,625.3	-	-	-	-	1,625.3
20	Total as at 31 December 2019	-	3,050.3	-	-	-	-	3,050.3

[1] Comparative figures as at 31 December 2019 for real estate activities has been aligned with current period classification based on industry codes.

Table 17: Credit quality of exposures by geography (CR1-C)

This table provides a picture of the credit quality of CUKL's on-balance-sheet and off-balance-sheet exposures by geography. Exposures to countries representing less than 1% of the total exposure value are summarized under "Other Countries".

		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	**EMEA**	**0.0**	**2,469.2**	**-**	**-**	**-**	**-**	**2,469.2**
2	United Kingdom	**0.0**	**1,900.2**	**-**	**-**	**-**	**-**	**1,900.2**
3	Germany	**0.0**	**405.1**	**-**	**-**	**-**	**-**	**405.1**
4	Russian Federation	**-**	**91.6**	**-**	**-**	**-**	**-**	**91.6**
5	Luxembourg	**-**	**46.1**	**-**	**-**	**-**	**-**	**46.1**
6	Other countries	**0.0**	**26.1**	**-**	**-**	**-**	**-**	**26.1**
7	**North America**	**0.0**	**826.5**	**-**	**-**	**-**	**-**	**826.5**
8	United States	**-**	**826.5**	**-**	**-**	**-**	**-**	**826.5**
9	Other countries	**0.0**	**0.0**	**-**	**-**	**-**	**-**	**0.0**
10	**APAC**	**-**	**1.6**	**-**	**-**	**-**	**-**	**1.6**
11	**LATAM**	**-**	**0.0**	**-**	**-**	**-**	**-**	**0.0**
12	**Total as at 31 December 2020**	**0.0**	**3,297.4**	**-**	**-**	**-**	**-**	**3,297.4**

		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
	Ref*	£ million	£ million	£ million	£ million	£ million	£ million	£ million
1	EMEA	-	2,580.8	-	-	-	-	2,580.8
2	United Kingdom	-	1,859.2	-	-	-	-	1,859.2
3	Germany	-	190.7	-	-	-	-	190.7
4	Russian Federation	-	76.4	-	-	-	-	76.4
5	Luxembourg	-	394.6	-	-	-	-	394.6
6	Other countries	-	59.9	-	-	-	-	59.9
7	North America	-	467.6	-	-	-	-	467.6
8	United States	-	467.6	-	-	-	-	467.6
9	Other countries	-	-	-	-	-	-	-
10	APAC	-	1.7	-	-	-	-	1.7
11	LATAM	-	0.2	-	-	-	-	0.2
12	Total as at 31 December 2019 [1]	-	3,050.3	-	-	-	-	3,050.3

[1] Prior year geographical area comparatives amended to be in line with the 2020 geographical breakdown.

Table 18: Standardised Approach – Credit Risk exposure and CRM effects (CR4)

The below 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	**2,633.3**	**-**	**2,633.3**	**-**	**-**	**0%**
Multilateral development banks	**5.0**	**-**	**5.0**	**-**	**-**	**0%**
Institutions	**279.1**	**-**	**279.1**	**-**	**130.7**	**47%**
Corporates	**112.3**	**7.7**	**112.3**	**-**	**112.3**	**100%**
Retail	**1.3**	**16.4**	**1.3**	**-**	**1.0**	**75%**
Secured by mortgages on immovable property	**127.2**	**0.1**	**127.2**	**0.1**	**127.3**	**100%**
Exposures in default	**0.0**	**-**	**0.0**	**-**	**0.0**	**100%**
Exposures associated with particularly high risk	**114.9**	**-**	**114.9**	**-**	**172.3**	**150%**
Total as at 31 December 2020	**3,273.2**	**24.2**	**3,273.2**	**0.1**	**543.6**	**17%**

	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
Ref*	£ million	£ million	£ million	£ million	£ million	£ million
Exposure classes						
Central governments or central banks	2,030.3	-	2,030.3	-	-	0%
Multilateral development banks	5.0	-	5.0	-	-	0%
Institutions	413.8	-	413.8	-	86.6	21%
Corporates	110.3	15.9	110.3	-	110.3	100%
Retail	-	-	-	-	-	0%
Secured by mortgages on immovable property	470.3	4.7	470.3	0.9	471.3	100%
Exposures in default	-	-	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-	-	0%
Total as at 31 December 2019	3,029.7	20.6	3,029.7	0.9	668.2	22%

Exposures before CCF and CRM rose by £247.1 million while the related RWAs decreased by £124.5 million. This decrease in RWA density is the result of higher central bank exposures representing the majority of current exposures with zero risk weight, while exposures in other exposure classes decreased or remained stable. For changes in exposures associated with particularly high risk see commentary under CR5 table below.

Table 19: Standardised approach (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[1]
	£ 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	2,633.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,633.3	-
Multilateral development banks	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.0	-
Institutions	1.2	-	-	-	27.7	-	250.2	-	-	-	-	-	-	-	-	-	279.1	1.2
Corporates	-	-	-	-	-	-	-	-	-	120.0	-	-	-	-	-	-	120.0	120.0
Retail	-	-	-	-	-	-	-	-	17.7	-	-	-	-	-	-	-	17.7	17.7
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	127.3	-	-	-	-	-	-	127.3	127.3
Exposures in default	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-	0.0	0.0
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	114.9	-	-	-	-	-	114.9	114.9
Total as at 31 December 2020	2,639.5	-	-	-	27.7	-	250.2	-	17.7	247.4	114.9	-	-	-	-	-	3,297.4	381.2

	Risk weight																	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted	Total	Of which: unrated[1]
Ref*	£ 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	2,030.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,030.3	-
Multilateral development banks	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.0	-
Institutions	-	-	-	-	400.9	-	12.9	-	-	-	-	-	-	-	-	-	413.8	-
Corporates	-	-	-	-	-	-	-	-	-	126.2	-	-	-	-	-	-	126.2	126.2
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	475.0	-	-	-	-	-	-	475.0	475.0
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total as at 31 December 2019	2,035.3	-	-	-	400.9	-	12.9	-	-	601.2	-	-	-	-	-	-	3,050.3	601.2

[1] Prior year "of which: unrated" column aligned with current year presentation

Exposures under the 20% risk weight band decreased as the risk weight of placements was increased to 50% after an internal review. Additionally part of the CRE loan portfolio was reclassified to exposures associated with particularly high risk receiving 150% risk weight.

Table 20: Credit quality of performing and non-performing exposures by past due dates

	£ million	Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
			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 defaulted
1	**Loans and advances**	**1,050.9**	**1,050.9**	**0.0**	**0.0**	**-**	**0.0**	**-**	**-**	**-**	**-**	**-**	**0.0**
4	*Credit institutions*	**599.0**	**599.0**	-	-	-	-	-	-	-	-	-	-
5	*Other financial corporations*	**111.1**	**111.1**	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	**131.0**	**131.0**	-	-	-	-	-	-	-	-	-	-
8	*Households*	**209.8**	**209.8**	**0.0**	**0.0**	-	**0.0**	-	-	-	-	-	**0.0**
9	**Debt securities**	**3,883.7**	**3,883.7**	-	-	-	-	-	-	-	-	-	-
11	*General governments*	**2,108.7**	**2,108.7**	-	-	-	-	-	-	-	-	-	-
13	*Other financial corporations*	**1,775.0**	**1,775.0**	-	-	-	-	-	-	-	-	-	-
14	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
15	**Off-balance-sheet exposures**	**24.1**	**24.1**	-	-	-	-	-	-	-	-	-	-
19	*Other financial corporations*	**0.1**	**0.1**	-	-	-	-	-	-	-	-	-	-
20	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
21	*Households*	**24.0**	**24.0**	-	-	-	-	-	-	-	-	-	-
22	**Total as at 31 December 2020**	**4,958.7**	**4,958.7**	**0.0**	**0.0**	**-**	**0.0**	**-**	**-**	**-**	**-**	**-**	**0.0**

	£ million	Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
			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 defaulted
1	Loans and advances	2,435.3	2,435.3	-	-	-	-	-	-	-	-	-	-
4	*Credit institutions*	1,856.1	1,856.1	-	-	-	-	-	-	-	-	-	-
5	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	467.9	467.9	-	-	-	-	-	-	-	-	-	-
8	*Households*	111.3	111.3	-	-	-	-	-	-	-	-	-	-
9	Debt securities	1,904.7	1,904.7	-	-	-	-	-	-	-	-	-	-
11	*General governments*	1,620.3	1,620.3	-	-	-	-	-	-	-	-	-	-
13	*Other financial corporations*	5.0	5.0	-	-	-	-	-	-	-	-	-	-
14	*Non-financial corporations*	279.3	279.3	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	32.9	32.9	-	-	-	-	-	-	-	-	-	-
19	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
20	*Non-financial corporations*	4.7	4.7	-	-	-	-	-	-	-	-	-	-
21	*Households*	28.2	28.2	-	-	-	-	-	-	-	-	-	-
22	Total as at 31 December 2019[1]	4,372.8	4,372.8	-	-	-	-	-	-	-	-	-	-

[1] Amount presented for 31 December 2020 are based on FINREP. Prior year comparative was modified accordingly.

Table 21: Performing and Non-performing exposures and related provisions

	£ million	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			Non-performing exposures				On performing exposures	On non-performing exposures
			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**	**1,050.9**	**936.0**	**114.9**	**0.0**	**-**	**0.0**	**(1.6)**	**(0.3)**	**(1.3)**	**(0.0)**	**-**	**(0.0)**	**-**	**698.0**	**-**
4	*Credit institutions*	**599.0**	**599.0**	**-**	**-**	**-**	**-**	**0.0**	**0.0**	**-**	**-**	**-**	**-**	**-**	**346.9**	**-**
5	*Other financial corporations*	**111.1**	**46.0**	**65.1**	**-**	**-**	**-**	**(0.8)**	**(0.0)**	**(0.8)**	**-**	**-**	**-**	**-**	**110.3**	**-**
6	*Non-financial corporations*	**131.0**	**81.2**	**49.8**	**-**	**-**	**-**	**(0.6)**	**(0.1)**	**(0.5)**	**-**	**-**	**-**	**-**	**130.4**	**-**
8	*Households*	**209.8**	**209.8**	**0.0**	**0.0**	**-**	**0.0**	**(0.2)**	**(0.1)**	**(0.0)**	**(0.0)**	**-**	**(0.0)**	**-**	**110.4**	**-**
9	**Debt securities**	**3,883.7**	**3,883.7**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
11	*General governments*	**2,108.7**	**2,108.7**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
13	*Other financial corporations*	**1,775.0**	**1,775.0**	**-**	**-**	**-**	**-**	**(0.0)**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
14	*Non-financial corporations*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
15	**Off-balance-sheet exposures**	**24.1**	**24.1**	**-**	**-**	**-**	**-**	**(0.0)**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**11.4**	**-**
19	*Other financial corporations*	**0.1**	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**
20	*Non-financial corporations*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
21	*Households*	**24.0**	**24.0**	**-**	**-**	**-**	**-**	**(0.0)**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**11.3**	**-**
22	**Total as at 31 December 2020**	**4,958.7**	**4,843.8**	**114.9**	**0.0**	**-**	**0.0**	**(2.1)**	**(0.7)**	**(1.3)**	**(0.0)**	**-**	**(0.0)**	**-**	**709.4**	**-**

	£ million	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			Non-performing exposures				On performing exposures	On non-performing exposures
			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	2,435.3	2,435.3	-	-	-	-	(0.6)	(0.6)	-	-	-	-	-	2,020.4	-
4	*Credit institutions*	1,856.1	1,856.1	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	1,445.2	-
5	*Other financial corporations*	-		-	-	-	-	-	-	-	-	-	-	-	-	-
6	*Non-financial corporations*	467.9	467.9	-	-	-	-	(0.5)	(0.5)	-	-	-	-	-	467.4	-
8	*Households*	111.3	111.3	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	107.8	-
9	Debt securities	1,904.7	1,904.7	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	-	-
11	*General governments*	1,620.3	1,620.3	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	-	-
13	*Other financial corporations*	5.0	5.0	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	-	-
14	*Non-financial corporations*	279.3	279.3	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Off-balance-sheet exposures	32.9	32.9	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	32.0	-
19	*Other financial corporations*	-		-	-	-	-	-	-	-	-	-	-	-	-	-
20	*Non-financial corporations*	4.7	4.7	-	-	-	-	-	-	-	-	-	-	-	4.7	-
21	*Households*	28.2	28.2	-	-	-	-	(0.0)	(0.0)	-	-	-	-	-	27.3	-
22	Total as at 31 December 2019	4,372.8	4,372.8	-	-	-	-	(0.9)	(0.9)	-	-	-	-	-	2,052.4	-

[1] Amount presented for 31 December 2020 are based on FINREP. Prior year comparative was modified accordingly.

Counterparty Credit Risk

Counterparty credit risk ('CCR') arise derivatives and securities financing transactions ('SFTs') across banking and trading book exposures, and is the risk a transaction could default before the final settlement of the transaction's cash flows.

CUKL's counterparty credit risk exposures are exempt from the Credit Valuation Adjustment ('CVA') capital charge due to intercompany exposure which are exempt as per article 382 of the CRR.

The measures of Exposure at Default ('EAD') used to determine these requirements are described below

Risk Category	Approach of Calculating Exposure	Application
Derivatives	Mark-to-Market Approach	Under mark to market approach, exposures are calculated using current exposure method ('CEM'), which is the replacement cost plus regulatory add-ons for potential future exposure ('PFE') to capture market volatility. This method applies to all derivatives as CUKL does not use Internal Modelling Method ('IMM')
Securities Financing Transactions ('SFTs')	Financial Collateral Comprehensive Method ('FCCM')	Under FCCM, the exposure value is calculated as positive difference in the exposure value of securities, commodities or cash sold, posted or lent and the value of securities, commodities or cash received in return, and applying regulatory haircuts for security volatility adjustments and any applicable currency mis-matches

Table 22: Analysis of CCR exposure by approach (CCR1)

This table provide a comprehensive view of the methods used by CUKL to calculate CCR regulatory requirements and the main parameters used within each method. This excludes CVA charges or exposures cleared through a CCP.

		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	-	-	38.9	-	-	38.9	19.4
9	Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	39.9	20.0
11	**Total as at 31 December 2020**	-	-	-	-	-	-	39.4

		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	-	0.4	8.7	-	-	9.1	4.5
9	Financial collateral comprehensive method (for SFTs)	-	-	-	-	-	7.6	3.8
11	Total as at 31 December 2019	-	-	-	-	-	-	8.3

RWAs increased in line with exposures. For details see commentary under table OV1.

Table 23: Standardised approach – CCR exposures by regulatory portfolio and risk (CCR3)

This table provides a breakdown on the risk-weighting of Counterparty Credit Risk exposures by portfolio (type of counterparties). Risk weights are attributed according to the standardised approach.

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		Risk weight									
		0%	2%	4%	20%	50%	100%	150%	Others	Total	Of which: unrated
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
6	Institutions	-	-	-	-	78.8	-	-	-	78.8	-
11	**Total as at 31 December 2020**	-	-	-		78.8	-	-	-	78.8	-

		Risk weight									
		0%	2%	4%	20%	50%	100%	150%	Others	Total	Of which: unrated
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
6	Institutions	-	-	-	-	16.7	-	-	-	16.7	-
11	Total as at 31 December 2019	-	-	-		16.7	-	-	-	16.7	-

CCR exposures increased by £62.1 million due to an increase in derivative trade volume and an increase in securities haircut for SFTs.

Table 24: 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 [1]	142.6	139.7	2.9	6.4	-
2	SFTs	346.9	-	346.9	414.3	-
3	**Total as at 31 December 2020**	**489.5**	**139.7**	**349.8**	**420.7**	**-**

		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 [1]	24.1	23.7	0.4	-	0.4
2	SFTs	1,446.4	-	1,446.4	1,451.5	-
3	Total as at 31 December 2019	1,470.5	23.7	1,446.8	1,451.5	0.4

[1] Derivatives calculation incorporates the impact of netting. The calculation of prior year comparative amended accordingly.

Total amount of SFTs and derivatives decreased by £981 million compared to 31 December 2019 primarily driven by the close out of intercompany reverse repo positions in Q4 2020, offset by increased trading activity in derivatives.

Table 25: Composition of collateral for exposures to CCR (CCR5-B)

This table shows the breakdown of all types of posted or received by CUKL 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	6.4	-	-	-	17.1	346.9
Debt Securities	-	-	-	-	138.0	-
Other[1]	-	-	-	-	259.1	-
Total as at 31 December 2020 [2]	**6.4**	**-**	**-**	**-**	**414.3**	**346.9**

[1] Other collateral class includes Collateralized Mortgage Obligations (CMO).

	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	-	-	-	-	5.1	1,446.4
Debt Securities	-	-	-	-	1,446.4	-
Other	-	-	-	-	-	-
Total as at 31 December 2019 [2]	-	-	-	-	1,451.5	1,446.4

[2] Compared to prior year, derivative and SFT collateral has been broken down to collateral types.

SFT collateral decreased due to the close out of intercompany reverse repo positions.

Securitisation

The regulatory capital framework for securitisation exposures is a risk sensitive framework that focuses on credit risks that have been transferred and repackaged. CUKL is only exposed to this securitisation framework as an investor in highly rated residential mortgage-back securities ('RMBS') and securities backed by credit card receivables, which are held in order to collect contractual cash flows. CUKL holds the highest quality tranche of debt, externally AAA-rated and with material credit enhancements to protect CUKL.

Securitisation Risk Management

CUKL's risk management organisation plays an active role in the review and oversight of securitisation exposures. Securitisations are subject to a robust review process with controls and oversight. CUKL manages its securitisation positions within an established risk management policy framework whereby the business and Independent Risk Management monitor changes in the securitisation portfolio structure. Monitoring includes management information and monthly portfolio reviews at the UK and EMEA levels.

Credit risk management is responsible for determining the overall risk appetite for securitisation transactions, approving extensions of credit, ensuring data capture associated with those extensions of credit is accurate and within CUKL's risk appetite and limits, and ensuring that the transactions meet EU regulations under the CRR. Securitisation positions are subject to an established limit monitoring framework to ensure diversification in CUKL's portfolio.

Securitisation Risk Measurement

CUKL calculates its risk based capital requirements using the revised securitisation standardised approach ('SEC-SA'). The SEC-SA approach uses a supervisory formula and the following inputs to calculate regulatory capital requirements:

- Attachment Point: the point at which the collateral losses from underlying assets backing a securitisation will have reached an amount that those losses will be applied to the tranche in the form of principal write-downs;
- Detachment Point: the point at which the tranche will be completely written-down by losses from the collateral backing the tranche;
- Weighted Average Capital: the weighted average capital charge of the assets in the deal;
- Seriously Delinquent: the percentage of the collateral that is seriously delinquent in the deal (e.g., 90+ days past due, in foreclosure, in bankruptcy); and
- Calibration Parameter: a parameter that increases the riskiness of a tranche for re-securitisations.

As at 31 December 2020, CUKL as an investor has £1.77 billion in securitisations on its banking book and none in its trading book. There are currently no re-securitisation exposures and no assets awaiting securitisation. In addition, there was no instance of CUKL acting as a sponsor or originator for third party securitisation deals.

Accounting Policies

The Company holds investments in Residential Mortgage-Backed Securities ('RMBS') and other asset backed securities ('ABS'). Such debt instruments are recognised on trade date at fair value and subsequently measured at amortised cost using the effective interest rate ('EIR') method, less any impairment charges as both of the following conditions are met:

- Business Model test: the debt security is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (the 'SPPI' criterion).

IFRS 9 'expected credit loss' impairment requirements are applied to debt instruments measured at amortised cost.

Table 26: Securitisation exposures in the banking book (SEC1)

The following tables set out the aggregate amount of securitisation positions held in the banking book by CUKL.

		31 December 2020			31 December 2019		
		Institution acts as investor			Institution acts as investor		
		Traditional		**Sub-total**	Traditional		Sub-total
		STS	**Non-STS**		STS	Non-STS	
		£ million	**£ million**	**£ million**	£ million	£ million	£ million
1	**Retail (total)**	**377.0**	**1,393.0**	**1,770.0**	280.1	-	280.1
2	Residential mortgage	**377.0**	**-**	**377.0**	280.1	-	280.1
3	Credit card	**-**	**1,393.0**	**1,393.0**	-	-	-
4	Other retail exposures	**-**	**-**	**-**	-	-	-
5	Re-securitisation	**-**	**-**	**-**	-	-	-
6	**Wholesale (total)**	**-**	**-**	**-**	-	-	-
7	Loans to corporates	**-**	**-**	**-**	-	-	-
8	Commercial mortgage	**-**	**-**	**-**	-	-	-
9	Lease and receivables	**-**	**-**	**-**	-	-	-
10	Other wholesale	**-**	**-**	**-**	-	-	-
11	Re-securitisation	**-**	**-**	**-**	-	-	-
12	**Total**	**377.0**	**1,393.0**	**1,770.0**	280.1	-	280.1

Table 27: Securitisation exposures in the banking book – bank acting as investor (under the new framework) (SEC4)

The following table presents securitisation exposures in the banking book where CUKL acts as investor and the associated capital requirements.

		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to <50% RW	>50% to <100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA	SEC-SA	1250%
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
2	**Traditional securitisation**	**1,770.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1,770.0**	**-**
3	Of which securitisation	**1,770.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1,770.0**	**-**
4	Of which retail underlying	**1,770.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1,770.0**	**-**
5	Of which STS	**377.0**	**-**	**-**	**-**	**-**	**-**	**-**	**377.0**	**-**
6	Of which wholesale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8	Of which re-securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1	**Total as at 31 December 2020**	**1,770.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1,770.0**	**-**
2	Traditional securitisation	280.01	-	-	-	-	-	-	280.01	-
3	Of which securitisation	280.01	-	-	-	-	-	-	280.01	-
4	Of which retail underlying	280.01	-	-	-	-	-	-	280.01	-
5	Of which STS	280.01	-	-	-	-	-	-	280.01	-
6	Of which wholesale	-	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-
1	Total as at 31 December 2019	280.01	-	-	-	-	-	-	280.01	-

		RWA				Capital charge after cap			
		SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
2	**Traditional securitisation**	**-**	**-**	**246.7**	**-**	**-**	**-**	**19.7**	**-**
3	Of which securitisation	**-**	**-**	**246.7**	**-**	**-**	**-**	**19.7**	**-**
4	Of which retail underlying	**-**	**-**	**246.7**	**-**	**-**	**-**	**19.7**	**-**
5	Of which STS	**-**	**-**	**37.7**	**-**	**-**	**-**	**3.0**	**-**
6	Of which wholesale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8	Of which re-securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1	**Total as at 31 December 2020**	**-**	**-**	**246.7**	**-**	**-**	**-**	**19.7**	**-**
2	Traditional securitisation	-	-	28.0	-	-	-	2.2	-
3	Of which securitisation	-	-	28.0	-	-	-	2.2	-
4	Of which retail underlying	-	-	28.0	-	-	-	2.2	-
5	Of which STS	-	-	28.0	-	-	-	2.2	-
6	Of which wholesale	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-
1	Total as at 31 December 2019	-	-	28.0	-	-	-	2.2	-

Non-trading book securitisation exposures increased by £1.49 billion compared to 31 December 2019 and related RWAs moved in line with the higher exposures. The increase is driven by the purchase of high quality securitisation positions backed by credit card receivables in the fourth quarter 2020.

Market Risk

Market risk is the risk of loss arising from changes in the value of assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates or credit spreads. Losses can be exacerbated by the negative convexity of positions, as well as the presence of basis or correlation risks.

A bank's trading portfolio comprises positions held for the purpose of short-term resale or with the intent of benefiting from actual or expected short-term price movements, or to lock in profits. However, CUKL considers all of its business activities and exposures to be non-trading book in nature, and positions giving rise to market risk are held within the non-trading portfolio.

The non-trading portfolio comprises positions which are not held with trading intent and mainly arise from the deployment of the firm's deposit base. The primary products in the non-trading portfolio include debt securities measured at fair value through Other Comprehensive Income. The main sources of market risk within the non-trading portfolio, include, but are not limited to:

- Interest rate changes giving rise to a potential pre-tax impact on Net Interest Margin ('NIM').
- Fair value changes to the instrument due to changes in underlying market risk factors.

The non-trading portfolio consists primarily of Available for Sale ('AFS') securities and Held to Maturity ('HTM') portfolios. The principal risk on the non-trading portfolio is Interest Rate Risk in the Banking Book ('IRRBB').

Non-trading Book Risk Management

CUKL's risk management framework establishes standards for measuring, managing, monitoring, and controlling market risk. It sets responsibilities across the three lines of defence.

Non-trading Book Risk Measurement

The risks arising through CUKL's non-traded portfolios are estimated using a common set of standards that define, measure, limit and report market risk.

Interest rate risk

The Company measures interest rate risk using both income and valuation metrics. These metrics provide complementary views of the impact of interest rate risk on the balance sheet over varying time horizons.

Interest Rate Exposure ('IRE') is an income metric which measures the potential pre-tax impact on Net Interest Revenue (NIR) for banking book positions due to defined shifts in interest rates over a specified reporting period. NIR is the difference between the accrued interest income earned on assets (e.g. client loans) and the interest expense paid on liabilities (e.g. client deposits). Factors such as changes in volumes, margins and the impact of prior-period pricing decisions are not captured by this measure and it assumes that businesses make no additional changes in pricing or balances in response to unanticipated rate changes.

The following are valuation metrics:

- Economic Value of Equity ('EVE'): The net of the economic value of all relevant on and off balance sheet assets, less the economic value of all relevant on and off balance sheet liabilities, using present value calculations that discount cash flows derived from the current positions.
- Economic Value Sensitivity ('EVS'): The change in EVE for a pre-defined change in the yield curve.

The following table shows the IRE and EVS measures as of 31 December 2020 assuming a 100bp up/down parallel shift in the yield curve. A positive IRE/EVS indicates a potential increase in earnings/economic value while a negative IRE/EVS indicates a potential decline in earnings/economic value. IRE and EVS are calculated on a monthly basis.

Table 28: Sensitivity of Economic Value and Net Interest Revenue

£ millions	Economic Value Sensitivity		Interest Rate Exposure	
Currency	**+100bps**	**-100bps**	**+100bps**	**-100bps**
GBP	18.1	(17.3)	11.4	(0.2)
EUR	9.6	0	1.2	0
USD	35.8	(3.9)	9.9	(2.4)
Other	3.1	(0.9)	(0.2)	(0)
Total as at 31 December 2020	66.6	(22.1)	22.3	(2.6)

Currency risk

It is the policy of the Company to reduce foreign currency risk that may arise in the normal course of business. The Company deals in financial instruments denominated in a number of currencies, and open currency positions arise from funding mismatches and accruals of interest and expense provisions in currencies other than GBP. Treasury monitors open foreign currency positions on a daily basis ensuring exposures are kept within agreed allocated limits.

Market Risk Capital

CUKL uses the standardised approach to calculate its market risk capital requirements. Due to the banking book nature of the entity, the primary risk is foreign exchange risk. As at December 31 2020, CUKL's market risk was nil in accordance to de Minimis guidance under article 351 of the Capital Requirements Regulation.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal risk, which is the risk of loss (including litigation costs, settlements and regulatory fines) resulting from the failure of the firm to comply with laws, regulations, prudent ethical standards and contractual obligations in any aspect of the firm's business, but excludes strategic and reputation risks. Citi also recognizes the impact of operational risk on the reputation risk associated with Citi's business activities.

Operational Risk Management proactively assists the businesses, Operations, Technology and other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions. Furthermore, operational risks are considered as new products and business activities are developed and processes are designed, modified or sourced through alternative means.

The objective is to keep operational risk at appropriate levels relative to the characteristics of Citi's businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

Operational Risk Management is an independent, second line function within Citi's global risk management function and has reporting lines covering legal entities, geographies and businesses. Operational Risk Management actively participates in various CUKL governance forums to ensure the Operational Risk Framework is fully embedded in CUKL's day-to-day management activities and provides independent risk challenge across the entity.

Operational Risk Framework

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

- Customer or Client Conduct Risk
- Market Integrity Conduct Risk
- Fraud Risk
- Processing Risk
- Technology Risk (incl. Cyber)
- Third Party Risk
- Reporting Risk
- Data Management Risk
- Money Laundering Risk
- Bribery & Corruption Risk
- Sanctions Risk
- Human Capital Risk
- Model Risk
- Physical Damage Risk
- Governance and Prudential Risk Oversight
- Risk Oversight Errors

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

- Identify and assess the risks it undertakes
- Design controls to mitigate identified risks
- Establish Key Risk Indicators ('KRIs')
- Implement a process for early problem recognition and timely escalation
- Produce comprehensive operational risk reporting; and
- Ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks

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

Measurement of Operational Risk

Operational risk is measured and assessed through a rigorous ICAAP process to determine whether any additional capital is required over and above the levels resulting from applying the Standardised Approach to calculating regulatory operational risk capital. CUKL's operational risk capital requirement is shown in the below table. The decline is due to a reduction in the forecasted revenues used to calculate capital, given the absence of three years of historical data for the new entity.

Table 29: Operational Risk RWA

	31 December 2020		31 December 2019	
	RWA	**Capital Requirement**	RWA	Capital requirement
	£ million	**£ million**	£ million	£ million
Basic Indicator approach	**-**	**-**	-	-
Standardised approach	**132.0**	**10.6**	168.7	13.5
Advanced measurement approach	**-**	**-**	-	-
Total	**132.0**	**10.6**	168.7	13.5

Non Financial Risks

Enterprise resilience through Covid-19 pandemic

Citi's Continuity of Business (CoB) Policy and Standards require all Citi businesses, including those businesses under CUKL, to implement a CoB Programme that includes; Assessment processes, Business Recovery Planning, Crisis Management Planning, Testing, Maintenance, Quality Review, Training, Monitoring and Reporting.

In response to the Covid-19 pandemic, Citi has been able to successfully implement its Continuity of Business plans to provide proactive measures in preserving staff well-being and maintaining the ability to serve our clients with no major impact to our operations.

Citi also recognises the rapidly expanding regulatory focus on Operational Resilience. Citi is developing its approach to Operational Resilience with an aim of embedding the key concepts around business services, impact tolerances and harm into the firm as part of the resilience programme.

Liquidity

Strategies and Processes of Liquidity Risk Management

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

CUKL is primarily funded by low-risk stable retail deposits. However, funding and liquidity risk may arise from several factors, many of which are mostly or entirely outside CUKL's control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in Citi's credit ratings and macroeconomic, geo-political and other conditions.

CUKL's funding and liquidity management objectives are aimed at

(i) funding its existing asset base,

(ii) growing its core businesses,

(iii) maintaining sufficient liquidity, structured appropriately, so that CUKL can operate under a variety of adverse circumstances, including potential Company-specific and/or market liquidity events in varying durations and severity, and

(iv) satisfying regulatory requirements.

CUKL's liquidity risk appetite is set by Board in the context of Citi's Liquidity Risk Policy. CUKL's liquidity risk is managed and monitored through the Citi's Liquidity Risk Management Framework ('LRMF').

The key aspects of CUKL's LRMF used to ensure an appropriate overall liquidity risk profile include:

- minimum liquidity coverage ratio ('LCR') requirement
- minimum internal liquidity metrics including both a short-term (30 day) and long term (12 months) requirement
- high quality liquidity asset ('HQLA') framework including limits to ensure that CUKL's liquid assets remain appropriately diversified by currency, issuer and geographic location of the issuer

The CUKL Board of Directors approves this framework and any material amendments to this Framework at least annually.

Structure and Governance of Liquidity Risk Management

Citigroup operates a centralised treasury model, whereby Citi Treasury, through its Global Franchise and Regional Treasurers, will manage the overall balance sheet. The UK Treasurer is responsible for the application of the CUKL's Liquidity Risk Management Framework.

The Liquidity Risk Management Framework provides a holistic outline of how liquidity risk is managed, establishes standards for measuring, managing, monitoring and controlling risk in the Company and set responsibilities across all three lines of defence.

As part of the Liquidity Risk Management Framework, the following Committees perform an oversight role for liquidity risk related items:

- Board
- Board Risk and Audit Committee ('RAC')
- CUKL Management Committee ('CUKL Manco')
- Asset & Liability Committee ('ALCO')
- Executive Committee

Management of liquidity is the responsibility of UK Treasurer who aims to ensure that all funding obligations are met when due.

The forum for liquidity issues is the Asset and Liability Committee, which includes senior executives within the Company. The ALCO reviews the current and prospective funding requirements for the Company, as well as the capital position and statement of financial position. The ultimate responsibility for liquidity rests with the Board.

CUKL's Funding and Liquidity Plan is prepared annually and the liquidity profile is monitored on an on-going basis and reported daily.

CUKL's CRO is responsible for second line of defence oversight and independent review and challenge of liquidity management.

Reporting and Measurement of Liquidity Risk

The internal Liquidity Risk Management framework includes indicators enabling the assessment of CUKL's resilience to liquidity risk.

CUKL is required to comply with the liquidity requirements of the Regulator, by monitoring and reporting the liquidity metrics, namely the Liquidity Coverage Ratio ('LCR') and Net Stable Funding Requirement ('NSFR') as defined in the Capital Requirements Directive IV ('CRDIV'"). LCR measures the stock of liquid assets against net cash outflows arising in a 30-day stress scenario. NSFR, which will be implemented in the EU through the Capital Requirements Regulation 2 ('CRR2') in Jan 2022, is intended to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over the medium term (one year period).

CUKL also measures and manages internal liquidity metrics, which compare liquidity reserves with stressed liquidity requirements. These metrics are assessed according to a variety of scenarios, in the major currencies, with an intention to quantify the likely impact of an adverse event on CUKL's balance sheet and liquidity position and to identify viable alternatives in such an event.

The two main internal scenario-based liquidity risk metrics are:

- S2 ratio is a stress metric used to assess the liquidity to meet all maturing obligations within 12 months under the Highly Stressed Market Disruption stress scenario
- Resolution Liquidity Adequacy & Positioning ('RLAP') ratio is the stress metric used to measure the short-term (30 days) survival horizon under a severe market disruption stress scenario.

HQLA

CUKL predominantly uses government bonds held as HQLA to hedge the liabilities and mitigate interest rate exposure ('IRE"). CUKL's HQLA can be monetised in a stress scenario to generate cash or alternatively used in a repo in exchange for cash. In this event, the resultant interest rate risk could be hedged with MTM banking book interest rate swaps.

CUKL carries out internal stress testing and scenario analyses of its liquidity position. In addition, CUKL maintains a contingency funding plan that details its approach to identify and manage a liquidity stress including management actions to restore CUKL's liquidity position.

Overall Liquidity Risk Profile

CUKL's annual Internal Liquidity Adequacy Assessment Process ('ILAAP') sets out its approach to manage funding and liquidity risk. UK ALCO is the primary forum to review, challenge and approve the ILAAP. The forum includes senior members from different business units and functions. As such, the UK ALCO acts as a primary approver of CUKL's ILAAP before final approval from the Board and annual submission to the PRA. The ILAAP Forum, created in May 2021, makes recommendations for approval, proposals, and notifications of relevance to the UK ALCO, facilitating detailed analysis.

Concentration of funding and liquidity sources

CUKL's primary source of funding include retail consumer deposits, which are Citi's most stable and lowest cost source of long-term funding. CUKL's funding and liquidity framework ensures that the tenor of these funding sources is of sufficient term in relation to the tenor of its asset base. Also, CUKL's client base is diverse and spans across multiple geographies.

Derivative exposures and potential collateral calls

CUKL employs FX swaps to manage cross-currency liquidity risks. In addition, CUKL may employ interest rate swaps ('IRS') to manage interest rate exposure ('IRE').

CUKL's derivative positions are primarily over-the-counter ('OTC'), executed with intragroup counterparties and are fully-margined**.**

Currency mismatch in the LCR

Cross-currency liquidity risk arises when there is a mismatch between the currency cash inflows and outflows. FX markets may be constrained in a crisis meaning that conversion from one currency to another cannot be guaranteed. This risk is common for international banks due to their cross-border operations and multicurrency approach to business. CUKL's retail deposits are primarily denominated in GBP, USD and EUR. Asset currency allocation is broadly in line with liabilities to mitigate significant cross-currency liquidity risk.

CUKL monitors its liquidity at a consolidated currency level along with significant individual currencies (USD, GBP and EUR). CUKL maintains sufficient liquidity resources in the form of HQLA to cover any stressed outflows for each significant currency (GBP, USD and EUR).

Liquidity Coverage Ratio Disclosure

CUKL liquidity buffer is composed of Central Bank reserves, high-quality government bonds and Multilateral Development Banks ('MDB') securities. Bonds in the liquidity buffer are fully unencumbered and exclusively under Treasury control.

As of 31 December 2020, CUKL's HQLA substantially consists of Level 1 eligible securities, as defined by liquidity standards, and is diversified across our major operating currencies.

CUKL's LCR net requirements are primarily driven by retail deposit outflows partially offset by retail customer lending and eventual inflows from HQLA reverse repurchase transactions.

Table 30: LCR disclosure template and the template on qualitative information on the LCR (LIQ1)

		Total unweighted value				Total weighted value			
		31 Dec 20	30 Sept 20	30 Jun 20	31 Mar 20	31 Dec 20	30 Sep 20	30 Jun 20	31 Mar 20
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Number of data points used in the calculation of averages		12.0	12.0	10.0	7.0	12.0	12.0	10.0	7.0
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)	-	-	-	-	3,337.4	3,507.4	3,520.3	3,550.5
Cash outflows									
2	**Retail deposits and deposits from small business customers, of which:**	4,305.4	4,135.3	4,072.2	3,996.2	495.7	473.1	466.2	457.4
3	Stable deposits	1,910.2	1,833.4	1,763.0	1,694.0	95.5	91.7	88.2	84.7
4	Less stable deposits	2,395.2	2,301.9	2,309.2	2,302.2	400.2	381.5	378.1	372.7
5	**Unsecured wholesale funding**	-	-	-	-	-	-	-	-
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
8	Unsecured debt	-	-	-	-	-	-	-	-
9	**Secured wholesale funding**	-	-	-	-	-	-	-	-
10	**Additional requirements**	4.3	3.0	3.3	3.3	4.3	3.0	3.3	3.3
11	Outflows related to derivative exposures and other collateral requirements	2.2	0.2	0.1	0.0	2.2	0.2	0.1	0.0
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2.1	2.8	3.1	3.3	2.1	2.8	3.1	3.3
14	**Other contractual funding obligations**	9.1	11.5	12.8	13.6	3.8	5.8	7.0	7.6
15	**Other contingent funding obligations**	1.1	-	10.2	14.6	0.5	-	-	-
16	**Total cash outflows**	-	-	-	-	504.3	481.9	476.5	468.3
Cash inflows									
17	**Secured lending (eg reverse repos)**	1,073.1	1,363.1	1,570.3	1,713.1	9.7	0.4	1.5	2.2
18	**Inflows from fully performing exposures**	134.9	104.0	79.0	56.7	78.0	61.1	45.2	32.5
19	**Other cash inflows**	0.4	0.3	0.2	0.0	0.4	0.3	0.2	0.0
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-	-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-	-	-	-	-
20	**Total cash inflows**	1,208.5	1,467.4	1,649.5	1,769.8	88.1	61.8	46.9	34.7
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
EU-20c	Inflows Subject to 75% Cap	1,208.5	1,467.4	1,649.5	1,769.8	88.1	61.8	46.9	34.7

		Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
21	Liquidity Buffer	3,337.4	3,507.4	3,520.3	3,550.5
22	Total net cash outflows	416.2	420.2	429.6	433.6
23	Liquidity coverage ratio (%) [1]	816%	837%	824%	824%

[1] CUKL's August 2019 LCR was excluded from the calculation of averages as it was materially elevated with respect to other data points. This was due to retail deposit outflows being reported from September 2019 onwards in line with the business transfer from CEP and CBNA London.

Asset Encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. Encumbered assets have been defined consistently with CUKL's reporting requirements under Article 100 of the CRR. Securities and commodities assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use.

As of December 2020, the quarterly median carrying value of assets on CUKL was £5.2 billion, which included approximately 42% debt instruments, 9% loans on demand, 48% loans and advances other than loans on demand and 2% other assets.

CUKL received securities collateral from reverse repo transactions which had a carrying amount of collateral received of £1.5 billion. The collateral received was in the form of debt securities. Approximately 0.9% or £13 million of the total securities collateral received were considered encumbered. Asset encumbrance was not significant for CUKL as its funding and liquidity model was based on funding through retail deposits and unsecured borrowings as opposed to secured financing. The main source of encumbrance is related to OTC derivative margining with other entities within the group. CUKL primarily used standard collateral agreements such as Credit Support Annexes ('CSA') and Global Master Repurchase Agreements ('GMRA') and collateralised at appropriate levels in line with industry standards.

Table 31: A - Encumbered and Unencumbered Assets

		Carrying amounts of encumbered assets		Fair value of encumbered assets		Carrying amounts of unencumbered assets		Fair value of unencumbered assets	
		Total	of which: notionally eligible EHQLA & HQLA	Total	of which: notionally eligible EHQLA & HQLA	Total	of which: EHQLA & HQLA	Total	of which: EHQLA & HQLA
		£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
010	Assets of the reporting institution	13.4	13.4	-	-	5,165.6	1,752.5	-	-
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	13.4	13.4	-	-	2,146.2	1,752.5	-	-
050	*of which: covered bonds*	-	-	-	-	-	-	-	-
060	*of which: asset-backed securities*	-	-	-	-	388.7	-	-	-
070	*of which: issued by general governments*	13.4	13.4	-	-	1,752.5	1,752.5	-	-
080	*of which: issued by financial corporations*	-	-	-	-	5.0	-	-	-
090	*of which: issued by non-financial corporations*	-	-	-	-	-	-	-	-
120	Other assets	-	-	-	-	3,019.5	-	-	-

Table 32: B - Collateral Received

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		Total	Of which notionally eligible EHQLA and HQLA	Total	Of which EHQLA and HQLA
		£ million	£ million	£ million	£ million
130	Collateral received by the reporting institution	-	-	1,523.9	1,523.9
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	1,523.9	1,523.9
170	*of which: covered bonds*	-	-	-	-
180	*of which: asset-backed securities*	-	-	-	-
190	*of which: issued by general governments*	-	-	1,523.9	1,523.9
200	*of which: issued by financial corporations*	-	-	-	-
210	*of which: issued by non-financial corporations*	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or asset-backed securities	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-
250	Total Assets, Collateral received and Own Debt Securities Issued	13.4	13.4	-	-

Remuneration Statement

Citi's Compensation Philosophy

Employee compensation is a critical tool in the successful execution of Citi's corporate goals.

Citi's compensation policies and practices are designed to support achievement of business strategy whilst ensuring an effective risk management framework and incentivising appropriate behaviours.

The Compensation Philosophy describes Citi's approach to balancing the five primary objectives that Citi's compensation programs and structures are designed to achieve and is available online at: **https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf**

Citi's Compensation Philosophy is closely linked to the ongoing work on embedding culture, including through the Citi Mission and Values Proposition and the Citi Leadership Standards. The Compensation Philosophy also sets out Citi's commitment to managing risk, and management receives clear direction from the Personnel and Compensation Committee ('the P&C Committee') of the Board of Directors of Citigroup Inc. to use discretion in awarding incentive compensation consistently with risk mitigation principles. Citi's Compensation Philosophy applies to all of its foreign subsidiaries and branches, save where exceptions are required by local law.

There were no material changes made to Citi's Compensation Philosophy in 2020.

Remuneration Governance

Global Remuneration Committee

The Personnel & Compensation Committee oversees Citi's global remuneration policies and practices. It annually reviews the compensation structures for members of senior management and a number of highly compensated and/or regulated individuals, in accordance with guidelines established by the P&C Committee, and provides oversight of the design and structure of incentive programs globally in the context of risk management.

The P&C Committee's terms of reference are documented in the P&C Committee Charter, which establishes the scope and mandate of the P&C Committee's responsibilities and the general principles governing the remuneration policy of the firm globally. The latest

Charter is available online at:
https://www.citigroup.com/citi/investor/data/percompcharter.pdf.
There were no material changes made to the Charter in 2020.

P&C Committee members are all Independent Non-Executive Directors, selected and appointed factoring in their background and experience in business generally and in compensation, corporate governance and/or regulatory matters specifically, and their capability to fulfil their responsibilities as P&C Committee members. For the 2020 performance year, the P&C Committee members were: Lew (Jay) Jacobs IV (Chair), John Dugan, Duncan Hennes, Diana Taylor and Alex Wynaendts. Biographies and details of compensation paid to P&C Committee members for 2020 are available in the Citigroup 2021 Proxy Statement. The P&C Committee met 19 times in 2020 and each Director attended at least 75% of all meetings.

The P&C Committee is supported by Citi Human Resources, Finance, Independent Risk, Independent Compliance and Risk Management ('ICRM') and Legal.

The P&C Committee utilises the experience of the Non-Executive Directors of the Board of Citigroup Inc. gained from their other Non-Executive Director undertakings. For example, the P&C Committee includes cross-membership with the Risk Management Committee, the Ethics, Conduct & Culture Committee, the Audit Committee, and the Nomination, Governance & Public Affairs Committee. It is also empowered to draw upon internal and external expertise and advice as it determines appropriate and Citi pays the fees of any such external advisors. In 2020 the P&C Committee appointed Frederic W

Cook & Co ('FW Cook') to provide it with independent advice on Citi's compensation programs for senior management. FW Cook reports solely to the P&C Committee, conducts no other work for Citi other than providing advice to the Citigroup Board and the independence is reviewed annually by the P&C Committee.

The P&C Committee meets regularly with Citi's Chief Risk Officer ('CRO'), the Head of ICRM and other members of senior management to discuss and evaluate risk associated with Citi's compensation programs, thereby further integrating Citi's Independent Risk Function into compensation governance and oversight. The CRO and Head of ICRM review the key terms of Citi's overall compensation framework to ensure that, consistent with Citi's Compensation Philosophy, they are aligned with long-term performance in a manner that does not encourage imprudent risk-taking.

CUKL Board for remuneration matters

The CUKL Board fulfils Remuneration Committee responsibilities under the PRA and FCA Remuneration Codes. In fulfilling its remuneration responsibilities, the CUKL Board takes into account, where applicable, relevant guidance and the long-term interests of shareholders, investors and other stakeholders in CUKL.

The CUKL Board's remuneration responsibilities within its Terms of Reference includes the following:

- To review and approve remuneration awards to Material Risk Takers ('MRTs') of the Company;
- To review the achievement of performance targets and recommendations for ex post risk adjustment, including the application of malus and clawback arrangements (as appropriate);
- To review the mechanisms and systems adopted to ensure that the remuneration system applicable properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with business strategy, objectives, corporate culture and values and the long-term interest of CUKL;
- To oversee the remuneration policies, practices and processes and compliance with the remuneration policy applicable to CUKL and that the remuneration policy is up to date;
- To review scenarios to test how remuneration policies and practices applicable to CUKL react to external and internal events, and back-test the criteria used for determining remuneration awards and ex ante risk adjustment based on the actual risk outcomes;
- To review the appointment of any external remuneration consultants that may be engaged by the Board, including establishing the selection criteria, appointing and setting the terms of reference for any consultation work to be undertaken; and
- To ensure the adequacy of information provided to CUKL shareholder(s) in respect of remuneration policies and practices, in particular on a proposal to increase the maximum level of the ratio between fixed and variable remuneration.

The CUKL Board is comprised of Independent Non-Executive Directors and Executive Directors. CUKL Board remuneration discussions are independent and Non-Executive Directors only are members for the purposes of these discussions.

The Non-Executive Directors are Joanne Dawson and James Rawlingson. Joanne Dawson is the Chair of the CUKL Board and Senior Management Function (SMF), and the SMF who is allocated the PRA Prescribed Responsibility in Allocation of Responsibilities 4.1(18) ('responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices'). Joanne Dawson is also a member of the CUKL Risk and Audit

Committee and James Rawlingson is Chair of the Risk and Audit Committee.

For 2020, the Executive Directors were James Bardrick, Susan Shakespeare, Anoop Ghai and David Chubak.

The CUKL Board for remuneration matters met to discuss remuneration matters five times in 2020 and both Joanne Dawson and James Rawlingson attended those meetings. The CUKL Board for remuneration matters did not engage independent consultants in 2020, but Clifford Chance has advised on remuneration matters for 2020 as required.

Material Risk Takers

In accordance with the PRA and FCA Remuneration Codes, Citi annually identifies its MRTs, i.e. those categories of staff whose professional activities are determined as having a material impact on the firm's risk profile, and maintains a record of such staff.
Citi identifies MRTs principally using Citi's understanding of the criteria for identifying staff as set out in Commission Delegated Regulation (EU) No 604/2014.

Design and Structure of Remuneration

Ratio of Fixed to Variable Remuneration

Citi seeks to balance the components of reward between fixed and variable and short- and long-term components. For relevant employees, an annual review of the balance between fixed and variable compensation takes place and, where required, adjustments are made to the fixed element of pay to ensure that an appropriate balance continues to be maintained. The aggregate of fixed remuneration paid to MRTs for 2020 is set out in the "Remuneration awarded to CUKL MRTs for the 2020 performance year (REM 1)" table 33 below.

Following the introduction of CRD IV, CUKL annually seeks formal shareholder approval to apply a fixed-to-variable ratio of up to 1:2 for MRTs in all relevant business areas, with the most recent approval being granted on 20 October 2020 for the 2020 performance year. Approval of the ratio was sought from P&C Committee, which is a Board Committee of Citigroup Inc.

Fixed Remuneration – Salary, Role-Based Allowances and Benefits

Fixed remuneration primarily reflects an employee's professional experience and organisational responsibilities as set out in the employee's job description and terms of employment, and includes the following elements:

- Salary;
- Role Based Allowances ('RBAs') for a limited number of roles;
- Pension and other non-cash benefits are offered to employees as part of their overall reward package.

RBAs are limited to a small number of roles. The decision of whether a particular role is eligible for a RBA is made according to specific and objective eligibility criteria, subject to approval as delegated by the CUKL Board for remuneration matters to management. The rationale for granting a RBA is clearly articulated by reference to the eligibility criteria, including details on the responsibilities and scope of the role.

Variable Compensation – Citi's Discretionary Incentive and Retention Award Plan

Citi's Discretionary Incentive and Retention Award Plan ('DIRAP') is the variable discretionary incentive and retention plan that is designed to incentivise, reward and retain employees based on their current and prospective performance and contribution. Citi operates a fully flexible remuneration policy, including the possibility to pay zero variable remuneration.

Deferrals and Retention Periods

Awards made under the DIRAP may be awarded in cash, deferred cash, Citi equity and/or deferred Citi equity[1].

Awards under the DIRAP are subject to mandatory deferral where the individual's total annual variable compensation awarded under DIRAP exceeds globally-set thresholds. The Citi standard deferral policy period is four years. Typically, at least 50% of deferred awards are made in the form of Citi equity and are therefore inherently performance-based. For MRTs the proportion of upfront and deferred variable remuneration delivered in equity is at least 50%. Citi believes that awarding equity and deferred awards is an effective means of aligning employee interests with those of stockholders and other stakeholders.

MRTs are subject to deferral rates of 40% to 100% of total variable compensation, with a minimum 60% deferral being employed when total variable compensation is equal to or above £500k / €500K / or a local currency equivalent in line with regulatory requirements.

Deferred awards to standard MRTs typically vest over three years; deferred awards to Risk Manager MRTs[2] vest over five years and deferred awards to UK-designated Senior Managers vest over seven years.

Deferred awards for MRTs are subject to a further retention period post-vesting:

- For standard MRTs deferred cash awards are typically subject to a six-month retention period and deferred equity awards are typically subject to a twelve-month retention period;
- For Risk Manager MRTs and UK-designated Senior Managers, deferred equity awards are subject to a six-month retention period, except as detailed below;
- Awards to MRTs who are either a member of the management body or a member of senior management[3] are subject to a twelve-month retention period.

Citi does not pay dividends on deferred equity or interest on deferred cash to MRTs.

MRTs who fall within *de-minimis*[4] thresholds are subject to Citi's mandatory deferrals.

Total variable remuneration to CUKL MRTs and the composition between cash, equity and deferred elements are included in the "Remuneration awarded to CUKL MRTs for the 2020 performance year (REM 1)" table 33 below.

Performance Based Vesting

Deferred awards that are subject to MRT deferral schedules have Performance Based Vesting ('PBV') conditions as an additional ex-post adjustment mechanism. This structure further balances for risk and aligns the actual pay-out to employees with business performance.

[1] MRTs are eligible for a supplemental cash award.
[2] Risk-Manager Material Risk Takers are identified by reference to particular qualitative criteria in Commission Delegated Regulation (EU) No 604/2014.
[3] I.e. identified under the Regulatory Technical Standards criteria 3.1 or 3.3.
[4] De-minimis MRTs for 2020 were identified in line with UK regulation requirements, or otherwise local legislation.

The PBV for deferred equity awards is formulaic with the pay-out contingent on future performance. The trigger for application of a pay-out reduction is the emergence of pre-tax losses in the “reference business[5] for the calendar year ending immediately prior to the vesting date of a given tranche of deferred equity.

Deferred cash awards are subject to discretionary PBV, which may result in a reduction of unvested awards where an employee has significant responsibility for a material adverse outcome, such as events which lead to serious financial or reputational harm to Citi[6].

Malus and Clawback

Deferred remuneration is subject to pre-vesting adjustment provisions (‘malus’). In line with requirements under the PRA and FCA Remuneration Codes, Citi’s award documentation also provides that Citi can require the vested portion of awards made to MRTs be repaid or otherwise recover an amount corresponding to some or all of awards received for up to seven years from the date of the award for impacted MRTs (or potentially up to ten years for UK-designated Senior Managers).

Malus and clawback provisions capture circumstances outlined in the PRA and FCA Remuneration Codes, such as if there is reasonable evidence that an MRT was responsible for, or participated in, misconduct that resulted in significant losses to Citigroup or suffered a material failure of risk management.

Link between Pay and Performance

Remuneration is determined by a combination of factors which include firm, business and individual performance. Individual performance ratings reflect both ‘What’ outcomes have been achieved and ‘How’ they were achieved. Performance ratings then guide bonus decision-making.

Bonus pool decisions are based on many factors such as:

- Year over year business performance;
- Performance compared with plan for the current year;
- Performance against key risks (including conduct risk, operational risk) and controls objectives;
- Performance relative to peers.

Individual Performance

One of Citi’s compensation principles is to “compensate employees based on ability, contributions and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions”.

The performance assessment of employees is based on individual goals (the ‘What’) and on how these have been achieved based on an assessment against Citi’s Leadership Standards (the ‘How’). Employees receive two performance ratings, one for each of the ‘What’ and the ‘How’.

Citi’s Leadership Standards outline behavioural expectations for each employee to demonstrate leadership, reinforcing the work that Citi has done to create a culture that serves and protects clients and other shareholders in the economies and communities in which Citi operates.

The Leadership Standards for performance year 2020 are outlined below.

Leadership Standards	
Develops our people	Builds talent and teams for Citi by creating a culture of meritocracy and transparency, and celebrating excellence, initiative and courage • Inspires and empowers the team to work collaboratively to achieve superior results • Creates an environment where people hold themselves to the highest ethical standards • Models personal growth and consistently provides coaching and feedback in support of ongoing development and retention • Attracts great talent, builds a diverse talent pipeline, and recognizes, rewards, promotes based on performance
Drives value for clients	Enables economic value and positive social impact for clients, companies, governments, and communities • Puts clients first by anticipating, understanding, and exceeding their expectations and needs • Acts as a trusted partner to clients by delivering superior advice, products and services • Brings the best of Citi and knowledge of global issues and market trends to create value and good will with clients • Drives innovation, competitive differentiation and speed to market by actively learning from others
Works as a partner	Works collaboratively across the firm and encourages others to achieve the best results for Citi and our clients • Exemplifies global leadership by embracing unique perspectives from across Citi to achieve the best solutions • Challenges self and colleagues to higher levels of performance by actively listening and engaging in constructive dialogue • Treats people with respect and assumes the intentions of others are based on common goals and shared purpose
Champions progress	Champions a culture of high standards, pushes for progress, embraces change and challenges the status quo in support of Citi’s vision and global strategy • Communicates a vision that is forward looking and responsive to changes in the environment • Inspires enthusiasm and mobilizes resources for productive and innovative change • Exhibits confidence and agility in challenging times • Sets a positive tone when implementing Citi-wide change initiatives
Lives our values	Ensures systemically responsible outcomes while driving performance and balancing short- and long-term risks • Sets the standard for the highest integrity in every decision • Leads by example; willing to make difficult choices in support of Citi and our stakeholders • Makes Citi better for all by putting the clients’ and Citi’s interests ahead of individual or team interests • Has the courage to always do what’s right and the humility to learn from mistakes
Delivers results	Sets high standards and achieves performance objectives by creating a clear path toward ethical and sustainable results • Translates Citi’s strategy into effective business plans while proactively overcoming obstacles • Prioritizes and provides a clear line of sight to the most critical work • Sets goals and measures progress to ensure the organization is focused on ethics, execution, and results • Expects self and team to consistently meet/exceed expectations

[5] The reference businesses are Global Consumer Banking, Institutional Clients Group or Citigroup (for all other employees outside the other two groups).

[6] This also applies to supplemental awards.

Conduct and risk performance processes were materially enhanced in 2019 and continued to be refined in 2020, including to drive expectations for appropriate behaviour and individual responsibility, transparency, and the alignment with consistency over how managers assess and make performance adjustments.

UK-designated Senior Managers are also subject to an enhanced performance assessment approach capturing achievement of goals relating to regulatory priorities, Voice of Employee scores, and accountability process outcomes. This was further supplemented in 2020 with enhanced performance assessment for individuals involved in regulatory remediations.

Remuneration of Function Employees

In terms of remuneration for function employees, whilst remuneration levels are influenced by Citi's overall performance, individual compensation is determined by reference to performance against objectives relevant to their function and assessed within their respective functions.

Citi maintains the independence of the compensation process for key functions (e.g. ICRM and Independent Risk Management) to minimise any scope for potential conflicts of interests. Accordingly, there should be no conflict of interest on account of any business' potential to influence individual awards in the function. Citi ensures performance management and compensation decisions for function personnel are directed by function management, and not the business.

Other Key Remuneration Policies

Guarantees, Buyouts and Retention Payments

Citi has guidelines in place with respect to guarantees that apply to all employees across the EMEA region, including employees of all UK-regulated entities. These guidelines provide that guaranteed incentive awards for employees can only be made in exceptional circumstances, in the context of recruitment, and with reference to the first year of service and provided the legal entity has a sound and strong capital base.

As part of the governance framework, the award of guarantees for CUKL MRTs requires CUKL Board for remuneration matters review and approval.

Awards which buyout equity or similar instruments which are forfeited as a result of resigning employment with another employer upon joining Citi EMEA are generally permitted but must not be more generous in either amount or terms than that provided by the former employer, and be subject to appropriate retention, deferral, performance and clawback arrangements.

Retention awards can be made only in exceptional circumstances, for example, during major restructuring, during a merger process, or where a business is winding down and particular key staff need to be retained on business grounds.

Severance

Severance payments are subject to appropriate governance and approvals. Citi's severance payment guidelines are in line with the EBA Guidelines on Sound Remuneration Policies, and provide that severance:

- Should not provide for a disproportionate reward but should represent appropriate compensation for early termination of employment;
- Should not reward failure, misconduct or be paid where immediate termination of the employment contract is permitted;
- Are not paid to employees transferring between Citi legal entities, unless required by law.

Stockholding Requirements

Awards to certain members of Citigroup senior management are subject to an equity ownership commitment. In addition, executives' interests remain aligned with those of shareholders even after termination of employment. Vesting of deferred awards does not accelerate upon termination of employment except in the case of death.

Personal Hedging

Citi has trading policies that limit hedging strategies that might otherwise undermine the risk alignment effects of their remuneration arrangements. Citi's Code of Conduct applies to all Citi employees and states that, when considering personal investments in Citi securities, an individual must avoid any personal trade or investment in a security, derivative, futures contract, commodity, or other financial instrument if the trade or investment might affect or appear to affect the individual's ability to make unbiased business decisions for Citi.

Further, employees subject to the PRA and FCA Remuneration Codes are prohibited from engaging in personal hedging strategies or taking out remuneration or liability related contracts of insurance that undermine or may undermine any risk alignment effects of their remuneration arrangements.

Citi's Personal Trading & Investment Policy prohibits Covered Persons, which include MRTs as defined in this Policy, and related persons from hedging in any manner (other than currency hedges) unvested restricted equity or deferred equity awarded under Citi's Capital Accumulation Program or otherwise any other transaction which would benefit from a decline in the value of a Citi security.

Table 33: Remuneration awarded to CUKL MRTs for 2020 performance year (REM1)

	Management Body (iii) and Other MRTs £ million
Number of employees (iv)	10
Total fixed remuneration (v)	**2.0**
Total variable remuneration (vi)	**0.7**
Of which: cash-based	0.4
Of which: deferred	0.1
Of which: shares or other share-linked instruments (vii)	0.3
Of which: deferred	0.1
Of which: other forms	-
Of which: deferred	-
Total remuneration	**2.7**

Additional Notes

i. Remuneration figures are provided on an aggregated basis in order to maintain appropriate confidentiality of individuals data.
ii. All non-GBP awards are converted using the European Commission exchange rate for financial programming and the budget for December 2020.
iii. Management Body as defined under articles 3(1) and 3(2) of the EBA regulatory technical standard on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile under Article 94(2) of Directive 2013/36/EU.
iv. Number of employees and remuneration data only includes CUKL employed Material Risk Takers (MRTs) as at 31st December 2020. The total reflects 3 members of the Management Body and 7 other MRTs. Other MRTs includes 6 in Retail Banking and 1 in Independent Control Functions.
v. Fixed remuneration includes salary, role based allowance and the value of pension and benefits.
vi. Variable remuneration awarded in respect of 2020 performance year. In accordance with the shareholder approval obtained in 2020, variable component of remuneration of an MRT for any one year can be set up to a maximum of 200% of the fixed remuneration.
vii. Share-based awards are made in Citi shares and represent value at grant.

Business Conduct

Conduct Risk Management

Citi's Global Conduct Risk Management Policy and other related policy documents define Citi's enterprise-wide conduct risk management framework and detail the conduct risk management requirements, roles and responsibilities of each Line of Defence. Citi's definition of Conduct Risk is "the risk that Citi's employees or non-employees may – intentionally or through negligence – harm customers, clients, or the integrity of the markets, and thereby the integrity of the firm." In line with the broader Conduct Risk definition, negligence, in the Conduct Risk context, is defined as the failure to exercise reasonable care.

Citi uses a Lines of Defence construct to manage its risk (including Conduct Risk). In addition, all Lines of Defence own, are responsible for, and are held accountable for managing the Conduct Risks inherent in, or arising from, their activities. This includes:

- Identifying, assessing, and managing the impact of current and emerging Conduct Risks inherent in, or arising from, the material risks associated with their activities;
- Designing and implementing effective internal controls and maintaining processes for managing their Conduct Risk profile, including through risk mitigation of significant Conduct Risks, so that they remain consistent with Citi's established risk appetite;
- Performing periodic assessments of the design and effectiveness of internal controls intended to mitigate the impact of significant Conduct Risks; and
- Promoting a culture of compliance and control.

Established in 2014, the Ethics, Conduct and Culture Committee, a standing committee of the Citigroup Board of Directors, oversees Citi's Conduct Risk management framework and Conduct Risk initiatives. In addition, the UK Culture & Conduct Forum has been established to oversee, coordinate and ensure Conduct Risk and associated initiatives are appropriately managed for the major UK Legal Entities, including CUKL.

The conduct risk management framework enhances Citi's culture of compliance and control through the identification, assessment, monitoring, mitigation and escalation of conduct risks, in line with Citi's Mission of enabling growth and economic progress, and in support of Citi's Leadership Principles (i.e., qualities, behaviours and expectations required to create a culture that drives client excellence, controls excellence and operational excellence).

Key elements of the conduct risk management framework include requirements for: conduct risk governance; identification, assessment and management of conduct risks through Citi's risk assessment processes; embedding of conduct risk considerations in hiring, promotion, compensation and performance management; assessment of conduct risks in new product and service approval processes; conflicts of interest and complaints management; conduct risk training; disciplinary matters management and analysis; conduct risk reporting; and the prompt escalation of conduct risk concerns or suspicion of misconduct.

Conflict of Interest Policy

Citi's Code of Conduct (the "Code") sets forth expectations with regards to avoiding actual or perceived Conflicts of Interest. The Code highlights some of the most common potential conflicts of interest and provides guidance on how to manage, mitigate and wherever possible, avoid the conflict.

Citi's Employment of Relatives Policy establishes minimum standards regarding the employment of immediate family members and other relatives of Citi employees throughout every phase of the employment relationship, such as recruiting, hiring, and internal transfers, unless those standards would conflict with applicable law in any country. This is in conjunction with the Anti-Bribery and Policy and the Global Anti-Bribery Hiring Procedures.

The Code sets expectations as to personal and related-party business dealings. There are additional responsibilities for Senior Leaders.

Directors and senior executives of the Citigroup Inc. legal entity must follow all additional rules regarding pre-approvals of business transactions, as included in the Citi Policy on Related Party Transactions. Additionally, certain executives must adhere to disclosure requirements and limitations on lending relationships with Citi, as included in the Insider Lending Policy.

There are mandatory requirements through Citi's Gifts and Entertainment Standard, Outside Directorships and Business Interests Policy, Personal Trading Policy for Citi Access Persons, the Employee Personal Trading and Investment Policy for Citi Brokerage and Advisory Persons, the Client Conflicts of Interest Management Policy, the Citi Anti-Tying Policy, the Bank Affiliate Transactions Policy and the Global Consumer Fairness Policy.

The firm has in place systems and controls concerning Information Barriers which are designed to prevent potential inside information received by workers engaged in lending, investment banking or merchant banking activities (private-side information) from being shared with those workers who trade or advise on trading in financial instruments based on publicly available information or who engage in investment management activities (public-side activities). We also use information barriers to address potential and actual conflicts of interest among business activities. Citi has established various information barriers and deal-team procedures within businesses engaging in certain private-side activities to prevent confidential information from being shared with individuals who are not authorized to know such information.

Internal Alerts and Reporting of Breaches

Citi's Code of Conduct affirms Citi's Mission and Value Proposition and sets forth Citi's minimum standards of ethics and professional behaviour. It provides an overview of key legal and regulatory requirements and select enterprise-wide policies that enforce those requirements, including the obligation of employees to promptly report and escalate concerns where they reasonably suspect or become aware of violations of law, regulation, rule, or breaches of internal policies as well as Citi's Code of Conduct. In addition, Citi's Escalation Policy explains who needs to escalate, what to escalate, when to escalate, to whom to escalate and how to follow up on escalations. It includes roles and responsibilities for the identification, investigation and resolution of these concerns, and for oversight of escalation requirements and processes.

Employees are encouraged to raise concerns to their managers in the first instance unless a potential conflict of interest exists. Employees may also raise concerns to any of the following:

- The appointed person under any applicable local disclosure procedure
- Human Resources (HR), employee, or labour relations representative
- Internal legal counsel
- Independent Compliance Risk Management (ICRM) Officer
- Citi Security and Investigative Services (CSIS)
- The Citi Ethics Office

The Citi Ethics Office is responsible for administering Citi's Ethics Hotline, which employees across Citi and other third-parties can use to raise concerns, including whistleblowing concerns. Reports to the Citi Ethics Office can be made anonymously to the extent permitted by applicable laws and regulations. All contacts to the Citi Ethics Office and related investigations are treated as confidentially as possible, consistent with the need to investigate the matter, and subject to applicable laws and regulation. The CUKL Whistleblowers' Champion, a Non-Executive Director, oversees the independence, effectiveness and integrity of CUKL's whistleblowing programme.

Citi prohibits any form of retaliatory action against individuals who raise concerns or questions in good faith regarding ethics, discrimination, or harassment matters; request a reasonable accommodation for a disability; pregnancy, or religious belief; reports suspected violations of laws, regulations, rules, or breach of policies, procedure, or the Code; or participate in a subsequent investigation of such concerns. Employees who engage in retaliation against a colleague because they have raised a concern or question in good faith, asked for a reasonable accommodation, reported a violation, or been involved in an investigation, are subject to disciplinary action, up to and including termination of employment or other relationship with Citi.

Nothing in the Code or Escalation Policy prohibits or restricts members of staff from raising a concern to any government, regulatory, or self-regulatory agency at any stage.

Appendix 1: UK Senior Management and Board Disclosures

The following senior management disclosures are made in accordance with CRR.

Recruitment and Diversity Policy for the CUKL Board of Directors

Board Composition, Role and Effectiveness

The selection criteria for the Non-Executive Directors of CUKL are designed to ensure their independence and the provision of robust challenge to their executive counterparts.

CUKL has Non-Executive Directors who are UK based and independent from any of Citi's businesses. All new Non-Executive Directors receive training on the senior manager regime and Companies Act responsibilities, as well as Citi familiarisation for independent Non-Executive Directors.

The selection process for Non-Executive Directors is rigorous and consists of several interviews. The interviewers include the CEO of the relevant legal entity, the EMEA Chief Administrative Officer and the EMEA Chief Legal Officer. All Board appointments are required to be formally recommended and approved by the CUKL Board, followed by an application to the PRA and FCA ("UK Regulators") for regulatory approval.

The recruitment process aims to select Non-Executive Directors with significant financial regulatory and industry expertise. This expertise is outlined in further detail in the biographical summaries later in this appendix.

In order to meet the UK Regulators expectations for legal entity focus, Citi also appoints a CEO for CUKL.

All new Executive Directors of CUKL are subject to but not limited to, the firm's interview selection criteria process pursuant to the firm's Leadership, Ethics and Culture, Competency and Technical Interview Guidelines standards. As with Non-Executive Directors of CUKL, Executive Directors of CUKL are subject to background screening pursuant to the FCA and PRA fitness and proprietary requirements.

Executive Directors of CUKL benefit from the firm's mandatory training requirements including Leadership training programs. All Directors of CUKL received induction training on the UK Accountability Regime.

The CUKL Board has passed a resolution to appoint Paul Hodes as an Executive Board member subject to receiving approval from the Financial Conduct Authority and the Prudential Regulation Authority. There are no other foreseeable changes anticipated to the composition of the management body.

Distinction between the roles of Executive and Non-Executive Directors

A fundamental distinction is drawn between the roles of Executive and Non-Executive Directors. Non-Executive Directors do not have any business line responsibility, but have oversight responsibilities consistent with the approach recommended in the UK Corporate Governance Code and the UK Regulators' Senior Managers Regime. The Non-Executive Directors chair the Board and Board Committee/s, set the agendas for those Board and Committee meetings, and determine any follow up actions. The Non-Executive Directors are also not limited in their oversight to specific business operations.

The resources used by the Non-Executive Directors in their role of challenging the business include:

- full and unhindered access to the business, which involves the receipt of detailed presentations given by business or control functions;
- administrative support in the form of an assistant for the Chair and office facilities of Citigroup's London offices in Canary Wharf for UK-based Non-Executive Directors; and
- technical training in the form of Board tutorials. These regular tutorials cover a wide range of subjects including but not limited to capital and liquidity requirements, client money and assets regulations, anti-money laundering rules, regulation relating to anti-bribery and corruption, and recovery and resolution planning.

Diversity

The Board of Directors of CUKL (Board) is committed to ensuring that the Board and Management Body are comprised of individuals with diverse backgrounds, perspectives and values. Our focus on cognitive diversity fosters innovation, robust challenge, avoids group-think and also ensures we better serve our clients and stakeholders. The Board and Management Body are working towards meeting the gender representation targets agreed across Citigroup and the 30% target in the Women in Finance Charter.

CUKL has adopted the Citigroup diversity policy which is published here: **https://www.citigroup.com/citi/diversity/**

Table 34: Directorships held by Citibank UK Limited Board of Directors as of 31 December 2020

Name	Total Number of Directorships
Jo Dawson	4
James Rawlingson	3
James Bardrick	7
David Chubak	1
Anoop Ghai	7
Susan Shakespeare	3
Total	**22**

Table 35: Membership held by Citibank UK Limited Board of Directors as of 31 December 2020

Name	Gender	Role	Duration of Board Membership
Jo Dawson	Female	Independent Non-Executive Director – Chair	1 yr 7 mths
James Rawlingson	Male	Independent Non-Executive Director	1 yr 7 mths
Susan Shakespeare	Female	Executive Director – Chief Executive Officer	1 yr 3 mths
James Bardrick	Male	Executive Director	1 yr 8 mths
David Chubak	Male	Executive Director	1 yr 7 mths
Anoop Ghai	Male	Executive Director	2 yrs 9 mths

Non-Executive Directors of CUKL

Jo Dawson (Chair)

Jo Dawson was appointed as Chair of CUKL in 2019.

In addition to chairing Citibank UK Limited, Jo was previously a Director of Prudential Assurance Company (the life company subsidiary of M&G plc) and is also an Executive Coach. She has previously served on the Boards of St James's Place, Esure and the Association of British Insurers and was a senior adviser to the Boston Consulting Group. In her executive career, she held senior positions with Lloyds Banking, HBOS and Halifax in retail banking, wealth management, private banking, asset management and insurance.

James Rawlingson

James Rawlingson joined Citi in 2019 as Chair of the CUKL Risk and Audit Committee.

James has over 20 years' experience in the Financial Services and Banking sectors. Before joining the Board of CUKL, James was Group CFO at Arix Bioscience plc, a biotech investment group based in London and New York. Whilst at Arix Bioscience plc, he was also Chairman of Arix Capital Management, a fund management company running a Biotech fund on behalf of the Welsh Government.

Previous Executive Director roles have included Group CFO of Coutts, an international private bank; and Group CFO of Charles Stanley plc, an investment management and financial services group. James has also held senior positions at UBS AG, SG Warburg & Co and Chase Manhattan Bank and he qualified as a chartered accountant whilst with Deloitte.

Executive Directors of CUKL

Susan Shakespeare (Director and Chief Executive Officer of CUKL)

Susan Shakespeare is Head of UK Consumer Bank and International Personal Bank EMEA and was appointed to the CUKL Board as Chief Executive Officer in 2019.

Susan was appointed Head of UK Consumer Bank and International Personal Bank EMEA in August 2019 and following regulatory approvals joined the board of CUKL as CEO on 27th September 2019. Susan is responsible for managing the Consumer franchise in UK, serving onshore UK resident clients and non-resident offshore affluent (Citigold) and High Net Worth (Citigold Private Client) clients across Europe and the Middle East. Prior to this role, Susan was the Lead Finance Officer for the Global Retail Bank providing financial support to the Global Consumer Banking Global management on all aspects of finance.

Susan has developed vast international experience during her career at Citi, holding a number of roles in Finance, including, Lead Finance Officer for the Global Retail Bank, CFO and Chief of Staff for the EMEA Global Consumer Business, Business Analytics Head EMEA Corporate Treasury and CFO for Citi's Consumer banking businesses in the UK.

James Bardrick

James is Citi's Country Officer for the UK and Cluster Head for the UK, Jersey and Israel. He is Chief Executive Officer of Citigroup Global Markets Limited and a director of Citibank UK Limited.

James is a supervisory board member of Citigroup Global Markets Europe AG in Frankfurt. He was Co-head of Citi's Corporate and Investment Banking business for EMEA from 2009 to 2014. James has been with the firm for 34 years and is a Senior Credit Officer.

James is a member of TheCityUK and FICC Markets Standards Board Advisory Councils and was until recently a Board member of UK Finance and the Banking Standards Board. He also sits on the Bank of England's PRA Practitioner Panel. James is Chariman and a trustee of the Coggeshall Youth Work Project. He is Deputy Chairman of the UK career Ready charity helping less privileged young people increase their aspirations and enter the world of work and sits on the TeachFirst Business Leaders Council.

Prior to joining Citi, he worked as an engineer and in marketing for GKN plc.

David Chubak

David Chubak is Citi's Head of U.S. Retail Banking, where he leads all Retail channels (the branch network, wealth management, including International Personal Banking, mortgage and small business), as well as product management, segments and risk management, working in partnership with the regional and global functions to drive transformation, scale and growth.

Prior to his current role, David was Head of Retail Banking and Consumer Lending, where he worked closely with Region, business and function heads to drive a consistent strategy across products and segments, including spearheading the strategy for payments and networks, integrating global platforms, and executing plans to modernise our ATM network. David was previously the Head of Global Retail Banking and Mortgage.

David joined Citi in April 2013 as the Global Head of Productivity, working for the CEO Mike Corbat. His responsibilities included setting challenging strategic goals for all of Citi's products, geographies and functions, and working closely with Citi's operating committee to deliver against its top priorities. Prior to Citi, David was a Partner at McKinsey & Company, in the New York Office, and leader in the Global Banking and Real Estate practices.

Anoop Ghai

Anoop Ghai is the Citi Country Officer for the Channel Islands and Private Bank Jersey Business Head.

Prior to moving to Jersey Anoop served as Portfolio Manager and Senior Team member in Real Estate Finance for Citi's ICG Markets business. He joined Citi over 30 years ago and has held a number of roles in Citi's UK based Consumer and Markets franchises, including Credit Director for UK Consumer, Credit Director for European Card Acquiring and Head of CMBS Conduit. Anoop has also served as a Senior Credit Officer since 2000 and led our efforts to manage a large loan portfolio through the recent crisis. Before joining Citi, he was a Corporate Banking Relationship Manager at Bank of America.

Appendix 2: Countercyclical Capital Buffer

Under CRD IV, CUKL is required to hold additional capital buffers including the institution-specific countercyclical buffer.

The following table sets out CUKL's countercyclical buffer requirement broken down by significant geographical areas for 31 December 2020 in line with Article 440 of the CRR. Countries that have a specific CCyB requirement or have an own funds requirement weight greater than 2% of the total CUKL own funds requirement are material and are disclosed separately. The remaining countries are aggregated under other countries.

The Financial Policy Committee ('FPC') cut the UK CCyB rate to 0% in March 2020 in response to the Covid 19 pandemic to support the supply of credit.

Table 36: Geographical Distribution of Countercyclical Buffer

	General credit exposures	Trading book exposures		Securitisation exposures	Own funds requirements					
	Exposure value for SA	Sum of long and short position of trading book	Trading book exposure for Internal models	Exposure value for SA	Of which General credit exposures	Of which Trading book exposures	Of which Securitisation exposures	Total	Own funds requirem-ent weights	Counter cyclical capital buffer rate
Breakdown by country	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	%	%
Czech Republic	0.5	-	-	-	-	-	-	-	0.08	0.50
Ireland	0.0	-	-	1,393.0	-	-	16.7	16.7	31.68	0.00
Luxembourg	46.1	-	-	-	3.7	-	-	3.7	6.98	0.25
Russian Federation	82.4	-	-	-	6.6	-	-	6.6	12.47	0.00
United Kingdom	205.8	-	-	377.0	21.1	-	3.0	24.1	45.61	0.00
Other countries	21.0	-	-	-	1.7	-	-	1.7	3.17	0.00
Total	355.8	-	-	1,770.0	33.0	-	19.7	52.8	100.00	

Amount of Institution-specific Countercyclical Capital Buffer	
Total risk weighted assets (£ million)	961.6
Institution Specific Countercyclical Buffer Rate	0.02%
Institution specific countercyclical buffer requirement (£ million)	0.19

Appendix 3:Non-disclosed Tables

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

Table	Rationale
Outline of the differences in the scope s of consolidation (entity by entity) (LI3)	There is no scope of consolidation for CUKL.
Prudent valuation adjustments (PV1)	CUKL uses the simplified approach to calculate Additional Value Adjustments ("AVA"). Immaterial AVA for CUKL, which is disclosed in Own Funds table.
Changes in the stock of general and specific credit risk adjustments (CR2-A)	There are immaterial impaired or defaulted loans as at 31 December 2020
Changes in the stock of defaulted and impaired loans and debt securities (CR2-B)	There are immaterial impaired or defaulted loans as at 31 December 2020.
CRM techniques – Overview (CR3)	No CRM techniques applied on CUKL's credit risk exposures as at 31 December 2020.
IRB approach – Credit risk exposures by exposure class and PD range (CR6)	CUKL calculates capital requirements using the standardised risk weight approach.
IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques (CR7)	
RWA flow statements of credit risk exposures under the IRB approach (CR8)	
IRB approach – Backtesting of PD per exposure class (CR9)	
IRB (specialised lending and equities) (CR10)	
Credit quality of forborne exposures	CUKL has no forborne exposures.
Collateral obtained by taking possession and execution process	CUKL has immaterial non-performing loans.
CVA capital charge (CCR2)	CUKL has no Credit Valuation Adjustment capital requirements, as all in scope exposures are exempt per article 382 of the CRR.
IRB approach – CCR exposures by portfolio and risk (CCR4)	CUKL calculates capital requirements using the standardised approach.
Credit derivatives exposures (CCR6)	CUKL has no Credit Derivatives.
RWA flow statements of CCR exposures under the IMM (CCR7)	CUKL does not have IMM permission.
Exposure to CCPs (CCR8)	CUKL has no trading activity with central counterparties.
Securitisation in the Trading Book (SEC2)	CUKL does not hold any securitisation positions in the trading book.
Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3)	CUKL acts only as investor in its Securitisation book.
Market Risk under the standardised approach (MR1)	As at 31 December 2019, CUKL's standardised market risk was nil in accordance with de Minimis guidance per CRR article 351.
Market risk under the IMA (MR2-A)	CUKL does not have IMA permission.
RWA flow statements of market risk exposures under the IMA (MR2-B)	
IMA values for trading portfolios (MR3)	
Comparison of VaR estimate with gains/losses (MR4)	
Sources of Encumbrance	CUKL has immaterial sources of encumbrance as at 31 December 2020.
TLAC composition for G-SIBs (at resolution group level) (TLAC1)	CUKL does not have any TLAC instruments.
Material subgroup entity – creditor ranking at legal entity level (TLAC2)	
Resolution entity – creditor ranking at legal entity level (TLAC3)	
TLAC Key Metrics (KM2)	

Appendix 4: Capital Instruments Main Features

The template is prepared using the format set out in Annex II of the final 'Implementing technical standards with regard to disclosure of own funds requirements for institutions' (Commission implementing regulation – EU 1423/2013).

Table 37: Capital Instruments – Main features

		Common Equity Tier 1	Additional Tier 1	Tier 2
1	Issuer	Citibank UK Limited	Citibank UK Limited	Citibank UK Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement	Private placement
3	Governing law(s) of the instrument	English Law	English Law	English Law
Regulatory Treatment				
4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual Notes	Subordinated Loans
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	Nil	GBP 52 million	GBP 52 million
9	Nominal amount of instrument	GBP 1.00	GBP 52 million	GBP 52 million
9a	Issue Price	GBP 1.00	GBP 52 million	GBP 52 million
9b	Redemption price	N/A	GBP 52 million	GBP 52 million
10	Accounting classification	Shareholder's equity	Shareholder's equity	Liability - Amortised cost
11	Original date of issuance	29/03/2018	27/08/2019	27/08/2019
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No Maturity	No Maturity	27/08/2029
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Optional redemption date: 27/08/2024 Redemption Amount: GBP 52 million + accrued interest	Option Date: 27/08/2024 GBP 52 million + accrued interest
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons/dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed to floating	Floating
18	Coupon rate and related index	N/A	Fixed: 6.25% Floating: GBP 3 Month Libor + 5.6178%	GBP 3 Month Libor + 1.63%
19	Existence of a dividend stopper	No	Yes	No
20 a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Mandatory
20 b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If Convertible, conversion trigger(s)	N/A	N/A	N/A
25	If Convertible, fully or partially	N/A	N/A	N/A
26	If Convertible, conversion rate	N/A	N/A	N/A
27	If Convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If Convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If Convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	Contractual write down if CET1 Capital Ratio of CUKL falls below 7%. BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument upon the exercise of statutory powers	Bank of England as the UK Resolution Authority has the authority to trigger the write down of the instrument upon the exercise of statutory powers and if any resolution entity in Citi is under resolution.
32	If write-down full or partial	N/A	Fully or partially	Fully or partially
33	If write-down permanent or temporary	N/A	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type senior to instrument)	Perpetual Unsecured Fixed Rate Securities	Long-term subordinated loan facility (Senior Subordinated Facility)	Senior Subordinated Facility
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

Glossary

ABS	Asset Backed Securities
AFS	Available For Sale
ALCO	Asset and Liability Committee
AOCI	Accumulated Other Comprehensive Income
APAC	Asia Pacific
AT1	Additional Tier 1
AVA	Additional Value Adjustments
BCBS	Basel Committee of Banking Supervision
BRCC	Business Risk Compliance and Control Committee
CBNA	Citibank NA
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CCYB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CEO	Chief Executive Officer
CEP	Citibank Europe PLC
CET1	Common Equity Tier 1
CoB	Continuity of Business
COIC	Citibank Overseas Investment Corporation
CPAC	Consumer Product Approval Committee
CRD	Capital Requirements Directive
CRE	Commercial Real Estate
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSIS	Citi Security and Investigative Services
CUKL	Citibank UK Limited
CUKL ManCo	Citibank UK Limited Management Committee
CUKL RAC	Citibank UK Limited Risk and Audit Committee
CVA	Credit Valuation Adjustment
DIRAP	Discretionary Incentive and Retention Award Plan
EAD	Exposure at Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Loss
EEA	European Economic Area
EIR	Effective Interest Rate
EMEA	Europe, Middle East and Africa
ESRM	Environmental and Social Risk Management
EU	European Union
EVE	Economic Value of Equity
EVS	Economic Value Sensitivity
FCA	Financial Conduct Authority
FCCM	Financial Collateral Comprehensive Method
FPC	Financial Policy Committee
FRR	Facility Risk Rating
FX	Foreign Exchange
GCB	Global Consumer Banking
GMRA	Global Master Repurchase Agreement
G-SIB	Global Systemically Important Bank
HNWI	High Net Worth Individuals
HQLA	High Quality Liquid Assets
HR	Human Resources
HTM	Held to Maturity
ICAAP	Internal Capital Adequacy Assessment Process
ICG	Institutional Clients Group
ICRM	Independent Compliance Risk Management
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Model Approach
IMM	Internal Model Method
IRE	Interest Rate Exposure
IRM	Independent Risk Management
IRRBB	Interest Rate Risk in the Banking Book
IRS	Interest Rate Swaps
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
KRI	Key Risk Indicator
LATAM	Latin America
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LRMF	Liquidity Risk Management Framework
MCA	Managers Control Assessment
MDB	Multilateral Development Bank
MREL	Minimum Requirements for Eligible Liabilities
MRTs	Material Risk Takers
MSBF	Margin and Securities Backed Finance
NIM	Net Interest Margin
NPAC	New Product Approval Committee
NSFR	Net Stable Funding Ratio
ORM	Operational Risk Management

ORR	Obligor Risk Rating
OTC	Over the Counter Derivatives
PBV	Performance Based Vesting
PD	Probability of Default
PFE	Potential Future Exposure
PRA	Prudential Regulation Authority
PSE	Public Sector entity
RBAs	Role Based Allowances
RSF	Required Stable Funding
RLAP	Resolution Liquidity Adequacy and Positioning
RMBS	Residential Mortgage Backed Securities
RRP	Recovery and Resolution Planning
RTS	Regulatory Technical Standards
RWA	Risk Weighted Asset
SA-CCR	Standardised Approach for Measuring Counterparty Credit Risk Exposures
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SPPI	Solely Payments of Principal Interest
TLAC	Total Loss Absorbing Capacity
TTP	Temporary Transitional Power
T2	Tier 2
WWR	Wrong Way Risk