

The Proposed Transfer of the Citi UK Consumer business of Citibank Europe plc, UK Branch to a new UK Bank



This leaflet provides you with more information on the proposed changes to our business, in light of the UK's plan to leave the European Union ("EU").

Specifically, we are proposing to transfer our existing Citi UK Consumer business currently run through Citibank Europe plc, UK Branch to a newly-established UK Bank. This is referred to in this leaflet as the "**Proposed Transfer**".

Please take time to read this leaflet, which summarises changes to our regulatory framework as a result of the Proposed Transfer, while providing answers to questions you may have.

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Our priority is to ensure you receive the best banking and wealth management service possible. As a global bank, we are also constantly striving to be safer, stronger and more efficient in the way we conduct our business.

If approved, the Proposed Transfer will allow us to simplify long-term planning of our Citi UK Consumer business, in particular as part of our preparation for the UK's anticipated withdrawal from the EU.

If the Proposed Transfer is approved, your accounts, investments and services (and your Terms and Conditions) will be held by the new UK Bank. The company that will become our new UK Bank is called "Citibank UK Limited".

Protecting your deposits and investments

Currently, provided you meet eligibility requirements and compensation limits, you are protected under the Irish Deposit Guarantee Scheme ("Irish DGS") and the Irish Investor Compensation Scheme ("Irish ICS") (together the "Irish Schemes") as follows:

Deposits

Under the Irish DG S, eligible claimants are currently entitled, in the event of an insolvency of Citibank Europe plc, UK Branch, to compensation of up to the first €100,000 (or €200,000 in the case of joint account deposits) held on deposit with Citibank Europe plc, UK Branch (and compensation up to €1 million for temporary high balances).

Investments

Under the Irish ICS, eligible claimants may be entitled to claim compensation equivalent to 90 per cent of the amount lost, up to a maximum of €20,000 where Citibank Europe plc, UK Branch cannot meet its obligations to meet its investors' claims or is subject to a court ruling that prevents it from returning money or investment instruments to investors. This cover would also include certain assets in connection with insurance mediation services provided to a client by Citibank Europe plc, UK Branch.

Citibank Europe plc, UK Branch has also opted to provide supplemental cover for its clients under the UK Financial Services Compensation Scheme ("UK FSCS") in relation to investment services. This means to the extent that a client's claim exceeds the limit of the Irish ICS but is less than they would have recovered under the UK FSCS, that client may be entitled to top up their claim under the UK FSCS.

How the Proposed Transfer will affect the protection of your deposits and investments

If the Proposed Transfer is approved, your deposits and investments will be protected under the UK FSCS, provided you meet eligibility requirements and compensation limits, as follows:

Deposits

Under the UK FSCS, eligible claimants are currently entitled, in the event of an insolvency of the new UK Bank, to compensation of up to the first £85,000 (or £170,000 in the case of joint account deposits) held on deposit with the new UK Bank (and compensation up to £1 million for temporary high balances).

Investments

In addition to deposit protection above, eligible claimants currently benefit from up to £50,000 protection in respect of designated investment business.

Insurance

Additionally, in relation to certain protected non-investment insurance business, the FSCS provides 100 per cent of the loss with no upper limit where claims arise:

- (a) in respect of a liability subject to compulsory insurance; or
- (b) in respect of a liability subject to professional indemnity insurance; or
- (c) from the death or incapacity of the policyholder due to injury, sickness, or infirmity.

Where claims arise under other types of policy, the UK FSCS provides for the return of 90 per cent of the loss with no upper limit.

If you hold deposits in excess of £85,000, due to exchange rate differences between the Irish DGS and UK FSCS limits it is possible that the compensation that you might receive in the event of our new UK Bank's insolvency may be slightly lower compared to the compensation you would have received as a client of Citibank Europe plc, UK Branch* (unless such deposits were temporary high balances in which case the UK FSCS limit is more generous).

For more information on the UK FSCS and claims eligibility, contact:

Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London EC3A 7QU
Web: www.fscs.org.uk
Email: enquiries@fscs.org.uk
Tel: +44 207 741 4100

*Based on exchange rate as of 11 July 2018, €100,000 is approximately £88,458.

Your right to withdraw or transfer eligible deposits

You will have the right to withdraw or transfer any eligible deposits (including any accrued interest and other benefits) in excess of £85,000 (or £170,000 for joint accounts) or equivalent to another bank or institution from your new UK Bank account without incurring any charge or loss of interest. If the Proposed Transfer is approved, this right will begin on the date of the Proposed Transfer (which we expect will be on the 16 September 2019) and will be available for 3 months. We will remind you about this right to withdraw or transfer eligible deposits in the New Year before the Proposed Transfer is effective.

Protecting your assets

If the Proposed Transfer is approved, the new UK Bank will provide the services that you currently receive from Citibank Europe plc, UK Branch. As a result, UK legislation that gives effect to certain European rules ("UK requirements") will then be the legal and regulatory standard for client asset protection across the new UK Bank. The UK requirements impose comparable levels of rigour to those operated in Ireland and which apply to Citibank Europe plc, UK Branch today.

Under the UK requirements, the new UK Bank will need to demonstrate that it has robust governance structures that segregate client assets from those of the firm. It must also show adequate controls and procedures are in place to support these requirements. As they are now, these elements will be the subject of external audit in accordance with the UK requirements and become subject to the oversight of the Financial Conduct Authority following the effective date of the Proposed Transfer.

In other words, after the Proposed Transfer (if approved) your assets will continue to be protected in the event of the insolvency of the new UK Bank, in much the same way as they are today.

Conduct of business rules

Currently, Citibank Europe plc, UK Branch is subject to rules that govern how we conduct our business when providing services to you. These "Conduct of Business" rules impose certain obligations on Citibank Europe plc, UK Branch and provide you with certain rights and protections.

While there may be some differences between Irish and UK Conduct of Business rules, both are largely based on common standards set by European law and, in practice, we do not anticipate any material change to our obligations or the rights and protections afforded to you by those rules.

Products and services

We do not anticipate any material change to the products and services we provide. It is our intention that your existing accounts and Terms and Conditions will transfer to our new UK Bank automatically.

Investment and payment instructions made immediately before the Proposed Transfer

Please note that for a temporary period before the Proposed Transfer, we will not be able to accept investment instructions. We anticipate that this temporary period will run from Wednesday 11 September 2019 to Sunday 15 September 2019 (inclusive), given that the expected date of the Proposed Transfer is 16 September 2019. From Monday 16 September 2019 it is expected that the new UK Bank will resume accepting investment instructions as normal. If you require urgent assistance during this temporary period, please call Citiphone on 0800 00 55 00. Alternatively, if you are a Citigold or Citigold Private Client, please contact your Relationship Manager.

We do not intend to delay or prevent bank transfers and payments to and from your account at the time of the Proposed Transfer, though there may be a delay in routing payments to your account from Citibank Europe plc, UK Branch to the new UK Bank which are made immediately before the Proposed Transfer is expected to take place (if approved) on 16 September 2019, but have not yet completed. In particular, this will apply to international transfers made to your account with us. If you have any concerns about this, please contact us using the details provided above.

Currencies available for payments and deposits

Following the Proposed Transfer (if approved), we expect that the new UK Bank will offer a smaller range of currencies for deposits and payments, compared to the range currently available to you.

Deposits

If the Proposed Transfer is approved, we will no longer be able to accept deposits in Swedish Krona. If you hold deposits in Swedish Krona, you will be able to move your deposits to a Citi UK Consumer account in a different currency. We will contact you separately in the coming months if you will be affected in order to discuss your various options, including moving your deposits to a different Citi UK Consumer currency account free of charge. If you wish to move your deposits to a different Citi UK Consumer currency account before then, please call Citiphone on 0800 00 55 00 and we can assist you in moving your Swedish Krona deposits free of charge. Alternatively, if you are a Citigold or Citigold Private Client, please contact your Relationship Manager.

In the meantime, if you have any questions or concerns, please contact us using the details provided above.

Payments

If the Proposed Transfer is approved, you will no longer be able to make payments in the following currencies: South African Rand (ZAR); Bahraini Dinar (BHD); Indian Rupee (INR); Kenyan Shilling (KES); Kuwaiti Dinar (KWD); Qatari Riyal (QAR); Saudi Riyal (SAR); Thai Baht (THB); Danish Krone (DKK); Norwegian Krone (NOK) and Swedish Krona (SEK).

If Danish Krone (DKK), Norwegian Krone (NOK) and Swedish Krona (SEK) are no longer available for payments, we will not be able to arrange for your transactions to be executed on the Copenhagen Stock Exchange, the Oslo Stock Exchange or the Stockholm Stock Exchange.

Complaints

Our internal complaints procedures will not change as a result of the Proposed Transfer (if approved), and any complaints or proceedings (including current, future, actual and contingent complaints or proceedings) in relation to Citi UK Consumer prior to the Proposed Transfer will continue against the new UK Bank following the Proposed Transfer.

If you are currently resident outside the UK, you may at present apply to the UK Financial Ombudsman Service who may accept your complaint or refer you to the Financial Services Ombudsman in Ireland. Alternatively, you may apply to the Irish Financial Services Ombudsman directly. Following the Proposed Transfer, you will have the right to apply to the UK Financial Ombudsman Service only.

The Financial Ombudsman Service in the UK is available if, after you have given us the opportunity to put things right, we are unable to resolve a complaint to your satisfaction.

Data Protection

The Proposed Transfer will not affect the way in which we protect your personal data in accordance with data protection rules. The new UK Bank will take on the data protection responsibilities of Citibank Europe plc, UK Branch and will continue to meet our existing high standards for protecting your personal data.

Withholding Tax

We do not expect that, as a result of the Proposed Transfer, additional withholding tax should be levied on either the new UK Bank's payments to clients or clients' payments to our new UK Bank (or that withholding tax imposed by jurisdictions other

than the UK will apply on such payments) in connection with the majority of products offered. Despite this, we cannot at present wholly discount that some withholding obligations may arise.

In addition, following the Proposed Transfer (if approved) it is possible that the withholding tax position of clients relating to interest payments made on loans (which will involve the migration of loans from Citibank Europe plc, UK Branch to the new UK Bank) may change. This is because the position will depend on, among other things, the country of residence of the borrower, whether that country has entered into a double tax treaty with the UK and the availability of any domestic law exemptions.

Please note that Citi does not provide tax advice. If you are concerned about your withholding tax position in respect of payments following the Proposed Transfer, we recommend that you contact your tax advisor.

General Questions and Answers

How does the Proposed Transfer work?

The Proposed Transfer is a court-approved process with applications being made to the High Court of England and Wales (the “**Court**”). At the final stage of the process, the Court will decide whether to approve the Proposed Transfer.

Under the Proposed Transfer, all assets and liabilities relating to the Citi UK Consumer business of Citibank Europe plc, UK Branch would be transferred to the new UK Bank.

What does this mean for my relationship with you?

We do not anticipate any material impact on the services we provide to you. Existing contractual arrangements you have with Citi UK Consumer through Citibank Europe plc, UK Branch will transfer automatically to the new UK Bank if the Proposed Transfer is approved.

When will the Proposed Transfer take place?

The Proposed Transfer is expected to take effect on 16 September 2019.

Has the Proposed Transfer received all the necessary approvals?

No, not yet. We have already appeared before the Court which has given its approval for notices of the Proposed Transfer to be placed in two national newspapers in the UK as well as the London, Belfast and Edinburgh Gazettes and a further Court hearing to decide whether the Proposed Transfer will go ahead. The Proposed Transfer will not go ahead unless we receive the Court’s approval. We will continue to consult with the Prudential Regulation Authority and the Financial Conduct Authority who have the right to make representations to the Court at the further hearing, although it is the Court that will decide whether to approve the Proposed Transfer.

Who will be the relevant Regulator following the Proposed Transfer?

The new UK Bank will be authorised by the UK Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. Further details regarding our authorisation and regulation are available on request.

Who is the new UK Bank?

The new UK Bank, like Citibank Europe plc, UK Branch would be a wholly owned subsidiary within Citigroup operating under the Citi brand. The new UK Bank has also submitted an application to the PRA for all authorisations necessary to provide our services.

Furthermore, it is expected that the new UK Bank will have comparable financial standing to Citibank Europe plc, UK Branch. In particular, as a PRA-authorized banking institution, the new UK Bank will hold the necessary capital (as mandated by the PRA) to meet its obligations and the new UK Bank’s balance sheet will be in line with its activities.

In addition, you will have the protection of the UK FSCS as described above and the new UK Bank is subject to the plans Citigroup is required to maintain setting out the actions to be taken in the unlikely event that Citigroup were to experience financial difficulties. Such plans are intended to allow our banking entities, including the new UK Bank, to continue to operate and pay depositors.

What are the registration details for the new Bank?

Citibank UK Limited is registered as a private company limited by shares (registration number 11283101) in the register of companies for England and Wales. The registered address is Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB.

When will you update me on the final decision?

We plan to write to you in the New Year, once the Proposed Transfer has received the necessary approvals.

What do I do if I am unhappy about the Proposed Transfer?

If you feel you may be adversely affected by the Proposed Transfer, you have the right to object formally and, if you wish, attend the Court hearing. Further details on how to do this are included on page 7 in the section “**What happens next?**”

Documentation concerning the Proposed Transfer which has been submitted to Court is available at citibank.co.uk/transfer if you wish to review this. Should you wish to discuss the matter further or if you would like to receive hard copies of the documentation which has been submitted to the Court, you may also call Citiphone on 0800 00 55 00. Alternatively, if you are a Citigold or Citigold Private Client, you can contact your Relationship Manager. If, after considering all of the information provided, you are unhappy about maintaining your account and relationship with our new UK Bank, please contact us and we can help you make the arrangements necessary to close your account.

There are several options for closing your account as follows:

- **Online:** Sign in to Citi Online and send us a secure message from the “My Profile” section.
- **By phone:** Call CitiPhone on 0800 00 55 00 (or on +44 207 500 55 00 if you are calling from abroad).
- **In writing:** Send us a letter. Be sure to include your full name, your account number, the address to which you would like us to send the account closure confirmation letter and, if your account has a balance, the information set out below in the section titled “Settlement of your balance”. Please address the letter to our Customer Service Team at Citibank Europe plc, UK Branch, PO Box 4012, Swindon, SN4 4JZ.
- **Contact your Relationship Manager if you are a Citigold or Citigold Private Client:** You can find your Relationship Manager’s contact details by visiting the “My Profile” section of Citi Online and clicking on “Relationship Manager Team”.
- **Visit the Citigold Lounge in Canary Wharf if you are a Citigold or Citigold Private Client**

When closing your account make sure that you have your account number to hand. We may also ask you to verify your identity in one of the following ways:

- By asking for photo ID or your Citi Debit Card and pin number where you are closing your account in person;
- By requesting that you enter a Telephone PIN or answer a set of security questions where you are closing your account over the phone; or
- By calling you to confirm via telephone that you wish to close your account where you have sent us a letter in writing.

We will send you a closure letter as confirmation that your account has been closed.

Settlement of your balance

Where there is a balance in your account, we will offer you the opportunity to transfer the funds in your account to a different UK or overseas bank account. Alternatively, if you prefer, we can send your balance to you by cheque.

In order for us to settle your balance, you will need to provide us with the following information in relation to the account that you would like us to transfer the funds to:

- Name of account holder
- Name of bank
- Account number
- Sort code
- Payment reference
- Mode of payment (Either bank transfer or cheque)
- Currency of settlement

Questions regarding our Products and Services

Will there be a change to the products and services I currently receive as a result of the Proposed Transfer?

No. We do not anticipate any material change to the products and services we provide.

We are working closely with the relevant regulatory authorities and industry associations to ensure that after the UK leaves the EU, we can continue providing our products and services to you. While some products and services may be affected by changing circumstances if you are resident in the European Economic Area (EEA), we are continually monitoring this and will advise you well in advance of any changes.

In the meantime, it is our intention that your existing accounts and Terms and Conditions with Citibank Europe plc, UK Branch will transfer to our new UK Bank automatically if the Proposed Transfer is approved.

Will my account number stay the same?

Yes. Your account number will stay the same. We will let you know about any changes to your sort code, International Bank Account Number (IBAN) and SWIFT code, and any corresponding impact on payments coming into or going out of your account, nearer the time.

Will I still be able to use my Citi Debit Card?

Yes. Your Citi Debit Card will carry on working. No new debit cards will be issued directly as a result of the Proposed Transfer, and replacement cards will be issued as existing ones expire in the same way as they are today.

Will there be any other changes to how I make or receive payments?

Yes. Whilst unconnected, we are planning to phase out our use of the SEPA payment scheme for Euro-denominated payments at the same time as the Proposed Transfer. This means that Euro-denominated payments will need to be sent or received via SWIFT instead. We will write to you separately to tell you what steps (if any) you may need to take.

Will there be any changes to my Terms and Conditions?

If the Court approves the Proposed Transfer, certain changes to your Terms and Conditions will be automatically incorporated into your agreement with us when the Proposed Transfer takes effect. These changes are necessary to reflect the different contracting legal entity and, the change of legal and regulatory framework from that of an Irish bank to that of a UK Bank.

The changes we have outlined in this leaflet are reflected in our updated Terms and Conditions which have been provided to you along with this leaflet. We have also provided a Guide to Changes which should be read alongside these documents and which provides information on the changes we are making to the Terms and Conditions because of the UK's withdrawal from the EU, as well as the Proposed Transfer. As long as the Proposed Transfer goes ahead, those Terms and Conditions will become effective on the date of the Proposed Transfer, which we expect will take place on 16 September 2019.

The changes are also described in detail in the Court documents and, together with a summary of these documents, can be viewed by visiting citibank.co.uk/transfer.

Will my online and mobile banking remain the same?

Yes. There will be no changes to the way you can access your accounts online through Citi Online or the Citi Mobile UK® App.

Will the way I contact Citi stay the same?

Yes, you can continue to contact us in the way you usually do.

Will I still have access to the Citigold and Citigold Private Client Lounge in London?

Yes. If you are a Citigold or Citigold Private Client, you will still have the same access to the Citigold and Citigold Private Client Lounge in Canary Wharf.

Will the new UK Bank provide the same credit lines as they do currently?

Yes. Credit lines which you may have with Citibank Europe plc, UK Branch will transfer to the new UK Bank on the date the Proposed Transfer takes effect.

What would happen regarding any security I have granted Citi as part of a secured loan?

If you have granted security or collateral to Citibank Europe plc, UK Branch this will transfer to the new UK Bank upon the Proposed Transfer.

We do not anticipate you needing to take any steps to reflect the change in beneficiary, although we may need to take some administrative steps of our own to update security registers with the change in details. This should, however, not affect our priority or otherwise affect the date from which the security is valid.

What happens next?

The Proposed Transfer requires the approval of the Court. In considering whether to give its approval, the Court will take into account whether or not the Proposed Transfer adversely affects you or anyone else. The Court hearing is expected to take place on 26 July 2019.

You have the right to be heard if you believe that you would be adversely affected by the Proposed Transfer and attend the Court hearing for approval of the Proposed Transfer. You can also write to us as described below and we will ensure that your objections are provided to the PRA and the FCA and to the Court if you do not wish to appear in person. In considering whether to approve the Proposed Transfer, the Court will consider whether the Proposed Transfer adversely affects you or anyone else.

Anyone can appear at the hearing in person or be represented by a barrister or solicitor-advocate if they believe that they would be adversely affected by the Proposed Transfer. If you want to appear at the hearing, it would be helpful if you could register your intention by writing to Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London, E14 5JJ, to the attention of the Financial Institutions Group, Reference: 70-40693625, or by emailing to CitiTransfer@CliffordChance.com. Your letters should be received by 19 July 2019 (five business days before the Court hearing) and should state your objections and why you think you will be adversely affected by the Proposed Transfer. You can also call Citiphone on 0800 00 55 00, or alternatively, if you are a Citigold or Citigold Private Client, you can contact your Relationship Manager regarding your intention to appear at the hearing.

If you intend to object to the Proposed Transfer, it would be helpful if you would provide us with details of your objection and your written representation or details of your intention to attend or be represented at the Court hearing, although you are not required to do so. You can write to Clifford Chance LLP,

10 Upper Bank Street, Canary Wharf, London, E14 5JJ, to the attention of the Financial Institutions Group, Reference: 70-40693625, or by emailing to CitiTransfer@CliffordChance.com with your reasons for objecting to the Proposed Transfer even if you are not going to appear at the hearing. Clifford Chance LLP will ensure that your objections are raised at the Court hearing. Again, it would be helpful if you could write to them so that your letters are received by 19 July 2019. You can also call Citiphone on 0800 00 55 00, or alternatively, if you are a Citigold or Citigold Private Client, you can contact your Relationship Manager in order to provide details of your objection to the Proposed Transfer.

In addition to the Court hearing, our Regulator the Prudential Regulation Authority will have the right to make representations to the Court regarding the Proposed Transfer, though it is the Court which will make the decision on whether to approve the Proposed Transfer. Copies of all objections will be passed to the Prudential Regulation Authority and Financial Conduct Authority. As long as the Court gives its approval, we expect that the Proposed Transfer will take effect on 16 September 2019.

Who can I speak to if I require advice on this matter?

This leaflet is not intended to provide legal or tax advice (and you should not rely on it as such). It is intended only to provide you with information about the Proposed Transfer and to highlight certain considerations for you as our client and our on-going business relationship. We therefore recommend that you seek advice from your professional advisors if you have any questions or concerns about the information provided.