Citibank UK Limited

(Registered Number: 11283101)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2024

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STRATEGIC REPORT

for the year ended 31 December 2024

The Directors present their strategic report on Citibank UK Limited (CUKL or the Company) for the year ended 31 December 2024.

1. Introduction

Citibank UK Limited (CUKL) is a 100% owned subsidiary of Citibank Overseas Investment Corporation (COIC), which is a subsidiary of the banking entity Citibank N.A. (CBNA), a subsidiary of Citigroup Inc. (Citi).
As of 31 December 2024 Citi operated via five core interconnected businesses globally, Services, Markets, Banking & International, Wealth and U.S. Personal Banking.

The closure of Citi's UK Consumer banking and Wealth activities, originally announced in September 2022, has progressed as planned. Customer deposits have substantially reduced as funds have been returned to clients. Consequently, by the end of 2024 CUKL was able to cease offering active Consumer and Wealth Services.

CUKL's primary business activity now focusses on its Fiduciary business (a division of Investor Services) through the provision of Trustee and Depositary services to collective investment schemes (CIS) primarily domiciled and regulated in the UK.

2. CUKL Corporate Governance Report and Principal Risks

CUKL has an established management and governance framework incorporating all its businesses and functions. The Executive Committee, Board and other committees meet regularly and the agenda covers business performance and key priorities of the entity. The UK Legal Entity Governance committees and Senior Managers (SMs) have responsibility for CUKL along with the other legal vehicles and the SMs participate in the CUKL management committee directly or through delegates.

The Board of Directors

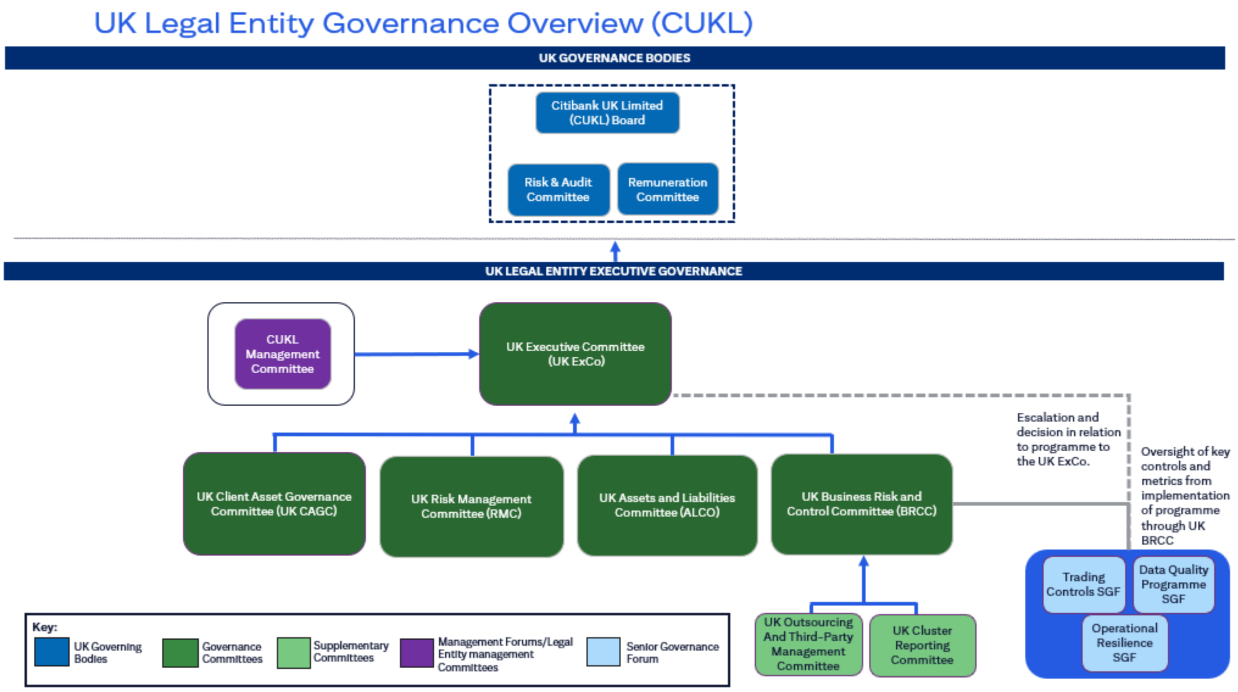
The Board of Directors (the Board) consists of two non-executive and one executive Directors, which includes the CEO of CUKL. The Board has the experience and skills to provide guidance to the business and is very active with regular interaction across the Citi organisation with frequent deep dives on key subjects.

In line with best practice, the Chair and the Board continue to review Board composition in line with the strategy for the business.

2. CUKL Corporate Governance Report and Principal Risks (continued)

Executive Committee

The chart below highlights the main components of CUKL's governance structure, within Citi's UK management and governance framework during 2024:



The CUKL CEO through participation in wider Citi governance ensures CUKL is appropriately represented and engaged with the broader decisions made across Citi's UK franchise.

The Board stay informed through, regular meetings, deep-dives and educational sessions and foster a culture that encourages open and transparent engagement between staff, management and the directors. The Board nurtures an environment with a speak-up and speak-out dialogue between staff, management and the Board.

Senior Manager Certification Regime (SMCR)

The SMCR for Citi in the UK focuses on a small number of individuals (Senior Managers) who hold key roles or have overall responsibility across UK entities and branches. Senior Managers require regulatory pre-approval to perform a Senior Management Function (SMF). As part of the Individual Accountability Regime (including SMCR), CUKL maintains a Management Responsibilities Map which documents the firm's governance responsibilities.

Principal Risks

CUKL has a comprehensive risk governance framework in place that covers all the material risks facing the Company and requires that they are identified, measured, monitored, and controlled so that risk taking is consistent with CUKL's strategy and risk appetite. The framework is executed via the Company's risk governance structure, personnel, and control systems using a "three lines of defense" construct and in conjunction with an underlying set of policies, standards, and processes.

CUKL's principal risks identified by management and covered by CUKL's risk management framework are noted as follows, and are described in more detail in Note 12 – 'Risk management':

2. CUKL Corporate Governance Report and Principal Risks (continued)

Principal Risks

- operational risk, including human capital risk,
- compliance risk, and
- reputational risk.

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 requires each Director of the Company to act in a way in which he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard to a range of matters including:

- the likely consequences of any decision in the long-term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the Company's members.

The Directors of the Company consider the matters referred to in section 172(1) when discharging their legal duties. As a Board, we believe in taking decisions for the long-term benefit of the Company and look to safeguard the Company's reputation by upholding the highest standards of business conduct. Depending on the issue in question, the relevance of each stakeholder group and other relevant factors may vary. As such, the Board strives to understand the needs and priorities of each stakeholder group and the other factors relevant to the issue in question during its deliberations and as part of its decision-making.

The Board receives periodic refresher training on their legal duties and may seek advice about the implications of these duties at any time from our Company Secretary or external counsel as appropriate. New Directors are offered a comprehensive induction programme, which includes training on their statutory duties.

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

The CUKL Board considers and discusses information from across the organisation to help it understand the impact on CUKL’s operations and the interests and views of its key stakeholders. The Board also reviews strategy, financial performance, operational and financial risks and regulator priorities. The Board receives this information in advance of each quarterly meeting and by holding strategy sessions at regular intervals.

Through the above actions, the Board has an overview of engagement with stakeholders, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Key stakeholder engagement

Clients

CUKL aligns with Citi’s mission to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress.The Board is aware of its obligations towards the fair treatment of its customers, especially during a period of transition. Management is focused on delivering positive outcomes for clients including embracing its Consumer Duty and treatment of Vulnerable Customers. Dedicated and experienced staff are in place to manage any customer complaints and the CUKL Board and management maintain oversight of this work.

2. CUKL Corporate Governance Report and Principal Risks (continued)

Employees

Citi strives to drive a culture of excellence and accountability that strengthens risk management and the control environment. CUKL's performance management and executive compensation frameworks; policies and procedures utilise four assessment pillars to improve employee accountability (Leadership, Risk & Control, Client & Franchise Outcomes and Financial Performance). In 2024 CUKL continued to focus on improving the quality of performance reviews and performance conversations and enhanced training for managers.

Citi recognises the diverse needs of its employees, in particular the need to effectively manage their work-life balance, as such, Citi has measures to support colleagues' well-being, facilitate hybrid working and continue to review our benefits and policies to ensure they are inclusive, family friendly, and cost-effective.

CUKL continues to focus on employee engagement and transparent communications. Colleagues are encouraged to share their suggestions and views to management through several channels, including an employee representative body, Ethics Office, and the Voice of Employee Survey. Senior Leaders hold regular 'open house' discussions open to all staff, and the CUKL Board receive regular updates on key areas pertaining to culture, employee engagement.

Regulators

CUKL maintains regular and open engagement with regulators to ensure clarity and transparency over its strategy and plan, key risks and opportunities and progress with on ongoing initiatives. Regulatory engagement is maintained both at the Board as well as the Executive Management level to ensure regulatory expectations are consistently understood and met. Primary regulatory engagement for CUKL is with the Prudential Regulatory authority (PRA) / Bank of England and the Financial Conduct Authority (FCA) supervisory teams and senior management.

Government and Policymakers

CUKL and Citi take their responsibilities as a corporate citizen seriously, and pursue constructive engagement with regulators and policymakers to achieve better public policy solutions for issues such as competitiveness and climate change, which impact our clients, employees and the communities in which we operate.

Citi provides a summary of certain trade and business associations that it is a member of and sets out how it has engaged with them on climate-related issues. The latest report available is 2023 Citi Climate Report which can be found here: https://www.citigroup.com/rcs/citigpa/storage/public/2023-Citi-Climate-Report.pdf

Environment

Citi recognises the importance of its environmental responsibilities. These include initiatives designed to minimise its impact on the environment, including safe disposal of waste, recycling and reducing energy consumption.

Suppliers

Citi has a well-established framework for the engagement with and on-going relationship management of its key suppliers, ensuring shared values in the conduct of their business. CUKL follows this framework and presents the Board with an annual statement on the steps taken to ensure that its operation and supply chains are free of human trafficking and modern slavery, as per the Modern Slavery Act 2015.

Communities

Citi is committed to enabling responsible growth and progress in the communities where it operates. Citi actively engages in fundraising and volunteer activities as part of its wider commitment to philanthropy and communities.

Citi embraces a culture of openness and inclusivity. We incorporate the interests of a wide array of stakeholders into our business and believe this sharing of knowledge and resources can help us provide the best services and

2. CUKL Corporate Governance Report and Principal Risks (continued)

Communities (continued)

products for our clients and support the long-term resiliency of our business. We consistently hold ourselves accountable to our commitments and are transparent with our stakeholders about the progress we are making.

3. Mission and Strategy

CUKL is in an operational transition, with plans to cease to be a regulated bank but to continue as a regulated investment firm. CUKL's core purpose will be to service Citi's large UK Asset Management clients as a Trustee / Depositary for their collective investment schemes, in support of Investor Services broader franchise.

Achieving the operational transition involves the exit of UK Consumer banking and Wealth activities, right-sizing the cost base, returning the entity to profitability, managing down unclaimed deposits, and reducing CUKL's capital base.

During the same period CUKL will progressively grow the UK Trustee and Depositary business, and demonstrate innovation through a 'Digital First' initiative which will automate and digitise the operating model in order to improve efficiency.

CUKL management will ensure strong governance is maintained throughout this period of significant change.

4. Financial Highlights

The Company's key performance indicators during the year were as follows:

	31 December 2024	**31 December 2023**	**Variance**
	£ 000	**£ 000**	
Profit/(Loss) before Tax	(84,616)	20,997	(503%)
Profit/(Loss) after Tax	(57,172)	19,981	(386%)
Operating Efficiency*	NM	84%	NM
Shareholders' funds**	517,960	573,219	(10%)
Return on Capital Employed***	(16)%	4%	(20%)
Leverage Ratio	76.67%	16.71%	60%
Return on Assets****	(8.35%)	0.57%	(8.92%)

*Operating efficiency is a proportionate representation of operating expenses over net operating income (excluding interest expense, NM stands for Not Meaningful).
**The Shareholders' funds equate to total equity attributable to equity shareholders, which is different from regulatory capital.
***Return on Capital Employed is profit before tax over total equity attributable to shareholders.
****Return on assets is profit before tax over total assets.

4. Financial Highlights (continued)

4.1. Income Statement Summary

	2024 £ 000	2023 £ 000
Interest receivable	65,131	160,605
Interest payable	(20,935)	(43,107)
Fees and commissions receivable	24,476	38,466
Fees and commissions payable	(3,389)	(4,333)
Dealing loss	(70,424)	(35,246)
Other operating income	1,093	1,559
Administrative expenses	(77,701)	(95,512)
Depreciation and amortisation	(2,913)	(1,530)
Other operating charges	(7)	(15)
Impairment on financial assets	53	110
Profit/(loss) on ordinary activities before tax	(84,616)	20,997
Tax on profit on ordinary activities	27,444	(1,016)
Profit/(loss) for the financial year	(57,172)	19,981

Loss for the financial year was £57.2 million (2023: £20.0 million profit) primarily driven by the recognition of the balance sheet losses on the sale of held for sale bonds reported within dealing losses above and partially offset by tax credit received as part of group tax arrangement. Interest earned is mainly from Securities backed by credit card receivables and placement with central banks. The interest payable relates to customer deposits. Fees and commissions earned are from Trustee and Depositary services, investments custody, safekeeping and consumer banking.

4.2. Statement of Financial Position Summary

	31 December 2024 £ 000	31 December 2023 £ 000
Total assets	684,629	3,499,217
Total liabilities	166,669	2,925,998
Shareholders' funds	517,960	573,219

The majority of the Company’s assets are cash with central banks and placements with intercompany.

The majority of the Company’s liabilities are customer deposits along with some employee related provisions. The significant year-on-year reduction in liabilities has been driven by the execution of the plan announced in 2022 to close Citi’s UK Consumer Banking operations, resulting in decreasing client accounts, deposit balances and repayment of subordinated liabilities. Consequently the Shareholders’ fund have also declined as company redeemed the additional Tier 1 capital of £52 million.

4. Financial Highlights (continued)

4.3. Regulatory Capital (unaudited)

CUKL's regulatory capital position is summarised below.

	31 December 2024 £ 000	31 December 2023 £ 000
Regulatory capital	514,494	521,953
Total capital ratio	138.6%	90.8%

The Company is authorised by the Prudential Regulation Authority ("PRA") and regulated by the PRA and Financial Conduct Authority ("FCA"). CUKL's regulatory capital comprise of CET1 capital that includes only tangible shareholders' funds. Regulatory capital is adjusted for intangible assets and other valuation adjustments.

The Total capital ratio is the own funds of the institution expressed as a percentage of the total Pillar 1 Risk Weighted Assets (RWA). Pillar 1 prescribes the minimum capital requirements for banks and investment firms under the onshored EU Capital Requirements Regulation and the PRA Rulebook. In addition to Pillar 1 requirements, the PRA sets Pillar 2 regulatory capital requirements, in its Total Capital Requirement (TCR), which CUKL must meet. Institutions shall also face additional capital buffers.

Management maintains a strong capital position, in excess of these minimum regulatory requirements, and actively monitors CUKL's excess capital to ensure that a surplus is maintained at all times.

4.4. External Environment

Stronger than expected GDP growth in 2024 and moderating inflation, was short lived and has now come to an end. The UK economic environment is challenging. The outlook is for falling GDP growth in 2025 with higher unemployment and fiscal consolidation. Higher CPI inflation is expected through to the middle of 2025 as a result of higher energy prices and a sequence of large, regulated price increases, but after these movements inflation is likely to start falling into 2026 as the labour market softens.

5. 2025 Future Outlook

CUKL will finalise the closure of its Consumer business; allowing the company focus on its Trustee and Depositary services.

The Trustee and Depositary business working as part of Citi's wider Investor Services business, will position itself as a key component of Citi's overall proposition with Asset Managers.

The Trustee and Depositary business plans to deliver an integrated solution that will improve processing, reporting and analytics capabilities and align with the global objective of improving the use of data and simplifying our operating models.

5.1. Market Outlook

CUKL is well positioned to manage the risk of significant market developments in the coming year, including the degree of uncertainty and risk around the geopolitical outlook and falling interest rates.

5. 2025 Future Outlook (continued)

5.2. Regulatory Developments

CUKL as part of the broader Citi UK organisation and Citi Global Wealth structure will benefit from the subject matter expertise and manage expected regulatory developments, including:

- Basel 3.1 implementation;
- Operational Resilience;
- FCA's Consumer Duty;
- Financial Services and Markets Bill 2023 and Edinburgh Reforms;
- FCA regulatory priorities for Fund Services; and
- Sanctions and Anti Money Laundering (AML)

Future Regulatory Considerations of Basel 3.1

The PRA has delayed the proposed implementation of Basel 3.1 until 1 January 2027. The changes are expected to have minimal impact on CUKL's capital and reporting requirements.

Operational Resilience

Operational resilience remains a high priority for Citi and its United Kingdom (UK) legal entities. Citi's UK Senior Management provides oversight of operational resilience activities, supported by the Global Enterprise Resilience function, with an established framework guiding business lines and supporting functions. Over the past year, Citi has enhanced its capability to prevent and recover from disruptions by strengthening its Critical Business Service (CBS) dependencies and ensuring adherence to relevant regulations.

CUKL complies with Citi's operational resilience policies and is fully integrated within Citi's operational resilience framework

FCA's Consumer Duty

CUKL has an ongoing and committed focus on its Consumer Duty obligations and related board reporting.

Financial Services and Markets Bill 2023 and Edinburgh Reforms

FSMA 2023 gives very broad powers to HM Treasury ("HMT") to repeal, reform and replace retained EU law relating to financial services. Following a consultation on the ideal architecture for UK financial services following UK's withdrawal from EU, the Act moves away from on-shored EU legislation to the approach taken historically under the Financial Services and Markets Act 2000, where primary responsibility for regulation is delegated to the UK's financial regulators, subject to the oversight of Parliament. The process of reviewing and replacing retained EU law will take place in tranches over several years. The Edinburgh Reforms announced in December 2022 outlined those tranches as well as proposed changes to "home-grown" rules such as the Senior Managers and Certification Regime (SMCR). Tranche 1 has a relatively limited impact on CUKL and includes Wholesale Markets Review, Solvency II, Listing Review (Prospectus regime) and the Securitisation Review. Tranche 2 includes reform of the Payment Services Regime, PRIIPs and Capital Requirements Regulations. HM Treasury continues to work on reforms, work on tranches 1 and 2 is well underway. We anticipate these will have relatively limited impact on CUKL.

FCA regulatory priorities for Fund Services

As CUKL's primary business activity changes to focus on its Trustee and Depositary activities, there is a focus on the regulatory framework and controls for those services including incorporating consideration of the December 2024 FCA published Dear CEO letter to firms in the Custody and Fund Services sector, outlining their current supervisory focus areas.

5. 2025 Future Outlook (continued)

5.2. Regulatory Developments

FCA regulatory priorities for Fund Services

The letter identifies seven priorities which CUKL will continue to focus on. The priorities include Operational Resilience, Cyber Resilience, Third Party Management, Change Management, Market Integrity, Depository oversight and Protection of Client Assets (CASS).

5.2. Regulatory Developments (continued)

Sanctions & Anti Money Laundering (AML)

Financial sanctions-related measures are reactionary in nature and intended to rapidly manage specific events, or series of events which have the potential to impact the firm and its clients. Sanctions measures rarely have “notice periods” and tend to be introduced with “immediate implementation”. Citi UK businesses take a risk-based approach to implementing sanctions controls and manage their sanctions risk to be in a good position to respond to changes in sanctions regulatory landscape. Whilst no material changes are anticipated during the first half of 2025, any unscheduled changes to UK AML Regulations are managed through an established regulatory change management process, in consultation with the CUKL Business Risk and Controls teams to manage any potential impact.

6. Non-financial information statement

Section 414CA (4) of the Companies Act 2006 states that a company is exempt from the inclusion of a non-financial information statement in its Strategic Report, if the company had no more than 500 employees in that financial year. The Company has elected to exercise this exemption in relation to the preparation of a non-financial information statement.

7. Events after reporting period

No event of significance have taken place after reporting period.

By order of the Board

F King

F King
Director

17 April 2025

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 11283101

CITIBANK UK LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2024

The Directors present their Report and the audited financial statements of CUKL for the year ended 31 December 2024.

Incorporation and accounting reference date

The Company was incorporated in England and Wales as a private company limited by shares on 29 March 2018. The accounting reference date is 31 December.

Going concern basis

The financial statements are prepared on a going concern basis taking into account CUKL's existing capital and liquidity resources.

The Directors acknowledge the risk that circumstances might adversely impact CUKL's ability to continue trading and are satisfied that CUKL has the resources to continue in business for at least 12 months from signing of the financial statements. In performing this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the decision to transition from a sustainable Consumer and Fiduciary business to a business model that focus on Trustee and Depositary services, costs related to the unwind of the Consumer business, financial position, capital position, liquidity profile, stress scenarios and sensitivities, covering a period of at least 12 months from the date of approval of these financial statements.

The assessment was completed with reference to stress testing and sensitivity analysis prepared in addition to the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

CUKL continues to monitor and manage its Capital and Liquidity risks and the Directors believe that the entity holds sufficient excess to manage through the execution of the strategy.

The Directors are confident that CUKL will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. In addition, Citi continues to indicate that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its financial obligations for at least 12 months from signing of the financial statements.

Further information relevant to this assessment is provided in the following sections of these financial statements:

- the principal activities, strategic direction and challenges and uncertainties are described in the Strategic Report on pages 3 to 11;
- a financial summary, including the income statement and statement of financial position, is provided in the financial results section on pages 22 to 25; and
- objectives, policies and processes for managing market, liquidity, credit and operational risk, and CUKL's approach to capital management and allocation, are described in Note 12 – 'Risk management', starting on page 54.

Dividends

During the year CUKL paid no dividends on its ordinary shares (2023: £nil), and paid £3.84 million dividend (2023: £3.25 million) on its Additional Tier 1 Capital.

Information included in the Strategic Report

CUKL has elected to include information on financial risk management as per Schedule 7.6(1)(a) & (b) of the "Large and Medium-sized Companies and Groups Regulations 2008" in the Strategic Report as the Directors consider financial risk management to be of strategic importance to CUKL. Further details about financial risk management are provided in Note 12 – 'Risk management.'The Strategic Report also incorporates a discussion of likely future business developments, while important events affecting the Company since the end of the financial year are described in Note 32 – 'Events after the reporting period'.

DIRECTORS' REPORT

for the year ended 31 December 2024

Statement of Directors' responsibilities in respect of the Annual Report, Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Directors

The Directors who held office during the year ended 31 December 2024 and since year-end were:

Non-Executive
J Dawson (resigned on 11 December 2024)
J H Rawlingson
A K Ghai

Executive
J D K Bardrick (resigned on 6 June 2024)
R Das (resigned on 10 January 2025)
F King (appointed on 24 July 2024)

Directors' indemnity

Throughout the year and at the date of this report CUKL is party to a group-wide indemnity policy, which benefits all the Directors and is a qualifying third party indemnity provision for the purpose of section 236 of the Companies Act 2006.

Employees

Citi's mission is to serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress. We have set expectations for how we must act to bring our mission to life. Our Leadership Principles are at the heart of what we do: We take ownership, We deliver with pride, We succeed together. Citi places great value on the contributions of its employees and seeks to promote their involvement in the business wherever possible. We strive to build a workforce consisting of the best talent, from the broadest pools available allowing us to best serve our clients and communities globally. Our talent and engagement initiatives enable employees of all backgrounds to feel valued and to thrive. The Company nurtures a culture in which employees hold themselves accountable for managing risk and where they continue to take pride in always doing the right thing. Doing the right thing means that we work every day to foster a culture of excellence for our people by investing in their growth and well-being. CUKL has continued to keep employees informed through written communications and meetings on matters affecting them, and the various factors impacting the CUKL strategy, including collective consultation and information regarding the process of redundancy and redeployment. In 2024 CUKL deployed a number of employee initiatives, including a retention strategy, well-being resources, career development support and continuing with open and transparent communications. The Board has been regularly updated on employee matters such as the results of the Voice of Employee survey and culture and inclusion initiatives.

Stakeholder engagement statement

Engagement with stakeholders is discussed in the Strategic report's Section 172(1) Statement, starting from page 5.

Disclosures concerning greenhouse gas emissions

Sustainable Operations at Citibank UK Limited

Citibank UK Limited, as part of Citigroup Inc. (Citi), has been measuring its environmental footprint for more than two decades and began reporting on its direct operational impacts in 2002. In 2024, Citi maintained its progress to reduce its carbon footprint by continuing to use 100% renewable electricity across its facilities globally and we will continue to work to identify and implement opportunities to reduce our carbon footprint in all Citi's portfolio. Citi is committed to the following goals for increasing its energy efficiency and reducing GHG emissions by 2025, from a 2010 baseline:

- Achieving a 45% reduction in location based GHG emissions (CO2e)
- Achieving a 40% reduction in energy consumption and maintain 100% renewable electricity sourcing
- Certifying 40% of floor area to be LEED, WELL or equivalent standard, with a focus on Citi-owned building to operate at the highest level of sustainability

In addition to these 2025 reduction targets, in March 2021 Citi announced its commitment to net zero emissions for its global operations by 2030, which will include Scope 1 and 2 emissions. Since then, we've been evaluating our emissions inventory among all Scope 3 categories to determine which are material and which we will have the ability to influence.

Citi presently reports Scope 1, Scope 2, and Scope 3 Business Travel GHG as well as its global energy consumption in the annual Environmental, Social and Governance Report.

Streamlined Energy and Carbon Reporting

The following tables present Citibank UK Limited's energy consumption, greenhouse gas emissions and chosen intensity metrics for its UK-based operations for the financial years (1st January – 31st December) 2020-2024.

DIRECTORS' REPORT
for the year ended 31 December 2024

Disclosures concerning greenhouse gas emissions (continued)

Energy Consumption	2020	2021	2022	2023	2024
Energy (kWh)	3,170	4,185	3,334	2,415	1,174

GHG Emissions Scope	Source	Unit	2020	2021	2022	2023	2024
1	Direct	tCO2e	201	294	204	144	83
2	Indirect – Location-based	tCO2e	478	573	357	328	123
	Indirect – Market-based	tCO2e	0	0	0	0	0
3	Commercial air & rail travel	tCO2e	39	16	81	11	37
	Employee expensed car mileage	tCO2e	0	0	0	0	0
Total	**Scope 1, 2 (location) & Scope 3 Business Travel**	**tCO2e**	**679**	**866**	**655**	**483**	**243**
	Scope 1, 2 (market) & Scope 3 Business Travel	**tCO2e**	**201**	**309**	**276**	**155**	**120**

Intensity Ratio*	2020	2021	2022	2023	2024
tCO2e/Sq. Ft**	0.017	0.027	0.022	0.022	0.019
tCO2e/FTE	3.219	3.718	2.379	2.230	2.102

**these intensity metrics have been calculated using Scope 1 & 2 (location) emissions*
***calculated using Citi's total Scope 1 & 2 carbon footprint from the group's UK portfolio*

Citibank UK Limited's emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach and cover the emissions the company is responsible for across Scope 1, 2 and Scope 3 business travel. The emissions are calculated using the emissions factors for 2020, 2021, 2022, 2023 and 2024 published by the Department for Environment, Food & Rural Affairs (DEFRA).

Citi gathers data from its operations on an ongoing basis, with primary evidence sourced from office managers and technical teams. Where Citi pay for occupancy via service charge and the share of consumption is not known, consumption is calculated by benchmarking the energy/square foot against our global portfolio. As multiple Citi-owned subsidiaries occupy the same office spaces and make use of data centres, the figures presented have been calculated using the company's UK headcount pro-rata to the Citi UK headcount. Citi sources 100% renewable electricity in the UK through green tariffs for electricity directly purchased. Where electricity is obtained in leased properties from landlords, guarantee of origin certificates are purchased for the equivalent amount used.

In 2024, there was a lift in restrictions for non-essential flights starting Q2. Also, there was an increase in the emissions intensity of each flight base on cabin class which triple scope 3, category 6 emissions against to 2023. There is a material reduction in total 2024 emissions against 2023, mainly due to a reduction in the headcount assigned to Citibank UK Limited.

Operational Efficiency Initiatives

In 2023, we started the refurbishment of our EMEA HQ in Canary Wharf, London, by choosing to refurbish rather than move to a new building. The prioritisation of sustainable materials and furniture selection for this refurbishment could result in a reduction of an estimated 10,000 metric tons of embodied carbon. Updating infrastructure and implementing efficiency measures will also minimise electricity consumption and reduce water consumption by 20%. Other decisions such as reusing materials, a fully electric infrastructure and the installation of solar panels, will mean the building will emit zero carbon in normal operation and make the building consistent with Citi's commitment to reach Net Zero in its own operations by 2030. The project is targeting LEED, BREEAM and WELL certifications.

Disclosures concerning greenhouse gas emissions (continued)

Location specific initiatives in action

In the Citigroup Centre (CGC) 1:

- Optimization of the main air conditioning plant including the main chillers and air plant to ensure greater efficiencies regarding energy consumption.
- During 2024, the chilled water flow temperature was increased from 6°C to 8°C. By carrying this change, the main chillers backed off considerably, providing significant energy saves.
- Installation of electric car charging points was also done to encourage the use of electric cars.

In the Riverdale Data Centre (RDC):

- Installation of Photovoltaic Cells (PV) solar panels on the roof during 2021/2022, which are used to power lighting in the building.
- Installation of LED lighting throughout all back of house plantrooms. This was the continuation of the LED installation within all three data halls.
- Replacement of end-of-life assets, including all close control air conditioning units on the data floors. These new units are state of the art centrifugal plug fans that provide greater energy efficiencies in the supply of cool air to the data floors.
- Ekkosense has been installed to give full temperature monitoring at the racks and computer room air handler (CRAH) levels.
- Installation of electric car charging points to encourage the use of electric cars.

Political contributions

No political contributions were made during the year (2023: £nil).

Disclosure of information to auditors

In accordance with, and subject to all the provisions of, section 418 of the Companies Act 2006, it is stated by the Directors who held office at the date of approval of this Directors' Report that

- so far as each is aware, there is no relevant audit information of which CUKL's Auditors are unaware; and
- each Director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that CUKL's Auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

F King

F King
Director

17 April 2025

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 11283101

Independent auditor's report

to the members of Citibank UK Limited

1. Our opinion is unmodified

We have audited the financial statements of Citibank UK Limited ('the Company') for the year ended 31 December 2024 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes (including the accounting policies in note 1) other than the disclosures labelled as unaudited in note 12.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Risk and Audit Committee.

We were first appointed as auditor by the directors on 30 April 2018. The period of total uninterrupted engagement is for the six financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£4.3m (2023: £4m) 0.8% (2023: 0.7%) of Net Assets	
Key audit matters		**vs 2023**
Event driven	**New:** Management override of controls	▲

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Management override of controls	**Fraud risk related to unpredictable way management override of controls may occur:** As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We identify management override of controls as the KAM in 2024 primarily owing to the relative complexity of the Company's processes and the corresponding nature of our testing. There are three separate general ledgers, manual controls as well as automated controls for each general ledger, and in the context of the restructuring, there is a risk of management bias and potential fraud. We have not identified any specific additional risks of management override relating to this audit.	Our procedures included: **Controls:** In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls in relation to: • Maker-checker controls over manual journal entries and post closing adjustments. • Testing the General IT controls ('GITC') and IT application controls over automated flow of journal entries to the general ledger and sub-ledger. **Inquiry:** We performed inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. **Our journals expertise:** Engaged our Data & Analytics ("D&A") specialists to assess the completeness of the journals listing, analyse journals and categorise them according to predefined high-risk criteria. We identified journal entries and other adjustments to test based on high-risk criteria and compared the identified entries to supporting documentation. These high-risk criteria included entries posted to seldom-used accounts, unusual revenue combinations, seldom user postings, journals posted containing descriptions with a low number of characters and journals containing key words which could be indicative of fraud. **Assessing accounting estimates:** For biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias. **Assessing significant and unusual transactions:** Assessing the business rationale and the appropriateness of the accounting for significant transactions that are outside the company's normal course of business or are otherwise unusual. **Our results** We did not identify any instances of inappropriate management override.

We continue to perform procedures over the restructuring provision. The restructuring provision calculation is simple in nature and the estimation uncertainty has reduced year on year, and on this basis we have not assessed this as one of the most significant areas in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

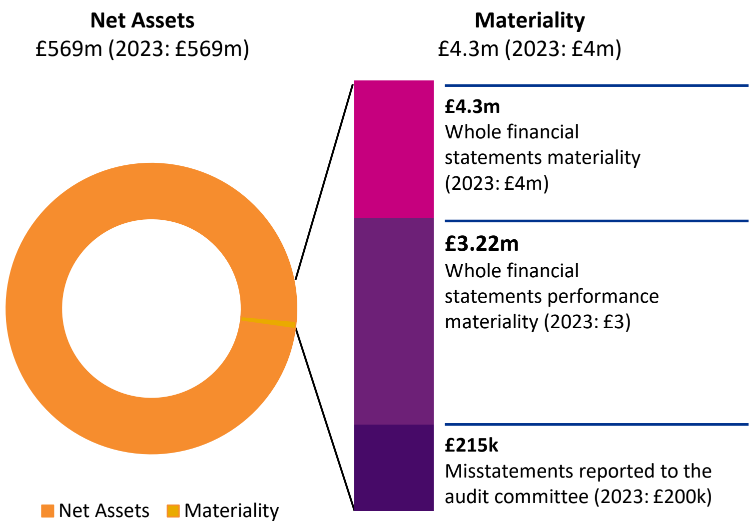
Materiality for the financial statements as a whole was set at £4.3m (2023: £4m), determined with reference to a benchmark of net assets, of which it represents 0.8% (2023: 0.7%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £3.22m (2023: £3m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £215k (2023: £200k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

We were able to rely upon the internal control over financial reporting of Citigroup Inc. ('the Group'), in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive



4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Company, the financial services industry, and the general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- The availability of funding and liquidity in the event of a market-wide stress scenario; and
- Insufficient regulatory capital to meet minimum regulatory capital levels.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and

— we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

KPMG

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Risk and Audit Committee, Internal Audit and inspection of policy documentation, as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Risk and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the customer complaints to assess if these could be indicative of a material misstatement.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit, refer to KAM Management override of controls page 18.

On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue recognition is highly automated and does not involve any significant complexities or judgements.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: money laundering, general data protection regulation, financial crime and sanctions, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Clark (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 April 2025

CITIBANK UK LIMITED

INCOME STATEMENT
for the year ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
Interest receivable	**3**	65,131	160,605
Interest payable	**3**	(20,935)	(43,107)
Fees and commissions receivable	**4**	24,476	38,466
Fees and commissions payable	**4**	(3,389)	(4,333)
Dealing loss	**5**	(70,424)	(35,246)
Other operating income		1,093	1,559
Administrative expenses	**6**	(77,701)	(95,512)
Depreciation and amortization		(2,913)	(1,530)
Other operating charges		(7)	(15)
Impairment on financial assets	**12**	53	110
Profit/(loss) on ordinary activities before tax		(84,616)	20,997
Tax on profit on ordinary activities	**9**	27,444	(1,016)
Profit/(loss) for the financial year		(57,172)	19,981

The accompanying notes on pages 26 to 89 form an integral part of these financial statements.

	2024 £ 000	2023 £ 000 Restated
Profit for the financial year	(57,172)	19,981
Items that are or may be reclassified subsequently to income statement		
Debt instruments at FVOCI - net change in fair value	12,450	** 66,975
Debt instruments at FVOCI - reclassified to profit or loss	70,082	** 26,902
Related tax	(24,102)	(26,320)
Other comprehensive income/(loss) for the year, net of tax	58,430	67,557
Total comprehensive income/(loss) for the year	1,258	87,538

The accompanying notes on pages 26 to 89 form an integral part of these financial statements.

** Please refer to page 23.

CITIBANK UK LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Note	31 December 2024 £ 000	31 December 2023 £ 000
Assets			
Cash and balances at central banks	**10**	484,139	680,797
Derivative financial instruments	**13, 14**	2,592	43,848
Treasury bills and other eligible bills	**15**	—	1,651,630
Loans and advances to banks	**11**	191,422	173,568
Loans and advances to customers	**11**	160	40,801
Debt securities	**16**	—	865,731
Intangible fixed assets	**17**	24	2,936
Other assets	**19**	4,174	37,418
Prepayment and accrued income	**20**	2,118	2,488
Total assets		684,629	3,499,217
Liabilities			
Deposits by banks	**13**	84	9,400
Customer accounts	**13**	140,207	2,790,344
Derivative financial instruments	**13, 14**	3,015	43,411
Other liabilities	**22**	8,843	15,330
Accruals and deferred income	**23**	3,687	4,877
Provisions for liabilities	**24**	10,833	10,254
Subordinated liabilities	**21**	—	52,382
Called up share capital	**25**	—	—
Reserves	**27**	510,934	505,184
Profit and loss account		7,026	68,035
Total liabilities		684,629	3,499,217
MEMORANDUM ITEMS			
Commitments	**26**	—	14,295

The accompanying notes on pages 26 to 89 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 17 April 2025 and signed on their behalf by:

F King
Director
Registered Number: 11283101

CITIBANK UK LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

		Attributable to equity holders of the Company					
			Reserves				
	Note	Called up share capital	Other reserve	Fair value reserve (Restated)	Equity reserve	Profit and loss account	Total
		£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 January 2023		—	563,589	(129,387)	98	54,704	489,004
Total comprehensive income for the year							
Profit for the financial year		—	—	—	—	19,981	19,981
Other comprehensive gain for the year							
Debt instruments at FVOCI - net change in fair value **		—	—	66,975	—	—	66,975
Debt instruments at FVOCI - reclassified to profit or loss **		—		26,902	—	—	26,902
Tax on other comprehensive loss		—	—	(26,320)	—	—	(26,320)
Total other comprehensive loss		—	—	67,557	—	—	67,557
Total comprehensive loss		—	—	67,557	—	19,981	87,538
Adjustment *		—	—	3,400	—	(3,400)	—
Transactions with owners, recorded directly in equity Contributions and distributions							
Capital contribution	**27**	—	—	—	—	—	—
Dividends on Additional Tier 1 Capital		—	—	—	—	(3,250)	(3,250)
Equity settled share-based payment		—	—	—	(73)	—	(73)
Tax on equity settled share-based payment		—	—	—	—	—	—
Total contributions and distributions		—	—	—	(73)	(3,250)	(3,323)
Balance at 31 December 2023		—	563,589	(58,430)	25	68,035	573,219
Total comprehensive income for the year							
Profit for the financial year		—	—	—	—	(57,172)	(57,172)
Other comprehensive loss for the year							
Debt instruments at FVOCI - net change in fair value		—	—	12,450	—	—	12,450
Debt instruments at FVOCI - reclassified to profit or loss		—		70,082	—	—	70,082
Tax on other comprehensive income		—	—	(24,102)	—	—	(24,102)
Total other comprehensive loss		—	—	58,430	—	—	58,430
Total comprehensive loss		—	—	58,430	—	(57,172)	1,258
Transactions with owners, recorded directly in equity Contributions and distributions							
Capital contribution	**27**	—	—	—	—	—	—
Dividends on Additional Tier 1 Capital		—	—	—	—	(3,837)	(3,837)
Additional Tier 1 Capital	**27**	—	(52,000)	—	—	—	(52,000)
Equity settled share-based payment		—	—	—	(680)	—	(680)
Tax on equity settled share-based payment		—	—	—	—	—	—
Total distributions		—	(52,000)	—	(680)	(3,837)	(56,517)
Balance at 31 December 2024		—	511,589	—	(655)	7,026	517,960

* Adjustment made of £3.4m relates to bonds classified as FVOCI which were sold in the prior years but the related fair value losses within the Fair value reserves were not reclassified to the P&L.
** Please refer to page 23.
The accompanying notes on pages 26 to 89 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024

**** Prior Year Adjustment (2023)**

Accumulated fair value losses on a debt instrument sold in FY 2023 were correctly recycled from the fair value reserve to profit or loss. The amount recycled was incorrectly presented as a debit in the fair value reserve. The financial statements of 2023 have been restated. There is no impact on the closing other comprehensive income for 2023.

	2023 As previously reported	Adjustment	2023 Restated
	£ 000	£ 000	£ 000
Profit for the financial year	19,981	—	19,981
Items that are or may be reclassified subsequently to income statement			
Debt instruments at FVOCI - net change in fair value	120,779	(53,804)	66,975
Debt instruments at FVOCI - reclassified to profit or loss	(26,902)	53,804	26,902
Related tax	(26,320)	—	(26,320)
Other comprehensive income/(loss) for the year, net of tax	67,557	—	67,557

The impacted primary statements are the Income Statement and Statement of Changes in Equity.

1. Principal accounting policies

Citibank UK Limited (the Company) is a private company incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 11283101 and the registered address is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

a) Basis of preparation

The financial statements, which comprise the information on pages 20 to 87, except the information disclosed as being unaudited, have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the UK-adopted international accounting standards (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The accounts of the Company have been prepared in accordance with the provisions of section 396 of the Companies Act 2006 including applying the requirements set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to banking companies.

The Company has taken advantage of the following disclosure exemptions available under FRS 101:

- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers';
- the requirement in paragraph 38 of IAS 1 'Presentation of financial statements' to present comparative information in respect of
    - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
    - (ii) paragraph 118(e) of IAS 38 'Intangible assets';
- the requirements of paragraphs 10(d), 16, 38A, 38B-D, and 111 of IAS 1 'Presentation of financial statements';
- the requirements of IAS 7 'Statement of cash flows';
- the requirement in paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements in IAS 24 'Related party disclosures'. To disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 17 and 18A of IAS 24 that relate to transactions with key management personnel.

These financial statements have been prepared under the historical cost convention, with certain exceptions, such as financial assets and financial liabilities measured at fair value under FRS 101.

The Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually at the address stated at Note 30 – 'Parent companies'.

The accounting policy set out above has, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Business activities of the Company started from 16 September 2019, following the transfer of the consumer business from Citibank Europe Plc, UK Branch and Citibank N.A. London Branch.

1. **Principal accounting policies** (continued)

a) Basis of preparation (continued)

Functional and presentational currency

The functional and presentational currency of the Company is Pound Sterling (£) and all values are rounded to the nearest thousand pounds, except where otherwise indicated.

Going concern

The financial statements are prepared on a going concern basis taking into account CUKL's existing capital and liquidity resources.

The Directors acknowledge the risk that circumstances might adversely impact CUKL's ability to continue trading and are satisfied that CUKL has the resources to continue in business for at least 12 months from signing of the financial statements. In performing this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the decision to transition from a sustainable Consumer and Fiduciary business to a business model that focus on Trustee and Depositary services, costs related to the unwind of the Consumer business, financial position, capital position, liquidity profile, stress scenarios and sensitivities, covering a period of at least 12 months from the date of approval of these financial statements.

The assessment was completed with reference to stress testing and sensitivity analysis prepared in addition to the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

CUKL continues to monitor and manage its Capital, Liquidity & Interest Rate Risk in the Banking Book (IRRBB) risks and the Directors believe that the entity holds sufficient excess to manage through a challenging business and market environment.

The Directors are confident that CUKL will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. In addition, Citi continues to indicate that it will provide sufficient funding to the Company to ensure that it maintains a sound financial situation and is in a position to meet its financial obligations for at least 12 months from signing of the financial statements.

Further information relevant to this assessment is provided in the following sections of these financial statements:

- the principal activities, strategic direction and challenges and uncertainties are described in the Strategic Report on pages 3 to 11;
- a financial summary, including the income statement and statement of financial position, is provided in the financial results section on pages 22 to 25; and
- objectives, policies and processes for managing market, liquidity, credit and operational risk, and CUKL's approach to capital management and allocation, are described in Note 12 – 'Risk management', starting on page 54.

1. Principal accounting policies (continued)

b) Changes in accounting policy and disclosures

Standards and amendments issued and effective from 1 January 2024

The following new accounting standards or interpretations applicable to the Company were adopted in 2024.

- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

These standards either have no or not material impact on the financial statements.

Global minimum top-up tax

Pillar 2 model rules published by the OECD have been enacted or substantively enacted in certain jurisdictions where Citigroup operates. As of 31 December 2024, the government of UK and the jurisdictions in which the Citigroup's branches are located have enacted / substantially enacted the global minimum top-up tax ("Pillar 2 rules").

For the year ended 31 December 2024, the Company is subject to the Pillar 2 rules in UK.

For the year ended 31 December 2024, based on the Company's initial assessment, no top-up tax should arise, because it is expected to meet one of the Transitional CBCR Safe Harbour Tests.

Temporary mandatory relief from the deferred tax accounting

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as current tax when it is incurred

Standards and amendments issued but not yet effective as at 31 December 2024

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted. However, the Company has not early adopted the new and amended accounting standards in preparing these financial statements. The following new and amended accounting standards are not expected to have a material impact on the entity financial statements:

- Lack of Exchangeability (Amendments to IAS 21);
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Accounting Standard - Volume 11;
- Contract Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);
- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

c) Interest income and interest expense

Interest income and expense on financial assets and liabilities is recognised in the income statement using the effective interest rate (EIR) method. Under this method, fees and direct costs directly attributable to loan origination, re-financing or restructuring and to loan commitments are deferred and amortised over the life of the instrument.

1. **Principal accounting policies** (continued)

c) **Interest income and interest expense** (continued)

The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the EIR, the Company estimates future cash flows considering all contracted terms of the financial instrument, but no future credit losses. For assets which are initially recognised as purchased or credit impaired, interest revenue is calculated through the use of a credit-adjusted effective interest rate which takes into consideration expected credit losses. A credit-adjusted EIR is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset.

Interest income and expense presented in the income statement includes:

- Interest on financial assets and liabilities at amortised cost on an effective interest basis; and
- Interest on treasury bills and other eligible bills measured at fair value through other comprehensive income.

d) **Net fee and commission income**

Fee and commission income and expenses that are integral to the EIR on a financial asset or liability are included in the measurement of EIR (see Note 1(c) above).

Brokerage commissions primarily include commissions and fees from the following: executing transactions for clients on exchanges and over-the-counter markets; assisting clients in clearing transactions, providing brokerage services, providing advisory services by authorised Citi sales representatives and other such activities. Brokerage commissions are recognised in net fee and commission income at the point in time the associated service is fulfilled, generally on the trade execution date.

Custody and Safekeeping fees are earned as a fixed fee proportionate to the clients' managed portfolio charged to the client for provision of custody services, or acting as custodian for investment products, during the specified time period agreed upon by all parties and therefore earns its revenue evenly during the contract duration. Trustee and Depositary Services provide trustee, custodial and depositary services to collective investment schemes (CIS) primarily domiciled and regulated in the UK. The service entails both the safeguarding of assets held by those CIS, an activity normally delegated by the Business to specialist global custodians, and the protection of investor interests through oversight of the activities performed by the manager of the CIS. Trustee fees are calculated as a percentage of the net asset value (NAV) of the CIS, invoiced and paid monthly in arrears.

Transactional service fees primarily consist of fees charged for processing services such as cash management, global payments, clearing, international funds transfer, foreign currency transactions and other trade services. Such fees are recognised as/when the associated service is satisfied, which normally occurs at the point in time the service is requested by the customer and provided by the Company Included within transactional services fees are relationship fees, which are charged to the clients for holding relationship balances and are recognised evenly over the contract duration.

Other fee and commission income are recognised as the related services are performed. These fees are recorded in fee income as they are earned.

Fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

1. Principal accounting policies (continued)

e) Dealing profits/(losses)

Dealing profits/(losses) comprises all gains and losses related to assets and liabilities (including derivatives) measured at fair value through profit or loss, including related interest, dividends and foreign exchange differences. It also includes the foreign exchange differences for debt instruments measured at fair value through other comprehensive income and the gains or losses resulted from the disposal of those debt instruments, considering the reclassification of cumulative gains or losses previously recognised in the other comprehensive income to profit or loss.

f) **Financial assets and liabilities**

Initial Recognition and Measurement

The Company initially recognises loans and advances, deposits and subordinated liabilities on settlement date. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Please refer to Note 1(s) Common control transactions for the accounting policy on initial recognition and measurement of financial instruments transferred via a common control transaction.

Classification and Measurement

Under IFRS 9, the following classification and measurement categories exist for financial assets:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value though profit or loss (FVTPL).

Amortised Cost

A financial asset-debt instrument shall be classified and subsequently measured at amortised cost (unless designated FVTPL) only if both of the following conditions are met:
a) Business Model test: the financial asset is held in a business model whose objective is to hold assets in order to collect contractual cash flows; and
b) SPPI test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVOCI

A financial asset - debt instrument shall be classified and measured at FVOCI (unless designated FVTPL) if both of the following conditions are met:
a) Business Model test: the financial asset – debt instrument is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) SPPI test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FVTPL

Any financial instrument that does not fall into either of the above categories shall be classified and measured at fair value through profit and loss. For example, where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL.

1. **Principal accounting policies** (continued)

f) Financial assets and liabilities

Initial Recognition and Measurement (continued)

Moreover, any instrument for which the contractual cash flow characteristics do not comprise solely payments of principal and interest (that is, they fail the SPPI test) must be classified in the FVTPL category.

The Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Assessment

The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Company's business model does not depend on management's intentions for an individual instrument (i.e., it is not an instrument-by-instrument assessment). This assessment is performed at a higher level of aggregation. The level of aggregation is at a level which is reviewed by key management personnel, enabling them to make strategic decisions for the business (i.e., the portfolio level). The Company has more than one business model for managing its financial instruments.

The assessment of the business model requires judgment based on facts and circumstances, considering quantitative factors and qualitative factors.

The Company considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
d) The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Company's business comprises primarily of cash and balances at central banks, loans to customers and debt securities that are held for collecting contractual cash flows. Sales of loans from these portfolios are expected to be very rare.

The Company also holds government debt securities to meet everyday liquidity needs. Such financial assets may be sold by management in response to balance sheet requirements, the currency composition of the underlying deposits and other liquidity considerations. Therefore, the collection of contractual cash flows and the sale of these financial assets is integral to the business objective for holding such financial assets.

Assessment of whether the contractual cash flows are solely payments of principal and interest (SPPI)

If an instrument is held in either a hold to collect or a hold to collect and sell business model, then an SPPI assessment is required to determine classification. For SPPI, 'principal' is defined as the fair value of the financial asset on initial recognition and 'interest' is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. Interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time and a profit

1. Principal accounting policies (continued)

f) Financial assets and liabilities (continued)

Classification and Measurement (continued)

margin that is consistent with a basic lending arrangement. Other contractual features that result in cash flows that are not payments of principal and interest result in the instrument being measured at FVTPL.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that meet the SPPI criteria.

Assessment of whether the contractual cash flows are solely payments of principal and interest (SPPI) (continued)

The contractual cash flow test must be performed at initial recognition of the financial asset and, if applicable, as at the date of any subsequent changes to the contractual provisions of the instrument that results in the derecognition of the existing financial asset and the subsequent recognition of the modified instrument.

Financial Assets

FVTPL

The following financial assets were classified under 'Fair value though profit or loss':

Derivative financial instruments

Derivative financial instruments are measured at fair value, with changes reflected through the income statement. Exceptions can only apply if the derivative is part of a hedge accounting programme. The Company enters into derivative transactions for risk management purposes but does not enter into any hedge accounting programmes.

Fair values are obtained from quoted market prices in active markets or using valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Amortised cost

The following financial assets were classified under 'amortised cost':

Loans and receivables and other financial assets

Loans and receivables and other assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. They comprise Cash at central banks, Loans and advances to banks, Loans and advances to customers, Prepayment and accrued income and Other financial assets.

Loans and advances and other assets are initially recognised at fair value, which is the cash given to originate the loan, plus incremental transaction costs and subsequently measured at amortised cost using the EIR method, less any impairment charges.

Commercial Real Estate loans made by the Company, secured by collateral of the borrower, can limit the Company's claim to cash flows of the underlying collateral (non-recourse loans). The Company applies judgment in assessing whether the terms of non-recourse loans give rise to any other cash flows or limit the cash flows in a manner inconsistent with payments representing principal and interest. Such non-recourse exposures held by the Company represent standard lending transactions with cash flows consistent with SPPI where the underlying collateral serves as a credit risk mitigants.

1. Principal accounting policies (continued)

f) Financial assets and liabilities (continued)

Classification and Measurement (continued)

Financial assets (continued)

Securities purchased under resale agreements

When the Company purchases a financial asset and simultaneously enters into an agreement to resell the asset or a substantially similar asset at a fixed price on a future date, the arrangement is presented within loans and advances to banks and classified and measured at amortised cost. The underlying assets are typically marketable securities transferred as part of a reverse repo transaction and are not recognised in the Company`s financial statements as the risk and rewards of ownership have not been transferred.

Amortised cost

Debt securities

Debt securities are recognised on trade date at fair value and consist of residential mortgage backed securities and securities backed by credit card receivables, which are held in order to collect contractual cash flows. They are subsequently measured at amortised cost using the EIR method, less any impairment charges.

The Company invested in Residential Backed Mortgage Securities (RMBS) and other asset backed securities (ABS). Such financial assets are considered to be 'contractually linked instruments'. IFRS 9 provides specific guidance for holders of multiple contractually linked instruments that create concentrations of credit risk i.e. tranches. The holders of such instruments have the right to payments of principal and interest on the principal amount outstanding only if the issuer of the debt securities generates enough cash flows to satisfy the higher ranking tranches. The payments on these tranches will be met via the cashflows received on an underlying pool of financial instruments (i.e., retail mortgages or credit card receivables). The Company only holds RMBS and ABS linked to senior tranches of the respective securitisations. In such transactions, a tranche has cash flow characteristics that are payments of principal and interest on the principal amount outstanding only if:

- the contractual terms of the tranche being assessed for classification (without looking through to the underlying pool of financial instruments) give rise to cash flows that are SPPI on the principal amount outstanding;
- the underlying pool of financial assets contain only instruments that meet the SPPI criterion (may also include certain derivatives that meet certain conditions and do not introduce any variability inconsistent with SPPI); and
- the exposure to credit risk in the underlying pool of financial instruments inherent in the tranche is equal to or lower than the exposure to credit risk of the underlying pool of financial instruments.

FVOCI

The following financial assets were classified as FVOCI:

Treasury bills and other eligible bills

Treasury bills and other eligible bills consist of government and sovereign bonds. Under IFRS 9, these securities are classified and measured as FVOCI as they are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

1. Principal accounting policies (continued)

f) Financial assets and liabilities (continued)

Financial Liabilities

For financial liabilities, there are two measurement categories: amortised cost and fair value through profit or loss (including a fair value option category). The Company separates derivatives embedded in financial liabilities where they are not closely related to the host contract or will designate the hybrid instrument at fair value through profit and loss.

The Company designates financial liabilities at fair value through profit or loss if one of the following exist:

- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis;
- Electing fair value will eliminate or reduce an accounting mismatch; or
- The contract contains one or more embedded derivatives.

Financial liabilities measured at amortised cost comprise Deposits by banks, Customer accounts, Subordinated liabilities and Other financial liabilities. The Company has not designated any financial liabilities at fair value through profit or loss.

Reclassifications

Financial asset classification is determined at initial recognition and reclassifications are expected to be extremely rare. A financial asset can only be reclassified if the business model for managing the financial asset changes.

Reclassification of financial liabilities is not permitted.

Modifications

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction cost if the financial asset is not carried at FVTPL.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the de-recognition of that financial asset in accordance with IFRS 9, the Company shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the income statement. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

As the Company classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of change of a financial asset's contractual cash flows is not permitted, unless the asset is sufficiently modified that it is derecognised.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in the income statement.

1. Principal accounting policies (continued)

f) Financial assets and liabilities (continued)

There were no modifications relating to financial assets or financial liabilities during the current or the prior year.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a currently enforceable legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS.

Fair Value Measurement

“Fair Value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair value is therefore based on the notion of an exit price. Citi typically uses a bid/offer valuation approach, that is, a bid price for a long position or an offer price for a short position. In addition, the Portfolio Exception (IFRS 13) permits an entity to measure the fair value of a group of financial assets and financial liabilities with offsetting risk on the basis of the price that would be received to sell or transfer the net open risk position (i.e. on a portfolio basis), in line with how positions are risk managed. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the income statement on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.

g) Impairment of financial assets

IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees, including:

- Investments in debt instruments measured at amortised cost. Such investments will include:
  - Cash and balances at central banks;
  - Loans and advances to banks, including securities purchased under resale agreements;

1. Principal accounting policies (continued)

g) Impairment of financial assets (continued)

  - Loans and advances to customers; and
  - Debt securities;
- Investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- All irrevocable loan commitments that are not measured at FVTPL;
- Trade receivables in the scope of IFRS 15 (Revenue contracts with customers); and
- Any other receivables (e.g., brokerage receivables).

Expected credit loss impairment model

Credit loss allowances are measured on each reporting date according to a three-Stage expected credit loss impairment model under which each financial asset is classified in one of the stages below:

- Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses to result from defaults expected over the next 12 months. Interest is calculated based on the gross carrying amount of the asset.
- Stage 2 – Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognised equal to the full credit losses expected over the remaining life of the asset. Interest is calculated based on the gross carrying amount of the asset.

  The credit losses for financial assets in Stage 1 and Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

  Undrawn commitments are measured as the present value of the difference between the contractual cash flows that are due to the Company if the loan is drawn down and the cash flows that the Company expects to receive if the loan is drawn down.
- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognised. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. Interest revenue is calculated based on the amortised cost, rather than on its gross carrying amount.

Evidence that a financial asset is impaired includes observable data that comes to the attention of the Company such as:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimation of an expected credit loss (ECL) is required to be unbiased and probability weighted, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The estimate also considers the time value of money.

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. For a financial asset in Stage 1, the Company will utilise a 12-month PD, whereas a financial asset within Stage 2 and Stage 3 will utilise a lifetime PD in order to estimate an impairment allowance.

1. Principal accounting policies (continued)

g) Impairment of financial assets (continued)

Expected credit loss impairment model (continued)

Wholesale Classifiably Managed Exposures

An impairment allowance is estimated for financial assets utilising models depending on the relative size, quality and complexity of the portfolios. Exposures captured by these models include the Commercial Real Estate loan portfolio and treasury bills and other eligible bills.

Delinquency Managed Exposures

Impairment allowances for the consumer loan portfolios are estimated utilising a reasonable and proportionate approach after considering both entity level and portfolio level factors. In particular, for consumer loan portfolios, where the Company does not have access to detailed historical information and/or loss experience, the Company adopted a simplified approach using backstops and other qualitative information specific to each portfolio.

Other Financial Assets

For other financial assets, the Company applied measurement approaches depending on the relative quality, size and complexity of the portfolios. For debt securities, the impairment allowance is estimated leveraging existing models currently used globally for stress-testing and regulatory capital reporting purposes. For financial assets that are short term and simple in nature, the Company adopted a simplified modelling approach based on those described above.

Significant increase in credit risk (SICR)

At each reporting date, CUKL assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making this assessment, CUKL considers the increase in the risk of default (both in relative terms and absolute terms) over the expected life of the financial asset. The significance of a change in the credit risk since initial recognition depends on the risk of a default occurring at initial recognition. That is, a given change in absolute terms, the risk of a default occurring will be more significant for a financial instrument with a lower initial risk of default compared to one with a higher initial risk of default.

Determining whether the credit risk on a financial instrument has increased significantly since initial recognition is based on a multifactor and holistic approach, including both quantitative and qualitative information and analysis. Whether a specific factor is relevant, and its weight compared to other factors, will depend on the type and relevant characteristics of the financial instrument, the borrower as well as the geographic region.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due with a rebuttable presumption if there is reasonable and supportable information demonstrating that credit risk has not increased since initial recognition.

1. Principal accounting policies (continued)

g) Impairment of financial assets (continued)

Expected credit loss impairment model (continued)

Determining whether credit risk has increased significantly

As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling:

- there has been an increase of more than 20 basis points in the lifetime PD between origination and the reporting date; or
- there has been an increase in the lifetime PD between origination and the reporting date of more than one standard deviation of the normal distribution for the lifetime PD at origination.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list or classification of forborne for regulatory reporting purposes. Such qualitative factors are based on expert judgement and relevant historical experiences.

The Company identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Company identifies a key driver that is not considered in the individual assessment on a timely basis, then the Company will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Company concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

The 30 days past due 'backstop' criteria assumes a rebuttable presumption that credit risk has significantly increased if contractual payments are more than 30 days past due. This presumption can only be rebutted if there is reasonable and supportable information demonstrating that credit risk not increased since initial recognition. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures from Stage 1 into Stage 2. Exposures move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk or when the exposure meets quantitative thresholds for curing as determined by the transaction. The 30 days past due back stop criteria only apply to exposures in Stage 1 and 2.

Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; – the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

1. Principal accounting policies (continued)

g) Impairment of financial assets (continued)

Expected credit loss impairment model (continued)

Staging

Financial assets can move in both directions through the stages of the IFRS 9 impairment model depending on whether the assessment of whether there is a significant increase of credit risk since initial recognition or whether the asset is credit impaired subsequently changes.

In order to determine the ECL reporting stage for an obligation, the Company checks whether the asset is already impaired (Stage 3) or not (Stage 1 and 2). If not already credit impaired, Stage 2 is determined by the existence of a significant credit deterioration (or credit improvement if previously deemed to be credit impaired) compared with the credit rating at initial recognition. Stage 1 assets do not have significant credit deterioration compared with that at initial recognition. All newly acquired or originated financial assets that are not purchased or originated credit impaired (POCI) are recognised in Stage 1 initially. The existence of a (statistically) significant deterioration or improvement is combined with the materiality of the probability of default to determine whether a transfer in stages is required. Additional qualitative reviews are also performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 (12-month expected credit losses) and Stage 2 (lifetime expected credit losses), are recorded in the income statement as an adjustment to the provision.

Expected life

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk, including possible drawdowns and the expected maturity of the financial asset. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Definition of default

As mentioned above, to determine whether an instrument should move to a lifetime ECL, the change in the risk of a default occurring over the expected life of the financial instruments must be considered.

The Company applies a default definition that is consistent with that used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators (for example, financial covenants) when appropriate. The definition of default used for this purpose is applied consistently to all financial instruments unless information becomes available that demonstrates another default definition is more appropriate for a particular financial instrument.

The Company aligns its definition of default with that of the Capital Requirements Regulation (CRR) Article 178 (CRR 178). CRR 178 is an EU law that reflects Basel II rules including the definition of default.

A default shall be considered to have occurred in regard to a particular obligor when either or both of the following have taken place:

1. There are material exposures which are more than 90 days past-due;
2. The obligor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

All defaulted exposures will have an Obligor Risk Rating of 8, 9, or 10 (individually managed obligors only). The risk rating of ‘8’ is used solely for facilities classified as non-performing due to a cross-border event.

1. Principal accounting policies (continued)

g) Impairment of financial assets (continued)

Expected credit loss impairment model (continued)

Forward Looking Information and multiple economic scenarios

Estimates must consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward looking information (FLI) requires significant judgment. The Company has developed models that include multiple economic scenarios that consider the variability and uncertainty in expected losses including factors such as GDP growth rates, unemployment rates and commercial real estate property prices, provided by the economists in Citi's Global Country Risk Management (GCRM). These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt instruments combined with loss projections derived from the rating migration, PD and loss models built for estimating stress credit losses for wholesale portfolios. As mentioned above, these models have incorporated specifically developed components to make the estimates compliant with IFRS 9. The PD, LGD and Credit Conversion Factor (CCF) models are calibrated to the observed historical patterns of defaults and losses over several years and linked to economic drivers. The model reflects different loss likelihood and loss severity as a function of different economic forecasts. The Company does not use the best case or worst case scenario, but assesses a representative number of scenarios (at least 3 when applying a sophisticated approach and where multiple scenarios are deemed to have a material non-linear impact) and probability weights these scenarios to determine the ECL.

Presentation of the allowance of ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

– Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the asset;
– Loan commitments: as a provision; and
– Debt instruments measured at FVOCI: as the carrying amount of these financial assets is at fair value, no loss allowance is recognised in the statement of financial position, however, the loss allowance is disclosed in Note 12.

Write-off

Loans and debt securities (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Subsequent recoveries of amounts previously written off are recorded against net credit losses in the income statement.

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised against net credit losses in the income statement.

1. Principal accounting policies (continued)

h) De-recognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flow from assets has expired or when the Company has transferred the assets and also transferred substantially all the risks and rewards of the ownership of the assets or, in the case that the Company neither transfers nor retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

i) Intangible assets

Computer software

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised cost of internally developed software includes all internal and external costs directly attributable to developing the software and are amortised over its useful life. Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Amortisation is charged to the income statement and presented in the depreciation and amortisation line using the methods that best reflect the economic benefits over their estimated useful economic lives. Residual values are reviewed at each financial year end and adjusted if appropriate. The estimated useful lives are as follows.

Acquired computer software licenses	3 - 5 years
Computer software development	1 - 10 years

Any gain or loss on disposal is recognised within other income in profit or loss.

j) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that its intangible assets are impaired. These non-financial assets are tested for impairment annually or more frequently if events or changes in circumstance indicate that they might be impaired. An impairment loss is recognised if the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the intangible asset's fair value less costs of disposal and value in use. Impairment losses are recognised in the income statement.

k) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Generally, tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income

1. Principal accounting policies (continued)

k) Income taxes (continued)

or directly in equity respectively. The income tax consequence of the coupon of equity-classified Additional Tier 1 (AT1) Notes issued by the Company, where those coupons are considered to be a distribution of profit, is recognised in the income statement rather than within equity, although the coupons are recognised in equity. This has an impact of reducing the effective tax rate within the income statement itself.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred tax balances are not discounted.

l) Levies

Levies are imposed by governments to the Company in accordance with legislation, other than income taxes, fines or other penalties that are imposed for breach of such legislation. The Company recognises a liability to pay a levy on the date identified by the legislation that triggers the obligation. Levies are recorded under other administrative expenses in the Company's income statement.

m) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are translated into the functional currency using the date the fair value was determined. Non-monetary assets and liabilities, denominated in currencies other than the functional currency that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are generally taken to the income statement as incurred.

n) Employee benefits

Defined contribution plans

The Company's employees participate a number of defined contribution pension schemes. The Company's annual contributions are charged to the income statement in the period to which the related service is provided. The pension scheme's assets are held in separate trustee administered funds.

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal

1. Principal accounting policies (continued)

n) Employee benefits (continued)

retirement date, or to provide termination benefits as a result of the offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as part of a restructuring

programme, if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

o) Share based incentive plans

The Company participates in a number of Citi share-based incentive plans under which Citi grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA), the Company makes a cash settlement to Citi for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company uses equity-settled accounting for its share-based incentive plans, with separate accounting for financial liabilities reflecting its associated obligations to make payments to Citi. The Company recognises the fair value of the awards at grant date as a compensation expense over the vesting period with a corresponding credit in the equity reserve as a capital contribution from Citi. All amounts paid to Citi and the associated obligation under the SPAPA are recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

For Citi's share-based incentive plans that have a graded vested period, each "tranche" of the award is treated as a separate award, where a plan has a cliff vest the award only has a single "tranche". The expense is recognised over the vesting period.

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%		
2 Years (1 Tranche)	50%	50%		
3 Years (3 Tranches)	61%	28%	11%	
3 Years (1 Tranche)	33%	33%	33%	
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

However, employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

p) Cash and balances at central banks

Cash and balances at central banks comprise balances with original maturity of less than three months, including non-restricted and restricted cash balances and associated accrued interest.

1. Principal accounting policies (continued)

q) Provisions

Provisions are recognised when it is probable that an outflow of economic resources will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions

A restructuring is a programme planned and controlled by management that materially changes the scope of the business or manner in which it is conducted. A provision for restructuring costs is recognised only when the general recognition criteria for provisions, being a) an entity has a present obligation (legal or constructive) as a result of a past event, b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and c) a reliable estimate can be made of the amount of the obligation.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are both (a) necessarily entailed by the restructuring and (b) not associated with the ongoing activities of the entity.

Any enhanced redundancy payments made as part of a restructuring will be recognised as a provision if the above criteria are met.

Any retention payments would not be recognised as part of any restructuring provision as such costs are associated with the ongoing activities of the entity. They are also not recognised as termination benefits as they are conditional on future service being provided. Retention costs are instead accounted for as either short term or long term benefits as appropriate. As the effect of discounting is expected to be immaterial, the retention payments will be recognised ratably over the remaining service period.

r) Loan commitments

Loan commitments’ are firm commitments to provide credit under pre-specified terms and conditions. Loss allowances for ECL on commitments are presented in the statement of financial position as a provision (refer to Note 1g) for more information on the Company’s accounting policy regarding credit impairment).

s) Common control transactions

IFRS does not provide specific guidance on transactions between entities under common control. Generally, the acquirer in a common control transaction accounts for the transfer of a business in its financial statements via:

- book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another; or
- IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole.

A business is considered to be an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. In the context of a business combination, the transferred set of activities must contain inputs and processes applied to the inputs which are or will be used to create outputs in order for the set of activities to constitute a business.

When a business is transferred to the Company from an entity under common control, the Company has made an accounting policy choice to account for the business at the book value of the transferor. This requires recognition of the transferred assets and liabilities (constituting a business under IFRS 3) at their historical

1. Principal accounting policies (continued)

s) Common control transactions (continued)

carrying amounts. Any difference between transaction price and carrying amounts of assets and liabilities is recognised in equity. No new goodwill or intangibles are created and no profit or loss is generated.

Transfers of financial instruments, that are not considered part of a transfer of a business, are initially recognised at fair value. Any difference in the consideration paid and the fair value of the financial instrument is recognised as an equity transaction.

The Company has also made the accounting choice of not re-presenting comparative information for the business acquired in its financial statements.

t) Fiduciary activities

The Company commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. In acting in this capacity, the Company has concluded that it acts as an agent, therefore such assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

2. Use of assumptions and estimates

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to the Company's FRS101 results and financial position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgment or estimation are:

Impairment of financial assets
Judgements are applied in estimating the estimated credit loss which should be recorded in the income statement. Please refer to Note 1(g) for inputs, assumptions and estimating techniques for impairment of financial assets. Impairments are discussed and presented further in Note 12 – 'Risk management'.

The estimation of expected credit losses involves significant judgement, including forward looking information, the application of multiple unbiased macroeconomic scenarios, the expected life of the financial asset, the determination of a significant increase or decrease of credit risk and the assessment of default. For example, the assessment of whether there is a significant increase in the credit risk of a financial asset since initial recognition is a credit risk analysis that is based on a multifactor and holistic approach and will require judgment. Whether a specific factor is relevant, and its weight compared to other factors, will depend on the type and relevant characteristics of the financial asset, the borrower as well as the geographic region.

Since IFRS 9 does not prescribe one approach to measuring ECLs, the Company has applied management judgment to identify the best approach for meeting the requirements of the Standard. The Company applies judgement to determine the ECL methodologies applied to different portfolios of financial assets, depending on the relative size, quality, complexity and existing credit risk management processes. IFRS 9 requires the estimates of ECLs to reflect 'reasonable and supportable' information that is available without undue cost or effort, including information about past events, current conditions and forecasts of future economic conditions. The determination of whether information is reasonable and supportable requires significant judgment.

The Company decreased its expected credit losses by approximately £0.2 million during 2024, bringing its total ECL to approximately £0.1 million at 31 December 2024. A contributing factor to the reduction in ECL over 2024 was on account of treasury bills positions being matured or sold.

As at 31 December 2024, the broader macroeconomic outlook has not significantly improved. This combined with the balanced LGD estimates, CUKL management has deemed the Model ECL appropriate. The Company believes its credit portfolio to be appropriately rated and classified as of 31 December 2024. The Company believes its analysis of the allowance for expected credit losses reflects a reasonable and supportable forward-looking view of the economic analysis as of 31 December 2024.

Useful lives and impairment of non-financial assets
Judgements are applied in estimating the useful lives and the impairment losses on non-financial assets that should be recorded in the income statement.

2. Use of assumptions and estimates (continued)

Classification and measurement of financial assets
Judgements are applied in determining the classification and measurement of financial assets.

The assessment of the business model requires judgment based on facts and circumstances. In determining the business model, the Company considers quantitative factors (the expected frequency and volume of sales) and qualitative factors (the purpose for which financial assets are acquired, the reasons for any sales, how performance and risk is managed and how employees are remunerated, etc.).

Judgement may also be required in order to conclude whether the cash flows of financial assets are solely payments of principal and interest and exclude cashflows that would fail this criteria. The Company has to apply judgment and consider relevant factors such as whether the return on loan assets are equivalent to a lender's return, representing compensation for the time value of money and credit risk only.

Valuation of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data and where this is not possible may be required to make estimates. Note 14 – 'Financial assets and liabilities' further outlines the approach to valuation of financial instruments.

Deferred tax

The Company's accounting policy for the recognition of deferred tax assets is described in Note 1(k) – 'Principal accounting policies.' A deferred tax asset is recognised to the extent that it is probable that suitable future taxable profits will be available against which deductible temporary differences can be utilised. The recognition of a deferred tax asset relies on management's judgements surrounding the probability and sufficiency of suitable future taxable profits, future reversals of existing taxable temporary differences and planning strategies.

The amount of the deferred tax asset recognised is based on the evidence available about conditions at the statement of financial position date, and requires significant judgements to be made by management, especially those based on management's projections of business growth, credit losses and the timing of a general economic recovery.

Management's forecasts support the assumption that it is probable that the future results of the Company will generate sufficient suitable taxable income to utilise the deferred tax assets.

3. Net interest receivable

	2024	2023
Interest and similar receivable	**£ 000**	**£ 000**
Interest receivable and similar income arising from debt securities		
Debt securities	21,158	97,776
Other interest receivable and similar income		
Cash and balances at central banks	37,343	49,815
Treasury bills and other eligible bills	4,730	9,294
Loans and advances to banks	1,624	2,077
Loans and advances to customers	276	1,643
Other assets	—	—
Total interest receivable	65,131	160,605
Interest payable and similar charges		
Customer accounts	(17,565)	(39,609)
Subordinated liabilities	(3,275)	(3,304)
Deposit by banks	(95)	(194)
Total interest payable	(20,935)	(43,107)
Net interest receivable	44,196	117,498

There were no impaired loans nor interest income (2023: £nil) received on impaired loans during the year.

Interest receivable from group undertakings amounted to £1.6 million (2023: £2.1 million), while interest payable to group undertakings amounted to £3.3 million (2023: £3.5 million).

All interest income arose within the United Kingdom.

4. Net fee and commission receivable

	2024	2023
	£ 000	**£ 000**
Brokerage Commissions (receivable)	888	1,445
Custody and Safekeeping transactions (receivable)	14,171	17,123
Transaction fees (receivable)	9,245	17,651
Other (receivable)	172	2,247
Total fee and commission receivable	24,476	38,466
Transaction fees (payable)	(3,389)	(4,333)
Total fee and commission payable	(3,389)	(4,333)
Net fee and commission receivable	21,087	34,133

Included in fee and commission receivable are fees earned by the Company on custody and safekeeping transactions where the Company holds assets on behalf of its customers. This fee income totalled £14.2 million in 2024 (2023: £17.1 million).

Fee and commission receivable from group undertakings amounted to £ 4.7 million (2023: £6.5 million) during the year.

All fee and commission income arose within the United Kingdom.

5. Dealing profits/(losses)

	2024	2023
	£ 000	£ 000
(Loss)/ gain on foreign exchange exposure management	(3,927)	(381)
Gain/ (loss) on revaluation of foreign currency transactions	4,575	4,512
Net loss on sale of debt instruments at FVOCI	(70,082)	(26,902)
Mark-to-market loss from financial instruments	(990)	(12,475)
Total dealing losses	(70,424)	(35,246)

Net loss on sale of debt securities totalled £70 million in 2023 (2023: £26.9 million).

Foreign exchange exposure risk arises from open positions designated in non-functional currencies that create foreign exchange risk on the Company. The objective of foreign exchange exposure management process is to ensure that such risks are minimised.

All dealing profits/(losses) arose within the United Kingdom.

6. Administrative expenses

a. Staff costs

	2024	2023
	£ 000	£ 000
Wages and salaries	16,361	24,513
Social security costs	1,653	2,338
Share based payment expenses	884	2,232
Pensions and post retirement benefits	1,532	1,906
Restructuring costs	4,849	(1,018)
Total personnel expenses	25,279	29,971

CUKL's primary business activity is now its Trustee and Depositary services which has significant impact on resourcing of the entity. The restructuring plans have been communicated to employees on 7th February 2024 cost of which is represented by current year restructuring cost.

Restructuring cost in prior year relates to release of provisions made in 2022 on account of resources being redeployed within the bank.

The following table shows the average number of employees by function for 2024 and 2023:

	2024	2023
Legacy Franchise *	117	193
Fiduciary Services	13	14
Corporate Functions	5	9
Independent Control Functions	4	7
Total number of staff	139	223

*As previously known Personal Banking and Wealth Management.

6. Administrative expenses (continued)

b. Other administrative expenses

	2024	2023
	£ 000	£ 000
Communications and technology	18,197	20,320
Contractors and consultancy	2,775	10,232
Rent expenses	2,421	1,822
Marketing and advertising	117	199
Travel and events	17	75
Stationary and office supplies	367	882
Transaction processing	726	643
Net intercompany recharges	22,661	26,017
Tax charges and levies	615	—
Other administrative expenses	4,526	5,351
Total other expenses	52,422	65,541

Rent expenses are intercompany rent allocations charged for the use of office space in, Canary Wharf, London.

7. Auditor's remuneration

	2024	2023
	£ 000	£ 000
Audit fee	650	800
Audit of subsidiaries fee	49	48
Audit-related assurance services	187	177
Non-audit services	—	—
	886	1,025

During the year the company incurred no additional audit fees for the prior year audit (2023: £72 thousand).

There were no other services provided by the Company's auditor or by any associate of the Company's auditor to the Company (2023: £nil).

8. Directors' emoluments

	2024	2023
	£ 000	£ 000
Directors' emoluments are as follows:		
Aggregate emoluments	2,787	2,473
Company contributions to money purchase pension scheme	19	24
	2,806	2,497

8. Directors' emoluments (continued)

Contributions to money purchase pension schemes are accruing to four of the Directors (2023: four). Contributions to defined benefit pension schemes are accruing for none of the Directors (2023: none). Three of the Directors (2023: three) of the Company participate in parent company share plans.

The remuneration of the highest paid Director was £2,251,567 (2023: £1,680,312) and accrued pension of £6,362 (2023: £2,148). Share-based stock awards were granted to the highest paid Director of £472,669.

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment.

Three of the Directors are employed and remunerated directly by Citibank UK Limited. All other Directors were employed by other group undertakings that bear their respective costs entirely. These costs are not recharged.

9. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2024 £ 000	**2023 £ 000**
Current tax:		
UK corporation tax on profits of the period	(24,235)	5,078
Adjustment in respect of prior years	(2,773)	(3,862)
Total current tax	(27,008)	1,216
Deferred tax:		
Origination and reversal of timing differences	(523)	(143)
Adjustment in respect of previous periods	87	(57)
Total deferred tax	(436)	(200)
Total income tax expense/(credit)	(27,444)	1,016

Current tax credit in 2024 pertains to tax relief on account of group tax arrangement.

(b) Tax included in other comprehensive income and equity

	2024 £ 000	**2023 £ 000**
Deferred tax:		
Origination and reversal of timing differences	24,102	26,320
Total tax credit included in other comprehensive income and equity	24,102	26,320

9. Tax on profit on ordinary activities (continued)

(c) **Reconciliation of tax charges**

	31 December 2024 £ 000	31 December 2023 £ 000
Profit before income tax	(84,616)	20,997
Total profit before income tax	(84,616)	20,997
Profit multiplied by the standard rate of corporation tax in the UK of 28% (2023: 27.75%)	(23,692)	5,827
Effects of:		
Deduction for AT1 dividend	(1,075)	(902)
Expenses not deductible for tax purposes	9	14
Impact of difference between current and deferred tax rates	—	(4)
Adjustments in respect of prior years	(2,686)	(3,919)
Total current income tax expense	(27,444)	1,016

The UK tax rate in the year was 28%. This includes a surcharge of 3% on the profits of banking companies applicable from 1 April 2023. The main rate of corporation tax in the UK (excluding the surcharge) has been 25% from 1 April 2023.

(d) **Deferred taxation assets**

	31 December 2024 £ 000	31 December 2023 £ 000
At the beginning of the period	26,594	53,631
Adjustments in respect of prior years	(169)	(895)
Credited to profit or loss account	523	143
Credited to other comprehensive income and equity	(23,102)	(26,285)
At the end of the period	3,846	26,594

	31 December 2024 £ 000	31 December 2023 £ 000
Deferred tax asset is made up as follows:		
Capital allowances	1,190	710
Other timing differences	—	23,184
Deferred compensation	2,656	2,700
	3,846	26,594

10. Cash and balances at central banks

Cash and balances at central banks comprise the following balances, maturing within three months.

	31 December 2024 £ 000	31 December 2023 £ 000
Placements with Bank of England	484,141	680,797
Expected credit loss	(2)	—
Cash and balances at central banks	484,139	680,797

Expected credit loss related to cash balances was £2 thousand (2023: £nil).

11. Loans and advances to banks and customers

	Note	31 December 2024 £ 000	31 December 2023 £ 000
Loans and advances to banks			
Deposits with banks		191,487	173,621
Expected credit loss		(65)	(53)
Loans and advances to banks total carrying amount	**14**	**191,422**	**173,568**
Loans and advances to customers			
Consumer loans		162	40,812
Expected credit loss		(2)	(11)
Loans and advances to customers total carrying amount	**14**	**160**	**40,801**

Consumer loans balance is repayable on demand.

Expected credit loss related to consumer loans was £2 thousand (2023: £11 thousand).

12. Risk management

12.1 Introduction

Culture as It Relates to Risk Management

Citi's culture drives a strong risk and control environment and is at the core of Citi's approach to risk management, underpinning the way Citi conducts business. It consists of the shared attitudes, values and expected behaviours that promote open discussions and decisions in line with Citi's Strategy, Mission, Value Proposition, Leadership Principles and Risk Appetite. The Cultural Change team defines, implements, monitors, and reviews measures and indicators to ensure Citi's culture and values are embedded effectively.

Every employee of Citi and its consolidated subsidiaries, including other persons performing services for Citi that may be subject by contract or other agreement, are accountable for risk management and must identify, escalate, and mitigate or accept risk-taking activities that exceed Citi's risk appetite, in a timely manner.

Risk Management Framework

CUKL has a Risk Management Framework in place to ensure CUKL's risks are managed appropriately and consistently across the entity and at an aggregate level to safeguard the Company's financial strength. The CUKL Risk Management Framework (RMF or the Framework) details the principles used to support effective entity-wide risk management across the end-to-end risk management lifecycle. It covers the risk management roles and responsibilities of the CUKL Board of Directors, CUKL Senior Management, and employees who execute activities on behalf of CUKL across the lines of defence. The Framework applies to CUKL and all its businesses and functions operating within CUKL.

The risk governance framework refers to the implementation of the RMF in conjunction with the underlying set of risk policies, standards, procedures, and processes within Citi, as adopted by CUKL. CUKL's risk governance framework has been developed in consideration of the entity's size, complexity, and risk profile, and supports the breadth of CUKL's product offerings and geographies that give rise to risk exposure.

Citi has defined policies for risk management at an enterprise-wide level and by risk category. As a part of Citi, CUKL adopts Citi level policies, wherever possible. Citi's policies reflect the core principles and regulatory requirements that Citi must follow to ensure that all business operations are conducted in accordance with applicable laws, rules, regulations, principles of safety and soundness and Citi's commitment to Responsible Finance. Citi's policies are critical to maintaining a culture of compliance and control and effectively managing risk within CUKL. The CUKL Risk Management Framework highlights where processes are aligned to Citi-wide risk management policies, standards, procedures, and processes, and describes the applications of these processes for managing risk within CUKL.

CUKL uses a three lines of defence construct to manage its risk, bringing risk taking, risk oversight, and risk assurance under one umbrella and providing an avenue for the (i) accountability of the first line units that create risk, (ii) effective challenge from the second line units that independently assess risk, and (iii) independent assurance from the third line units. Control and support functions are units tasked with maintaining a strong control environment.

The lines of defence construct is an important component of the risk governance structure. It assigns distinct roles and responsibilities to each line to support risk management. The lines of defence and control and support functions 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. The lines of defence and control and support functions also play a critical role in the governance and execution of the Framework.

Risk Management Mission

In pursuit of its mission to be an industry leading organisation in risk management, CUKL Risk Management acts as a strong independent partner of the business to actively manage risk in a manner consistent with CUKL's risk appetite as determined by the CUKL Executive Management Team and as reviewed and approved by the CUKL Board of Directors.

12. Risk management (continued)

12.1 Introduction (continued)

Risk Appetite Statement

The Company's Risk Appetite Statement is the formal articulation of the aggregate levels and types of risk that the Company is willing to accept in order to achieve its strategic objectives that include the maintenance of a strong financial position. The Risk Appetite includes qualitative statements and associated risk review thresholds, and quantitative statements and associated risk limits.

The Risk Appetite Statement is key in aligning overall corporate strategy, capital allocation, and risk. It aims to support business growth whilst constraining excessive accumulation of risk in the Company's risk profile.

Risk Management reviews and reports the Company's Risk Appetite usage against the established limits and thresholds on a regular basis to the CUKL Risk and Audit Committee. The CUKL Risk and Audit Committee recommends the approval of risk appetite limits in the form of the Risk Appetite Statement to the Board, at least annually.

Material Risk Identification and Assessment Process

The Company has a formalised process for the identification and assessment of material risks across the Company, 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 Material Risk Identification and Assessment 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 Company's strategy, risk profile and market conditions.

The Material Risk Identification and Assessment process further informs the Company's Strategic Plan and, in turn, Risk Appetite setting and other formal processes such as the ICAAP.

Stress Testing

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

Governance and Organisation

The following Committees perform an oversight role for risk management related items:

- CUKL Board (the Board);
- CUKL Risk and Audit Committee (the RAC);
- CUKL Management Committee (the Manco);
- UK Risk Management Committee (UK RMC);
- UK Business Risk and Control Committee (UK BRCC);

12. Risk management (continued)

12.2 Credit Risk

Definition

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.

CUKLs change of strategy has resulted in divestment of all traded assets, such as securitized notes and sovereign bonds, held on its balance-sheet. The cash proceeds of the asset sales and asset maturity are held with the Bank of England. Margin Loans have been repaid or transferred to another entity. The Trustee and Depositary business does not present material credit risk to CUKL as there is no extension of credit or the provision of guarantees i.e., there are no lending or trading activities associated with the business.

Credit Risk Profile

The Company’s statement of financial credit risk position by industry are as follows:

	31 December 2024	**31 December 2023**
	£ 000	**£ 000**
Financial and insurance activities	193,185	217,010
Government	—	1,389,069
Central Bank	484,139	680,797
Supranational	—	262,561
Real Estate	—	117,980
Consumer retail	209	799,121
– of which: credit card receivables	—	747,751
Other services	3,225	3,161
	680,758	3,469,699

Included in credit risk exposures carrying value are cash and balances at central banks, treasury bills and other eligible bills, derivative financial instruments, loans and advances to banks and customers, debt securities and other financial assets.

The table below shows statement of financial position of credit risk by geographic region:

	31 December 2024	**31 December 2023**
	£ 000	**£ 000**
Central / Eastern Europe	—	9,011
Western Europe	680,689	2,697,974
– of which: United Kingdom	675,087	1,440,531
Middle East / Africa	—	5,385
Central / South America	—	1,584
North America	69	755,234
Asia	—	511
	680,758	3,469,699

The regions above represents the countries and its domiciled customers within these.

12. Risk management (continued)

12.2 Credit Risk (continued)

Credit Risk Other (continued)

The following table sets out the total value as at 31 December 2024 and 31 December 2023 by each exposure type:

	Carrying amount £ 000 2024	Collateral value £ 000 2024	Carrying amount £ 000 2023	Collateral value £ 000 2023
Foreign exchange - OTC assets	2,592	2,592	43,848	43,848
Derivative financial instruments	**2,592**	**2,592**	**43,848**	**43,848**
Consumer loans				
– of which Margin Backed Secured Financing	—	—	39,454	39,454
– of which unsecured overdraft	160	—	1,347	—
Loans and advances to customers	**160**	**—**	**40,801**	**39,454**

Impairment and provisioning under IFRS

There are no required material provisions under IFRS9.

Provisions Oversight

The Company reviews provisions periodically at the UK IFRS 9 Working Group (IWG) which is jointly chaired by the UK Chief Finance and Risk Officers. The IWG reviews, considers, and escalates any material changes in risk profile to the CUKL Manco and RAC and RMC, as appropriate. The RAC reviews the provisions on an annual basis prior to the approval of the annual Financial Statements.

12. Risk management (continued)

12.2 Credit Risk (continued)

Risk Exposure

Expected credit loss

The following tables show an analysis of changes in the gross carrying amount – which represent maximum gross credit risk exposure – and the corresponding ECL allowances:

a) Loans and advances to banks

	2024				2023			
Exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Outstanding exposure as at 1 January	173,621	—	—	173,621	173,330	—	—	173,330
Asset derecognised or matured	—	—	—	—	—	—	—	—
Net movement during the year	17,866	—	—	17,866	291	—	—	291
At 31 December	**191,487**	**—**	**—**	**191,487**	**173,621**	**—**	**—**	**173,621**

	2024				2023			
ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
IFRS 9 ECL as at 1 January	53	—	—	53	53	—	—	53
Net movement during the year	12	—	—	12	—	—	—	—
At 31 December	**65**	**—**	**—**	**65**	**53**	**—**	**—**	**53**

b) Loans and advances to customers

	2024				2023			
Exposure	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Outstanding exposure as at 1 January	40,742	53	17	40,812	70,580	15	9	70,604
Payments and assets derecognised	—	—	—	—	—	—	—	—
Transfers to Stage 1	—	—	—	—	—	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—	—
Net movement during the year	(40,580)	(53)	(17)	(40,650)	(29,838)	38	8	(29,792)
At 31 December	**162**	**—**	**—**	**162**	**40,742**	**53**	**17**	**40,812**

	2024				2023			
ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
IFRS 9 ECL as at 1 January	11	—	—	11	5	—	—	5
ECL on assets derecognised	—	—	—	—	—	—	—	—
Transfers to Stage 1	—	—	—	—	—	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—	—
Net movement during the year	(9)	—	—	(9)	6	—	—	6
Changes due to changes in credit risk and estimation methodology	—	—	—	—	—	—	—	—
At 31 December	**2**	**—**	**—**	**2**	**11**	**—**	**—**	**11**

CITIBANK UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Risk management (continued)

12.2 Credit Risk (continued)

Risk Exposure (continued)

Expected credit loss (continued)

c) Cash and balances at central banks

Exposure	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
Outstanding exposure as at 1 January	680,797	—	—	680,797	1,526,984	—	—	1,526,984
Net movement during the year	(196,656)	—	—	(196,656)	(846,187)	—	—	(846,187)
At 31 December	**484,141**	—	—	**484,141**	**680,797**	—	—	**680,797**

ECL	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
IFRS 9 ECL as at 1 January	—	—	—	—	4	—	—	4
Net movement during the year	2	—	—	2	(4)	—	—	(4)
At 31 December	**2**	—	—	**2**	—	—	—	—

d) Treasury bills and other eligible bills

Exposure	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
Outstanding exposure as at 1 January	1,651,792	—	—	1,651,792	2,623,507	—	—	2,623,507
New assets originated or purchased	—	—	—	—	—	—	—	—
Payments and assets derecognised	—	—	—	—	(957,400)	—	—	(957,400)
Net movement during the year	(1,651,792)	—	—	(1,651,792)	(14,315)	—	—	(14,315)
At 31 December	—	—	—	—	**1,651,792**	—	—	**1,651,792**

ECL	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
IFRS 9 ECL as at 1 January	162	—	—	162	307	—	—	307
New assets originated or purchased	—	—	—	—	—	—	—	—
Payments and assets derecognised	—	—	—	—	(102)	—	—	(102)
Net movement during the year	(162)	—	—	(162)	(43)	—	—	(43)
At 31 December	—	—	—	—	**162**	—	—	**162**

12. **Risk management** (continued)

12.2 Credit Risk (continued)

Risk Exposure (continued)

Expected credit loss (continued)

e) Debt securities

Exposure	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
Outstanding exposure as at 1 January	865,731	—	—	865,731	1,823,106	—	—	1,823,106
New assets originated or purchased	—	—	—	—	—	—	—	—
Asset derecognised or matured	(865,731)	—	—	(865,731)	(908,303)	—	—	(908,303)
Net movement during the year	—	—	—	—	(49,072)	—	—	(49,072)
At 31 December	**—**	**—**	**—**	**—**	**865,731**	**—**	**—**	**865,731**

ECL	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
IFRS 9 ECL as at 1 January	—	—	—	—	—	—	—	—
At 31 December	—	—	—	—	—	—	—	—

f) Other financial assets

Exposure	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
Outstanding exposure as at 1 January	10,835	—	—	10,835	11,494	—	—	11,494
Net movement during the year	(10,507)	—	—	(10,507)	(659)	—	—	(659)
At 31 December	**328**	**—**	**—**	**328**	**10,835**	**—**	**—**	**10,835**

ECL	2024 Stage 1 £ 000	2024 Stage 2 £ 000	2024 Stage 3 £ 000	2024 Total £ 000	2023 Stage 1 £ 000	2023 Stage 2 £ 000	2023 Stage 3 £ 000	2023 Total £ 000
IFRS 9 ECL as at 1 January	—	—	—	—	—	—	—	—
Net movement during the year	—	—	—	—	—	—	—	—
At 31 December	—	—	—	—	—	—	—	—

12. Risk management (continued)

12.2 Credit Risk (continued)

Risk Exposure (continued)

Expected credit loss (continued)

g) Other commitments

Exposure	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Outstanding exposure as at 1 January	14,293	2	—	14,295	23,457	—	—	23,457
Net movement during the year	(14,293)	(2)	—	(14,295)	(9,164)	2	—	(9,162)
At 31 December	**—**	**—**	**—**	**—**	**14,293**	**2**	**—**	**14,295**

ECL	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
IFRS 9 ECL as at 1 January	31	—	—	31	1	—	—	1
Net movement during the year	(31)	—	—	(31)	30	—	—	30
At 31 December	**—**	**—**	**—**	**—**	**31**	**—**	**—**	**31**

Net movements during the year include the effect of foreign currency exchange rate changes.

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12. Risk management (continued)

12.2 Credit Risk (continued)

<u>Expected credit loss</u> (continued)

The following table shows the ECL provision on financial assets in the income statement for the year ended 31 December 2024 and 31 December 2023.

Income statement	2024 IFRS 9 ECL Stage 1 £ 000	Stage 2 £ 000	Stage 3 £ 000	Total £ 000	2023 IFRS 9 ECL Stage 1 £ 000	Stage 2 £ 000	Stage 3 £ 000	Total £ 000
Financial assets								
Cash and balances at central banks	(2)	—	—	(2)	3	—	—	3
Treasury bills and other eligible bills	162	—	—	162	145	—	—	145
Loans and advances to banks	(12)	—	—	(12)	—	—	—	—
Loans and advances to customers	9	—	—	9	(6)	—	—	(6)
Other assets	—	—	—	—	—	—	—	—
Prepayment and accrued income	—	—	—	—	—	—	—	—
Total On Balance Sheet	**158**	**—**	**—**	**158**	**142**	**—**	**—**	**142**
Off balance sheet								
Other commitments	31	—	—	31	(31)	—	—	(31)
Total Off Balance Sheet	**31**	**—**	**—**	**31**	**(31)**	**—**	**—**	**(31)**
Total provisions reversed/ (created)				**189**				**111**

Provisions in income statement include above positions for 2024 and credit write off /recoveries 136 thousand (2023: £nil)

The following table shows the ECL provision on financial assets in the statement of financial position as at 31 December 2024 and 31 December 2023.

Statement of financial position	2024 IFRS 9 ECL Stage 1 £ 000	Stage 2 £ 000	Stage 3 £ 000	Total £ 000	2023 IFRS 9 ECL Stage 1 £ 000	Stage 2 £ 000	Stage 3 £ 000	Total £ 000
Cash and balances at central banks	2	—	—	2	—	—	—	—
Treasury bills and other eligible bills	—	—	—	—	162	—	—	162
Loans and advances to banks	65	—	—	65	53	—	—	53
Loans and advances to customers	2	—	—	2	11	—	—	11
Other assets	—	—	—	—	—	—	—	—
Prepayment and accrued income	—	—	—	—	—	—	—	—
Total On Balance Sheet	**69**	**—**	**—**	**69**	**226**	**—**	**—**	**226**
Off balance sheet								
Other commitments	—	—	—	—	31	—	—	31
Total Off Balance Sheet	**—**	**—**	**—**	**—**	**31**	**—**	**—**	**31**
Total	**69**	**—**	**—**	**69**	**257**	**—**	**—**	**257**

12. Risk management (continued)

12.3 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.

The table below represents the Interest Rate Exposure (IRE) from a 100 basis point increase/decrease in interest rates on all tenors.

	Interest rate exposure report			
Currency	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
	12 Month - Up 100 bps		**12 Month - Down 100 bps**	
Income statement impact	**£ 000**	**£ 000**	**£ 000**	**£ 000**
USD	(107)	4,065	108	(4,141)
EUR	(20)	789	20	(786)
GBP	4,626	1,744	(4,670)	(1,835)
CHF	14	(54)	(2)	56
Other	21	(158)	(21)	159
Total	**4,534**	**6,386**	**(4,565)**	**(6,547)**

The table below represents the Economic Value Sensitivity (EVS) from a 100 basis point increase/decrease in interest rates on all tenors.

	Economic Value Sensitivity report			
Currency	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
	Up 100 bps		**Down 100 bps**	
Equity impact	**£ 000**	**£ 000**	**£ 000**	**£ 000**
USD	7	(6,220)	(7)	6,200
EUR	2	4,324	(2)	(4,703)
GBP	(4,082)	(3,679)	4,250	3,707
CHF	—	442	—	(396)
Other	—	305	—	(185)
Total	**(4,073)**	**(4,828)**	**4,241**	**4,623**

<u>*Currency risk*</u>

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 in a number of currencies, and open currency positions arise for 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 that exposures are less than agreed allocated limits.

12. Risk management (continued)

12.4 Liquidity Risk

Definition

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 it's financial condition.

CUKL's funding and liquidity objectives is to maintain sufficient liquidity to fund the existing asset base and grow the core business, while at the same time ensure it is structured appropriately for the Company to continue operating under a variety of market conditions, including both short and long-term stresses.

Liquidity risk is governed by the UK ALCO and managed by UK Treasurer (1st LOD) with independent oversight from Finance CRO (2nd LOD).

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

The forum for liquidity issues is the UK ALCO, 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. Key responsibilities include:

- Drive efficient and prudential Balance Sheet oversight for each country / legal entity;
- Oversee and influence liquidity levels, structure, and metrics;
- Influence investment allocation of the liquidity pool in HQLA;
- Review and approve the summary Annual Funding and Liquidity Plan, Contingency Funding Plan and frequency of intraday liquidity monitoring;
- Set and monitor liquidity and non-trading market risk limits and triggers;
- Formulate recommendations regarding dividends, capital infusions and other capital management;
- Oversee prudent interest rate and foreign exchange risk positions of the non-trading book; and
- Review and approve transfer pricing processes including approvals of deposit Beta and transfer pricing vectors.

Items of critical importance are escalated from ALCO to ExCo at the discretion of the chair and from ExCo to the Board. The ultimate responsibility for liquidity rests with the Board.

Liquidity Risk Appetite

CUKL's Liquidity Risk Appetite Framework establishes an appropriate qualitative and quantitative risk appetite as required by the Policy and local regulatory requirements. The Company adopts Group CBNA's target Liquidity Risk Appetite, which is "Low" as such its objective is to maintain sufficient liquidity to meet internal and external requirements with a minimal risk of breaching the limits while also ensuring there are adequate controls in place to mitigate identified risks.

12. Risk management (continued)

12.4 Liquidity Risk (continued)

Liquidity Measurement

Liquidity risk metrics are designed to quantify the likely impact of a stress event on the Balance Sheet and liquidity position as well as the structural liquidity of entity's balance sheet and funding concentration and allow the Company to measure and monitor the key drivers of liquidity risk on a current and forward looking basis. Other reports serve as monitoring tool allowing Treasury to detect potential changes in the overall liquidity of the markets or Citi's access to those markets.

Stress metrics are a key tool for measurement of liquidity risk, which allow Treasury to manage liquidity risk within the stress horizon, incorporate all material risks and support Risk Appetite level of the entity by ensuring entity's risk-taking remains within the appetite. In line with Citi approach the Company defined liquidity stress metrics as risk appetite metrics. The Company conducts both PRA required stress tests (Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)) and internal stress tests (RLAP and TLST) to appropriately reflect Citi's business model and internal liquidity risk management.

Stress metrics are supplemented by Balance Sheet and concentration metrics that are internally developed which allow for management of funding risks beyond stress horizons.

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

- The Resolution Liquidity Adequacy and Positioning (RLAP) which serves as the short-term (30-day) stress scenario under severe market, credit and economic conditions. The Policy requires CUKL to maintain self-sufficiency or a minimum of £48 million surplus in each day within the 30-day horizon. Monitoring must be performed daily. The RLAP scenario that serves as its internal short-term (30-day) scenario is a severe stress which reflects the idiosyncratic liquidity profile and risk of the firm and uses the firm's internal liquidity stress test assumptions.

- The Term Liquidity Stress Test (TLST) which serves as a long-term (12-months) combined (market and idiosyncratic) stress scenario, comparatively less severe than RLAP stress. The Policy requires CUKL to maintain self-sufficiency or a minimum of £48 million surplus under TLST in each tenor bucket within the 12-month horizon. Monitoring must be performed daily. The TLST scenario, which serves as a long term Combined Idiosyncratic and Market stress scenario, as well as two stand-alone TLST Market and TLST Idiosyncratic scenarios are reflective of a less severe long-term stress, where at most a two-notch downgrade in the firm's long-term ratings and a one-notch downgrade in the firm's short term ratings is observed.

CITIBANK UK LIMITED

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12. Risk management (continued)

12.4 Liquidity Risk (continued)

Risk Exposure

<u>Analysis of financial assets and liabilities by remaining contractual maturities</u>

The table below shows an analysis of financial assets and liabilities analysed according to when they are contractually expected to be recovered or settled.

As at 31 December 2024	Less than 3 months	>3 months and <12 months	>1 year and < 5 years	Greater than 5 years	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Assets					
Cash and balances at central banks	484,139	—	—	—	484,139
Treasury bills and other eligible bills	—	—	—	—	—
Loans and advances to banks	41,422	—	150,000	—	191,422
Loans and advances to customers	160	—	—	—	160
Derivative financial instruments	2,592	—	—	—	2,592
Debt securities	—	—			—
Other financial assets	328				328
Prepayment and accrued income	2,118				2,118
Total financial assets	530,759	—	150,000	—	680,759
Liabilities					
Deposits by banks	84	—	—	—	84
Customer accounts	139,812	395	—	—	140,207
Derivative financial instruments	3,015	—	—		3,015
Subordinated liabilities	—	—			—
Other financial liabilities	5,483				5,483
Total financial liabilities	148,394	395	—	—	148,789

12. Risk management (continued)

12.4 Liquidity Risk (continued)

Risk Exposure

<u>**Analysis of financial assets and liabilities by remaining contractual maturities**</u> (continued)

As at 31 December 2023	**Less than 3 months**	**>3 months and <12 months**	**>1 year and < 5 years**	**Greater than 5 years**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
			Restated	Restated	
Assets					
Cash and balances at central banks	680,797	—	—	—	680,797
Treasury bills and other eligible bills	303,117	380,220	968,293	—	1,651,630
Loans and advances to banks *	23,568	—	150,000	—	173,568
Loans and advances to customers	7,329	33,472	—	—	40,801
Derivative financial instruments	41,222	850	1,776	—	43,848
Debt securities	320,532	545,199			865,731
Other financial assets	10,835				10,835
Prepayment and accrued income	2,488				2,488
Total financial assets	1,389,888	959,741	1,120,069	—	3,469,698
Liabilities					
Deposits by banks	9,400	—	—	—	9,400
Customer accounts	2,707,378	82,966	—	—	2,790,344
Derivative financial instruments	40,728	869	1,814		43,411
Subordinated liabilities	382	52,000			52,382
Other financial liabilities	10,116				10,116
Total financial liabilities	2,768,004	135,835	1,814	—	2,905,653

Customer accounts include £125 million current account balances (2023: £1,817 million), which are repayable on demand.

Restated: The comparatives above have been restated for loans and advances to banks to disclose the £150m balance in the due within greater than 1 year but less than 5 years category. They had previously been incorrectly reported within the due in greater than 5 years category. There has been no impact on the Company's income statement or statement of financial position as a result of the restatement.

12. Risk management (continued)

12.4 Liquidity Risk (continued)

Risk Exposure (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The following table analyses the Company's commitments into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. These instruments can be called at any time prior to their contractual maturity.

As at 31 December 2024	**Less than 3 months £ 000**	**>3 months and <12 months £ 000**	**>1 year and < 5 years £ 000**	**Greater than 5 years £ 000**	**Total £ 000**
Other commitments	—	—	—	—	—
Total commitments	—	—	—	—	—

As at 31 December 2023	**Less than 3 months £ 000**	**>3 months and <12 months £ 000**	**>1 year and < 5 years £ 000**	**Greater than 5 years £ 000**	**Total £ 000**
Other commitments	3,063	11,232	—	—	14,295
Total commitments	3,063	11,232	—	—	14,295

Following the entities strategic objective to close its consumer business we have no remaining commitments to report for 2024 year end.

12. Risk management (continued)

12.4 Liquidity Risk (continued)

Risk Exposure (continued)

Contractual maturities of undiscounted cash flows of financial liabilities

The table below analyses the Company's undiscounted contractual cash flows from financial liabilities into relevant maturity groupings.

As at 31 December 2024	**Less than 3 months**	**>3 months and <12 months**	**>1 year and < 5 years**	**Greater than 5 years**	**Total**
Liabilities	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Deposits by banks	84	—	—	—	84
Customer accounts	140,458	725	—	—	141,183
Derivative financial instruments	3,015	—	—	—	3,015
Subordinated loans	—	—	—	—	—
Other financial liabilities	5,483	—	—	—	5,483
Total undiscounted financial liabilities	149,040	725	—	—	149,765

As at 31 December 2023	**Less than 3 months**	**>3 months and <12 months**	**>1 year and < 5 years**	**Greater than 5 years**	**Total**
Liabilities	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Deposits by banks	9,400	—	—	—	9,400
Customer accounts	2,711,530	83,688	—	—	2,795,218
Derivative financial instruments	40,729	869	1,813	—	43,411
Subordinated loans	495	52,948	—	—	53,443
Other financial liabilities	10,116	—	—	—	10,116
Total undiscounted financial liabilities	2,772,270	137,505	1,813	—	2,911,588

12. Risk management (continued)

12.4 Liquidity Risk (continued)

Risk Exposure (continued)

Analysis of encumbered and unencumbered assets

This table summarises Encumbered and Un-Encumbered assets by asset categories.

	As at 31 December 2024			As at 31 December 2023		
Assets	Encumbered	Un-Encumbered	Total	Encumbered	Un-Encumbered	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cash and balances at central banks	—	484,139	484,139	6,965	673,832	680,797
Investment Securities & Debt Trading Instruments	—	—	—	6,374	2,510,987	2,517,361
- of which: asset-backed securities	—	—	—	—	865,731	865,731
- of which: by general governments	—	—	—	6,374	1,382,695	1,389,069
- of which: by financial corporations	—	—	—	—	262,561	262,561
Loans and advances other than loans on demand	—	191,582	191,582	—	214,369	214,369
Other Assets	—	8,908	8,908	—	87,983	87,983
Assets subtotal	—	684,629	684,629	13,339	3,487,171	3,500,510
Collateral Received	Encumbered	Un-Encumbered	Total	Encumbered	Un-Encumbered	Total
	£ 000	£ 000	£ 000	£ 000	£ 000 Restated	£ 000
Other collateral received *	—	447	447	—	747	747
Total assets and collateral received	—	685,076	685,076	13,339	3,487,918	3,501,257

Restated: The comparatives above have been restated for un-encumbered other collateral received. The amount had previously been incorrectly presented in the table as £747 million. There has been no impact on the Company's income statement or statement of financial position as a result of the restatement.

Collateral held by the Company includes financial collateral such as marketable securities.

Un-Encumbered collaterals was £447 thousand as at 31 December 2024 (2023: £747 thousand).

12.5 Operational Risk (unaudited)

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 Company to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Company’s business, excluding strategic and reputation risks. Citi also recognises the impact of operational risk on the reputational risk associated with Citi’s business activities.

The portfolio, following the strategy change, is mostly cash at Bank of England, some residual unclaimed consumer deposits and the Trustee and Depositary services. As a result, the main risk drivers are non-Financial Risks.

Operational Risk Management (“ORM”) proactively assists the businesses, Operations and Technology, and other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions.

12. Risk management (continued)

12.5 Operational Risk (unaudited) (continued)

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

ORM 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.

Operational Risk Framework

Citi's ORM Policy establishes a consistent framework designed to balance strong corporate oversight with well-defined independent risk management, for assessing and communicating operational risk and the overall effectiveness of the internal control environment across the organisation. This framework is applied at the CUKL level, through the CUKL Risk Management Framework. This framework is consistent with Citi's Three Lines of Defence approach to risk management.

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 Operational Risk 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 operational and compliance risks and their related controls.

CUKL assesses its risks according to Citi's Risk Taxonomy, covering:

- Bribery Risk
- Business Disruption and Safety Risk
- Customer/Client Protection
- Cyber Risk (incl. information security)
- Data Risk
- Financial Statement Reporting Risk (Citigroup Inc. & Citibank N.A.)
- Fraud & Theft (excl Tech)
- Human Capital Risk
- Market Practices Risk
- Model Risk
- Money Laundering Risk
- Processing Risk
- Prudential & Regulatory Risk
- Regulatory and Management Reporting Risk
- Sanctions Risk
- Technology Risk
- Third Party Risk

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

- Establish, monitor and report on CUKL's Operational Risk Appetite
- Identify and assess the risks it undertakes;
- Design controls to mitigate identified risks;

12. Risk management (continued)

12.5 Operational Risk (unaudited) (continued)

Operational Risk Framework

- Establish Key Indicators (KIs);
- 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 CUKL's strategy changes and/or processes designed, modified, or sourced through alternative means increases in the level of operational risk and its effect on the profile are considered.

Operational Risk Measurement

Operational risk is measured and assessed through the ICAAP process to determine whether any additional capital is required over and above the levels resulting from the Standardised Approach to calculating regulatory operational risk capital. This assessment looks at elements of the Operational Risk profile including loss history and forward-looking Operational Risk Scenario Analysis to assess the adequacy of regulatory capital.

CUKL’s operational risk RWA increased by £60.4 million to £203 million (£16.2 million Pillar 1 Capital requirement) due to an increase in the three years’ average revenue used to calculate this capital requirement.

12.6 Compliance Risk (unaudited)

Definition

Compliance Risk is the risk to current or projected financial condition and resilience, arising from violations of laws or regulations, or from non-conformance with prescribed practices, internal policies and procedures, or ethical standards. It exposes the Firm to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance Risk can result in diminished reputation, harm to the Firm’s customers, limited business opportunities, and lessened expansion potential. Compliance Risk is not limited to risk from failure to comply with consumer protection-related laws and regulations. It encompasses the risk of noncompliance with all laws and regulations, as well as prudent ethical standards and contractual obligations. It also includes exposure to litigation (known as ‘Legal Risk’) from all aspects of banking, traditional and non-traditional.

Compliance risk includes the following risk categories: Money Laundering Risk, Bribery Risk, Sanctions Risk, Customer/Client Protection Risk and Market Practices Risk.

Governance and Organisation

The Compliance Risk Management (CRM) Framework is documented in the CRM Policy. All staff are required to understand and be aware of key aspects of Citi’s CRM framework, which is composed of the following four key components:

- Governance and Organisation;
- Compliance Risk Requirements;
- Processes and Activities; and
- Resources and Capabilities.

These key components are anchored in Citi’s three lines of defence model, specifying ongoing responsibilities for identifying, measuring, monitoring, and controlling Compliance Risk. Notwithstanding the specific responsibilities set forth for each line of defence, all staff, across all lines of defence, have the obligation to manage Compliance Risk and comply with all relevant laws, regulations, rules, and Citi policies/procedures.

12. Risk management (continued)

12.6 Compliance Risk (unaudited) (continued)

CUKL has a dedicated Compliance Officers covering both Legacy Consumer Business and Fiduciary Business who has a direct/matrix reporting line to the UK Chief Compliance Officer, the Senior Manager Function holder (SMF) responsible for Compliance Oversight (SMF16).

The CUKL Board has ultimate responsibility for ensuring that the Company complies with all legal, regulatory and policy requirements.

The CUKL Compliance Risk Appetite statement sets the level of Compliance Risk that the Company is prepared to take while pursuing the firm's strategic goals, consistent with Citi's Mission and Value Proposition. The Compliance Risk Appetite is articulated through qualitative Compliance Risk statements that describe CUKL's appetite for compliance risk and quantitative measures to monitor the firm's Compliance Risk exposure. The CUKL Compliance Risk Appetite is presented to the RAC on a quarterly basis.

12.7 Reputation Risk (unaudited)

Reputation risk is the risk to the current or projected financial condition and resilience arising from negative public opinion. This risk may impair a bank's competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships. It arises directly from how we conduct our business and can impact how key stakeholders, such as customers or clients, employees, regulators, shareholders or other stakeholders view the integrity of Citi. External economic, industry, market, competitive, regulatory or legislative pressures can also contribute to reputation risk. Reputation risk can arise from, or exist in combination with, other key risks, primarily Operational, Strategic and Compliance risk or through failure to consider long-term impacts of business decisions on stakeholders. Reputation risk can occur even when all actions are legal and in accordance with all policies, processes and current practices.

Similar to Compliance risk, key reputation risk identification, escalation and reporting processes include:

- Regulatory Inventory and Regulatory Change Management;
- Policies, Procedures, and Controls;
- Training;
- Manager's Control Assessments; and
- Risk Mitigation and Issue Remediation.

The Reputation Risk Appetite Approach (RRAA) is aligned to Citi's six key stakeholder groups (shareholders, clients, customers, employees, regulators and other stakeholders). The RRAA will detail metrics that can impact each stakeholder group. Among others, metric themes will include the monitoring of negative social media sentiment, Environmental, Social, and Governance risk, and technology outages and incidents that may impact CUKL's customers or clients.

12.8 Strategic Risk (unaudited)

Strategic risk is the risk of a sustained impact (not episodic impact) to the firm's core strategic objectives as measured by impacts on anticipated earnings, market capitalization, or capital, arising from the external factors affecting the firm's operating environment; as well as the risks associated with defining the strategy and executing the strategy, which are identified, measured and managed as part of the Strategic Risk Framework at the Enterprise Level.

CUKL senior executive management is ultimately responsible for the development and execution of the strategy of the firm. The CUKL Board is responsible for the oversight of the management's execution of the strategy. Executive Management identifies strategic risks, measures and monitors business performance and provides updates to the Board on progress against established strategic objectives.

12. Risk management (continued)

12.8 Strategic Risk (unaudited) (continued)

CUKL identifies and assesses strategic risk on an ongoing basis through a range of business as usual business and risk management practices. CUKL also identifies and assesses strategic risk through the Strategic Planning process,

which includes the Risk Assessment of the Strategic Plan. Risks inherent to the Strategic Plan and risks to executing the Strategic Plan are raised through that process.

CUKL's Strategic Risk Appetite measures strategic risk at the firm-wide level using key indicators that reflect business growth goals and financial targets.

12.9 Climate Change Risk (unaudited)

Climate risk refers to the risk of loss arising from climate change and is divided into physical risk and transition risk.

CUKL has assessed Climate Risk to be non-material given the nature of its business going forward, further reducing as the consumer and transaction banking business is wound down and the balance sheet run-off.

12.10 Capital Management (unaudited)

The Company's Regulator sets and monitors capital requirements for the Company.

In implementing current capital requirements, the Regulator requires the Company to maintain a prescribed ratio of total capital to risk weighted assets.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The capital management of CUKL is further explained in its Basel Pillar 3 disclosures document, which can be found on the Investor Relations page of the Citi website.

13. Financial assets and liabilities

The below tables outline the total financial assets and liabilities held as at 31 December 2024 and as at 31 December 2023.

	31 December 2024 £ 000	31 December 2023 £ 000
Derivative financial instruments (measured at FVTPL)	2,592	43,848
Treasury bills and other eligible bills (measured at FVOCI)	—	1,651,630
Total financial assets held at fair value	**2,592**	**1,695,478**
Cash and balances at central banks	484,139	680,797
Loans and advances to banks	191,422	173,568
Loans and advances to customers	160	40,801
Debt securities	—	865,731
Other financial assets	328	10,838
Prepayment and accrued income	2,118	2,488
Total financial assets at amortised cost	**678,167**	**1,774,223**
Total financial assets	**680,759**	**3,469,701**

	31 December 2024 £ 000	31 December 2023 £ 000
Derivative financial instruments (measured at FVTPL)	3,015	43,411
Total financial liabilities held at fair value	**3,015**	**43,411**
Deposits by banks	84	9,400
Customer accounts	140,207	2,790,344
Other financial liabilities	5,483	10,116
Subordinated liabilities	—	52,382
Total financial liabilities at amortised cost	**145,774**	**2,862,242**
Total financial liabilities	**148,789**	**2,905,653**

Fair Value Definition

IFRS 13 – Fair Value Measurement defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Among other things, the standard requires the Company to maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value.

Under IFRS 13, the probability of default of a counterparty is factored into the valuation of derivative positions and includes the impact of the Company's own credit risk on derivatives and other liabilities measured at fair value.

Fair Value Hierarchy

The calculation of fair value incorporates the Company's estimate of the fair value of financial assets and financial liabilities. Other entities may use different valuation methods and assumptions in determining fair values, so comparisons of fair values between entities may not necessarily be meaningful.

The Company specifies a hierarchy of inputs based on whether the inputs are observable or unobservable. Observable inputs are developed using market data and reflect market participant assumptions, while unobservable inputs reflect the Company's market assumptions.

13. Financial assets and liabilities (continued)

Fair Value Hierarchy (continued)

IFRS 13 specifies a hierarchy of inputs based on whether the inputs are observable or unobservable. Observable inputs are developed using market data and reflect market participant assumptions, while unobservable inputs reflect the Company's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in the markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value

For assets and liabilities carried at fair value, the Company measures fair value using the procedures set out below, irrespective of whether the assets and liabilities are measured at fair value as a result of an election.

When available, the Company uses quoted market prices from active markets to determine fair value and classifies such items as Level 1. In some specific cases where a market price is available, the Company will apply practical expedients (such as matrix pricing) to calculate fair value, in which case the items may be classified as Level 2.

The Company may also apply a price-based methodology that utilises, where available, quoted prices or other market information obtained from recent trading activity in positions with the same or similar characteristics to the position being valued. If relevant and observable prices are available, those valuations may be classified as Level 2. However, when there are one or more significant unobservable "price" inputs, those valuations will be classified as Level 3. Furthermore, when a quoted price is considered stale, a significant adjustment to the price of a similar security may be necessary to reflect differences in the terms of the actual security or loan being valued, or alternatively, when prices from independent sources may be insufficient to corroborate a valuation, the "price" inputs are considered unobservable and the fair value measurements are classified as Level 3.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based parameters, such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified as Level 3 even though there may be some significant inputs that are readily observable.

Where internal valuation techniques are used to determine fair value estimates, independent vendor or broker data is utilized where possible. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models, and the Company assesses the quality and relevance of this information in determining the estimate of fair value. The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Set out below is a description of the procedures used by CUKL to determine the fair value of financial assets and financial liabilities irrespective of whether they are measured at fair value mandatorily or have been designated as such. This description includes an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, it also includes details of the valuation models, the key inputs to those models and any significant assumptions.

13. Financial assets and liabilities (continued)

Determination of Fair Value (continued)

Individual business units are responsible for providing the fair value measurements for substantially all trading account assets and liabilities. Fair value measurements of assets and liabilities are determined using various techniques including, but not limited to, discounted cash flows and internal models, such as option and correlation models. Management ensures that the resulting fair values are appropriate for financial reporting through an internal independent price verification process, which is defined and governed by established policies, standards and procedures. Results from this independent price verification process are reported to management via formally governed committees and regulators.

Any pricing models used in measuring the fair value are governed by an independent control framework. Although the models are developed and tested by the individual business units, they are independently validated by the appropriate independent internal control functions, separate from the trading businesses. The purpose of this independent control framework is to assess model risk arising from models' theoretical soundness, calibration techniques where needed, and the appropriateness of the model for a specific product in a defined market. To ensure their continued applicability, models are subject to independent annual model review.

Market valuation adjustments
Market valuation adjustments are applied to items classified as Level 2 or Level 3 in the fair value hierarchy to ensure that the fair value reflects the price at which the net open risk position could be exited. These valuation adjustments are based on the bid/offer spread for an instrument in the market. When Citi has elected to measure certain portfolios of financial investments, such as derivatives, on the basis of the net open risk position, the valuation adjustment may take into account the size of the position.

Credit valuation adjustments
Counterparty credit-risk adjustments are applied to derivatives, such as over-the-counter uncollateralised derivatives, where the base valuation uses market parameters based on the relevant base interest rate curves. Not all counterparties have the same credit risk as that implied by the relevant base curve, so it is necessary to consider the market view of the credit risk of a counterparty in order to estimate the fair value of such an item.

Bilateral or "own" credit-risk adjustments are applied to reflect the Company's own credit risk when valuing derivative liabilities and other liabilities measured at fair value. Counterparty and own credit adjustments consider the expected future cash flows between the Company and its counterparties under the terms of the instrument and the effect of credit risk on the valuation of those cash flows, rather than a point-in-time assessment of the current recognised net asset or liability. Furthermore, the credit-risk adjustments take into account the effect of credit-risk mitigants, such as pledged collateral and any legal right of offset (to the extent such offset exists) with a counterparty through arrangements such as netting agreements.

Derivatives
Exchange-traded derivatives in active markets are generally fair valued using quoted market prices (i.e. exchange prices) and are therefore classified as Level 1 of the fair value hierarchy.

The majority of derivatives entered into by the Company are executed over the counter and are valued using a combination of external prices and internal valuation techniques, including benchmarking to pricing vendor services. These derivative instruments are classified as either Level 2 or Level 3 depending on the observability of the significant inputs to the model. The principal techniques used to value these instruments are discounted cash flows and internal models, such as derivative pricing models (e.g., Black-Scholes and Monte Carlo simulations). The type of inputs may include interest rate yield curves, credit spreads, foreign exchange rates, volatilities and correlations.

The Company discounts future cash flows using appropriate interest rate curves. In the case of collateralised interest rate derivatives the Company follows the terms in the collateral agreement governing the transaction. The agreements generally provide that an OIS curve is used. The OIS curves reflect the interest rate paid on the collateral against the fair value of these derivatives. Citi uses the relevant benchmark curve for the currency of the derivative (e.g., the U.S. Dollar London Interbank Offered Rate (LIBOR) for U.S. dollar derivatives) as the discount rate for uncollateralised derivatives.

13. Financial assets and liabilities (continued)

Determination of Fair Value (continued)

Treasury bills and other eligible bills

Treasury bills and other eligible bills classified and measured at fair value through other comprehensive income by reference to quoted market price. In these instances, they may be classified as Level 1. If quoted market prices are not available, then fair values are estimated based on other recognised valuation techniques. The key inputs depend upon the type of investment security and the nature of inputs to the valuation technique. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model.

Financial Instruments at Fair Value

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2024		**Fair value**		
	Level 1	**Level 2**	**Level 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Financial assets				
Derivative financial instruments	—	2,592	—	2,592
Treasury bills and other eligible bills	—	—	—	—
Financial assets held at fair value	—	2,592	—	2,592
Financial liabilities				
Derivative financial instruments	—	3,015	—	3,015
Financial liabilities held at fair value	—	3,015	—	3,015

31 December 2023		**Fair value**		
	Level 1	**Level 2**	**Level 3**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Financial assets				
Derivative financial instruments	—	43,848	—	43,848
Treasury bills and other eligible bills	1,651,630	—	—	1,651,630
Financial assets held at fair value	1,651,630	43,848	—	1,695,478
Financial liabilities				
Derivative financial instruments	—	43,411	—	43,411
Financial liabilities held at fair value	—	43,411	—	43,411

The fair values in this note are stated at a specific date and may be significantly different from the amounts, which will actually be paid on the maturity or settlement dates of the instruments.

During the year, the Company did not have any Level 3 instruments, which were transferred to Level 2 or Level 1 category.

13. Financial assets and liabilities (continued)

Estimated fair value of financial instruments not carried at fair value

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

The following summarises the major methods and assumptions used in estimating the fair value of the financial assets and financial liabilities used in the tables below:

- The fair value for loans and advances and debt securities are estimated using internal valuation techniques such as discounted cash flow analysis. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the loan being valued. In certain cases, the carrying value approximates fair value because the instruments are short term in nature or reprice frequently.
- Fair values of deposits by banks, customer account deposit liabilities, subordinated liabilities, prepayment and accrued income, other assets and other liabilities are estimated using discounted cash flows, applying either market rates where practicable, or rates currently offered by the Company for deposits of similar remaining maturities. Where market rates are used no adjustment is made for counterparty credit spreads.
- The carrying amount of cash and balances at central banks is a reasonable approximation of fair value due to the short-term nature of the balances.

The table below sets out the estimated fair value, at Level 1, 2 and 3 of those assets and liabilities not held at fair value in the statement of financial position.

	31 December 2024		**Estimated fair value**		
	Carrying value	**Estimated fair value**	**Level 1**	**Level 2**	**Level 3**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Assets					
Cash and balances at central banks	484,139	484,139	—	484,139	—
Loans and advances to banks	191,422	190,535	—	190,535	—
Loans and advances to customers	160	160	—	—	160
Debt securities	—	—	—	—	—
Other financial assets	328	328	—	—	328
Prepayment and accrued income	2,118	2,118	—	—	2,118
Total financial assets	**678,167**	**677,280**	**—**	**674,674**	**2,606**
Liabilities					
Deposits by banks	84	84	—	84	—
Customer accounts	140,207	140,207	—	140,207	—
Other financial liabilities	5,483	5,483	—	—	5,483
Subordinated liabilities	—	—	—	—	—
Total financial liabilities	**145,774**	**145,774**	**—**	**140,291**	**5,483**

13. Financial assets and liabilities (continued)

Estimated fair value of financial instruments not carried at fair value (continued)

	31 December 2023		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	£ 000	£ 000	£ 000	£ 000	£ 000
Assets					
Cash and balances at central banks	680,797	680,797	—	680,797	—
Loans and advances to banks	173,568	173,455	—	173,455	—
Loans and advances to customers	40,801	40,801	—	—	40,801
Debt securities	865,731	864,488	—	864,488	—
Other financial assets	10,835	10,835	—	—	10,835
Prepayment and accrued income	2,488	2,488	—	—	2,488
Total financial assets	**1,774,220**	**1,772,864**	**—**	**1,718,740**	**54,124**
Liabilities					
Deposits by banks	9,400	9,400	—	9,400	—
Customer accounts	2,790,344	2,790,344	—	2,790,344	—
Other financial liabilities	10,116	10,116	—	—	10,116
Subordinated liabilities	52,382	43,174	—	43,174	—
Total financial liabilities	**2,862,242**	**2,853,034**	**—**	**2,842,918**	**10,116**

14. Derivative financial instruments

	31 December 2024				31 December 2023			
	Notional amount		Fair value		Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Foreign exchange								
– OTC	24,481	33,177	2,592	3,015	2,612,591	1,774,678	43,848	43,411

Derivative financial liabilities' balance is inclusive of cash collateral of £0.4 million (2023: £0.7 million).

15. Treasury bills and other eligible bills

Treasury bills and other eligible bills are primarily composed of government bonds.

	31 December 2024	31 December 2023
	£ 000	**£ 000**
Treasury bills and other eligible bills		
Treasury bills and similar securities		
Government bonds	—	1,389,069
EIB securities	—	262,561
Total	—	1,651,630

Following the entities strategic objectives all bond positions have been sold during the year. Consequently no balance to report as of 2024 year end.

16. Debt securities

	31 December 2024	31 December 2023
	£ 000	**£ 000**
Residential Mortgage Backed Securities	—	117,980
Securities Backed By Credit Card Receivables	—	747,751
	—	865,731

Following the entities strategic objectives all securities positions have been sold during the year. Consequently no balance to report as of 2024 year end.

17. Intangible fixed assets

	Computer software £ 000
Cost	
At 31 December 2023	24,864
Additions	—
Disposals	(7,949)
At 31 December 2024	16,915
Amortisation and impairment losses	
At 31 December 2023	21,928
Charge for the year	848
Disposals	(7,949)
Impairment	2,064
At 31 December 2024	16,891
Net carrying value	
At 31 December 2024	24
At 31 December 2023	2,936

18. Shares in Group undertakings

As part of the Trustee and Depositary business transfer from CEP UK to the Company, 20 related nominee companies have been re-parented to the Company in October 2021, thus the Company becoming the 100% owner of their shares.

Details of Company subsidiary undertakings held at 31 December 2024 as required by section 409 of the Companies Act 2006 are set out below. All have a year end of 31 December and a registered address of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

Name	**Nature of business**	**% holding in share capital**	
		2024	**2023**
CitiClient (CPF) Nominees Limited	Nominee	100 %	100.0 %
CitiClient (CPF) Nominees No 2 Limited	Nominee	100 %	100.0 %
CIP Threadneedle UK Property Nominee No. 1 Limited	Nominee	100 %	100.0 %
CIP Threadneedle UK Property Nominee No. 2 Limited	Nominee	100 %	100.0 %
CTCL (BUKP) Fund Nominee No 1 Limited	Nominee	100 %	100.0 %
CTCL (BUKP) Fund Nominee No 2 Limited	Nominee	100 %	100.0 %
CIP SLI UKPF Nominee No 1 Limited	Nominee	100 %	100.0 %
CIP SLI UKPF Nominee No 2 Limited	Nominee	100 %	100.0 %
CIP SLI GREF Nominee 1 Limited	Nominee	100 %	100.0 %
CIP SLI GREF Nominee 2 Limited	Nominee	100 %	100.0 %
CEP ASI UKPF Nominee 1 Limited	Nominee	100 %	100.0 %
CEP ASI UKPF Nominee 2 Limited	Nominee	100 %	100.0 %
CEP KAMES UKPF Nominee 1 Limited	Nominee	100 %	100.0 %
CEP KAMES UKPF Nominee 2 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Property Nominee 1 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Property Nominee 2 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Long Income Nominee 1 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Long Income Nominee 2 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Affordable Housing Nominee 1 Limited	Nominee	100 %	100.0 %
CEP CBRE UK Affordable Housing Nominee 2 Limited	Nominee	100 %	100.0 %

The total value of the shares acquired in the above companies amounted to £22 (2023: £22).

19. Other assets

	31 December 2024 £ 000	**31 December 2023 £ 000**
Accounts receivable	137	609
Clearing and settlement accounts	191	10,228
Deferred tax assets	3,846	26,581
Total	4,174	37,418

Clearing and settlement accounts mainly represent customer trades in products or investments with pending settlements, which are settled in T+2 days.

For further details in relation to Deferred tax assets please see Note 9 (d) – Tax on profit on ordinary activities.

20. Prepayment and accrued income

	31 December 2024 £ 000	31 December 2023 £ 000
Fee and commision income	2,118	2,488
Total	2,118	2,488

21. Subordinated liabilities

As at 31st December 2024, subordinated liabilities are being reported as £nil (2023 : £52 million). CUKL repaid Tier 2 subordinated loan borrowings, consisting of £52 million from COIC along with outstanding interest of £871 thousand (2023: £382 thousand).

Charges incurred during the year with respect to the subordinated loan and charged to income statement amounted to £3,275 thousand (2023: £3,304 thousand).

22. Other liabilities

	31 December 2024 £ 000	31 December 2023 £ 000
Accounts payable	1,899	5,285
Clearing and settlement accounts	3,585	4,831
Current tax liabilities	3,359	5,214
Total	8,843	15,330

Clearing and settlement accounts liabilities include amounts payable to other financial institutions, corporates and other group entities, primarily relating to items in the process of settlement. Settlement of these accounts are short term in nature, balances can fluctuate depending on the underlying business activity.

23. Accruals and deferred income

	31 December 2024 £ 000	31 December 2023 £ 000
Employee compensation	1,924	2,281
Other accrued expenses	1,763	2,596
Total	3,687	4,877

24. Provision for liabilities

CUKL's primary business activity is now its Trustee and Depositary services which has significant impact on resourcing of the entity. The restructuring plans have been communicated to employees on 7th February 2024 cost of which is represented by current year increase in provisions.

Other Provisions include amounts held for Employee Benefits and a reserve for Financial Ombudsman Service costs. Provisions recorded for employee benefits largely relate to deferred cash awards. These benefits are payable when the required service has been met. For reasons of privilege and confidentiality, no further information is disclosed in respect of the Financial Ombudsman Service.

	Restructuring provision	**Other provisions**	**Total**
	£ 000	**£ 000**	**£ 000**
31 December 2024			
Opening balance	7,432	2,822	10,254
Provisions made during the year	6,487	1,551	8,038
Provisions utilised during the year	(4,931)	—	(4,931)
Provisions released during the year	(1,537)	(859)	(2,396)
Exchange Adjustments	—	—	—
Other movements	(101)	—	(101)
Closing balance	**7,350**	**3,514**	**10,864**
Commitments and guarantees	—	**(31)**	**(31)**
Total provision balance	**7,350**	**3,483**	**10,833**

24. Provision for liabilities (continued)

	Restructuring provision	Other provisions	Total
	£ 000	**£ 000**	**£ 000**
31 December 2023			
Opening balance	9,108	1,328	10,436
Provisions made during the year	140	1,587	1,727
Provisions utilised during the year	(604)	—	(604)
Provisions released during the year	(956)	28	(928)
Exchange Adjustments	—	(152)	(152)
Other movements	(256)	—	(256)
Closing balance	**7,432**	**2,791**	**10,223**
Commitments and guarantees		**31**	**31**
Total provision balance	**7,432**	**2,822**	**10,254**

25. Called up share capital

The Company has 1 (2023: 1) allotted, called-up and paid Ordinary share of £1 (2023: unpaid Ordinary share of £1).

26. Commitments

The following tables give the nominal principal amounts of undrawn loan facilities. The nominal principal amounts indicate the volume of business outstanding at the statement of financial position date and do not represent amounts at risk.

	Contract amount 31 December 2024	Contract amount 31 December 2023
	£ 000	**£ 000**
Undrawn loan facilities	—	14,295

Following the entities strategic objective to close its consumer business we have no remaining commitments to report for 2024 year end.

27. Reserves

The nature of the reserve balances presented in the Statement of Changes in Equity are described below:

Other reserve

The Other reserve represents capital contributions and Additional Tier 1 capital received from parent companies. Capital contributions are distributable.

On 5 December 2024, the Company redeemed the additional Tier 1 capital of £52 million

The fair value reserve represents the cumulative net change in the fair value of the financial instruments measured as FVOCI on statement of financial position until the assets are derecognised or reclassified.

27. Reserves (continued)

Equity reserve

The equity reserve represents amounts expensed in the income statement in connection with share based payments, net of transfers to retained earnings on the exercise, lapsing or forfeiting of share awards.

The total reserves at 31 December 2024 was £510,934 thousand (2023: 505,184 thousand).

28. Share-based incentive plans

As part of the Company's remuneration programme it participates in a number of Citi share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of the shareholders. The award programmes are administered by the Personnel and Compensation Committee of the Citigroup Inc. Board of the Directors, which is composed entirely of non-employee Directors.

In the share award programme Citi issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programmes during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have been satisfied. Recipients of deferred share awards do not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

Stock award programme

The Company participates in Citigroup's Capital Accumulation Programme (CAP) programme, under which shares of Citi common stock are awarded in the form of restricted or deferred stock to participating employees.

Generally, CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest ratably over a three or four-year period beginning on or around the first anniversary of the award date. Continuous employment within Citi is generally required to vest in CAP and other stock award programmes.

The programme provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued given there are no vesting conditions.

For all stock award programmes, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citi common stock. Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citi common stock, but cannot vote.

28. Share-based incentive plans (continued)

Information with respect to current year stock awards is as follows:

	2024	2023
Shares awarded	39,171	23,327
Weighted average fair market value per share	$49.41	$48.26

	£ 000	£ 000
Compensation cost charged to earnings	680	527
Fair value adjustments recorded to equity	670	73
Total carrying amount of equity-settled transaction liability	1,473	645

	2024 £ 000	2023 £ 000
Stock Awards		
Granted in 2024	602	—
Granted in 2023	68	561
Granted in 2022	10	(25)
Granted in 2021	—	(8)
Granted in 2020	—	(1)
Cash Accrued	(100)	(91)
Total Expense	580	436

The Company did not operate or have any share option share-based payments during the year (2023: nil).

29. Country-by-Country Report

The Capital Requirements Regulations (Country-by-Country Reporting (CBCR)) came into effect on 1 January 2014 and place certain reporting obligations on financial institutions that are within the scope of the EU Capital Requirements Directive IV (CRD 4).

The objective of the CBCR requirement is to improve transparency and provide a requirement for institutions in scope to disclose, on a country-by-country basis, information on their activities, turnover, employees, profits, corporate taxes and public subsidies.

The Company is a UK registered entity and is a credit institution for the purposes of CRD IV and is therefore within the scope of CBCR. For the purposes of CBCR, the appropriate disclosures required are summarised below:

29. Country-by-Country Report (continued)

	2024	**2023**
Number of employees (average full-time equivalent)	139	223
Turnover (£ 000)	(4,048)	117,944
Profit /(Loss) before tax (£ 000)	(84,616)	20,997
Corporation Tax paid (£ 000)	—	—

Turnover contains net interest receivable, net fee and commission receivable, dealing profits/(losses) and other operating income. No public subsidies were received during the year (2023: £nil).

30. Parent companies

CUKL is a subsidiary of Citibank Overseas Investment Corporation (COIC), registered at One Penn's Way, New Castle, DE, 19720, United States of America. The audited financial statements of the immediate parent are available to the public annually and may be obtained from its registered office.

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc., a company registered at 1209 Orange Street, Wilmington, New Castle, DE 19810, United States of America. Copies of these group accounts are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/investor/overview.html.

31. Modern Slavery Act

The information relating to the Modern Slavery Act, as required by the Modern Slavery Act 2015, is published at: https://www.citibank.co.uk/personal/wealth-management/uk-modern-slavery-act.do

32. Events after the reporting period

No event of significance have taken place after reporting period.

33. Approval of financial statements

The financial statements of the Company were approved by the Board of Directors on the 17 April 2025.