

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Citibank Singapore Limited (the “Bank”) was incorporated in Singapore on 24 September 2003. Since 1 January 2005, the Bank has been licensed by the Monetary Authority of Singapore (“MAS”) as a qualified full licence bank to engage in banking business in Singapore. The Bank is wholly owned by Citigroup Holding (Singapore) Pte Ltd and is ultimately owned by Citigroup, Inc. (“Citigroup”).

As a Singapore-incorporated bank, the Bank’s corporate governance practices have to comply with the Banking (Corporate Governance) Regulations (“Regulations”) and the Bank is also guided by the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (“Guidelines”).

BOARD GOVERNANCE

Board composition

A number of Directorship changes occurred in the course of 2020 and 2021. Ms Cheng Ai Phing was appointed a Director on 1 May 2020. Mr Yap Chee Keong retired as Director at the 2020 annual general meeting held on 30 June 2020. Mr Adil Allamar was appointed a Director on 18 January 2021 and Mr Sergio Zanatti resigned on the same date.

Following these changes, the Bank’s Board now comprises 6 members (Mr Amol Gupte (Chairman), Mr Adil Allamar, Mr Brendan Carney, Mr Lim Chin Hu, Mr Bill Chua Teck Huat and Ms Cheng Ai Phing). Mr Brendan Carney, the Bank’s Chief Executive Officer, is the sole executive Director. 2 Directors are non-executive non-independent Directors and 3 are non-executive independent Directors. 3 Directors are Singapore citizens. For information relating to the independence of Directors, please refer to the section “Independence of Directors” below.

The 2 non-executive non-independent Directors are Mr Amol Gupte (Chairman) and Mr Adil Allamar. Mr Amol Gupte is the Head of ASEAN and the Citi Country Officer for Singapore, while Mr Adil Allamar is the Head of APAC and EMEA Digital Sales and Marketing. Mr Gupte is an employee of Citibank N.A., Singapore Branch (“CBNA SG”) while Mr Allamar is employed by Citibank, N.A.’s head office, but assigned to CBNA SG. Though employed by Citigroup affiliates, Mr Gupte and Mr Allamar are considered non-executive directors as they are not employed by the Bank and do not assume any day-to-day management role within the Bank. They are non-independent Directors because of their employment relationship with a Citigroup entity.

The 3 non-executive independent Directors are Mr Lim Chin Hu, Mr Bill Chua Teck Huat and Ms Cheng Ai Phing.

The Bank considers its present Board size to be appropriate for its current operations.

More information on the Directors is set out below (in the table below “P” denotes a principal commitment as defined in the Memo on Competing Time Commitments):

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| <p>Amol Gupte (Non-Executive Director and Chairman)</p> <p>Appointed on 29 August 2016, Mr Amol Gupte is the Head of ASEAN and Citi Country Officer, Singapore. A British citizen, Mr Gupte holds a Bachelor of Science (Major in Statistics) and a Master’s of Business Administration from Bombay University, India.</p> <p>Mr Gupte is a director of the following companies:</p> <p><u>Non-Listed Companies</u></p> <ul style="list-style-type: none"> • Citicorp Investment Bank (Singapore) Limited • Citicorp Trustee (Singapore) Limited • Citigroup Holding (Singapore) Private Limited • Cititrust (Singapore) Limited • Citigroup Global Markets Singapore Pte Ltd • Citigroup Global Markets Singapore Securities Pte Ltd • Prospect Heights Holdings Limited • 280 Marks LLC <p>Mr Gupte’s other appointments are:</p> <ul style="list-style-type: none"> • Member of the Board of Directors, US-ASEAN Business Council • Co-Chair for Financial Services Working Group, US-ASEAN Business Council • Council Member of the Association of Banks in Singapore • Council Member, Institute of Banking & Finance • Member, MAS Financial Centre Advisory Panel • Member, MAS Payments Council • Member, Asia Corporate Leadership Council <p>Mr Gupte last retired by rotation, and was re-elected, at the 2021 AGM.</p> | <p>Brendan Carney (Executive Director and Chief Executive Officer)</p> <p>Appointed on 16 May 2019, Mr Carney is the CEO of the Bank and Head of Citi’s ASEAN Consumer businesses. Mr Carney is a US national holding dual citizenship status with the United States of America (“US”) and Portugal. He graduated from the University of Michigan with a Bachelor of Arts in Economics and also holds a Master’s in Business Administration from the Wharton School, University of Pennsylvania.</p> <p>Mr Carney is Chairman of the Consumer Banking Working Group, and a Member of the Standards Committee, at the Institute of Banking and Finance.</p> <p>Mr Carney last retired at the 2019 AGM pursuant to the Bank’s Constitution, which requires Directors appointed in the course of the year to retire at the next annual general meeting.</p> |
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| <p>Adil Allamar (Non-Executive Director)</p> <p>Appointed on 18 January 2021, Mr Allamar, a United States citizen, is the Head of APAC and EMEA Sales and Marketing. Mr Allamar graduated from the Institut Supérieur de Commerce et d'Administration des Entreprises, Casablanca, Morocco. Mr Allamar also holds a Master's degree in International Business from the University of South Carolina.</p> <p>Mr Allamar holds no other appointments.</p> <p>Mr Allamar last retired at the 2021 AGM pursuant to the Bank's Constitution, which requires Directors appointed in the course of the year to retire at the next annual general meeting.</p> | <p>Lim Chin Hu (Independent Director* and Chairman of the Nominating Committee)</p> <p>Appointed on 29 November 2013, Mr Lim is a Singapore citizen. He holds a Bachelor of Science from La Trobe University, Melbourne, Australia.</p> <p>Mr Lim was the former Chief Executive Officer of Frontline Technologies Corp. Ltd, a SGX-listed company before it was acquired and privatised by British Telecom Group, and the former Managing Partner of Stream Global Pte Ltd. He is also a director of the following companies:</p> <p><u>Listed Companies</u></p> <ul style="list-style-type: none"> • Kulicke & Soffa Inc • Singapore Exchange Limited • Singapore Technologies Engineering Limited[#] |
| | <p><u>Non-Listed Companies</u></p> <ul style="list-style-type: none"> • Aescapulus Holdings Pte Ltd⁺ • ALPS Pte Ltd⁺ • Integrated Health Information Systems Pte Ltd • Singapore Health Services Pte Ltd ("SHS") • G-Able Thailand Ltd • Heliconia Capital Management Pte Ltd[^] • Vanda 1 Investments Pte Ltd[^] • SPTTEL Pte Ltd[#] <p><i>+ Subsidiaries of SHS</i> <i>^ Part of the same group of companies. Both companies hold combined board meetings.</i> <i># Both are part of the Singapore Technologies Ltd group of companies</i></p> <p><u>Directorships/appointments for the past 3 years</u></p> <ul style="list-style-type: none"> • Changi General Hospital Pte Ltd • Personal Data Protection Commission (Member) <p>Mr Lim last retired by rotation, and was re-elected, Director at the 2020 AGM.</p> |

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| <p>Bill Chua Teck Huat (Independent Director* and Chairman of the Risk Management Committee)</p> <p>Appointed on 31 May 2017, Mr Chua, a Singapore citizen, is a retired veteran banker who has previously worked in Citibank N.A., Singapore Branch, Overseas Union Bank and United Overseas Bank (“UOB”). At the time of his retirement, Mr Chua was the Managing Director & Head, Global Financial Institutions, UOB. Mr Chua holds a Bachelor of Arts (Economics) and a Bachelor of Engineering Hons Class 1 (Industrial) from the University of Newcastle, Australia.</p> <p>Mr Chua holds directorships in the following companies:</p> <p><u>Non-Listed Companies / Entities</u></p> <ul style="list-style-type: none"> • Boardroom Executive Services Pte Ltd • Green Sand Equity, Inc • Sunseap Group Pte Ltd • United Hampshire US REIT Management Pte Ltd • IES-NCA Pte Ltd • UON, Singapore Pte Ltd <p>Mr Chua also holds the following appointments:</p> <ul style="list-style-type: none"> • Member of the Board of Governors and Honorary Advisor to the Investment Committee, SAFRA National Service Association • Member of the Investment Committee, Singapore University of Design & Technology | <p>Cheng Ai Phing (Independent Director* and Chairman of the Audit Committee)</p> <p>Appointed on 1 May 2020, Ms Cheng Ai Phing is a Singapore citizen. Ms Cheng graduated with a Bachelor of Accountancy from the University of Singapore. She is a Fellow Chartered Accountant of The Institute of Singapore Chartered Accountants and a Fellow of CPA Australia.</p> <p>Ms Cheng was a former Senior Assurance Partner at Deloitte & Touche LLP Singapore.</p> <p>She holds directorships in the following companies:</p> <p><u>Listed Companies</u></p> <ul style="list-style-type: none"> • ARA Asset Management (Fortune) Limited (Manager of Fortune Real Estate Investment Trust listed in Hong Kong) • KBS US Prime Property Management Pte Ltd (Manager of Prime US REIT listed in Singapore) <p><u>Non-Listed Companies / Entities</u></p> <ul style="list-style-type: none"> • GIC Consulting Pte Ltd <p>Ms Cheng also holds the following appointment:</p> <ul style="list-style-type: none"> • External member of Audit & Risk Committee, Asian Infrastructure Investment Bank • Non-executive advisory partner of Aric Partners LLP • Member of the Disciplinary Committee and Appeal Committee, Singapore Stock Exchange |
| <ul style="list-style-type: none"> • Member of Advisory Board, Fintonia Group (Singapore) Pte Ltd • Member and Fellow / Member of Professional Development Committee/ Member of the Audit Chapter, Singapore Institute of Directors • Chairman, Finance Committee, Barker Road Methodist Church • Member of the Advisory Board, RF Fund Management Private Limited • Member of the Finance Subcommittee, Singapore Cricket Club • Member of the Risk Management & Control Subcommittee, TRAC Board of Finance of the Methodist Church of Singapore <p><u>Directorships for the past 3 years</u></p> <ul style="list-style-type: none"> • ST Engineering Electronics Ltd • ST Engineering Land Systems Limited • Defence Science and Technology Agency <p>Mr Chua last retired by rotation, and was re-elected director, at the 2021 AGM.</p> | <ul style="list-style-type: none"> • Member of the Accounting Standard Council • Member of the Board of Trustees, NTUC Education & Training Fund • Financial Reporting Committee Member, The Institute of Singapore Chartered Accountants <p>Ms Cheng last retired at the 2020 AGM pursuant to the Bank’s Constitution, which requires Directors appointed in the course of the year to retire at the next annual general meeting.</p> |

* For an assessment of directors’ independence, please refer to the section “Independence of Directors” below.

Board and Board Committee attendance

The number of Board and Board Committee meetings held in 2020, as well as the attendance of every Director at these meetings, is set out below:

Board meetings held in 2020

| Director | No. of Scheduled Board meetings held in 2020 (including the Board Strategy Day meeting) | No. of Scheduled Board meetings attended | No. of Unscheduled Board meetings / discussions held in 2020 | No. of Unscheduled Board meetings / discussions attended |
|-----------------------------|--|---|---|---|
| Yap Chee Keong [#] | 2 | 2 | 2 | 1 |
| Lim Chin Hu | 5 | 5 | 6 | 6 |
| Amol Gupte | 5 | 5 | 6 | 6 |
| Bill Chua Teck Huat | 5 | 5 | 6 | 6 |
| Sergio Zanatti | 5 | 5 | 6 | 5 |
| Brendan Carney | 5 | 5 | 6 | 6 |
| Cheng Ai Phing [^] | 4 | 4 | 6 | 6 |

Retired on 30 June 2020

[^] Appointed on 1 May 2020

Audit Committee (“AC”) meetings held in 2020

| Director | No. of Scheduled AC meetings held in 2020 | No. of Scheduled AC meetings attended | No. of Unscheduled AC meetings / discussions held in 2020 | No. of Unscheduled AC meetings / discussions attended |
|-----------------------------|--|--|--|--|
| Yap Chee Keong [#] | 3 | 3 | 1 | 1 |
| Lim Chin Hu | 5 | 5 | 1 | 1 |
| Bill Chua Teck Huat | 5 | 5 | 1 | 1 |
| Cheng Ai Phing [^] | 3 | 3 | 1 | 1 |

Retired on 30 June 2020

[^] Appointed on 1 May 2020

Risk Management Committee (“RMC”) meetings held in 2020

| Director | No. of Scheduled RMC meetings held in 2020 | No. of Scheduled RMC meetings attended | No. of Unscheduled RMC meetings / discussions held in 2020 | No. of Unscheduled RMC meetings / discussions attended |
|---------------------|--|--|--|--|
| Bill Chua Teck Huat | 4 | 4 | 2 | 2 |
| Sergio Zanatti | 4 | 4 | 2 | 2 |
| Brendan Camey | 4 | 4 | 2 | 2 |

Nominating Committee (“NC”) meetings held in 2020

| Director | No. of Scheduled NC meetings held in 2020 | No. of Scheduled NC meetings attended | No. of Unscheduled NC meetings / discussions held in 2020 | No. of Unscheduled NC meetings / discussions attended |
|---------------|---|---------------------------------------|---|---|
| Lim Chin Hu | 1 | 1 | 3 | 3 |
| Amol Gupte | 1 | 1 | 3 | 3 |
| Brendan Camey | 1 | 1 | 3 | 3 |

Board appointment and re-appointment

The Nominating Committee reviews the suitability of nominees for recommendation for appointment or re-appointment to the Board.

Directors who are appointed during a financial year are subject to review by the Nominating Committee for re-election to the Board at the next annual general meeting pursuant to the Bank's Constitution. The Bank's Constitution requires all Directors appointed in the course of the year to retire and stand for re-election at the next AGM. The Bank's Constitution also provides for at least one-third of the Directors to retire by rotation at each annual general meeting and for eligible retiring Directors to stand for re-election at the annual general meeting.

Mr Lim Chin Hu retired by rotation and was re-elected at the 2020 AGM. Ms Cheng Ai Phing, who was appointed on 1 May 2020, retired at the 2020 AGM as required under the Bank's Constitution and was re-elected. Mr Yap Chee Keong, who was also due to retire by rotation at the 2020 AGM, stepped down at the 2020 AGM after serving almost 9 years on the Board.

Mr Amol Gupte and Mr Bill Chua retired by rotation at the 2021 AGM and were re-elected. Mr Adil Allamar, who was appointed on 18 January 2021, retired at the 2021 AGM as required under the Bank's Constitution and was re-elected.

Selection and Qualification of Board Members

The Nominating Committee is responsible for identifying, evaluating and selecting candidates for the Board of Directors. The Nominating Committee reviews and recommends all director appointments and reappointments to the Board. In doing so, it (i) relies on a framework which it has developed to identify the skills that Board and Board Committee members require to discharge their responsibilities effectively, taking into account the Bank's risk profile, business operations and business strategy (hereafter referred to as “skillsets matrix”); (ii) determines whether the nominee is a fit and proper person and qualified for office,

taking into account, inter alia, the nominee's experience, capabilities and skills; and (iii) considers whether the nominee will be able to or has discharged his duties as Director, taking into account the nominee's other competing time commitments. The NC also ensures that the composition of the Board following such appointment will comply with the requirements of the Regulations, including the requirements as to independence.

The fit and proper due diligence procedures that have been put in place include requiring all nominees to complete fit and proper declarations and the Bank conducting searches including bankruptcy, litigation and credit bureau searches conducted on the nominees.

In assessing whether candidates face competing time commitments, the Nominating Committee relies on guidelines that have been drawn up for this purpose and approved by the Board. These guidelines require Directors to attend at least 75% of all scheduled Board and Board committee meetings, attendance at 50% of all scheduled Board and Board committee meetings in person, and to hold no more than 7 principal commitments (excluding their appointment as a Director of the Bank). Exceptions are made for existing appointments at the time of a Director's appointment to the Board and for appointments of the nonexecutive Citigroup affiliated Directors to the boards of other Citigroup affiliates. All appointments to the boards of listed companies are considered principal commitments.

The Nominating Committee has identified the skillsets required of members of the Board and Board Committees and developed a skillsets matrix for the Board that takes into account the Bank's strategic and material risks. Taking into account these skillsets, search firms have been engaged to recommend candidates for the role of independent non-executive director. In recommending the appointment or re-appointment of executive and non-executive nominations to the Board drawn from the Bank and Citigroup entities, the Nominating Committee seeks to ensure that these Directors represent a broad range of business and support functions within the Citigroup operations, the objective being to draw from a range of industries, business and functional backgrounds to facilitate a diversity of views, skillsets and experience on the Board. The current independent directors on the Board come from the financial, commercial, technology and accounting/auditing sectors.

At its scheduled meetings in March 2021, the Nominating Committee conducted its annual review to assess whether each Director remained a fit and proper person and qualified for office. Prior to the Nominating Committee meeting, all Directors completed fit and proper declarations confirming their fit and proper status. Credit bureau, litigation and bankruptcy searches were also conducted on each Director. On the basis of the fit and proper declarations completed by each Director, the outcomes of various searches conducted on each of them and investigations conducted, the Nominating Committee concluded that each Director was a fit and proper person for the position of Director. The Nominating Committee also reviewed each Director's continuing suitability for office by (i) assessing each Director based on certain identified performance measures, including attendance and participation; (ii) reviewing the composition of the Board, taking into account factors such as each Director's business experience and areas of expertise; (iii) determining the extent to which each Director possessed the desired skillsets as set out in the skillsets matrix developed by the NC; and (iv) reviewing each Director's competing time commitments. Each Nominating Committee member recused himself from an assessment of his performance. The Chair of the Nominating Committee acts on the results of the performance evaluation and follows up with Directors as required.

All Directors are in compliance with the guidelines on competing time commitments.

Independence of Directors

The Nominating Committee also determines the Directors' independence based on the criteria set out in the Regulations and the Guidelines. Under the Regulations, a Director is considered independent if he is independent from substantial shareholders, management and business relationships and if the Director has not served on the Board for a continuous period of 9 years or more. Under the Guidelines, the length of a director's service is to be taken into account in assessing independence.

(a) Independence from management

The Regulations provide that a director is not considered independent from management relationships if he was employed by the Bank or any of its subsidiaries during the current financial year or any of the preceding 3 financial years. Mr Brendan Carney, the current CEO of the Bank, was assessed by the Nominating Committee to be not independent from management.

(b) Independence from substantial shareholder

The Regulations provide that a director is not considered independent from substantial shareholder if a substantial shareholder or an affiliate of the substantial shareholder employs him. Citigroup is the ultimate holding company of the Bank.

At its scheduled March 2021 meetings, the Nominating Committee assessed Mr Amol Gupte to be not independent from substantial shareholder, as he is an employee of CBNA SG, a Citigroup affiliate. Similarly, the Nominating Committee assessed Mr Adil Allamar to be not independent from substantial shareholder as he is an employee of a Citigroup affiliate and assigned to CBNA SG. Mr Carney is an employee of Citibank Europe plc, Sucursal em Portugal assigned to the Bank, and the Nominating Committee has also assessed Mr Carney not to be independent from substantial shareholder as he is an employee of a Citigroup affiliate.

(c) Independence from business relationships

The Regulations provide that a director is not considered independent from business relationships if he has any business relationship with the Bank, any of its subsidiaries or any officer of the Bank, that could interfere, or be reasonably regarded as interfering, with the exercise of the director's independent business judgment with regard to the interests of the Bank.

Mr Amol Gupte is an employee of CBNA SG. Mr Gupte is also a director of other Citigroup affiliates. In the course of 2020, payments were made and received between the Bank and CBNA SG and the Citigroup affiliates where Mr Gupte is also a director. These were mainly (i) payments by the Bank to CBNA SG for direct charges, mainly for technology/data centre services, premises charges and interest paid on deposits placed by CBNA SG with the Bank; (ii) direct charges and interest payments received by the Bank from CBNA SG arising from deposits placed by the Bank with CBNA SG as part of usual money market activities.

Likewise, Mr Adil Allamar is employed by Citibank N.A. and assigned to CBNA SG. As mentioned above, payments were made between CBNA SG and the Bank in the course of 2020. Payments were also made by the Bank to Citibank N.A.'s head office for direct charges, while the Bank also received direct charges from the head office.

The Nominating Committee reviewed these payments at its March 2021 scheduled meeting and on the grounds set out below was satisfied that they did not impede the independent business judgment of Mr

Amol Gupte and Mr Adil Allamar on the grounds that they did not have any direct control over the payments made for infrastructure, technology support services, direct charges or other services made in the usual course of business. Neither did they have any control over the money market activities of the various Citigroup affiliates. Although Mr Gupte and Mr Adil Allamar are both employees of or assigned to CBNA SG, as the case may be, and Mr Gupte is Citi Country Officer for Singapore, all money market activities of CBNA SG are conducted independently of them at arm's length. Mr Gupte and Mr Allamar derived no personal benefit from the various payments made between the Bank on the one hand and the Citigroup affiliates on the other hand; neither were their performance appraisal or remuneration dependent on these payments.

The Nominating Committee also reviewed sponsorship payments made during 2020 by the Bank to the Singapore University of Technology & Design ("SUTD"), where Mr Bill Chua is a member of the Investment Committee. The Nominating Committee considered that, notwithstanding these payments, Mr Chua was independent of business relationships. As a non-executive Director of CSL, Mr Chua has no control or influence over the Bank's sponsorship activities; neither does Mr Chua have any influence or control over SUTD's sponsors as a member of SUTD's Investment Committee. Mr Chua derived no personal benefit or gain from the sponsorship and the sponsorship amounts were not material in relation to the Bank's FY2020 income before operating expenses.

For the reasons set out above, the Nominating Committee considered these Directors to be independent from business relationships.

(d) Independence from management, substantial shareholder and business relationships and length of service

Under the Regulations, a Director is considered independent if he is independent from substantial shareholders, management and business relationships and if the Director has not served on the Board for a continuous period of 9 years or more. Under the Guidelines, the length of a director's service is to be taken into account in assessing independence.

All Directors have served fewer than 9 years on the Board. The Nominating Committee has reviewed the length of service of the other Directors and considers that their years of service on the Board to date do not affect their independence.

The independent Directors (Mr Lim Chin Hu, Mr Bill Chua Teck Huat and Ms Cheng Ai Phing) comprise half the Board. The Bank has therefore satisfied the requirement under the Regulations that one third of Directors must be independent where a substantial shareholder holds 50% or more of the share capital or the voting power in a bank incorporated in Singapore, and has also satisfied the requirement under the Guidelines that independent Directors comprise at least half the Board where the Chairman is not an independent Director.

Lead Independent Director

The Board considers that a lead independent director is not required as the Bank is a wholly-owned subsidiary and adequate procedures are in place for the flow of information between the Board (including the non-executive, non-Citi-affiliated Directors) and the Bank's management team. Furthermore, the non-executive, non-Citi-affiliated Directors meet separately in the absence of the Citi-affiliated Directors and management.

Separation of Chairman and Chief Executive Officer Roles

Mr Amol Gupte is the non-executive Chairman of the Board, while Mr Brendan Carney is the CEO of the Bank and ultimately responsible for all the Bank's operations. Mr Gupte and Mr Carney are not related to each other.

As Chairman, Mr Gupte leads and manages the Board in its oversight over the Bank's management and carries out the other duties of a Chairman of a Board as stated in the Guidelines and the Bank's terms of reference. Mr Gupte and Mr Carney set the agenda for Board meetings.

As Chief Executive Officer, Mr Carney together with the Bank's management sets the Bank's annual and long-term strategic and financial goals, monitors management's performance against pre-set corporate objectives and manages the Bank's day-to-day affairs in accordance with the strategic direction set by Citigroup and approved by the Board within the limits of authority delegated to him.

The division of responsibility between the Board Chairman and the CEO and Management will be further refined and align with and come within the MAS Guidelines on Individual Accountability and Conduct process and framework currently being finalized by the Bank.

Board responsibilities and accountability/ Board statement of core values

Working in consultation with the Bank's management team, the Board provides oversight for the overall management of the Bank's business. The Board reviews and approves the corporate strategies set by Citigroup for the Bank and has overall responsibility for risk management, financial reporting and corporate governance issues.

The matters that specifically require Board approval under the Board's terms of reference are capital expenditures for the Bank exceeding S\$25 million; major litigation exceeding S\$10 million; acquisition/disposal of companies; entry into joint ventures and exit from joint ventures; acquisition/disposal of assets exceeding S\$300 million excluding acquisitions/disposals in connection with the Bank's available for sales/trading portfolio; and capital raising by the Bank specifically for purposes of the Bank's capital requirements.

As the Bank is a wholly-owned subsidiary, the organisational structure of the Bank is determined by Citigroup based on its corporate objectives. The Board is kept informed of the organisational structure and its feedback is taken back to group level for consideration. The Board does, however, approve the appointment and the removal or resignation of the CEO, the CFO, the heads of Internal Audit and Independent Compliance Risk Management ("ICRM"), the Chief Risk Officer and the Chief Information Officer. The Board also approves the appointment and removal of the heads of the principal businesses in the Bank, taking into account Citigroup's corporate strategies.

The Board also ensures that the Bank upholds Citigroup's core values including the values set out in Citigroup's Code of Conduct, Treating Customers Fairly Program and Power of One (which incorporate the Bank's commitment to delivering the fair dealing outcomes as set out in the MAS Fair Dealing Guidelines). Updates on Fair Dealing cases and culture and conduct are presented at each scheduled Board meeting.

The documentation of the roles, responsibilities, accountability and reporting relationships of senior management and key persons in control job functions and the division of responsibility between the Board and Management is under review and will align with and come within the MAS Guidelines on Individual Accountability and Conduct process and framework currently being finalized by the Bank.

Board meetings

Five Board meetings (including a 1-day Board strategy meeting) were scheduled in 2020. At the Board meeting held in March of each year, the Board reviews and approves the Bank's audited financial statements for the previous financial year.

During the 2020 Board strategy meeting, the Board was briefed on the Singapore wealth management landscape and the impact of digital banking on the banking landscape and ecosystem. Six unscheduled Board meetings/discussions were held in 2020.

The Bank's Constitution provides that the Board can make decisions via conference calls and video conferencing. Board written resolutions can be circulated to the directors for approval by mail, courier, facsimile or telex. A Board meeting agenda is circulated to Directors prior to each Board meeting, and the Directors are provided with all necessary Board papers and other information in a timely fashion for review.

The Board maintains records of all its meetings, including discussions on key deliberations and decisions taken.

Board and Board Committee training and information access

Upon the appointment of a new director, the Bank will provide the director with an appointment letter. The director will also receive written guidance and training on the role and responsibilities of a director under general law. A new Director will undergo orientation tailored to his circumstances. New independent Directors will be briefed by the heads of the respective businesses within the Bank and the heads of the respective control functions on the Bank's business lines, operations, material risks, significant policies relevant to the Bank's business and applicable laws. As Citi-affiliated Directors may have some familiarity with the Bank's business, risk and control environment, their orientation will primarily be on directors' duties and obligations under applicable laws and they will be briefed, as appropriate on the Bank's business lines, risk and control environment.

The Regulations and Guidelines require the Board to develop a continuous professional development programme to ensure that Board and Board Committee members have the requisite skillsets to discharge their responsibilities. In 2020, Directors received training on AML, sanctions, cybersecurity/information security issues, technology risk management and cyberattacks and data breaches. The Board and Board Committees were also regularly briefed on the impact of Covid-19 on the banking sector and to the Bank. At the 2020 Board strategy meeting, Directors received updates from external consultants on the Singapore wealth management landscape and the impact of digital banking on the banking landscape and ecosystem.

An annual update is provided to the Board on key Citigroup policies applicable to the Bank. This update was provided at the Q3 Board meeting in 2020.

At the quarterly Board meetings, standing agenda items include (i) key regulatory changes affecting the banking industry during the previous quarter; (ii) an update on technology and outsourcing; (iii) Basel and ICAAP related developments; and (iv) updates on how the Bank delivers the fair dealing outcomes as set out in the MAS Fair Dealing Guidelines.

At Board Committee level, in-depth briefings are held on topics of interest relevant to the Board Committee.



The Board considers that the regular updates and training as outlined above are on key topics impacting the Bank's business and thus supplement the skillsets possessed by the Directors to equip them with relevant knowledge and skills in order to perform their roles effectively.

The Bank will review with the Board and Nominating Committee on a regular basis the training needs for the Directors.

Regular information flow to the Board is ensured through the provision, at the quarterly Board meetings, of comprehensive updates on the Bank's business strategy, financial performance and operations. Any material variance between budget projections and actual results are disclosed and explained. As mentioned earlier, accounting and regulatory changes relevant to the Bank's operations, as well as market trends and developments are also highlighted to the Board during these meetings. Aside from receiving information at Board meetings, Directors have access to the Bank's management and employees and are free to seek expert external advice at the Bank's expense if they consider this necessary.

Directors have separate and independent access to the company secretary, who attends all Board and Board Committee meetings, ensures good information flow between the Board, Board Committees and management and advises on corporate governance matters.

Board and Board Committee performance

The Board and the Board Committees assess their performance on a collective basis annually. The results of these collective self-assessments are discussed at the relevant Board Committee and also reviewed by the Nominating Committee, which then makes its report to the Board. The Board assessment process is useful in allowing the Board to evaluate its effectiveness and to provide Directors with an opportunity to make suggestions for improvement.

The Audit Committee and the Risk Management Committee conducted their annual self-assessments in the fourth quarter of 2020, while the Board conducted its annual collective evaluation in the first quarter of 2021. At the scheduled Nominating Committee meeting in March 2021, the Nominating Committee reviewed the results of these various assessments and concluded that there were no major issues that required attention. The Nominating Committee also conducted a self-assessment from which no material issues arose. The Nominating Committee further reviewed individual Directors' performance as part of the annual review which it is required to conduct on each Director's continuing suitability for office. The individual assessment took into account Board meeting attendance (based on the memo on competing time commitments), participation and candour at Board meetings and utilization of skillsets to contribute to Board discussions. Nominating Committee members completed an assessment form ranking each Director on the foregoing attributes and submitted the results to the company secretary for tabulation and circulation to the Nominating Committee. Each Nominating Committee member recused himself from assessing his own performance. The Chair of the Nominating Committee acts on the results of the performance evaluation and follows up with Directors as required.

As described in the section "Selection and Qualification of Board Members", prior to the annual Nominating Committee meeting, all Directors completed fit and proper declarations confirming their fit and proper status. Credit bureau, litigation and bankruptcy searches were also conducted on each Director.

On the basis of the individual assessments, the fit and proper declarations completed by each Director and the outcomes of various searches conducted on each of them and investigations conducted, the Nominating Committee concluded that each Director remained qualified, and was a fit and proper person, for the position of Director.

Skillsets and Effectiveness of Board and Board Committees

At its meeting in March 2021, the Nominating Committee ranked each Director on the extent to which such Director possessed the desired skillsets. The Nominating Committee then reviewed the collective skillsets of the Board and Board Committees, and was satisfied that Directors' existing skillsets were adequate for the requirements of the Bank, the Board and the various Board Committees.

BOARD COMMITTEES

The Board has established an Audit Committee, a Nominating Committee and a Risk Management Committee, each of which has its own terms of reference. The Risk Management Committee is responsible for enterprise-wide risk, including having oversight of the establishment and operation of a risk management system and reviewing the adequacy of risk management practices for the material risks of the Bank. The Audit Committee has oversight of internal control issues. The Board and Board Committees have the power to appoint any independent legal, financial or other advisors as they deem necessary.

The Bank has not established a remuneration committee in view of the fact that the remuneration of the Bank's executive Director and non-executive Citigroup affiliated Directors is decided in accordance with Citigroup's remuneration policies and the remuneration of the non-executive non-Citigroup affiliated Directors is periodically benchmarked. A benchmarking exercise was conducted of the non-executive independent directors' remuneration in June 2021 by external consultants (Aon Hewitt). More information on the Bank's remuneration practices is described in the section "Remuneration Matters".

At each quarterly scheduled Board meeting, the Chair of the respective Board Committee updates the Board on matters discussed during each preceding Board Committee meeting held during the quarter.

Each Board Committee maintains records of all its meetings, including discussions on key deliberations and decisions taken.

Audit Committee

As at the date of this report, the Audit Committee comprises Ms Cheng Ai Phing (Chairman), Mr Lim Chin Hu and Mr Bill Chua Teck Huat. Mr Yap Chee Keong stepped down as the Chairman of the Audit Committee upon retiring from the Board on 30 June 2020.

Under its terms of reference, the Audit Committee reviews the Bank's financial statements, the effectiveness and adequacy of internal controls, the internal audit function, the external audit and the independence and objectivity of the external auditors and recommends to the Board the appointment or removal, and the remuneration, of the external auditors.

The Audit Committee has 5 scheduled meetings a year, including 4 quarterly meetings and one meeting held in March each year to review the audited accounts for the preceding financial year.

The Audit Committee reviews the Bank's financial statements before they are submitted to the Board. As the Bank is not a listed entity, no formal announcements are made on the Bank's financial performance.

In March 2021, the Audit Committee reviewed the financial statements with the Bank's management and the external auditors and is of the view that the Bank's financial statements for 2020 were presented in conformity with generally accepted accounting principles in all material aspects.

The Chief Financial Officer (“CFO”), the Chief Risk Officer (“CRO”), the Chief Audit Executive and the Heads of ICRM, Operational Risk Management, Operations and Technology and Consumer Business Operational Risk & Control (“CBORC”), and a representative from Human Resources attend the scheduled quarterly Audit Committee meetings, as do the Bank’s Business Information Security Officer, Legal Counsel and Company Secretary.

At each quarterly Audit Committee meeting, the Chief Financial Officer presents a summary of internal control assessment for the preceding quarter. The CBORC Head also presents the CSL Risk Assessment Scorecard or “Heat Map” for the preceding quarter, based on the Governance Risk & Control (“GRC”) methodology which assesses the risk attached to the key risk categories under Citi’s risk taxonomy. The Heat Map provides a snapshot of the control environment and internal controls for the preceding quarter, drawing on the assessment made by the 3 lines of defence.

Internal Audit provides updates on all completed and upcoming audits that are relevant to the Bank. The Head of ICRM, together with Legal Counsel, briefs the Audit Committee on regulatory compliance issues and provides updates on any testing for compliance with applicable regulations. Human Resources updates the Audit Committee on whistleblowing cases and staff disciplinary cases.

The Operations and Technology Head, who is also the Chief Information Officer, provides updates on technology risk, information security, continuity of business and outsourcing arrangements. The Business Information Security Officer updates the Audit Committee on cyber security issues.

The Audit Committee will review and discuss the results and findings of all relevant audits, tests and reviews conducted by Internal Audit, ICRM, Operations and Technology, Operational Risk Management and CBORC at its quarterly meetings, including reviewing management’s response to the audit and other findings and progress of the related corrective action plans. The Audit Committee also receives updates on key focus areas for the year at each scheduled meeting.

In 2021, the Audit Committee conducted its annual review of the effectiveness and adequacy of Internal Audit. The process is described under “Internal Audit” below.

The Bank’s external auditors are accountable to the Audit Committee. The external auditors present their audit plan for the Bank and their evaluation of the Bank’s internal accounting controls (including management’s response to the findings of the external auditors) to the Audit Committee for approval.

The Audit Committee reviewed the re-appointment of KPMG as external auditors of the Bank and recommended their re-appointment to the Board in March 2021. The appointment of KPMG is a Citigroup appointment for the group but the Audit Committee has the discretion to recommend the appointment of another auditor if the Audit Committee considers that circumstances warrant this.

In reviewing the re-appointment of the external auditors, the Audit Committee also reviewed the amount of non-audit services provided by the external auditors to the Bank for 2020, and was satisfied that the nature and extent of such services did not prejudice the external auditor’s independence and objectivity. It was satisfied that the external auditors can be considered independent.

Accordingly, the Audit Committee recommended to the Board that the Board approve, for the financial year ended 31 December 2020, fees of S\$911,000, of which S\$60,000 was for non-audit services. The Board approved the remuneration of the external auditors as stated.

The Audit Committee is satisfied that whistle-blowing arrangements are in place to permit staff to raise, in confidence, concerns about possible improprieties in matters of financial reporting or other matters.

The Bank's whistle-blowing policy is in line with Citigroup's whistle-blowing policies. At each Audit Committee meeting, all whistleblowing cases affecting the Bank that occurred during the preceding quarter are tabled for the Audit Committee's information.

The Audit Committee reviews all related party transactions. In 2020, these related party transactions were: (i) the Bank's balances and transactions with Citigroup-related companies; (ii) the Bank's non-credit-related transactions with Directors and Director-linked entities; (iii) the Bank's total credit facilities with Directors and Director-linked entities; and (iv) intra-Citi service agreements, both where the Bank is a service provider and a customer. The Bank will comply with MAS Notice 643 (Transactions with Related Parties) when this comes into effect on 1 July 2021.

The Audit Committee holds separate sessions with Internal Audit, ICRM, Operational Risk Management, the Business Information Security Officer and the external auditors without the presence of management at least once a year.

Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through briefings and updates by the external auditors and the Finance function.

Nominating Committee

As at the date of this report, the Nominating Committee comprises Mr Lim Chin Hu (Chairman), Mr Amol Gupte and Mr Brendan Carney.

The Nominating Committee held one scheduled meeting in 2020. Three unscheduled meetings/discussions were also held in 2020.

The Nominating Committee's primary responsibility is to review and recommend the appointment of directors, the appointment of Board committee members, the heads of the various businesses within the Bank, the CEO, the Chief Financial Officer, the Chief Risk Officer, the Chief Information Officer, the Head of ICRM and the Treasurer.

In line with the Regulations and the Guidelines, the Nominating Committee is responsible for conducting annual reviews of each Director's independence, determining whether each Director remains fit and proper and qualified for office, and ascertaining whether any skillsets are lacking on the Board and Board Committees. The Nominating Committee also determines whether Directors are devoting sufficient time to their duties as set out in the internal guidelines on competing time commitments for Directors. Please refer to "Selection and Qualification of Board Members" for further information on how the Nominating Committee discharges its duties in these respects.

In line with the Regulations and Guidelines, the Nominating Committee also reviews the reasons for resignation provided by a Director, Board Committee member, the CEO, the Chief Financial Officer and the Chief Risk Officer.

The Nominating Committee is satisfied that there are adequate policies and procedures in place relating to the engagement, dismissal and succession of the senior management of the Bank.

The Nominating Committee maintains records of all assessments conducted by it.

Risk Management Committee

As at the date of this report, the Risk Management Committee comprises Mr Bill Chua Teck Huat (Chairman), Mr Adil Allamar and Mr Brendan Carney. Mr Allamar joined the Risk Management Committee on 18 January 2021 and Mr Sergio Zanatti stepped down on the same date.

Under the terms of reference of the Risk Management Committee, the Risk Management Committee is responsible, *inter alia*, for reviewing the Bank's risk appetite framework and ensuring that Management develops risk management strategies, policies and procedures appropriate to the Bank's risk profile and business strategy and that these are regularly reviewed; that material risks, breaches and exposures are tracked and rectified as required; and that the Internal Capital Adequacy Assessment Process ("ICAAP") is integrated with the capital planning and management processes of the Bank.

Together with the Audit Committee, the Risk Management Committee assists the Board in fulfilling its oversight responsibility relating to the establishment and operation of a risk management system, including reviewing the adequacy of risk management practices for the material risks of the Bank.

The Risk Management Committee meets quarterly. Risk Management Committee meetings are scheduled after Audit Committee meetings to allow an update on internal controls and financial, legal, compliance, operational and technology risk matters (in relation to internal controls) discussed at the Audit Committee to be tabled at the Risk Management Committee meetings.

At each Risk Management Committee meeting, the Chief Risk Officer presents a summarized and aggregate risk profile view of all material risks for the Bank. Detailed updates on the various risk stripes (credit, market, liquidity, operational, compliance, strategic and reputational) are presented by respective risk managers to the Risk Management Committee. A conduct and culture update is also presented at each meeting. An update from Fundamental Credit Risk is also provided, as are updates on Basel/ICAAP. The heads of the various risk functions and representatives from Credit Risk Management, Market Risk Management, Treasury Risk Management, Operational Risk Management, Fundamental Credit Risk, Consumer Business Operational Risk and Control, Operations & Technology, Legal and Independent Compliance Risk Management are in attendance, as well as the Chief Financial Officer, and the Chief Audit Executive.

The Risk Management Committee also has oversight of enterprise-wide risk-related matters such as the annual review of the Bank's insurance coverage, the Bank's recovery and resolution plan and continuity business planning. To avoid duplication between the work of the Audit Committee and the Risk Management Committee, the former focuses on the effectiveness and adequacy of internal controls and the financial impact of any lapses and breakages, while the latter reviews the impact of these events on the Bank's enterprise or franchise risk.

The standard updates at Risk Management Committee meetings highlight all major limit excesses, all breaches of key indicators and all material exceptions for the relevant risks during the preceding quarter are highlighted to the Risk Management Committee for review. Large securities positions acquired or disposed of, and all major capital expenditure incurred, during the preceding quarter are also reviewed.

Besides the key material risk categories, thematic risks are assessed and categorised into material and emerging risks. The Risk Management Committee conducts an annual review of these material and strategic risks and updates the Board on any changes.

The Risk Management Committee also (i) has oversight of the ICAAP process; and (ii) (with respect to the CCAR) provides oversight to the strategic forecasting and stress-testing processes and ensuring overall alignment with the Bank's ICAAP.

To further strengthen the Bank's risk management systems, the Bank has developed a Risk Management Framework comprehensively documenting the Bank's overall approach to risk, including risk culture; applicable policies and regulations; risk appetite policy and framework; and risk identification, monitoring and review. The Risk Management Framework was approved by the Risk Management Committee and the Board at the Risk Management Committee and Board meetings in June 2021 and will be reviewed annually. The Risk Management Framework will form the basis for future reviews of risk management systems and internal controls within CSL.

REMUNERATION MATTERS

Remuneration of Employees

The Bank's remuneration policy is to attract and retain outstanding individuals. The total compensation for employees comprises the basic salary, fixed bonus, variable performance bonus, allowances, deferred share awards for eligible employees as well as benefits. The role to be performed and the market factors are taken into account in determining the remuneration package for employees. To ensure that its remuneration package is competitive, the Bank regularly reviews its base salary ranges and benefits package using market data provided by recognized surveys of comparative groups in the financial sector in Singapore.

In April 2009, the Financial Stability Board (FSB) issued the Principles of Sound Compensation Practices ("FSB Principles") and subsequently its implementation guidelines on September 2009. The nine principles, which are intended to reduce incentives towards excessive risk taking that may arise from the structure of our compensation schemes, focus on 3 areas:

1. Effective governance of compensation
2. Effective alignment of compensation with prudent risk taking
3. Effective supervisory oversight and engagement by stakeholders

The FSB Principles are incorporated into the Guidelines. The Bank has performed a self-assessment against the FSB Principles and has concluded that its remuneration policy and compensations practices are aligned with the FSB Principles.

Effective Governance of Compensation

(1) Board Remuneration Committee

Citigroup has a Global Remuneration Policy which is applied in a consistent manner by its various businesses across the globe, including those operating in the Bank (Citigroup and its affiliates are collectively referred to as "Citi"). The Board of Citigroup plays a key role in the design and oversight of the Global Remuneration Policy through the Citigroup Personnel and Compensation Committee ("PCC"). All remuneration proposals are brought to the Citigroup Board for review and final approval.

The Global Remuneration Policy meets broadly the requirements of the FSB Principles and the Bank's employees would have had their remuneration determined in accordance with the Global Remuneration Policy.

In Singapore, the Country Senior Personnel Committee (“CSPC”) reviews and approves all human resource related policies, including the Bank’s remuneration policy, based on guidelines provided by global and regional offices. CSPC is chaired by the Citi Country Officer and comprises the Chief Financial Officer (“CFO”), Country Human Resources Officer (“CHRO”), Head of Operations & Technology and the Heads of Business for Global Consumer Banking, International Personal Banking (“IPB”), Markets and Securities Services, Trade and Transactional Services, and Citi Private Bank (the latter 3 businesses sitting within Citibank, N.A., Singapore Branch).

Citi’s compensation programs are designed to affect the following: a) facilitate competitiveness to attract and retain talent;

- b) reward performance over an appropriate period;
- c) promote meritocracy by recognizing employee contributions;
- d) enhance Citi franchise value; and
- e) discourage unnecessary or excessive risk-taking.

The remuneration packages of the Country Business Managers (Global Consumer Banking and IPB) are reviewed and approved by the Head of Consumer Banking, Asia Pacific and the Citi Country Officer. Where a management staff is from a Global function (e.g. Finance, Risk Management, Corporate Affairs, Legal, Independent Compliance Risk Management and Human Resources), the relevant Country Global function head will review and approve the remuneration package.

The Board does not review any remuneration matters as these matters are globally/regionally managed by Citigroup. However, the Board will be kept informed of the Citigroup remuneration structure and policies adopted by the Bank.

(2) Review and Evaluation of Incentive/Compensation Programs

1. The PCC will regularly review the design and structure of Citi’s compensation programs relevant to all employees in the context of risk management.
2. In 2010, in response to FRB Guidance and European Union Capital Requirements Directive (CRD 3), a new global program, “Covered Employees” (“CEs”) was implemented. This program covers senior executives as well as employees who, either individually or as part of a group, have the ability to expose Citigroup and its affiliates to material amounts of risk.
3. Formal risk goals are introduced in the CE performance evaluation process, increasing the focus on risk, risk related performance and risk metrics. Management also established an independent review process with input from Finance, Risk, Legal, Human Resource, Internal Audit and business management. Compliance input is sought of the review process, using both qualitative and quantitative data. The compensation recommendations for CEs are presented to the PCC, prior to final approval of the recommendations.
4. The PCC reviews the compensation recommendations for CEs at several points through-out the yearend process, including preliminary reviews in mid-December, detailed reviews with responsible global business heads in early January and final reviews in mid-January at the full PCC and Citigroup’s Board meeting.
5. In addition, the CE process, including all recommendations and supporting material is audited by Internal Audit Globally at the conclusion of the year-end cycle. The incentive compensation for CEs

includes deferred awards (minimum 40% up to 60%) with a claw-back feature under specified circumstances and for certain CEs, a stock ownership commitment.

6. Non-vested amounts may be forfeited if the PCC determines that the CE:
 - a) received the award based on materially inaccurate publicly reported financial statements;
 - b) knowingly engaged in providing materially inaccurate information relating to publicly reported financial statements;
 - c) engaged in behavior constituting misconduct or exercised materially imprudent judgment that caused harm to the Bank's business operations, or that resulted or could result in regulatory sanctions (whether or not formalized);
 - d) failed to supervise or monitor individuals engaging in, or failed to escalate behavior constituting misconduct (whether or not gross misconduct) or who exercised materially imprudent judgment that caused harm to the Bank's business operations;
 - e) failed to supervise or monitor individuals engaging in, or failed to escalate behavior that resulted or could result in regulatory sanctions (whether or not formalized); or
 - f) materially violated any risk limits established or revised by senior management and/or risk management.

(3) Review for Control Functions staff

1. The overall incentive pools for Control functions staff (including Risk Management, Legal and Compliance) are set at the global level, after taking into consideration a number of factors including, but not limited to Citigroup's financial performance, risk metrics, business strategy in terms of building/divesting certain businesses and/or growth/contraction in certain geographical regions and its positioning against the external markets.
2. For Control function staff, compensation is weighted in favor of fixed compensation relative to variable compensation.
3. The key performance standards for Control function staff are set by the relevant Asia Pacific control function head and cascaded down to the country to be included in the balanced scorecard.
4. The Bank's Head of Risk Management has a direct reporting line to the CEO and a matrix reporting line to APAC Group Credit Director for Consumer Risk.

(4) Effective Alignment of Compensation with Prudent Risk Taking

1. The determination and approval of bonus pools and the respective allocation to the Regional products and functions are conducted at the global level. In addition to financial performance, the pool calculations are based on a business scorecard approach which takes account of risk with increasing degrees of sophistication. Bonus pool amounts are reviewed and approved internally by Citigroup's CEO and presented to the PCC for final approval.
2. The Bank will submit a bonus pool request, together with a detailed analysis based on business performance and balanced scorecard approach. Financial numbers are confirmed independently by Finance. The bonus pool will then be reviewed at the Regional level before being submitted to Global for approval.
3. Employees who receive annual variable remuneration that equals or exceeds the local currency equivalent of USD100,000 will receive a greater percentage of their total annual compensation as variable remuneration and are subject to the Capital Accumulation Program rules. Currently, a percentage, currently ranging from 25% to 60%, will be awarded as deferred variable remuneration and (a) granted in the form of equity, (b) vests in four equal annual instalments and (c) subject to

clawback provisions. For Covered Employees, the threshold is set at local currency equivalent of USD50,000.

4. From 2010, all deferred compensation awarded under the Capital Accumulation Program are subject to claw back, where legally permissible. Non-vested amounts may be forfeited if the PCC determines that the staff:

- (a) received the award based on materially inaccurate publicly reported financial statements;
- (b) knowingly engaged in providing materially inaccurate information relating to publicly reported financial statements;
- (c) engaged in behaviour constituting misconduct or exercised materially imprudent judgment that caused harm to the Bank's business operations, or that resulted or could result in regulatory sanctions (whether or not formalized);
- (d) failed to supervise or monitor individuals engaging in, or failed to escalate behavior constituting misconduct (whether or not gross misconduct) or who exercised materially imprudent judgment that caused harm to the Bank's business operations;
- (e) failed to supervise or monitor individuals engaging in, or failed to escalate behavior that resulted or could result in regulatory sanctions (whether or not formalized); or
- (f) materially violated any risk limits established or revised by senior management and/or risk management.

Effective Supervisory Oversight and Engagement by Stakeholders

The Bank is an indirect wholly owned subsidiary of Citigroup Inc. As mentioned above, the remuneration policies/practices/structures adopted by the Bank are guided and approved by Citigroup Inc. In the interest of transparency to stakeholders such as its depositors, the Bank has made disclosures (as it considers appropriate and aligned with the FSB Principles) of its remuneration practices and policies, bearing in the mind the sensitivity of such information from a competitive perspective.

Remuneration of the Executive Directors and Non-Executive Directors employed by Citigroup affiliates

The remuneration for the executive directors and the non-executive directors drawn from other Citigroup entities is decided in line with Citigroup's remuneration policies. General information on Citigroup's remuneration policies for senior executives can be found at https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf?ieNocache=400.

Although the Regulations recommend the disclosure of (i) the remuneration of each individual director and the CEO on a named basis; and (ii) the remuneration of the executive directors and at least the top 5 key management personnel who are not also directors or the CEO within bands of S\$250,000, the Board considers that such disclosure in relation to Citi-affiliated Directors and the CEO would be highly prejudicial to the Bank's interests in view of the keen competition for senior executives in the banking and financial industry regionally and globally. The Bank took into account that such disclosure is typically made by companies to keep their shareholders informed. In the Bank's case, Citigroup has full knowledge of the remuneration of the executive director and the key executives.

Remuneration of the Non-Executive Independent Directors

The non-executive independent Directors receive fees for serving on the Bank's Board and the various Board Committees, which are benchmarked on a bi-annual basis. The most recent benchmarking exercise was conducted in June 2021 by Aon Hewitt. The review benchmarked the fees against a group of companies (Singapore-listed financial companies; Singapore comparable non-financial companies; and

international peers for which information was publicly available). A private firm discount and a financial services premium were then applied. The opportunity time cost of the Bank's independent Directors in serving on the Bank's Board was also taken into account.

There were no existing relationships between the Bank and Aon Hewitt that would affect the independence and objectivity of the remuneration consultants.

Arising from the review, no changes in Board or Board Committee member fees were recommended. Base directors' fees were unchanged at S\$85,000. The fees for the Audit Committee and Risk Management Committee Chairman remained as S\$74,000 and the fee payable to an Audit Committee and Risk Management Committee member remained as S\$45,000. The fee payable to the Nominating Committee Chairman was unchanged at S\$34,000.

There are no employees of the Bank who are immediate family members of a director or the Chief Executive Officer whose remuneration exceeded S\$50,000 during 2020.

Share schemes

The Bank's employees are entitled to participate in various share schemes implemented by the parent company, Citigroup. There was no stock option granted during the financial year ended 31 December 2020. Information on the share schemes is disclosed in Note 11 of the Bank's financial statements.

No disclosure is made on directors' interests in Citigroup shares as there are no public shareholders of the Bank whose interests need to be safeguarded through the disclosure of such interests. Furthermore, such interests in the case of Citi-affiliated directors are considered part of their remuneration package and such disclosure would be highly prejudicial to the Bank's interests for the reasons set out above under "Remuneration of the Executive Directors and Non-Executive Directors Employed by Citigroup".

RELATED PARTY TRANSACTIONS

As described under "Audit Committee", the Audit Committee reviews all related party transactions at its quarterly scheduled meetings.

In 2020, the Bank tracked and reviewed its related party transactions based on a long-standing related party transactions policy ("Policy"). The Policy acknowledges that the Bank is already required to comply with Citigroup's internal policies on related party transactions. Briefly, these regulations impose prudential lending limits and certain other restrictions and requirements, including reporting requirements, on transactions with certain related entities. Procedures are in place to monitor compliance with these regulations. For purposes of the Policy, the Bank's related parties are its affiliates and Directors and Director-linked entities.

The Policy requires the Audit Committee to approve the following Related Party Transactions ("RPTs") before the RPT is entered into (unless the RPT is an exempted transaction under the Policy):

- (a) a RPT with a Director or Director-linked entity with a value of \$1 million or more;
- (b) a RPT (with any related party) where the value of the transaction is equal to or more than 3% of the Bank's shareholders' funds, based on the latest audited accounts; and
- (c) a RPT which is not, or may not be, entered into on an arm's length basis and at fair market value, regardless of its value.

Such transactions are considered “material related party transactions” and will be notified to the Board after the Audit Committee has rejected or approved the transaction, as the case may be. All material related party transactions approved by the Audit Committee during the financial year are required to be disclosed in the Bank’s annual corporate governance report.

Audit Committee members recuse themselves from all discussions involving RPTs where they face a conflict of interest.

The Bank’s Policy will be superseded by the Singapore Country Standard on Transactions with Related Parties which complies with the requirements of MAS Notice 643 - Transactions with Related Parties. MAS Notice 643 comes into force on 1 July 2021.

INTERNAL AUDIT AND INTERNAL CONTROLS

Internal Audit

The Bank has a Chief Audit Executive (“CAE”) overseeing internal audit matters. The CAE reports directly to the Audit Committee and to the Chief Auditor of Citigroup or his designee.

The Audit Committee reviews and recommends the appointment and removal of the CAE. Mr Jiann Lo stepped down as CAE of CSL in December 2019, following which Ms Pua Xiao Wei was appointed CAE on an interim basis before her appointment was made permanent in Q2 2020. The Audit Committee does not expressly approve Internal Audit’s budget for the Bank, but reviews whether Internal Audit has adequate resources to fulfil its duties, including implementation of the annual audit plan. While the Audit Committee does not approve the CAE’s compensation, feedback from the Audit Committee is taken into account as part of the CAE’s performance appraisal.

The CAE and Internal Audit function comply with Citigroup’s Code of Conduct, policies and ethical standards; Citigroup Standards of Conduct for Internal Audit; the International Standards for Professional Practice of Internal Auditing; the Code of Ethics published by the Institute of Internal Auditors; and the Basel Committee on Banking Supervision’s Supervisory Guidance (June 2013) on the Internal Audit Function in Banks.

Internal Audit maintains a quality assurance and improvement programme that covers all aspects of internal audit activity and continuously monitors its effectiveness. Internal Audit is subject to an external quality assurance assessment at least once every five years by a qualified, independent reviewer. The results of internal and external quality assurance assessments will be communicated to the Audit Committees.

Internal Audit follows a risk-based methodology in determining audit needs and in formulating the annual Audit Plan for the Bank. The overall risk assessment score is used to determine audit needs. The higher the score, the higher the assessed audit needs. An auditable entity is an area of the business that can be risk assessed on a stand-alone basis. An auditable entity could be a business unit or function, a product, an affiliate business, multiple processes, or a single process. When determining audit needs, Internal Audit will consider the last time the audit entity was audited, what results were obtained, any assurance validation that is being performed and coverage provided during business monitoring. All these factors will assist in determining audit needs. It is very important to understand which entities have an audit requirement enforced by a regulation or law as these entities will also be categorized as having a high audit need regardless of the overall entity scoring. Overlaying this general approach, the Bank has also developed a “heat map” assessing the risk attached to the Bank’s strategic and material risks and showing the risk

assessment made by management, the control functions and Internal Audit respectively in relation to the control environment and the residual risks. The Bank relied on this “heat map” approach to assess the Bank’s internal control environment in 2019; however, from 2020 onwards, the Bank will rely on Citigroup’s Governance, Risk & Compliance (GRC) framework to assess the Bank’s internal control environment and key material risks. A transition report was presented to both the Audit Committee and the Risk Management Committee to bridge the heat map and GRC approaches; both Committees were satisfied that the two approaches were generally aligned and that no material issues arose from the transition.

The Audit Committee has also requested Internal Audit adapt the global Internal Audit methodology for the Bank. Among other things, high risk, medium high and medium low risk/low risk items will be audited on a 12 months, 24 months and 36 months basis respectively.

There is a quarterly refresh process to ensure that the annual Audit Plan is adjusted to address the highest risks within the audit universe and to evaluate it for completeness. The refresh process may result in audits being added, deleted, postponed or accelerated within the year. Each proposed change will be presented to the AC Chairman for review and approval. The Audit Committee reviews and approves the Audit Plan and any quarterly refresh to the Audit Plan. At each quarterly Audit Committee meeting, the CAE provides an overview of the audits planned for each quarter, material findings from and the status of concluded audits, and provides an assessment of the Bank’s control environment. A separate Technology Audit Update is also presented at each quarterly Audit Committee meeting.

The results of risk-based audits which Internal Audit conducts as part of its annual Audit Plan for the Bank are presented to the Audit Committee in each of the quarterly meetings.

The Audit Committee reviews the performance of the Bank’s Internal Audit function annually and a self-assessment against recommendations in the Guidebook for Audit Committees in Singapore was conducted. In March 2021, the Audit Committee assessed that Internal Audit was carrying out its functions in an effective and adequate manner, and that the Internal Audit function was adequately resourced.

Internal Audit, Consumer Business Operational Risk & Control, ICRM and Operational Risk Management work closely with the Bank’s external auditors on audit and internal control issues. The external auditors review the effectiveness of the Bank’s internal controls and risk management during the annual audit. Any material non-compliance with procedures and regulations noted during the audit, as well as any internal control weaknesses, are reported to the Audit Committee and the Bank’s management. The external auditors will offer their recommendations to management to address these issues and the Audit Committee ensures that management expeditiously deals with all high-risk outstanding audit issues.

Internal controls

Finance, Internal Audit, ICRM, Legal, Operational Risk Management, CBORC and Operations and Technology are all responsible to varying degrees for overseeing and managing various aspects of internal controls (including financial, operational, compliance and information technology controls).

The Audit Committee reviews the financial performance of the Bank during its quarterly meetings and receives a quarterly statement of accountability which includes the business and legal vehicle sign-offs. The Chief Financial Officer presents a summary of internal control assessment for the preceding quarter while CBORC presents the CSL Risk Assessment Scorecard or Heat Map, based on the Governance Risk & Control (“GRC”) methodology which assesses the risks associated with the key risk categories under Citi’s risk taxonomy. The Heat Map is essentially a snapshot of the internal control situation during the preceding quarter. The Audit Committee also reviews the findings of Finance, Internal Audit, ICRM,

Operational Risk Management, Fraud, CSIS, CBORC, Operations & Technology. The ICRM update incorporates any significant regulatory or legal issues that arise.

The Bank recognises that internal controls are merely one aspect of risk management. Under the current corporate governance structure, the Board, Risk Management Committee and senior management are responsible for assessing and determining the nature and extent of risks that the Bank should take in achieving strategic goals and ensuring that the Bank maintains adequate capital to support such risks. The Risk Governance Framework comprises the Risk Management Terms of Reference Framework and the Risk Management Engagement Framework. The Risk Management Terms of Reference Framework defines the terms of reference for the Audit Committee and the Risk Management Committee and sets out the roles and responsibilities of the three lines of defence and the control and support functions. The Risk Management Engagement Framework shows the engagement between the 3 lines of defence (and control and support functions), the Audit Committee, Risk Management Committee, the Board and external parties such as the regulator.

At each quarterly Audit Committee and Risk Management Committee meeting, a quarterly Summary of Internal Control Assessment and a Summary of Risk Assessment are provided respectively to the Audit Committee and the Risk Management Committee. These summaries draw on the work done, issues raised and findings made under the 3 lines of defence during the preceding quarter.

Under the Risk Management Engagement Framework, the Audit Committee and Risk Management Committee annually receive and review the internal control scorecard and risk management scorecard respectively for the preceding financial year. The consolidated results of these two scorecards are then presented to the Board to enable the Board to make an assessment on the adequacy and effectiveness of the Bank's risk management systems and internal controls.

Based on the above, the Audit Committee conducted its annual review of the Bank's internal controls and concluded that there was sufficient evidence and validation for the view that the Bank's internal controls were adequate and effective and accordingly made its report to the Board.

Communication with Citigroup

The Bank is a wholly owned indirect subsidiary of Citigroup, which is kept fully apprised of the Bank's operations in Singapore.

RISK MANAGEMENT

The Bank has put in place a risk management system, which leverages in part the risk management framework developed by Citigroup, to oversee and monitor material risks faced by the Bank, including credit, market, liquidity, operational, compliance, reputational and strategic risks.

The Bank has a Risk Management Committee, which together with the Audit Committee and management team assists the Board in fulfilling its oversight responsibility relating to the establishment and operation of an enterprise-wide risk management system. The Risk Management Committee has oversight of enterprise-wide risk for the Bank. In addition, the Risk Management Committee reviews acquisition and disposal of large securities positions of the Bank; and monitors the progress of the Basel implementation and ICAAP reviews. The work of the Risk Management Committee is described in greater detail in the "Risk Management Committee" section above.

To further strengthen the Bank's risk management systems, the Bank has developed a Risk Management Framework comprehensively documenting the Bank's overall approach to risk, including risk culture; applicable policies and regulations; risk appetite policy and framework; and risk identification, monitoring and review.

The Risk Management Committee conducted its annual review of the effectiveness and adequacy of the Bank's risk management systems based on the new Risk Management Framework. The various lines of defence presented their risk management assessment to the Risk Management Committee, which concluded there was sufficient evidence and validation for the view that the Bank's risk management systems were adequate and effective and accordingly made its report to the Board.

The Board has also received the requisite assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and the effectiveness of the Bank's risk management and internal control systems.

Based on the consolidated scorecards received from the Audit Committee and the Risk Management Committee, the Board is of the view that the system of internal controls and procedures and the risk management systems in place at the date of this report are effective and adequate for the Bank's current business and operations.

The Guidelines recommend that the Bank obtain a periodic independent assessment of the design and effectiveness of its risk governance framework on a regular basis. The Bank's ICAAP process is subject to annual independent review by PricewaterhouseCoopers. This annual independent review of ICAAP effectively constitutes an independent review of the Bank's governance framework as it covers the risk management governance framework, senior management engagement in developing and monitoring the risk management activities as well as Board and Risk Management Committee review and approval of the Bank's risk appetite framework and its components and ongoing oversight to ensure effective implementation.

Credit Risk

Credit risk means the possibility of a loss occurring due to the failure of a customer or counterparty to meet contractual debt obligations. The Bank's asset portfolios comprise primarily loans to individuals and small businesses. The credit risk and quality of these portfolios is overseen by a dedicated credit risk management function within the Bank.

All credit risk policies and processes are consistent with the global policies adopted by Citigroup, subject to modification to suit local regulatory and business requirements. In particular, the Bank leverages Citigroup's credit approval and evaluation processes for establishment of limits for financial institutions, large corporations and sovereigns. Such limits are required primarily for management of liquidity, funding and to comply with regulatory ratios.

Market Risk

Market risk represents the Bank's exposure to price and liquidity risk.

Price risk is defined as the risk that the Bank's earnings will decline, whether immediately or over time, as a result of a change in the level or volatility of interest rates, foreign exchange rates, commodities or equity prices. Price risk is managed by the Bank's treasury function as part of Citigroup's overall market risk framework for its operations in Singapore. The treasury function in conjunction with Market Risk is responsible for and conducts an annual review to update the Bank's limit and trigger framework, as well as

the supporting assumptions, to ensure ongoing applicability and appropriateness. Market Risk is the independent unit overseeing compliance with the Market Risk Management framework. This includes monitoring market risk limits and escalating limit excesses to relevant Bank staff for resolution.

Liquidity Risk

Liquidity risk is defined as the risk that the Bank will be unable to meet a financial commitment to a customer or counterparty in any location, in any currency, at any time. Liquidity exposures may arise in both funding and trading activities. Liquidity exposures from funding activities arise primarily from the mismatch of asset, liability and exchange contract maturities and contingent commitments while liquidity exposures from trading activities arise from reliance on markets, exchanges and counterparties to create or alter positions. As the Bank operates under the same Country Legal Entity (“CLE”) as Citibank NA Singapore Branch, it leverages on many of the Country’s liquidity management capabilities and works closely with the Country Treasurer. The Bank’s treasury function is responsible for the Bank’s liquidity risk management, with oversight from the Bank’s Asset Liabilities Committee (“ALCO”), the Bank’s Risk Management Committee and the Board of Directors.

The Bank has developed its own liquidity funding plan.

Operational Risk

Operational risk is the risk of loss resulting from inadequate/failed internal processes or systems, human error or external events. Operational risk includes reputation and franchise risk but does not include strategic risk arising from losses due to decisions with regards to market, interest rate, insurance risk or opportunity costs.

The Bank has put in place an operational risk governance structure to manage operational risk. Material risk issues are escalated to relevant Bank staff and where necessary, will be reported to, or tabled for discussion at, the Country Business Risk Compliance & Control Committee, a committee that meets quarterly. The Audit Committee reviews the Bank’s internal control environment through its work with Finance, the external auditors, Internal Audit, Legal, ICRM, Operational Risk Management, CBORC, Fraud and Citi Security and Investigative Services while the Board has overall oversight of operational risk under the operational risk governance structure.

The Bank has also put in place procedures to identify, evaluate and control key operational risks. Operational risks are categorized and their impact on the business evaluated. Business and support units are also required to conduct quarterly self-assessments. Key risk items are identified, with monthly reporting of key risk indicator breaches. The Bank has instituted an escalation process for significant lapses and specific individuals have been identified with clearly defined roles and responsibilities for managing operational risk.

Compliance Risk

Compliance Risk is the risk of loss arising from violations of, or non-conformance with, local, national, or cross-border laws, rules, or regulations, our own internal policies and procedures, or relevant standards of conduct (e.g., anti-money laundering and know-your-customer issues).

Operational & Compliance Risks are tracked through GRC in a bottoms-up approach through 16 Level 1 risks.

Reputational Risk

Reputational risk is the risk to current or projected financial conditions and resilience arising from negative public opinion. Reputational Risk is tracked through a dashboard of key risk indicators on a 15-month rolling basis with categories including Customer Protection, Regulatory Breaches, Information Security & Technology Outages, Customer Satisfaction, External Rating, Media Coverage. The Reputational Risk dashboard is presented to the Risk Management Committee on a quarterly basis. Citi has a multi-dimensional approach to manage Reputational risk through the Citi Code of Conduct and the Responsible Finance and Product Approval committees.

Strategic Risk

Business model risk arises from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and operating environment. Factors and examples that could culminate in strategic risks include technology disruption, changes in the payments landscape, robot advisory developments, regulatory changes impacting digital, offshore wealth and conduct rules. Strategic risks are encapsulated in the Bank's strategic plan which articulates the Bank's business strategy over a three-year horizon.