

CORPORATE GOVERNANCE REPORT















INTRODUCTION

Citibank Singapore Limited (the “Bank” or “CSL”) was incorporated in the Republic of Singapore on 24 September 2003 and has its registered office at 5 Changi Business Park Crescent, Level 5, Singapore 486027. Since 1 January 2005, the Bank has been licensed by the Monetary Authority of Singapore (“MAS”) as a qualified full license bank with Qualifying Full Bank privilege to engage in banking business in Singapore. The Bank is wholly owned by Citigroup Holding (Singapore) Private Limited and is ultimately owned by Citigroup, Inc. (“Citigroup”), a company incorporated in the United States of America.

As a regulated financial institution in Singapore, the Bank is guided in its corporate governance practices by the principles and guidelines listed in the Banking (Corporate Governance) Regulations 2005 (“Regulations”) and all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by MAS on 9 November 2021 (“Guidelines”), which comprise the Code of Corporate Governance 2018 and additional guidelines added by the MAS.

BOARD GOVERNANCE

Board and Board Committee composition

Name of Directors	Directorship	Board	Audit Committee	Risk Management Committee	Nominating Committee
Tibor Pandi	NED		-	-	
Brendan Carney	ED		-		
Chua Teck Huat Bill	INED				-
Cheng Ai Phing	INED				-
Lew Yoong Keong Allen	INED			-	



Chairman



Member

NED denotes non-executive director

ED denotes executive director

INED denotes independent non-executive director

The Bank’s Board, as at date of report, comprises 5 members (Mr Tibor Pandi (Chairman), Mr Brendan Carney, Mr Bill Chua Teck Huat, Ms Cheng Ai Phing and Mr Allen Lew). Mr Brendan Carney, the Bank’s Chief Executive Officer, is the sole executive Director. Mr Chua, Mr Lew and Ms Cheng who are Singapore citizens are non-executive independent Directors. Mr Pandi is a non-executive non-independent Director. Mr Tibor Pandi is the Citi Country Officer for Singapore and an employee of Citibank N.A., Singapore Branch. Though employed by a Citigroup affiliate, Mr Pandi is considered a non-executive director as he is not employed by the Bank and does not assume any day-to-day management role within the Bank. He is a non-independent director because of his employment relationship with a Citigroup entity.

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

For information relating to the independence of Directors, please refer to the section “Independence of Directors” below.

More information on the Directors is set out below. In the table "(P)" denotes a principal commitment as defined in the Board's Memo on Competing Time Commitments to refer to appointments which involve significant time commitment such as full-time occupation, consultancy work, committee work, board directorships and involvement in non-profit organizations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

<p>Tibor Pandi (Non-Executive Director and Chairman)</p> <p>Appointed on 4 May 2023, Mr Tibor Pandi is the Singapore Citi Country Officer, employed by Citibank N.A. Singapore branch. A Hungarian citizen, Mr Pandi holds a Bachelor of Arts in Business Administration from the Budapest University of Economic Sciences.</p> <p>Mr Pandi is also 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 <p>Mr Pandi also holds the following appointments:</p> <ul style="list-style-type: none"> • Council Member of the Association of Banks in Singapore • Council Member, Institute of Banking & Finance • Member, MAS Payments Council <p>Having been appointed on 4 May 2023, Mr Pandi retired pursuant to Regulation 69 of CSL's constitution, and was re-elected, at the Bank's 2023 annual general meeting.</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. 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 by rotation, and was re-elected, at the Bank's 2024 annual general meeting.</p>
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Cheng Ai Phing
(Independent Director* and Chairman of the Audit Committee)

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. Ms Cheng was a former Senior Assurance Partner at Deloitte & Touche LLP Singapore.

She holds directorships in the following companies:

Listed Companies

- ARA Asset Management (Fortune) Limited (P) (Manager of Fortune Real Estate Investment Trust listed in Hong Kong)

Non-Listed Companies/ Entities

- GIC Consulting Pte Ltd
- Singapore Technologies Telemedia Pte Ltd (P)
- STT Communications Ltd

Ms Cheng also holds the following appointments:

- Non-executive advisory partner of Aric Partners LLP
- Member of the Disciplinary Committee and Appeal Committee, Singapore Stock Exchange
- Member of the Board of Trustees, NTUC Education & Training Fund
- Member of the Financial Reporting Core Sub-Committee Member, the Institute of Singapore Chartered Accountants

Directorships for the past 3 years

- KBS US Prime Property Management Pte Ltd (P) (Manager of Prime US REIT listed in Singapore)

Ms Cheng last retired by rotation, and was re-elected director, at the Bank's 2024 annual general meeting.

Bill Chua Teck Huat
(Independent Director* and Chairman of the Risk Management Committee)

Appointed on 31 May 2017, Mr Chua Teck Huat Bill, 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.

Mr Chua holds directorships in the following companies:

Listed Companies

- Amara Holdings Limited (P)

Non-Listed Companies/ Entities

- Boardroom Executive Services Pte Ltd
- United Hampshire US REIT Management Pte Ltd
- IES-NCA Pte Ltd
- Newcastle Australia Institute of Higher Education Pte Ltd
- Swan & Maclaren Holdings Pte Ltd

Mr Chua also holds the following appointments:

- 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
- Member of Advisory Board, Fintonia Group (Singapore) Pte Ltd
- Member and Fellow/ Member of Professional Development Committee, and Accreditation Committee and member of the Audit Charter, Singapore Institute of Directors
- Chairman of Local Church Executive Committee, Member of Pastor-Parish Relations Staff Committee and a member of the Finance Committee, Barker Road Methodist Church
- Chairman of the Investment Subcommittee and 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
- Member and Fellow, Institute of Engineers, Singapore
- Member, Board of Advisors, SkyLab Holdings Pte Ltd
- Member, Board of Advisors, QED Changemakers Pte Ltd

Directorships for the past 3 years

- Green Sand Equity, Inc
- Sunseap Group Pte Ltd

Mr Chua last retired by rotation, and was re-elected director, at the Bank's 2023 annual general meeting.

**Allen Lew Yoong Keong (Independent Director*
and Chairman of the Nominating Committee)**

Appointed on 1 July 2022, Mr Allen Lew is a Singapore citizen. He spent 40 years with Singapore Telecommunications Ltd (“SingTel”), during which time he served as the Chief Operating Officer of Advanced Info Services Public Company Limited (“AIS”), a SingTel associate, and Chief Executive Officer of Optus Pty Ltd, SingTel’s wholly-owned Australian subsidiary. Mr Lew was also a senior advisor to SingTel.

Mr Lew holds a Bachelor of Electrical Engineering from the University of Western Australia and a Master of Science (Management) from the Massachusetts Institute of Technology.

Mr Lew holds directorships in the following companies:

Listed Companies

- Raffles Medical Group Limited (P)

Non-Listed Companies/Entities

- Certis Cisco Security Pte Ltd (P)
- Maritime and Port Authority of Singapore (P)

Directorships for the past 3 years

- Advanced Info Service Public Company Ltd
- Advanced Contact Centre Company Ltd
- Advanced Wireless Network Company Ltd
- AIS Digital Life Company Ltd
- Globe Telecom Inc.
- A.C.S.T. Business Holdings, Inc.
- Asiacom Philippines, Inc.
- Grid Communications Pte Ltd
- DnaNudge Limited

Mr Lew last retired by rotation, and was re-elected director, at the Bank’s 2023 annual general meeting.

Board and Board Committee attendance

The number of Board and Board Committee meetings held in 2023, as well as the attendance of every Director at these meetings, is set out below:

Board meetings held in 2023

Directors	No. of Scheduled Board meetings held in 2023 (including the Board Strategy Day meeting)	No. of Scheduled Board meetings attended	No. of Unscheduled Board meetings/discussions held in 2023	No. of Unscheduled Board meetings/discussions attended
Tibor Pandi [^]	4	4	3	2
Brendan Carney	5	5	4	4
Bill Chua Teck Huat	5	5	4	4
Cheng Ai Phing	5	5	4	4
Allen Lew	5	5	4	2

[^]Appointed as a Director on 4 May 2023 and Board Chair on 1 July 2023.

Audit Committee ("AC") meetings held in 2023

Directors	No. of Scheduled AC meetings held in 2023	No. of Scheduled meetings attended	No. of Unscheduled AC meetings/discussions held in 2023	No. of Unscheduled AC meetings/discussions attended
Cheng Ai Phing	5	5	1	1
Bill Chua Teck Huat	5	5	1	1
Allen Lew	5	3	1	0

Risk Management Committee ("RMC") meetings held in 2023

Directors	No. of Scheduled RMC meetings held in 2023	No. of Scheduled RMC meetings attended	No. of Unscheduled RMC meetings/discussions held in 2023	No. of Unscheduled RMC meetings/discussions attended
Bill Chua Teck Huat	5	5	-	-
Brendan Carney	5	5	-	-
Cheng Ai Phing	5	5	-	-

Nominating Committee ("NC") meetings held in 2023

Directors	No. of scheduled NC meetings held in 2023	No. of scheduled meetings attended	No. of unscheduled NC meetings/discussions held in 2023	No. of unscheduled NC meetings/discussions attended
Allen Lew	1	1	5	5
Tibor Pandi [*]	-	-	2	2
Brendan Carney	1	1	5	5

^{*}Appointed as a member of NC on 1 July 2023

Board appointment and re-appointment

The NC reviews the suitability of nominees for recommendation for appointment or reappointment to the Board.

Directors who are appointed during a financial year are subject to review by the NC for re-election to the Board at the next annual general meeting (“AGM”) 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 AGM and for eligible retiring Directors to stand for re-election at the AGM.

Mr Bill Chua retired by rotation at the 2023 AGM and was re-elected. Mr Allen Lew and Mr Tibor Pandi, who were appointed on 1 July 2022 and 4 May 2023 respectively, retired at the 2023 AGM and were re-elected.

Mr Brendan Carney and Ms Cheng Ai Phing retired by rotation at the 2024 AGM. Both of them were re-elected.

Selection and Qualification of Board Members

The NC reviews and recommends all director appointments and re-appointments to the Board. In doing so, it (i) relies on a framework which it has developed to identify the skills and qualifications 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.

Although CSL has not adopted a formal Board diversity policy, it has always been CSL’s practice to select the best possible candidates for the Board based on a wide range of criteria (subject always to applicable regulations on Board composition) including but not limited to gender, race, qualifications and experience. The Bank has adopted an aspirational target of having at least 2 female Directors on the Board.

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 NC 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 non-executive Citigroup affiliated Directors to the boards of other Citigroup affiliates. All appointments to the boards of listed companies are considered principal commitments.

The NC has identified the skillsets required of members of the Board and Board Committees, and developed a skillsets matrix for the Board and Board Committees 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 reappointment of executive and non-executive nominations to the Board drawn from the Bank and Citigroup entities, the NC 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, telecommunications and accounting/auditing sectors.

At its scheduled meeting in March 2024, the NC conducted its annual review to assess whether each Director remained a fit and proper person and qualified for office. 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 NC concluded that each Director was a fit and proper person for the position of Director. The NC 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 NC member recused himself from an assessment of his performance. The NC Chair and the Board Chairman jointly determine actions on the results of the performance evaluation and follow up with Directors as required.

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

Independence of Directors

The NC also determines the Directors' independence based on the criteria set out in the Regulations. 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.

(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 NC to be not independent from management.

In contrast, additional Guideline 2.6 of the Guidelines provides that a director is not independent from management if he is or has been employed by any of CSL's related corporations for the current or any of the past 3 financial years. In its March 2024 meeting, the NC also reviewed the Citi-affiliated Directors' independence from management against the Guidelines and concluded that Mr Tibor Pandi and Mr Carney would not be considered independent from management under the Guidelines.

Until such time as the independence provisions in the Regulations and Guidelines are aligned, the Bank will continue to comply with the regulatory conditions of independence as provided in the Regulations.

(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 2024 meeting, the NC assessed Mr Tibor Pandi to be not independent from substantial shareholder, as he is an employee of Citibank N.A. Singapore branch, a Citigroup affiliate. Mr Carney is an employee of Citibank Europe plc, Sucursal em Portugal assigned to the Bank, and the NC 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 Tibor Pandi is an employee of Citibank N.A. Singapore branch and as director of other Citigroup affiliates. In the course of 2023, payments were made and received between the Bank and Citibank N.A. Singapore branch and the Citigroup affiliates where Mr Pandi is also a director. These were mainly (i) payments by the Bank to Citibank N.A. Singapore branch for direct charges, mainly for technology/data centre services, premises charges and interest paid on deposits placed by Citibank N.A. Singapore branch with the Bank; (ii) direct charges and interest payments received by the Bank from Citibank N.A. Singapore branch arising from deposits placed by the Bank with Citibank N.A. Singapore branch as part of usual money market activities.

The NC reviewed these payments at its March 2024 meeting and on the grounds set out below was satisfied that they did not impede the independent business judgment of Mr Tibor Pandi on the grounds that Mr Pandi 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 Mr Pandi have any control over the money market activities of the various Citigroup affiliates. Although Mr Pandi is an employee of Citibank N.A. Singapore branch and is Citi Country Officer for Singapore, all money market activities of Citibank N.A. Singapore branch were conducted independently of him at arm's length. Mr Pandi 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 his performance appraisal or remuneration dependent on these payments.

For the reasons set out above, the NC considered Mr Pandi 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.

All Directors have served fewer than 9 years on the Board. The NC 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 comprise a majority of 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. The Bank also satisfied the requirement under the Guidelines that independent Directors make up a majority of the Board where the Chairman is not independent.

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. With only 5 Directors, the Bank's Board size is relatively small and the 3 independent Directors are at liberty at any time to raise concerns directly to the Chairman.

Separation of Chairman and Chief Executive Officer Roles

Mr Tibor Pandi 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 Pandi and Mr Carney are not related to each other.

As a Chairman, Mr Pandi 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 Board's terms of reference. Mr Pandi and Mr Carney set the agenda for Board meetings.

Under the Board's terms of reference, the responsibilities of the Chief Executive Officer are aligned with the MAS Guidelines on Individual Accountability and Conduct.

As a 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.

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 organizational structure of the Bank is determined by Citigroup based on its corporate objectives. The Board is kept informed of the organizational 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. In 2023, the Board approved the appointment of Pua Xiao Wei as Head of Compliance for CSL and the appointment of Marcus Ng as Chief Audit Executive. In 1H 2024, the Board approved the appointment of Khoo Chong Soon as Chief Risk Officer and Vinay Jain as Chief Information Officer.

The Board also ensures that the Bank upholds Citigroup's core values including the values set out in Citigroup's Code of Conduct and Treating Customers Fairly Program. Updates on Fair Dealing cases and culture and conduct are presented at each scheduled Board meeting.

The Board's terms of reference have been updated to document and align the roles and responsibilities of the Chief Executive Officer and senior management with the MAS Guidelines on Individual Accountability and Conduct.

Board meetings

Five Board meetings (including a 1-day Board strategy meeting) were scheduled in 2023. 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 2023 Board strategy meeting, the Board was briefed on developments in the wealth management space. Four unscheduled Board meetings/discussions were held in 2023.

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

Directors 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 induction programme for new Directors is deemed to be sufficiently rigorous for all incoming Directors and does not distinguish between those who have prior experience as a listed company directors or as a director of a financial institution, and those who do not.

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 2023, Directors received training on IRRBB, AML, sanctions and cybersecurity/information security issues. At the 2023 Board strategy meeting, Directors received a briefing on developments in the wealth management space.

The Board receives quarterly updates on changes to key internal policies applicable to the Bank.

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, cybersecurity and outsourcing; (iii) ICAAP related developments; (iv) updates on industry trends affecting the business plans and strategy; and (v) updates on how the culture and conduct including 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 on key topics impacting the Bank's business 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 NC 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, competitive analysis, 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 NC, 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.

In line with the Guidelines, the Board at its March 2024 Board meeting reviewed: (i) the performance of the Board Chair (during which the Board Chair recused himself from the discussion); (ii) the results of the collective Board self-assessment; and (iii) the results of the self-assessments by the Audit Committee, the Risk Management Committee and the NC.

For confidentiality reasons and to facilitate a more free-flowing discussion, the NC continues to conduct the individual assessment of Directors. This was done at the scheduled NC meeting in March 2024. 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. NC 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 NC. Each NC member recused himself from assessing his own performance. The Chair of the NC and the Board Chair jointly determine actions on the results of the performance evaluation and follow up with Directors as required.

As described in the section "*Selection and Qualification of Board Members*", prior to the annual NC 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 NC 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 2024, the NC ranked each Director on the extent to which such Director possessed the desired skillsets. The NC 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, while the Audit Committee has oversight of internal control issues and conducts an annual review of the adequacy and effectiveness of the Bank's internal controls and risk management systems. 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. The bi-annual benchmarking exercise will be conducted of the non-executive independent directors' remuneration by external consultants (Aon Hewitt) as the previous one done in June 2023. 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

The Audit Committee ("**AC**") comprises Ms Cheng Ai Phing (Chairman), Mr Bill Chua and Mr Allen Lew.

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 AC conducts the annual review of the adequacy and effectiveness of the Bank's internal controls and risk management systems.

The AC 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. One unscheduled AC meeting was held in 2023.

The AC 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 2024, the AC reviewed the financial statements with the Bank's management and the external auditors and was of the view that the Bank's financial statements for 2023 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 Wealth Risk & Control, and a representative from Human Resources attend the scheduled quarterly AC meetings, as do the Bank's Business Information Security Officer, Legal Counsel and Company Secretary.

At each quarterly AC meeting, the 3 lines of defence presents a summary of internal control assessment for the preceding quarter. The Wealth Risk & Control Head also presents the CSL Risk Assessment Scorecard or "Heat Map" for the preceding quarter, based on the Governance Risk & Compliance ("**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 AC on whistleblowing cases and staff disciplinary cases.

Representatives from the Bank's Operations and Technology teams provide updates on technology risk, information security, continuity of business and outsourcing arrangements. The Business Information Security Officer updates the AC on cyber security issues.

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

In March 2024, the AC conducted its annual review of the effectiveness and adequacy of Internal Audit. The process is described under "*Internal Controls and Risk Management*" 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 AC reviewed the re-appointment of KPMG as external auditors of the Bank and recommended their re-appointment to the Board in March 2024. The appointment of KPMG is a Citigroup appointment for the group but the AC has the discretion to recommend the appointment of another auditor if the AC considers that circumstances warrant this. In reviewing the reappointment of the external auditors, the AC also reviewed the amount of non-audit services provided by the external auditors to the Bank for

2023 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 AC recommended to the Board that the Board approve, for the financial year ended 31 December 2023, fees of S\$971,000 and non-audit services of S\$270,000 were provided in 2023. The Board approved the remuneration of the external auditors as stated.

The AC 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 AC meeting, all whistleblowing cases affecting the Bank that occurred during the preceding quarter are tabled for the AC's information.

The Bank has adopted the Singapore Country Standard on Related Party Transactions to comply with MAS Notice 643 on Transactions with Related Parties. The AC reviews all related party transactions for the preceding quarter at its quarterly scheduled meetings and raises any issues of concern to the Board.

The AC 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.

AC 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

The NC comprises Mr Allen Lew (Chairman), Mr Tibor Pandi and Mr Brendan Carney.

The NC composition complies with the Regulations, which provides that, where a single substantial shareholder holds 50% or more of the share capital or voting power of a bank incorporated in Singapore, the NC of such bank is only required to have at least one-third of members who are independent Directors. The composition of the NC does not comply with the Guidelines, which requires that a majority of the NC members be independent. As a wholly owned subsidiary, the Bank considers it important that the views of the Citi Country Officer and the CEO are taken into account as part of NC deliberations on appointments to the Board, Board Committees and the senior management team.

The NC held one scheduled meeting in 2023. Five unscheduled meetings were also held in 2023.

The NC'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 CFO, the CRO, the Chief Information Officer, the Head of ICRM and the Treasurer.

The NC 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 NC 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 NC discharges its duties in these respects.

The NC also reviews the reasons for resignation provided by a Director, Board Committee member, the CEO, and other senior management including the CFO and the CRO.

The NC reviews succession plans for the independent Directors and engages search firms to identify candidates taking into account the skillsets matrix (refer to section "*Selection and Qualification of Board Members*") about 1.5 - 2 years before the retirement of an independent Director. Citi-affiliated directors are nominated by Citigroup taking into account the skillsets matrix and serve on the Board so long as they continue to contribute to the Board given their roles within Citigroup.

The NC does not review succession plans for the Board Chair (as this role is traditionally filled by the Singapore CCO) or succession plans for the CEO or key management personnel (as succession planning reviews are conducted at Board level during the year-end Board meetings to have the benefit of all Directors' views).

The NC maintains records of all assessments conducted by it.

Risk Management Committee

The Risk Management Committee (“**RMC**”) comprises Mr Bill Chua (Chairman), Mr Brendan Carney and Ms Cheng Ai Phing.

Under the RMC terms of reference, the RMC 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 RMC 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 RMC meets quarterly. RMC meetings are scheduled after Audit Committee meetings to allow an update on internal controls and financial, compliance, operational and technology risk matters (in relation to internal controls) discussed at the Audit Committee to be tabled at the RMC meetings.

At each quarterly RMC meeting, the CRO presents an update on CSL's overall risk assessment for the preceding quarter based on Citi's principal risks (credit, market, liquidity, operational, compliance, strategic and reputational) as outlined in the Risk Management Framework. Detailed updates on the various risk stripes are presented by respective risk managers to the RMC. A conduct and culture update and an environmental risk update are also presented at each meeting. An update from Personal Banking Credit Risk is also provided, as are updates on ICAAP. The heads of the various risk functions and representatives from Credit Risk Management, Market Risk Management, Treasury Risk Management, Operational Risk Management, Personal Banking Credit Risk, Business 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 RMC 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.

The standard updates at RMC 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 RMC for review. Large securities positions acquired or disposed of, and all major capital expenditure incurred, during the preceding quarter are also reviewed.

Besides the principal risks, thematic risks are assessed and categorised into top and emerging risks. The RMC conducts an annual review of these risks and updates the Board on any changes.

The RMC 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 has been approved by the Risk Management Committee and the Board and is reviewed annually. The Risk Management Framework forms the basis for 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

The Board of Citigroup (Citigroup and its affiliates are collectively referred to as "**Citi**") plays a key role in the design and oversight of Citi's compensation policies and practices through the Citigroup Inc. Compensation, Performance Management and Culture Committee ("**CPC**"). The CPC is responsible for overseeing compensation of employees of Citi and Citi management's sustained focus on fostering a principled culture of sound ethics, responsible conduct and accountability within the organization. The CPC will regularly review Citi's management resources and the performance of senior management. The CPC is also responsible for approving the incentive compensation structure for other members of senior management and certain highly compensated employees (including discretionary incentive awards to covered employees as defined in applicable bank regulatory guidance), in accordance with guidelines established by the CPC from time to time. The CPC also has broad oversight over compliance with bank regulatory guidance governing Citi's incentive compensation.

Citigroup has a stated Global Compensation Philosophy which is applied in a consistent manner by its various businesses across the globe, including those operating in the Bank. Citi's principal compensation objectives are:

- Incentivize conduct that aligns with shareholder and other stakeholder interests.
- Reinforce a business culture based on accountability, achieving excellence, and maintaining the highest ethical and control standards through Citi's Leadership Principles
- Encourage prudent individual and group decision-making with regard to risk consistent with applicable regulatory guidance and Citi's Mission and Value Proposition Statement.
- Function as a tool to attract and retain the best talent and to reward talent for engaging in appropriate behaviors that support Citi's corporate goals.
- Encourage behaviors that are in the best interests of our customers, shareholders and the goals of the organization, including environmental and social principles.
- Align realized pay with achievement of important risk and control, regulatory, strategic and financial-based objectives.

The remuneration packages of the Country Business Managers are reviewed and approved by the Head of Citi Global Wealth (CGW), Asia Pacific and the Citi Country Officer. Where a management staff is from a Global function (e.g., Finance, Risk Management, Corporate Affairs, Legal, ICRM and Human Resources), the relevant Regional 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

- i. The CPC will regularly review the design and structure of Citi's compensation programs relevant to all employees in the context of risk management.
- ii. 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.
- iii. 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 for Group 1&2 CEs with input from Finance, Risk, Legal, Human Resources, Internal Audit and business management. Compliance input is sought of the review process, using both qualitative and quantitative data. The compensation recommendations for Group 1&2 CEs are presented to the CPC, prior to final approval of the recommendations.
- iv. The CPC reviews the compensation recommendations for CEs at several points throughout 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 CPC and Citigroup's Board meeting.
- v. 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 15% up to 60%) with a claw-back feature under specified circumstances and for certain CEs, a stock ownership commitment.
- vi. Non-vested amounts may be forfeited if the CPC 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

- i. 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.
- ii. For Control function staff, compensation is weighted in favor of fixed compensation relative to variable compensation.
- iii. The key performance standards for Control function staff are set by the relevant control function head and cascaded down to the country to be included in the balanced scorecard.

(4) Effective Alignment of Compensation with Prudent Risk Taking

- i. 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 CPC for final approval.

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.

- ii. Employees who receive annual variable remuneration that equals or exceeds the local currency equivalent of USD75,000 will receive a portion of their variable compensation as deferred awards and are subject to the Capital Accumulation Program (CAP) rules. Currently, a percentage, currently ranging from 15% 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.

From 2010, all deferred compensation awarded under the Capital Accumulation Program are subject to clawback, where legally permissible. Non-vested amounts may be forfeited if the CPC 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 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.

Effective Supervisory Oversight and Engagement by Stakeholders

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 Guidelines recommend the disclosure of (i) the remuneration of each individual director and the CEO on a named basis; (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 and in aggregate the total remuneration paid to these key management personnel, 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 Guidelines also recommend the disclosure of the names and remuneration of employees who are substantial shareholders of the Bank, or are immediate family members of a director, the CEO or a substantial shareholder of the Bank, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. There were no such employees in 2023.

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 last benchmarking exercise was conducted in June 2023 by Aon Hewitt. The review benchmarked the fees against a group of companies (listed financial, listed non-financial and non-listed overseas financial 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.

The current Board and Board Committee member fees remained status quo. Base directors' fees were unchanged at S\$85,000. The fees for the AC and RMC Chairman remained as S\$74,000 and the fee payable to an AC and RMC member remained as S\$45,000. The fee payable to the NC Chairman and NC member was unchanged at S\$34,000 and S\$20,000 respectively.

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 2023. 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

The Bank has adopted the Singapore Country Standard on Related Party Transactions to comply with MAS Notice 643 on Transactions with Related Parties, which came into force on 1 July 2021. The Singapore Country Standard sets out the nominal and materiality thresholds for related party transactions ("**RPTs**") and the escalation, approval and monitoring process for exposure and non-exposure transactions. The Board approves all exposure transactions above the materiality threshold and all non-exposure transactions above the materiality threshold with pricing exceptions/non-standard programmes/ non-standard contracts. The Board has authorized the AC to review all RPTs for the preceding quarter at the quarterly scheduled AC meetings; the AC will in turn flag any issues of concern to the Board at the following Board meeting.

Pursuant to the terms of the Singapore Country Standard, no RPTs requiring Board approval were entered into in 2023.

ENGAGEMENT WITH STAKEHOLDERS

The Bank recognizes the importance of maintaining positive stakeholder relationships and adopts an inclusive approach in managing and engaging its stakeholders, namely, the Bank's customers, regulators, employees, society at large and Citigroup.

The Bank engages with customers and depositors through multiple channels, whether at branches, digitally or through relationship managers and product specialists. The Bank takes prompt action in response to customer complaints and feedback and conducts regular surveys on customer satisfaction. From a corporate governance standpoint, the concerns of depositors and customers are reviewed through the quarterly conduct and culture update to the RMC and a conduct and culture update (which incorporate a Fair Dealing update and the Balanced Scorecards results) to the Board at each quarterly meeting.

Employees are a key resource of the Bank, which engages them through regular town halls and events and employee satisfaction surveys.

The Bank is an active participant in the community, both at the corporate level and through the volunteer activities of its staff, in an effort to give back to society at large.

The Bank maintains a strong relationship with the regulator and participates in industry forums where possible to provide feedback on industry-wide issues. The Bank's senior management, from both the business side and the control functions, meet regularly with the regulators to update them on developments within the Bank and to share industry insights. From a corporate governance standpoint, the regulators' concerns are addressed through the quarterly regulatory update to the Board.

The Bank maintains a corporate website to communicate and engage with stakeholders. Further engagement takes place through various social media platforms.

CSL is wholly owned by Citigroup. There are no public shareholders whose interests have to be taken into account.

INTERNAL AUDIT

The role of Internal Audit is to provide independent assurance regarding the effectiveness of governance, risk management, and internal controls. 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 AC reviews and recommends the appointment and removal of the CAE. In early January 2024, the Audit Committee reviewed and recommended the appointment of Mr Marcus Ng as CAE to replace Ms Pua Xiao Wei, who has assumed the position of Head of Compliance for CSL. The AC does not expressly approve Internal Audit's budget for the Bank but does review whether Internal Audit has adequate resources to fulfil its duties, including implementation of the annual audit plan. The Audit Committee does not approve the Chief Audit Executive's compensation but feedback from the Audit Committee is taken into account as part of the Chief Audit Executive'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 2012) 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 AC.

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 also considers 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 AC has also requested Internal Audit to 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 AC reviews and approves the Audit Plan and any quarterly refresh to the Audit Plan. At each quarterly AC 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 AC 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 AC in each of the quarterly meetings.

The AC 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 2024, the AC assessed that Internal Audit was independent and carrying out its functions in an effective and adequate manner, and that the Internal Audit function was adequately resourced.

Internal Audit, Wealth 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 AC and the Bank's management. The external auditors will offer their recommendations to management to address these issues and the AC ensures that management expeditiously deals with all high-risk outstanding audit issues.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Bank relies on the GRC framework to assess its internal controls, primarily to manage operational and compliance risks. Control activities associated with credit, market, liquidity, strategy and reputation risks are managed across operational and compliance risks in GRC through common frameworks, processes and platform for managing risk and controls where GRC will highlight control issues of risk management systems.

Under its terms of reference, the AC's duties also include reviewing at least annually the adequacy and effectiveness of internal controls and risk management systems.

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, legal, compliance, conduct, reputational, strategic, technology and environmental risks. The Bank has also put in place its own Risk Management Framework comprehensively documenting CSL's overall approach to risk, including risk culture; applicable policies and regulations; risk appetite policy and framework; and risk identification, monitoring and review; and governance. The Risk Management Framework is reviewed annually.

The RMC, together with the AC 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 RMC has oversight of enterprise-wide risk for the Bank.

Risk Management Engagement Framework

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

The AC reviews the financial performance of the Bank during its quarterly meetings and receives a summary of quarterly assessment on internal controls (as explained below). The AC also reviews the findings of Finance, Internal Audit, ICRM, Operational Risk Management, Fraud, Citi Security and Investigative Services, Wealth Risk and Controls, Operations & Technology at its quarterly meetings. The ICRM update incorporates any significant regulatory issues that arise. The Internal Audit function is described under the "Internal Audit" section above.

In recognition of the fact that internal controls are merely one aspect of risk management, in 2014 the Bank developed a Risk Management Engagement Framework (the "**Framework**") to set out the scope and responsibilities of the AC and the RMC in overseeing internal controls and risk management of the enterprise and to describe the terms of engagement between both committees.

The Framework comprises the risk management terms of reference ("**TORs**") framework (i.e., the TORs of the RMC and the Audit Committee Charter of the AC) and the risk management engagement framework (i.e., how both committees will engage with each other, Management and the Board in the oversight of enterprise risk). Under the TORs of the RMC, the RMC has oversight of the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis. Oversight of internal controls has been delegated by the Board to the Audit Committee which, under its Charter, also has oversight of significant financial reporting issues; the internal audit function; and the scope/results of the external audit. The AC also conducts an annual review of the adequacy and effectiveness of the Bank's internal controls and risk management systems. Under its TORs, the Board approved the overall regulatory policies and risk appetite framework for CSL.

Underpinning the TORs and engagement between the two committees is the lines of defence construct, the first line being the frontline units (i.e., the Businesses, CSL Treasury, Wealth Risk and Controls, Enterprise Infrastructure, Operations and Technology, Finance, Corporate Affairs and Citi Security and Investigative Services), the second line being the Independent Risk Management and ICRM, and the third line being Internal Audit. Human Resources and Legal are grouped under the enterprise support functions.

The terms of engagement between the AC and the RMC are described in the Framework to set out the roles and responsibilities of each committee.

At the quarterly AC meetings, a summary of quarterly assessment on internal controls is presented by the 3 lines of defence via a Heatmap and appendices leveraging the GRC methodology and adopts the Citi Risk Taxonomy.

The quarterly AC meetings are typically scheduled just before the quarterly RMC meetings. At the RMC meeting immediately following an AC meeting, there is a presentation of the highlights of the preceding AC meeting. The RMC agenda also includes a standing agenda item to discuss any updates on control assessment for all risk stripes as identified by the three lines of defence via the Heatmap.

At the quarterly RMC meetings, a summary of quarterly assessment of risk is presented by the CRO based on the level zero principal risks, namely credit, market, liquidity, operational, compliance, reputation and strategic risk. The RMC is also provided with a forward-looking assessment of any top or emerging risks, monitored by the RMC on an ongoing basis. These emerging risks are in turn communicated back to the AC for the AC to determine any incremental controls needed. The AC and RMC Chairpersons will then brief the Board at the quarterly Board meetings on the highlights of their respective committee discussions.

Annual Review of Internal Controls and Risk Management Systems

The AC's duties include reviewing at least annually the adequacy and effectiveness of the Bank's internal controls and risk management systems. Accordingly, the AC at its meeting in March 2024 received a consolidated internal controls and risk management scorecard prepared by the 3 lines of defence stakeholders in internal controls and risk management functions for review and discussion. Based on the consolidated scorecard, the AC concurred with Management and the RMC to conclude that there was sufficient evidence and validation for the view that the Bank's internal controls and risk management systems were adequate and effective and accordingly made its report to the Board.

The Board has received the requisite assurance from (i) the CEO and the CFO that as of 31 December 2023 that the Company's financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and (ii) the CEO and other such key management personnel who are responsible, regarding the adequacy and effectiveness of the Bank's risk management and internal control systems.

Based on the internal control and risk management systems maintained by the Bank, work performed by internal and external auditors, reviews performed by management and various Board committees, as well as assurances received from and mitigation and remedial actions undertaken by management in relation to the identified gaps, the Board is of the view that the Bank's internal controls system was adequate and effective as of 31 December 2023 to address financial, operational, compliance and information technology controls, and risks management system.

The AC and RMC concur with the conclusion reached by the Board. The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Bank will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Periodic Review of Risk Governance Framework

The 2021 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 RMC review and approval of the Bank's risk appetite framework and its components and ongoing oversight to ensure effective implementation.

Principal Risks

A description of CSL's principal risks is provided in this section.

- **Credit Risk**

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. The Bank's asset portfolios comprise primarily loans to individuals. 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 (Trading) is the risk of economic or trading loss arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates, equity and commodity prices or credit spreads. The First Line of Defense for Market Risk within CSL owns the risk and associated controls and is responsible for complying with this CSL RMF including remaining within the approved Market Risk limits and for managing Market Risks in accordance with the Citi Mark-to-Market Policy. The Global Market Risk team, as Second Line of Defense, provides independent oversight of Market Risk (Trading).

Market Risk (Non-Trading) is the risk to current or projected financial condition and resilience arising from movements in interest rates resulting from Repricing Risk, Basis Risk, Yield Curve Risk, and Options Risk. Interest Rate risk results from differences between the timing of rate changes and the timing of cash flows (Repricing Risk); from changing rate relationships among different yield curves affecting bank activities (Basis Risk); from changing rate relationships across the spectrum of maturities (Yield Curve Risk); and from interest-related options embedded in bank products (Options Risk).

The First Line of Defense for Market Risk (Non-Trading) within CSL owns the risk and associated controls and is responsible for complying with this CSL RMF including remaining within the approved Market Risk limits. The Finance Chief Risk Office ("**FinCRO**") team, as Second Line of Defense, provides independent oversight of Market Risk (Non-Trading).

- **Liquidity Risk**

Liquidity Risk is defined as the risk that Citi 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 financial condition of Citi.

The management of Liquidity Risk is governed by Citi's Liquidity Risk Management Policy which establishes the framework for defining, measuring, limiting, and reporting Liquidity Risk to ensure the transparency and comparability of Liquidity Risk-taking activities. It also provides for the establishment of an appropriate risk appetite and Liquidity Risk management strategies.

Citi runs a centralized Treasury model where the overall balance sheet is managed by Citi Treasury through Global Franchise and Treasurers. The authority for management of Liquidity Risk at Citi is delegated to each of its Country Legal Entity/ MLE, with oversight provided by Global Liquidity Management and FinCRO or designee.

CSL is primarily funded through customer deposits. Both in local and foreign currency, CSL's portfolio has customer liabilities in excess of customer assets. Due to a local regulatory requirement of July 2021 that replaced the inter-company ratio with intra-group placement and capped all long-term intragroup placement to onetime of CSL's capital. CSL maintains a portfolio of Securities mainly USD Governments and SGD Governments for its liquidity management.

- **Operational Risk**

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

Operational risk is inherent in Citi's business activities, as well as related support functions, and can result in losses.

Citi maintains a comprehensive risk taxonomy to classify operational risks that it faces using standardized definitions across Citi's Operational Risk Management Framework (ORMF).

The Operational Risk Management (ORM) policy and ORMF collectively enable effective management of Operational Risks across Citi, by amongst other things, bringing or maintaining Operational exposures.

Citi has established a global ORMF with policies and practices for identification, measurement, monitoring, managing and reporting operational risks and the overall operating effectiveness of the internal control environment. As part of this framework, Citi has established a manager's control assessment (MCA) process for self-identification of significant operational risks, assessment of the performance of key controls and mitigation of residual risks above acceptable levels.

The Bank has also put in place procedures to identify, evaluate and control key operations 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.

Citi has a governance structure for the oversight of operational risk exposures viz operational risk exposures, key indicators, operational risk events and controls issues.

- **Compliance Risk**

Compliance Risk is the risk to current or projected financial condition and resilience arising from violations of Laws, Rules, Regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.

Compliance Risk includes the following Level 1 risk categories: Market Practices Risk, Sanctions Risk, Customer / Client Protection Risk, Money Laundering Risk, Bribery Risk, Prudential & Regulatory Risk.

- **Reputational Risk**

Reputation Risk is defined in the Reputation Risk Policy as the risk to current or projected financial condition and resilience arising from negative opinion held by the key stakeholders.

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 RMC on a quarterly basis. Citi has a multidimensional approach to manage Reputational risk through the Code of Conduct and the Responsible Finance and Product Approval committees.

- ***Strategic Risk***

Strategic Risk is defined as 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.

The CSL Board is responsible for oversight of Senior Management's execution of the strategic. CSL Senior Management identifies Strategic Risks, measures and monitors business performance and provides updates to the Board on progress against established strategic objectives.