

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

April 29, 2026

Responsibility Statement

The below named authorized officers of Citigroup Global Markets Holdings Inc., a New York corporation (the “Company”), confirm that to the best of their knowledge: (i) the accompanying financial statements (a) were prepared in accordance with Generally Accepted Accounting Principles in the United States of America and (b) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and (ii) the accompanying Management Report includes (a) a fair review of the development and performance of the business and position of the Company and the undertakings included in the consolidation taken as a whole and (b) a description of the principal risks and uncertainties that the Company faces.

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

By: /s/ Andrei Magasiner
Andrei Magasiner
Chairman and
Chief Executive Officer

By: /s/ Michael Agnello
Michael Agnello
Chief Financial Officer

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

MANAGEMENT REPORT

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

Citigroup Global Markets Holdings Inc. (CGMHI), operating through its subsidiaries, engages in full-service investment banking and securities brokerage business. Throughout these disclosures, “CGMHI” refers to Citigroup Global Markets Holdings Inc. and its consolidated subsidiaries.

CGMHI's parent, Citigroup Inc. (Citigroup, or Citi), is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad, yet focused, range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citi does business in nearly 160 countries and jurisdictions.

The principal offices of CGMHI are located at 388 Greenwich Street, New York, NY, 10013. CGMHI was incorporated in New York on 23 February 1977 and is the successor to Salomon Smith Barney Holdings Inc. On 7 April 2003, CGMHI filed a Restated Certificate of Incorporation, changing its name from Salomon Smith Barney Holdings Inc. to Citigroup Global Markets Holdings Inc.

PRINCIPAL ACTIVITIES

CGMHI provides corporate, institutional and public sector clients with a full range of sales and trading services across equities, foreign exchange, rates, spread products and commodities. The range of services includes market-making across asset classes, risk management solutions, financing and prime brokerage.

CGMHI's investment banking supports clients' capital-raising needs to help strengthen and grow their businesses, including equity and debt capital markets strategic financing solutions, as well as advisory services related to mergers and acquisitions, divestitures, restructurings and corporate defense activities.

CGMHI provides financial and advisory services to a range of client segments consisting of ultra-high net worth, high net worth and affluent clients. These services include investment, margin lending and custody product offerings.

RISK FACTORS

(Extracted from Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the U.S. Securities and Exchange Commission on the 20th day of February, 2026.)

The following discussion presents what management currently believes could be the material risks and uncertainties that could impact Citi's businesses, results of operations and financial condition. As a large, global financial institution, Citi faces particularly complex, diverse and rapidly changing risks and uncertainties. Other risks and uncertainties, including those not currently known to Citi or its management, could also negatively impact Citi's businesses, results of operations and financial condition. Thus, the following should not be considered a complete discussion of all of the risks and uncertainties that Citi may face. The following headings and risk factors generally align with Citi's risk categorization, although in certain instances the risk factors may not directly correspond with how Citi categorizes or manages its risks.

MARKET-RELATED RISKS

Macroeconomic, Geopolitical and Other Challenges and Uncertainties Could Continue to Have a Negative Impact on Citi.

Citi has experienced, and could experience in the future, negative impacts to its businesses, cost of credit, results of operations and financial condition as a result of various macroeconomic, geopolitical and other challenges, uncertainties and volatility. These include, among other things:

- increases in unemployment rates, recessions or slowing economic growth in the U.S., Europe and other regions or countries
- deterioration in consumer and corporate confidence
- elevated inflation
- significant volatility and disruptions in financial markets

- government fiscal or monetary actions (see the changes to interest rates risk factor below)

For example, substantial new import tariffs and a significant increase in the U.S. effective tariff rate occurred in 2025. There can be no assurance that there will not be additional significant changes in tariff or trade policies. Potential impacts in the U.S. and globally related to trade or tariff policies could include heightened market volatility, increased economic uncertainty, adverse impacts to inflation and global economic activity, disruptions in global supply chains and trade flows, impacts on corporate profitability and credit losses, and other adverse impacts.

Additional areas of uncertainty include, among others, geopolitical challenges, tensions and conflicts, such as those related to the Russia–Ukraine war (see the emerging markets risk factor below) and conflicts in the Middle East and in other regions; economic and geopolitical challenges related to China, including weak economic growth, related policy actions, challenges in the Chinese real estate sector, banking and credit markets, trade restrictions, and tensions or conflicts between China and Taiwan and/or China and the U.S.; high and rising government debt levels in the U.S. and other countries; sanctions; natural disasters; and pandemics.

Changes to Interest Rates Could Adversely Affect Citi’s Results of Operations.

Central banks’ decisions on key interest rates directly affect borrowing and investment costs, loan and investment returns, and the valuation of financial assets. U.S. and global interest rate levels can significantly affect Citi’s results of operations. Interest rates on loans Citi makes are typically based off or set at a spread over a benchmark interest rate and would likely decline or rise as benchmark rates decline or rise, respectively. While interest Citi earns on its assets and pays on its liabilities generally tends to move in the same direction as changes in benchmark rates, one can decline or rise faster than the other, thereby decreasing or increasing Citi’s net interest income.

A decline in interest rates would generally be expected to result in lower net interest income for Citi, although Corporate Treasury has various tools to manage Citi’s total interest rate risk position. Central banks’ prematurely or disproportionately lowering benchmark interest rates could result in a resurgence of inflation.

Higher interest rates can negatively impact the economy, resulting in higher unemployment and lower growth. Increases in interest rates can also adversely impact the fair value of available-for-sale (AFS) and held-to-maturity (HTM) debt securities held by Citi, and thereby Citi’s capital levels and regulatory liquidity position. Interest rate movements, as well as pricing and product competition, can also impact depositor behavior and thereby affect net interest income.

In addition, Citi’s net interest income could be adversely affected due to a flattening (a lower spread between shorter-term versus longer-term interest rates) or inversion (shorter-term interest rates exceeding longer-term interest rates) of the interest rate yield curve, as Citi typically pays interest on deposits based on shorter-term interest rates and earns money on loans based on longer-term interest rates. For additional information on Citi’s interest rate risk, see the liquidity risk factor.

STRATEGIC RISKS

Citi’s Ability to Return Capital to Common Shareholders Substantially Depends on Regulatory Capital Requirements, Including the Results of the FRB’s Stress Testing and CCAR Regimes, and Other Factors.

Citi’s ability to return capital to its common shareholders consistent with its capital planning efforts and targets, whether through its common stock repurchase program or its common stock dividend, substantially depends, among other things, on its regulatory capital requirements. Citi is required to hold regulatory capital buffers, including a Global Systemically Important Bank (GSIB) surcharge and a Stress Capital Buffer (SCB) based upon the results of the annual CCAR process required by the FRB.

Changes in regulatory capital rules, requirements or interpretations can impact Citi’s required regulatory capital. U.S. banking regulators have proposed a number of changes to the U.S. regulatory capital framework, including significant revisions to the U.S. Basel III, GSIB and supervisory stress test rules. These changes will affect Citi’s regulatory capital requirements and position and the amount of capital Citi will be able to return to shareholders.

Citi’s ability to return capital also depends on a variety of other factors, including, but not limited to, the following:

- its results of operations and financial condition
- any impact to capital from its remaining divestitures

- its ability to maintain an effective capital planning process and management framework, which takes into account forecasts of expected macroeconomic conditions and their associated impacts to the level of Citi's regulatory capital and risk-weighted assets under both the Standardized Approach and the Advanced Approaches, as well as the Supplementary Leverage ratio (SLR)
- deferred tax asset (DTA) utilization (see the ability to utilize DTA risk factor below)

All firms subject to CCAR requirements, including Citi, are subject to a rigorous regulatory evaluation of capital planning practices and other reviews and examinations. Citi's ability to return capital may be adversely impacted if a regulatory evaluation or examination were to result in negative findings regarding absolute capital levels or other aspects of Citi's or any of its subsidiaries' operations, including as a result of the imposition of additional capital buffers, limitations on capital distributions or otherwise. For information on limitations on Citi's ability to return capital to common shareholders, as well as the CCAR process, supervisory stress test requirements and GSIB surcharge, see the risk management and legal and regulatory proceedings risk factors below.

Citi Faces Ongoing Regulatory and Legislative Uncertainties and Changes in the U.S. and Globally.

Citi, its management and its businesses continue to face regulatory and legislative uncertainties and changes, both in the U.S. and globally. While the ongoing regulatory and legislative uncertainties and changes facing Citi are numerous and subject to change, examples include, but are not limited to, the following:

- potential changes to U.S. laws or regulations with respect to credit cards, including a possible cap on interest rates
- potential changes to various aspects of the U.S. regulatory capital framework and requirements applicable to Citi (see the capital return risk factor)
- potential fiscal, monetary, tax, sanctions and other changes promulgated by the U.S. federal government and other governments (see the macroeconomic challenges and uncertainties and changes to interest rates risk factors above)

References to "regulatory" refer to both formal regulation and the views and expectations of Citi's regulators in their supervisory and enforcement roles, which, as they change over time, can have a major impact.

Additionally, U.S. and international regulatory and legislative initiatives have not always been undertaken or implemented on a coordinated basis, and areas of divergence have developed and continue to develop with respect to their scope, interpretation, timing, structure or approach, leading to inconsistent or even conflicting requirements, including within a single jurisdiction.

Further, ongoing regulatory and legislative uncertainties and changes make Citi's long-term business, balance sheet and strategic planning difficult, subject to change, and potentially more costly and may impact its results of operations. U.S. and other regulators globally continue to discuss various changes to regulatory requirements, which require ongoing assessment by management as to the impact to Citi, its businesses and business planning. Business planning must necessarily be based on possible or proposed rules or outcomes, which can change significantly upon finalization, or upon implementation or interpretive guidance from numerous regulatory bodies worldwide, and such guidance can change. Regulatory and legislative changes have also significantly increased Citi's compliance risks and costs (see the implementation and interpretation of regulatory scrutiny and changes risk factor below) and can adversely affect Citi's competitive position, as well as its businesses, revenues, results of operations and financial condition.

Citi May Be Unable to Achieve Its Objectives from Its Simplification, Transformation and Enhanced Business Performance Priorities.

Citi has been pursuing overall simplification initiatives to enhance its client focus and reduce expenses. Citi's simplification initiatives, including completing its divestiture of Banamex, involve various execution challenges, may take longer than expected and may result in higher expenses, or lower than expected expense savings, CTA and other losses or other negative financial or strategic impacts, which could be material, and litigation and regulatory scrutiny (for information about CTA impacts, see the changes in or incorrect assumptions risk factor below).

As part of its multiyear transformation, Citi also continues to make significant investments and undertake substantial actions across the Company to modernize its data and technology infrastructure, further strengthen its risk and controls environment and further enhance safety and soundness (see the legal and regulatory proceedings risk factor below).

Moreover, Citi continues to make business-led investments, as part of the execution of its strategic priorities. For example, Citi has been making technology and other investments across the Company, including hiring employees in key strategic markets and businesses; enhancing product capabilities and platforms to grow key businesses, improve client digital experiences and add scalability; and implementing new capabilities and partnerships.

Citi's simplification, transformation and enhanced business performance priorities involve significant complexities and uncertainties. In addition, there is inherent risk that these initiatives will not be as productive or effective as Citi expects, or at all. Conversely, failure to adequately invest in and upgrade Citi's technology and processes could result in Citi's inability to be sufficiently competitive, meet regulatory expectations, serve clients effectively and avoid disruptions to its businesses, and operational errors (see the operational processes and systems and legal and regulatory proceedings risk factors below).

Citi's ability to achieve its expected returns, including underlying expense savings, revenue growth and capital return objectives, as well as related operational improvements depends, in part, on factors that it cannot control, including, among others, macroeconomic challenges and uncertainties; customer, client and competitor actions; and ongoing regulatory requirements or changes.

Further, Citi's simplification, transformation and enhanced business performance priorities may continue to evolve as its business strategies, including with respect to organic or inorganic growth, the market environment and regulatory expectations change, which could make the initiatives more costly and more challenging to implement, and limit their effectiveness.

Climate Change Presents Various Financial and Non-Financial Risks to Citi.

Climate change presents both immediate and long-term risks to Citi, with the risks expected to increase over time. Climate risks can arise from both physical risks and transition risks. Physical and transition risks can manifest differently across Citi's risk categories in the short, medium and long terms.

Physical risks include acute risks, such as wildfires, tropical cyclones, heat waves, floods and droughts, as well as consequences of chronic changes in climate. For example, physical risks could have adverse financial, operational and other impacts on Citi, both directly on its business and operations, and indirectly as a result of impacts to Citi's clients, customers, vendors and other counterparties. These impacts can include the following:

- destruction, damage or impairment of owned or leased properties and other assets
- destruction or deterioration of the value of collateral, such as real estate
- disruptions to business operations and supply chains
- reduced availability or increases in the cost of insurance

Physical risks can also impact Citi's credit risk exposures, for example, in its mortgage and commercial real estate lending businesses.

Transition risks may arise from changes in regulations or market preferences toward low-carbon industries or sectors, which in turn could have negative impacts on asset values, results of operations or the reputations of Citi and its customers and clients, and lead to a loss of market share, lower revenues and higher credit costs.

Diverging legislative and regulatory changes and uncertainties regarding climate-related risk management and disclosures can increase Citi's regulatory and compliance risks and costs. Furthermore, Citi may face heightened scrutiny and litigation risks stemming from its climate and sustainability commitments, disclosures and marketing.

Even as some regulators seek to mandate additional disclosure of climate-related information, Citi's ability to comply with such requirements and conduct more robust climate-related risk analyses may be hampered by lack of information and reliable data. Data on climate-related risks is limited in availability, often based on estimated or unverified figures, collected and reported on a time-lag, and variable in quality. Modeling capabilities to analyze climate-related risks and interconnections continue to evolve.

Citi's approach to supporting clients in their efforts to decarbonize may lead to both continued exposure to carbon-intensive activity and increased reputation risks from stakeholders with divergent points of view. Additionally, if Citi is unable to achieve some of its objectives or commitments relating to climate change, its businesses, reputation and attractiveness to certain investors or clients may suffer.

Citi's Ability to Utilize Its DTAs, and Thus Reduce the Negative Impact of the DTAs on Citi's Regulatory Capital, Will Be Driven by Its Ability to Generate U.S. Taxable Income.

At December 31, 2025, Citi's net DTAs were \$29.5 billion, net of a valuation allowance of \$5.0 billion, of which \$13.1 billion was deducted from Citi's CET1 Capital under the U.S. Basel III rules. Of this deducted amount, \$10.8 billion related to net operating losses, foreign tax credit and general business credit carry-forwards, with \$3.1 billion related to temporary differences in excess of the 10%/15% regulatory limitations, reduced by \$0.8 billion of deferred tax liabilities, primarily associated with goodwill and certain other intangible assets that were separately deducted from capital.

Citi's ability to realize its DTAs will primarily be dependent upon its ability to generate U.S. taxable income in the relevant reversal periods. Failure to realize any portion of the net DTAs would have a corresponding negative impact on Citi's net income and financial returns.

The accounting treatment for realization of DTAs is complex and requires significant judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Forecasts of future taxable earnings will depend upon various factors, including, among others, macroeconomic conditions.

Citi Is Subject to Complex Tax Laws, Which May Change, and Citi's Interpretation or Application of These Complex Tax Laws Could Differ from Those of Governmental Authorities, Which Could Result in Litigation or Examinations and the Payment of Additional Taxes, Penalties or Interest.

Citi is subject to various tax laws of the U.S. and its states and municipalities, as well as the numerous non-U.S. jurisdictions in which it operates. These tax laws are inherently complex, and Citi must make judgments and interpretations about the application of these laws to its entities, operations and businesses. Moreover, these tax laws and related regulations may change, which could result in additional tax liability for Citi.

Additionally, Citi is subject to litigation or examinations with U.S. and non-U.S. tax authorities regarding tax matters. While Citi has appropriately reserved for such matters where there is a probable loss, and has disclosed reasonably possible losses, the outcome of the matters may be different than Citi's expectations.

Citi's interpretations or application of the tax laws, including with respect to withholding, stamp, service and other non-income taxes, as well as in connection with asset dispositions, divestitures or similar transactions, could differ from that of the relevant governmental taxing authority, which could result in the requirement to pay additional taxes, penalties or interest, the reduction of certain tax benefits or the requirement to make adjustments to amounts recorded, which could be material. See Note 30 for additional information on how Citi accrues for potential losses from tax matters.

A Deterioration in or Failure to Maintain Citi's Co-Branding or Private Label Credit Card Relationships Could Have a Negative Impact on Citi.

Citi has co-branding and private label relationships with various retailers and merchants through its Branded Cards and Retail Services credit card businesses, whereby in the ordinary course of business Citi issues credit cards to consumers, including customers of the retailers or merchants. The five largest relationships across both businesses constituted an aggregate of approximately 12% of Citi's revenues in 2025 (see "U.S. Personal Banking" above). Citi's co-branding and private label agreements often provide for shared economics between the parties and generally have a fixed term.

Competition among credit card issuers, including Citi, for these relationships is significant, and Citi may not be able to maintain such relationships on existing terms or at all. Citi's co-branding and private label relationships could also be negatively impacted by, among other things, the general economic environment, including the impacts stemming from potential increases in unemployment, inflation or interest rates or lower economic growth rates, as well as a risk of recession; changes in consumer sentiment, spending patterns and credit card usage behaviors; a decline in sales and revenues, partner store closures, any reduction in air and business travel, or other operational difficulties of the retailer or merchant; changes in partner business strategies, including changes in products and services offered; termination or non-renewal of partner agreements, including early termination due to a contractual breach or exercise of other early termination rights; or other factors, including bankruptcies, liquidations, restructurings, consolidations or other similar events, whether due to a challenging macroeconomic environment or otherwise.

These events, particularly early termination and bankruptcies or liquidations, could negatively impact the results of operations or financial condition of Branded Cards, Retail Services or Citi as a whole, including as a result of loss of revenues, increased expenses, higher cost of credit, impairment of purchased credit card relationships and contract-related intangibles or other losses.

The Application of U.S. Resolution Plan Requirements May Pose a Greater Risk of Loss to Citi’s Debt and Equity Securities Holders, and Citi’s Inability in Its Resolution Plan Submissions to Address Any Shortcomings or Deficiencies or Guidance Could Subject Citi to More Stringent Capital, Leverage or Liquidity Requirements, or Restrictions on Its Growth, Activities or Operations, and Could Eventually Require Citi to Divest Assets or Operations. Every two years, Title I of the Dodd-Frank Act requires Citi to prepare and submit a plan to the FRB and the FDIC for the orderly resolution of Citigroup (the bank holding company) and its significant legal entities under the U.S. Bankruptcy Code in the event of future material financial distress or failure.

Under Citi’s preferred “single point of entry” resolution plan strategy, only Citigroup, the parent holding company, would enter into bankruptcy, while Citigroup’s material legal entities (as defined in the public section of its 2025 resolution plan, which can be found on the FRB’s and FDIC’s websites) would remain operational outside of any resolution or insolvency proceedings. As a result, Citigroup’s losses and any losses incurred by its material legal entity subsidiaries would be imposed first on holders of Citigroup’s equity securities and thereafter on its unsecured creditors, including holders of eligible long-term debt and other debt securities.

In addition, a wholly owned, direct subsidiary of Citigroup serves as a resolution funding vehicle (the intermediate holding company, or IHC) to which Citigroup has transferred, and has agreed to transfer on an ongoing basis, certain assets. The obligations of Citigroup and of the IHC, respectively, under the amended and restated secured support agreement, are secured on a senior basis by the assets of Citigroup (other than shares in subsidiaries of the parent company and certain other assets), and the assets of the IHC, as applicable. As a result, claims of the operating material legal entities against the assets of Citigroup with respect to such secured assets are effectively senior to unsecured obligations of Citigroup. Citi’s single point of entry resolution plan strategy and the obligations under the amended and restated secured support agreement may result in the recapitalization of and/or provision of liquidity to Citi’s operating material legal entities, and the commencement of bankruptcy proceedings by Citigroup at an earlier stage of financial stress than might otherwise occur without such mechanisms in place.

In line with the FRB’s total loss-absorbing capacity (TLAC) rule, Citigroup’s shareholders and unsecured creditors—including its unsecured long-term debt holders—would bear any losses resulting from Citigroup’s bankruptcy. Accordingly, any value realized by holders of its unsecured long-term debt may not be sufficient to repay the amounts owed to such debt holders in the event of a bankruptcy or other resolution proceeding of Citigroup.

On November 22, 2022, the FRB and FDIC issued feedback on the resolution plans filed on July 1, 2021 by the eight U.S. GSIBs, including Citigroup. The FRB and FDIC jointly identified one shortcoming in Citigroup’s 2021 resolution plan. The shortcoming related to data integrity and data quality management issues, specifically, weaknesses in Citi’s processes and practices for producing certain data that could materially impact its resolution capabilities. On June 20, 2024, the FRB and FDIC issued feedback on the resolution plans filed on July 1, 2023 by the eight U.S. GSIBs, including Citigroup. The FRB and FDIC jointly identified one shortcoming in Citigroup’s 2023 resolution plan regarding Citi’s derivatives unwind capabilities. If a shortcoming is not satisfactorily explained or addressed before, or in, the submission of the next resolution plan, the shortcoming may be found to be a deficiency in the next resolution plan (see discussion below). Citi submitted a targeted resolution plan on July 1, 2025.

Under Title I, if the FRB and the FDIC jointly determine that Citi’s resolution plan is not “credible” (which, although not defined, is generally understood to mean the regulators do not believe the plan is feasible or would otherwise allow Citi to be resolved in a way that protects systemically important functions without severe systemic disruption), or would not facilitate an orderly resolution of Citi under the U.S. Bankruptcy Code, and Citi fails to resubmit a resolution plan that remedies any identified deficiencies, Citi could be subjected to more stringent capital, leverage or liquidity requirements, or restrictions on its growth, activities or operations. If within two years from the imposition of any such requirements or restrictions Citi has still not remediated any identified deficiencies, then Citi could eventually be required

to divest certain assets or operations. Any such restrictions or actions would negatively impact Citi's reputation, market and investor perception, operations and strategy.

Citi's Performance Could Be Negatively Impacted if It Is Not Able to Hire and Retain Qualified Employees.

Citi's performance and the performance of its individual businesses largely depend on the talents and efforts of its highly qualified employees. Specifically, Citi's continued ability to compete in each of its lines of business, grow and manage its businesses effectively, as well as to execute its strategic priorities, depends on its ability to hire new employees and to retain and motivate its existing employees. If Citi is unable to continue to hire, retain and motivate highly qualified employees, Citi's performance, including its competitive position, the achievement of its priorities and its results of operations could be negatively impacted.

Citi's ability to attract, retain and motivate employees depends on numerous factors, some of which are outside of Citi's control. For example, the competition for talent continues to be particularly intense due to various factors, such as changes in worker expectations, concerns and preferences. Also, the banking industry generally is subject to more comprehensive regulation of employee compensation than other industries, including deferral and clawback requirements for incentive compensation, which can make it unusually challenging for Citi to compete in labor markets against businesses, including, for example, technology companies, that are not subject to such regulation.

Other factors that could impact Citi's ability to attract, retain and motivate employees include, among other things, Citi's presence in a particular market or region, the professional and development opportunities it offers and its reputation.

Citi Faces Potential Disruptions from an Evolving Business Environment, Including Competitive Challenges and Emerging Technologies.

Citi operates in an increasingly evolving and competitive business environment, which includes both financial and non-financial services firms, such as banks and private credit, financial technology and digital asset companies, among others.

Certain competitors may be subject to different and, in some cases, less stringent legal, regulatory and supervisory requirements, whether due to size, jurisdiction, entity type or other factors, placing Citi at a competitive disadvantage. To the extent that Citi is not able to compete effectively with other financial services companies, including private credit, financial technology and digital asset companies, and non-financial services firms, or adequately assess the competitive landscape, Citi could be placed at a competitive disadvantage, which could result in loss of customers and market share, and its businesses, results of operations and financial condition could suffer. For additional information on Citi's competitive risks, see the co-branding and private label credit cards and qualified employees risk factors above.

Citi competes with other financial services companies in the U.S. and globally that have grown rapidly over the last several years or have introduced new products and services. Mergers and acquisitions involving traditional financial services companies, such as regional banks or credit card issuers, as well as networks and merchant acquirers, may also increase competition. Non-traditional financial services firms, such as private credit, financial technology and digital asset companies, are less regulated and supervised and continue to expand their offerings of services traditionally provided by financial institutions.

Additionally, emerging technologies have the potential to accelerate disruption and intensify competition in the financial services industry. These emerging technologies, such as artificial intelligence (AI) and digital assets (including tokenized deposits, cryptocurrencies, stablecoins and other assets and products that use distributed ledger or blockchain technology) and changes in the payments space (e.g., instant and 24/7 payments) are accelerating, and, as a result, certain of Citi's products and services could become less competitive (see the AI risk factor below).

Increased competition and emerging technologies could require Citi to change or adapt its products and services, as well as invest in and develop related infrastructure, to attract and retain customers or clients.

The U.S. administration and Congress have been supportive of the growth and use of digital assets, including passing legislation such as the GENIUS Act and pursuing a more favorable regulatory approach, although the legal and regulatory landscape remains highly uncertain. As digital assets continue to evolve, customer demand for enhanced offerings may increase. Failure to strategically adopt emerging technologies may result in a competitive disadvantage to Citi. Citi also may not be able to provide the same or similar products and services for legal or regulatory reasons, which may be exacerbated by rapidly evolving and conflicting regulatory requirements.

Moreover, as Citi develops new products and services leveraging emerging technologies, new risks may emerge that, if not designed and governed adequately, may result in control gaps and in Citi operating outside of its risk appetite. For example, the use or development of emerging technologies, such as AI or digital assets, without sufficient controls, governance and risk management may result in increased risks across various risk categories (for additional information, see the AI, operational processes and systems and cybersecurity risk factors below). As another example, instant and 24/7 payments products could be accompanied by challenges to forecasting and managing liquidity, as well as increased operational and compliance risks.

Citi relies on third parties to support certain of its product and service offerings, which may put Citi at a disadvantage to competitors who may directly offer a broader array of products and services. Citi's businesses, results of operations and reputation may suffer if any third party is unable to provide adequate support for such product and service offerings, whether due to operational incidents or otherwise (see the operational processes and systems and cybersecurity risk factors below).

The Development and Use of AI by Citi and Others Present Risks to Citi's Businesses.

Citi has used AI and machine learning tools for many years and has more recently begun to broadly deploy Generative AI, including within its technology platforms and services. In the future, Citi expects to more broadly integrate Generative AI tools within its systems, businesses and functions, including advanced AI capabilities, such as autonomous agents and sophisticated user interactions, which if improperly managed, could result in increased risks and costs.

While Citi has policies that govern the use of emerging technologies, including in model risk management, ineffective, inadequate or faulty Generative AI development or deployment practices by Citi or third parties, including insufficient testing and monitoring, poorly structured or manipulated prompts or insufficient or inadequate human oversight, could result in adverse consequences, such as AI algorithms that produce inaccurate or incomplete output or output based on biased, incomplete and/or inaccurate datasets, infringe on intellectual property rights of others, involve data exfiltration risks, including release of confidential or proprietary information, or cause other issues, concerns or deficiencies. The complexity of AI models, particularly Generative AI models, can make it challenging to understand why particular outputs are generated, which can increase the risk of erroneous and/or biased output and complying with regulations requiring documentation, explainability or auditability on the basis of AI-influenced decisions.

Citi may also rely on AI models developed by third parties and be exposed to risks arising from their development and training methods, including potential inclusion of unauthorized material in the training data or limitations in their risk mitigation strategies, over which Citi may have limited visibility or control (see also the operational processes and systems risk factor below). While Citi may provide restrictions on use of certain data in third-party AI applications or models, a third party could breach those terms, which could expose Citi to legal and reputations risks. Citi is also exposed to risks related to the use of AI technologies by counterparties, clients and vendors, where interconnected AI systems could amplify failures and threats of cyber infiltration, as well as cause widespread disruptions.

Moreover, the use of increasingly sophisticated AI technologies by malicious actors and others has increased the risk of fraud, including identity theft and bypassing of verification controls, and exposure to cyberattacks (see the cybersecurity risk factor below), as well as disinformation and market manipulation campaigns, and failure to effectively manage such risks could result in misappropriation of funds, unauthorized transactions, exposure of sensitive client or Company information, reputational harm and increased litigation and regulatory risk.

Citi also faces competition risks to the extent that competitors may be faster and more successful in developing and deploying AI technologies to improve processes, productivity, efficiency, products and services, and thereby gain competitive advantages over Citi (see the competition risk factor above).

In addition, compliance with new or changing laws, regulations or industry standards relating to AI may impose additional operational risks and costs. Failure to sufficiently manage these risks could expose Citi to adverse legal, regulatory or reputational consequences.

OPERATIONAL RISKS

A Disruption or Failure of Citi's Operational Processes or Systems Could Negatively Impact Its Reputation, Customers, Clients, Businesses or Results of Operations and Financial Condition.

Citi's global operations rely heavily on its technology systems and infrastructure, including the accurate, complete, timely and secure processing, management, storage and transmission of data, including confidential transactions, and other information, as well as the monitoring of a substantial amount of data and complex transactions in real time. Citi obtains and stores an extensive amount of personal and client-specific information for its consumer and institutional customers and clients, and must accurately record and reflect their account transactions.

With the proliferation of emerging technologies, including AI and digital assets, and the use of the internet, mobile devices and cloud services to conduct financial transactions, and customers' and clients' increasing use of online banking and trading systems and other platforms, large global financial institutions such as Citi have been, and will continue to be, subject to an ever-increasing risk of operational loss, failure or disruption. For example, Citi's involvement in digital assets, including custody, asset tokenization and facilitation of clients' digital assets activities, exposes Citi to increased operational risks due to the unique technological requirements for securing these assets.

Although Citi has continued to upgrade its technology, including systems to automate processes and gain efficiencies, operational incidents are unpredictable and can arise from numerous sources, not all of which are fully within Citi's control. These include, among others, operational or execution failures or deficiencies by third parties that provide products or services to Citi (e.g., cloud service providers), including such third parties' downstream service providers, as well as other Citi counterparties and market participants, which could be exacerbated by the concentration of third-party providers across the financial services industry; deficiencies in processes or controls; inadequate management of data governance practices, data controls and monitoring mechanisms that may adversely impact internal or external reporting and decision-making; cyber or information security incidents (see the cybersecurity risk factor below); human error, such as manual transaction processing errors (e.g., erroneous payments to lenders or manual errors by traders that cause system and market disruptions or losses), which can be exacerbated by staffing challenges and processing backlogs; fraud or malice on the part of employees or third parties; insufficient (or limited) straight-through processing between legacy or bespoke systems and any failure to design and effectively operate controls that mitigate operational risks associated with those legacy or bespoke systems, leading to potential risk of errors and operating losses; accidental system or technological failure; electrical or telecommunication outages; failures of or cyber incidents involving computer servers or infrastructure, including software updates and cloud services; or other similar losses or damage to Citi's property or assets (see also the climate change risk factor above). Additionally, Citi's ability to effectively maintain and upgrade systems and infrastructure can become more challenging as the speed, frequency, volume, interconnectivity and complexity of transactions continue to increase.

For example, operational incidents can arise due to failures by third parties with which Citi does business, such as failures by internet, mobile technology and cloud service providers or other vendors to adequately follow procedures or processes, safeguard their systems or prevent system disruptions or cyberattacks. Failure by Citi to develop, implement and operate a third-party risk management program commensurate with the level of risk, complexity and nature of its third-party relationships can also result in operational incidents. In addition, Citi has experienced and could experience further losses associated with manual transaction processing errors, including erroneous payments to lenders or manual errors by Citi traders that cause system and market disruptions and losses for Citi and its clients. Irrespective of the sophistication of the technology utilized by Citi, there will always be a risk of human and other errors. In view of the large transactions in which Citi engages, such errors have in the past resulted, and could result, in significant losses. While Citi has change management processes in place to appropriately upgrade its operational processes and systems to ensure that any changes introduced do not adversely impact security and operational continuity, such change management can fail or be ineffective. Furthermore, when Citi introduces new products, systems or processes, new operational risks that may arise from those changes may not be identified, or adequate controls to mitigate the identified risks may not be appropriately implemented or operate as designed.

Incidents that impact information security, technology operations or other operational processes may cause disruptions and/or malfunctions within Citi's businesses (e.g., the temporary loss of availability of Citi's online banking

system or mobile banking platform), as well as the operations of its clients, customers or other third parties. In addition, operational incidents could involve the failure or ineffectiveness of internal processes or controls. Given Citi's global footprint and the high volume of transactions processed by Citi, certain failures, errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase the consequences and costs.

Operational incidents could result in financial losses and other costs as well as misappropriation, corruption or loss of confidential and other information or assets, which could significantly negatively impact Citi's reputation, customers, clients, employees, businesses or results of operations and financial condition, or the potential for systemic disruption due to interconnected systems and dependencies. Additionally, any unavailability or failure of backup systems could impact business continuity in the event of an operational incident. Cyber-related and other operational incidents can also result in legal and regulatory actions or proceedings, fines and other costs (see the legal and regulatory proceedings risk factor below).

Failure by Citi to continue to increase its operational resilience, and ensure that important business services and their impact tolerance time and severity scales are clearly defined, could expose Citi to service disruptions, leading to harms to Citi clients, market integrity, Citi's reputation, financial stability or safety and soundness.

Citi's and Third Parties' Computer Systems and Networks Continue to Be Susceptible to an Increasing Risk of Evolving, Sophisticated Cybersecurity Incidents That Could Result in the Theft, Loss, Non-Availability, Alteration, Misuse or Disclosure of Confidential Information, Damage to Citi's Reputation, Regulatory Penalties, Legal Exposure and Financial Losses.

Citi's computer systems, software and networks are subject to ongoing attempted cyberattacks, as attempts to effectuate unauthorized access to, theft or destruction of data (including confidential client information), account takeovers, and disruptions of service, using techniques including phishing, malware, ransomware, computer viruses or other malicious code, exploitation of vulnerabilities, and others. These threats can arise from external parties, including cyber criminals, cyber terrorists, hacktivists and nation-state actors, as well as insiders who knowingly or unknowingly engage in or enable malicious cyber activities. For example, nation-state actors have recently targeted critical U.S. infrastructure with cyberattacks. Some cyber and information security incidents may also occur as a result of unintentional conduct on the part of employees, customers or suppliers.

Citi develops its own software and relies on third-party applications and software, which are susceptible to vulnerability exploitations. Software leveraged in financial services and other industries continues to be impacted by an increasing number of zero-day vulnerabilities, thus increasing inherent cyber risk to Citi.

The increasing use of cloud and new and emerging technologies (such as AI and digital assets), as well as connectivity solutions to facilitate remote working for Citi's employees, all increase Citi's exposure to cybersecurity risks. Citi is also susceptible to cyberattacks given, among other factors, its size and scale, high-profile brand, global footprint and prominent role in the financial system. Additionally, Citi continues to operate in multiple jurisdictions in the midst of geopolitical unrest or uncertainties, including, among others, those affected by the Russia-Ukraine war and the conflicts in the Middle East, which could expose Citi to heightened risk of insider threat, cyber threats from nation-state actors, hacktivism or other cyber incidents.

Citi continues to experience increased exposure to cyberattacks through third parties. Third parties with which Citi does business, as well as retailers and other third parties with which Citi's customers do business, and any such third parties' downstream service providers, also pose cybersecurity risks, particularly where activities of customers are beyond Citi's security and control systems. For example, Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites and developing software for new products and services. These relationships allow for the storage and processing of customer information by third-party hosting of, or access to, Citi websites. This could lead to compromise or the potential to introduce vulnerable or malicious code, resulting in security breaches or business disruptions impacting Citi customers, employees or operations. While many of Citi's agreements with third parties include indemnification provisions, Citi may not be able to recover sufficiently under these provisions, or at all, to adequately offset any losses and other adverse impacts Citi may incur from third-party cyber incidents.

Citi and some of its third-party partners have been subjected to attempted and sometimes successful cyberattacks over the last several years, including the following:

- denial of service attacks, which attempt to interrupt service to clients and customers
- hacking and malicious software installations intended to gain unauthorized access to information systems or to disrupt those systems and/or impact availability or privacy of confidential data, with objectives including, but not limited to, extortion payments or causing reputational damage
- data breaches due to unauthorized access to customer accounts or other data
- malicious software attacks on client systems, in attempts to gain unauthorized access to Citi systems or client data under the guise of normal client transactions

While Citi's cyber and information security program has historically generally succeeded in detecting, thwarting and/or responding to attacks targeting its systems before they become significant, certain past incidents resulted in limited losses, as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently, via novel tactics, including leveraging of tools made possible by emerging technologies, and on a more significant scale.

Because the techniques used to initiate cyberattacks change frequently or, in some cases, are not recognized until deployed, Citi may be unable to implement effective preventive measures or otherwise proactively address these risks. In addition, cyber threats and cyberattack techniques change, develop and evolve rapidly, including from emerging technologies such as AI and quantum computing. Given the frequency and sophistication of cyberattacks, the determination of the severity and potential impact of a cyber incident may not become apparent for a substantial period of time following detection of the incident. Also, while Citi strives to implement measures to reduce the exposure resulting from outsourcing risks, such as performing security control assessments of third-party vendors and limiting third-party access to the least privileged level necessary to perform service functions, these measures cannot prevent all third-party-related cyberattacks or data breaches.

Cyber incidents can result in the disclosure of personal, confidential or proprietary customer, client or employee information; damage to Citi's reputation with its clients, other counterparties and the market; customer dissatisfaction; and additional costs to Citi, including expenses such as repairing or replacing systems, replacing customer payment cards, credit monitoring or adding new personnel or protection technologies. Cyber incidents can also result in regulatory penalties, loss of revenues, deposit outflows, exposure to litigation and regulatory action and other financial losses, including loss of funds to both Citi and its clients and customers, and disruption to Citi's operational systems (see the operational processes and systems risk factor above).

Moreover, the increasing risk of cyber incidents has resulted in increased legislative and regulatory action on cybersecurity, including, among other things, scrutiny of firms' cybersecurity programs, laws and regulations to enhance protection of consumers' personal data and mandated disclosure on cybersecurity matters and of certain cybersecurity incidents.

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, transfer certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses and may not take into account reputational harm, the costs of which are impossible to quantify.

Changes in or Incorrect Accounting Assumptions, Judgments or Estimates, or the Application of Certain Accounting Principles, Could Result in Significant Losses or Other Adverse Impacts.

U.S. GAAP requires Citi to use certain assumptions, judgments and estimates in preparing its financial statements, including, among other items, the estimate of the ACL; reserves related to litigation, regulatory and tax matters; valuation of DTAs; the fair values of certain assets and liabilities; and the assessment of goodwill and other assets for impairment. These assumptions, judgments and estimates are inherently limited because they involve techniques, including the use of historical data, that cannot anticipate or model every economic and financial outcome in the markets in which Citi operates, nor can they anticipate the specific impact and timing of such outcomes. For example, many models used by Citi include assumptions about correlation or lack thereof among prices of various asset classes or other market indicators that may not hold in times of market stress, limited liquidity or other unforeseen circumstances.

If Citi's assumptions, judgments or estimates underlying its financial statements are incorrect or differ from actual or subsequent events, Citi could experience unexpected losses or other adverse impacts, some of which could be significant. Citi could also experience declines in its stock price, be subject to legal and regulatory proceedings and incur fines and other losses.

For example, the CECL methodology requires that Citi provide reserves for a current estimate of lifetime expected credit losses for its loan portfolios and other financial assets at the time those assets are originated or acquired. This estimate is adjusted each period for changes in expected lifetime credit losses. Citi's ACL estimate is subject to judgments and depends upon its CECL models and assumptions, including forecasted macroeconomic conditions, which can be more challenging to forecast during times of significant market volatility and uncertainty. These model assumptions and forecasted macroeconomic conditions will change over time, resulting in variability in Citi's ACL and, thus, impact its results of operations and financial condition, as well as regulatory capital (see the capital return risk factor above).

Moreover, Citi has incurred losses related to its foreign operations that are reported in the CTA components of *Accumulated other comprehensive income (loss) (AOCI)*. In accordance with U.S. GAAP, a sale or other deconsolidation event of any foreign operation that results in a substantially complete liquidation of an investment in a foreign entity, such as those related to Citi's remaining divestitures or legacy businesses, would result in reclassification of any CTA component of *AOCI* related to that entity, including amounts associated with related hedges and taxes, into Citi's earnings. For example, during the quarter in which a deconsolidation of Banamex occurs, Citi would incur a CTA loss of approximately (\$9) billion, attributable to Banamex and its consolidated subsidiaries as of December 31, 2025, recognized through earnings, although the cumulative impact of the CTA would be regulatory capital neutral.

Changes to Financial Accounting and Reporting Standards or Interpretations Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.

Changes to financial accounting or reporting standards or interpretations, whether promulgated or required by the Financial Accounting Standards Board (FASB), the SEC, U.S. banking regulators or others, could present operational challenges and could require Citi to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally and/or with respect to particular businesses. For example, the FASB issues financial accounting and reporting standards that govern key aspects of Citi's financial statements or interpretations thereof when those standards become effective, including those areas where Citi is required to make assumptions or estimates.

If Citi's Risk Management and Other Processes or Strategies Are Deficient or Ineffective, Citi May Incur Significant Losses and Its Regulatory Capital and Capital Ratios Could Be Negatively Impacted.

Citi utilizes a broad and diversified set of risk management and other processes and strategies, including the use of models, in analyzing and monitoring the various risks Citi assumes in conducting its activities. Citi also relies on data to assess and manage various risk exposures. Unexpected losses can result from untimely, inaccurate or incomplete risk management processes and data.

In addition, Citi's risk management and other processes and strategies, including models, are inherently limited because they involve techniques, including the use of historical data in many circumstances, assumptions and judgments that cannot anticipate every economic and financial outcome in the markets in which Citi operates, particularly given various macroeconomic, geopolitical and other challenges and uncertainties (see the macroeconomic challenges and uncertainties risk factor above), nor can they anticipate the specifics and timing of such outcomes. For example, many models used by Citi include assumptions about correlation or lack thereof among prices of various asset classes or other market indicators that may not necessarily hold in times of market stress, limited liquidity or other unforeseen circumstances, or identify changes in markets or client behaviors not yet inherent in historical data.

Citi could incur significant losses, receive negative regulatory evaluation or examination findings or be subject to additional enforcement actions, and its regulatory capital, capital ratios and ability to return capital could be negatively impacted, if Citi's risk management and other processes, including its ability to manage and aggregate data in a timely and accurate manner, strategies or models are deficient or ineffective (for additional information, see the capital return

risk factor above and the regulatory scrutiny and changes and the legal and regulatory proceedings risk factors below). Such deficiencies or ineffectiveness could also result in inaccurate financial, regulatory or risk reporting.

Moreover, Citi's Basel III regulatory capital models, including its credit, market and operational risk models, are subject to ongoing regulatory review and approval, which may result in refinements, modifications or enhancements (required or otherwise) to these models. Modifications or requirements resulting from these ongoing reviews, as well as any future changes or guidance provided by the U.S. banking regulators regarding the U.S. regulatory capital framework applicable to Citi, including, but not limited to, potential revisions to the U.S. Basel III rules (see the capital return risk factor above), have resulted, and could continue to result, in significant changes to Citi's risk-weighted assets. These changes can impact Citi's capital ratios and its ability to meet its regulatory capital requirements.

CREDIT RISKS

Credit Risk and Concentrations of Risk Can Increase the Potential for Citi to Incur Significant Losses.

Citi has credit exposures to consumer, corporate and public sector borrowers and other counterparties in the U.S. and various countries and jurisdictions globally, including:

- end-of-period consumer loans of \$409 billion
- end-of-period corporate loans of \$344 billion at December 31, 2025

A default by or a significant downgrade in the credit ratings of a consumer or corporate borrower or other counterparty, or a decline in the credit quality or value of any underlying collateral, exposes Citi to credit risk. Additionally, despite Citi's target client strategy, various macroeconomic, geopolitical, market and other factors, among other things, can increase Citi's consumer and corporate credit risk and credit costs, particularly for vulnerable sectors, industries or countries (see the macroeconomic challenges and uncertainties and co-branding and private label credit cards risk factors above and the emerging markets risk factor below). For example, a weakening of economic conditions, including increases in unemployment rates, can adversely affect borrowers' ability to repay their obligations, as well as result in Citi's inability to liquidate the collateral it holds or forced to liquidate the collateral at prices that do not cover the full amount owed to Citi.

Citi is also a member of various central clearing counterparties and could incur financial losses as a result of defaults by other clearing members due to the requirements of clearing members to share losses. Additionally, systemic risks, including from leveraged finance, non-bank financial institutions, private credit and AI, could increase Citi's credit costs.

While Citi provides reserves for expected losses for its credit exposures, as applicable, such reserves are subject to judgments and estimates that could be incorrect or differ from actual future events. For additional information, including on the CECL methodology, see the changes in or incorrect assumptions risk factor above.

Concentrations and/or high correlation of risk to clients or counterparties engaged in the same or related industries or doing business in a particular geography, or to a particular product or asset class, especially credit and market risks, can also increase Citi's risk of significant losses. For example, due to the interconnectedness among financial institutions, concerns about the creditworthiness of or defaults by a financial institution could spread to other financial market participants and result in market-wide losses and disruption. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with non-U.S. sovereigns and with counterparties in the financial services industry, including banks, insurance companies, investment banks, governments, central banks and other financial institutions. Moreover, Citi has indemnification obligations in connection with various transactions that expose it to concentrations of risk, including credit risk from hedging or reinsurance arrangements related to those obligations. A rapid deterioration of a large borrower or other counterparty or within a sector or country in which Citi has large exposures or indemnifications or unexpected market dislocations could lead to concerns about the creditworthiness of other borrowers or counterparties in a certain geography and in related or dependent industries, and such conditions could cause Citi to incur significant losses.

LIQUIDITY RISKS

Citi's Businesses, Results of Operations and Financial Condition Could Be Negatively Impacted if It Does Not Effectively Manage Its Liquidity.

As a large, global financial institution, adequate liquidity and sources of funding are essential to Citi. Citi's liquidity, sources of funding and costs of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets; changes in fiscal and monetary policies; regulatory requirements, including changes in regulations; negative investor or counterparty perceptions of Citi's creditworthiness; deposit outflows or unfavorable changes in deposit mix; unexpected increases in cash or collateral requirements; credit ratings; and the consequent inability to monetize available liquidity resources.

Additionally, Citi competes with other banks and non-bank financial institutions for both institutional and consumer deposits, which represent Citi's most stable and lowest cost source of long-term funding. The competition for deposits has continued to increase in recent years, including as a result of fixed income alternatives for customer funds.

Citi's costs to obtain and access wholesale funding are directly related to changes in interest and currency exchange rates and its credit spreads. Changes in Citi's credit spreads are driven by both external market factors and factors specific to Citi, such as negative views by investors of the financial services industry or Citi's financial prospects, and can be highly volatile.

Citi's ability to obtain funding may be impaired and its cost of funding could also increase if other market participants are seeking to access the markets at the same time or to a greater extent than expected, or if market appetite for corporate debt securities declines, as is likely to occur in a liquidity stress event or other market crisis. In such circumstances, Citi's ability to sell assets may also be impaired if other market participants are seeking to sell similar assets at the same time or a liquid market does not exist for such assets. Additionally, unexpected changes in client needs due to idiosyncratic events or market conditions could result in greater than expected drawdowns from off-balance sheet committed facilities. A sudden drop in market liquidity could also cause a temporary or protracted dislocation of capital markets activity. In addition, clearing organizations, central banks, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral during challenging market conditions, which could further impair Citi's liquidity. If Citi fails to effectively manage its liquidity, its businesses, results of operations and financial condition could be negatively impacted.

Limitations on the payments that Citigroup Inc. receives from its subsidiaries could also impact its liquidity. As a holding company, Citigroup Inc. relies on interest, dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citi's U.S. and non-U.S. subsidiaries are or may be subject to capital adequacy or other liquidity, regulatory or contractual restrictions on their ability to provide such payments, including any local regulatory stress test requirements and inter-affiliate arrangements entered into in connection with Citigroup Inc.'s resolution plan. Citigroup Inc.'s broker-dealer and bank subsidiaries are subject to restrictions on their ability to lend or transact with affiliates, as well as restrictions on their ability to use funds deposited with them in brokerage or bank accounts to fund their businesses.

A bank holding company is also required by law to act as a source of financial and managerial strength for its subsidiary banks. As a result, the FRB may require Citigroup Inc. to commit resources to its subsidiary banks even if doing so is not otherwise in the interests of Citigroup Inc. or its shareholders or creditors, reducing the amount of funds available to meet its obligations.

A Ratings Downgrade Could Adversely Impact Citi's Funding and Liquidity.

The credit rating agencies, such as Fitch Ratings, Moody's Ratings and S&P Global Ratings, continuously evaluate Citi and certain of its subsidiaries. Their ratings of Citi and its rated subsidiaries' long-term debt and short-term obligations are based on firm-specific factors, including the financial strength of Citi and such subsidiaries, as well as factors that are not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating methodologies and assumptions, potential impact from negative actions on U.S. sovereign ratings and conditions affecting the financial services industry and markets generally.

A ratings downgrade could result from, among other factors, declines in profitability, reductions in regulatory capitalization levels, deterioration in Citi's funding structure or liquidity, significant increases in risk appetite, delays or missteps in Citi's transformation efforts, public statements by Citi's management or regulators or control failures.

A ratings downgrade could negatively impact Citi and its rated subsidiaries' ability to access the capital markets and other sources of funds as well as increase credit spreads and the costs of those funds. A ratings downgrade could also have a negative impact on Citi and its rated subsidiaries' ability to obtain funding and liquidity due to reduced funding capacity and the impact from derivative triggers, which could require Citi and its rated subsidiaries to meet cash obligations and collateral requirements or permit counterparties to terminate certain contracts. In addition, a ratings downgrade could have a negative impact on other funding sources such as secured financing and other margined transactions for which there may be no explicit triggers.

Furthermore, a credit ratings downgrade could have impacts that may not be currently known to Citi or are not possible to quantify. Some of Citi's counterparties and clients could have ratings limitations on their permissible counterparties, of which Citi may or may not be aware. Certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain market instruments, and limit or withdraw deposits placed with Citi in response to ratings downgrades. Changes in customer and counterparty behavior could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses.

COMPLIANCE RISKS

Regulatory Expectations and Scrutiny in the U.S. and Globally as well as Ongoing Interpretation and Implementation of Regulatory and Legislative Requirements and Changes Subject Citi to Significant Compliance, Regulatory and Other Risks and Costs.

Large financial institutions, such as Citi, face significant regulatory and supervisory expectations and scrutiny in the U.S. and globally, including with respect to, among other things, infrastructure, data and risk management practices and controls. These regulatory and supervisory expectations extend to employees and agents and also include, among other things, those related to anti-money laundering; increasingly complex sanctions regimes; customer and client protection; market practices; and various disclosure and regulatory reporting requirements.

Citi is also continually required to interpret and implement extensive and frequently changing regulatory and legislative requirements within the U.S. and in other jurisdictions in which it does business, which may overlap or conflict across jurisdictions, resulting in substantial compliance, regulatory and other risks and costs.

A failure to comply with regulatory requirements or expectations, even if inadvertent, or resolve any identified deficiencies in a timely and sufficiently satisfactory manner to regulators, could result in increased regulatory oversight; material restrictions, including, among others, imposition of additional capital buffers and limitations on capital distributions; enforcement proceedings; penalties; and fines (see the capital return risk factor above and legal and regulatory proceedings risk factor below).

Moreover, over the past several years, Citi has been required to implement a large number of regulatory, supervisory and legislative changes, including new regulatory, supervisory or legislative requirements or regimes, across its businesses and functions, and these changes continue. The changes themselves may be complex and subject to interpretation, and result in changes to Citi's businesses. In addition, the changes require continued substantial technology and other investments. In some cases, Citi's implementation of a regulatory or legislative requirement is occurring simultaneously with changing or conflicting regulatory guidance from multiple jurisdictions (including various U.S. states) and regulators, legal challenges or legislative action to modify or repeal existing rules or enact new rules.

Examples of regulatory or legislative changes that have resulted in increased compliance risks and costs include (i) the U.S. regulatory capital framework and requirements, which have continued to evolve (see the capital return risk above); and (ii) various laws relating to the limitation of cross-border data movement and/or collection and use of customer information, including data localization and protection and privacy laws, which also can conflict with or increase compliance complexity with respect to other laws, including anti-money laundering laws.

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Examinations, Investigations, Consent Orders and Related Compliance Efforts and Other Inquiries That Have in the Past and Could in the Future Result in Large Monetary Penalties, Supervisory or Enforcement Orders, Business Restrictions, Limitations on Dividends, Changes to Directors and/or Officers and Collateral Consequences Arising from Such Outcomes.

Citi's regulators have broad powers and discretion under their prudential and supervisory authority, and have pursued active inspection and investigatory oversight. At any given time, Citi is a party to a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations. Additionally, Citi remains subject to governmental and regulatory investigations, consent orders (see discussion below) and related compliance efforts, and other inquiries. Citi could also be subject to enforcement proceedings and negative regulatory evaluation or examination findings not only because of violations of laws and regulations, but also due to failures, as determined by its regulators, to remedy deficiencies on a timely basis (see also the capital return and resolution plan risk factors above). Under U.S. banking law, Citi is prohibited from disclosing confidential supervisory information, and may therefore be unable to disclose even potentially material regulatory or supervisory matters. Citi could face further scrutiny and consequences from regulators for failing to timely resolve open regulatory issues or having repeat regulatory issues.

As previously disclosed, the 2020 FRB Consent Order and the 2020 OCC Consent Order require Citigroup and Citibank, respectively, to implement extensive targeted action plans and submit quarterly progress reports on a timely and sufficient basis detailing the results and status of improvements relating principally to various aspects of enterprise-wide risk management, compliance, data quality management related to governance, and internal controls. These improvements will require continued significant investments by Citi during 2026 and beyond, as an essential part of Citi's broader transformation efforts (see the simplification, transformation and enhanced business performance priorities risk factor above). Further, in 2024, the FRB entered into a Civil Money Penalty Consent Order with Citigroup, and the OCC entered into a Civil Money Penalty Consent Order with Citibank. The FRB found that Citigroup had ongoing deficiencies related to its data quality management program and had inadequate measures for managing and controlling its data quality risks. The OCC found that Citibank had failed to make sufficient and sustainable progress toward achieving compliance with its 2020 Consent Order. There can be no assurance that efforts by Citi to address the deficiencies and resolve the OCC and FRB Consent Orders will occur in a manner satisfactory, in both timing and sufficiency, to the FRB and OCC.

Although there are no restrictions on Citi's ability to serve its clients, the OCC Consent Order requires Citibank to obtain prior approval of any significant new acquisition, including any portfolio or business acquisition, excluding ordinary course transactions.

Moreover, the OCC Consent Order provides that the OCC has the right to assess future civil money penalties or take other supervisory and/or enforcement actions. Such actions by the OCC could include imposing business restrictions, including possible additional limitations on the declaration or payment of dividends by Citibank and changes in directors and/or senior executive officers. More generally, the OCC and/or the FRB could again take enforcement or other actions if the regulatory agency believes that Citi has not met regulatory expectations regarding compliance with the consent orders.

Large financial institutions face a challenging global judicial, regulatory and political environment. The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of Citi's operations, also means that a single event or issue may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies and authorities in the U.S. or by multiple regulators and other governmental entities in foreign jurisdictions, as well as multiple civil litigation claims in multiple jurisdictions. Violations of law by other financial institutions may also result in regulatory scrutiny of Citi. Responding to regulatory inquiries and proceedings can be time consuming and costly, and divert management attention from Citi's businesses.

U.S. and non-U.S. regulators have focused on the culture of financial services firms, including Citi, as well as "conduct risk," a term used to describe the risks associated with behavior by employees and agents, including third parties, that could harm clients, customers, employees or the integrity of the markets, such as improperly creating, selling, marketing or managing products and services, failures to safeguard a party's personal information or failures to identify and manage conflicts of interest.

Scrutiny and expectations from regulators could lead to investigations and other inquiries, as well as remediation requirements, regulatory restrictions, structural changes, more regulatory or other enforcement proceedings, civil litigation and higher compliance and other risks and costs. For additional information, see the capital return and regulatory scrutiny and changes risk factors above. Further, while Citi takes numerous steps to prevent and detect conduct by employees and agents that could potentially harm clients, customers, employees or the integrity of the markets, such behavior may not always be deterred or prevented.

Moreover, the severity of the remedies sought in legal and regulatory proceedings to which Citi is subject has remained elevated. Citi may be required to accept or be subject to remedies, consent orders, sanctions, substantial fines and penalties, remediation and other financial costs or other requirements in the future, including for matters or practices not yet known to Citi, any of which could materially and negatively affect Citi's businesses, business practices, financial condition or results of operations, require material changes in Citi's operations or cause Citi substantial reputational harm.

Additionally, many large claims—both private civil and regulatory—asserted against Citi are highly complex, slow to develop and may involve novel or untested legal theories. The outcome of such proceedings is difficult to predict or estimate until late in the proceedings. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, Citi's estimates of, and changes to, these accruals involve significant judgment and may be subject to significant uncertainty, and the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued (see the changes in or incorrect assumptions risk factor above). In addition, certain settlements are subject to court approval and may not be approved. Furthermore, regulators may be more likely to pursue investigations or proceedings against financial institutions, such as Citi, that have previously been the subject of other regulatory actions.

OTHER RISKS

Citi's Emerging Markets Presence Subjects It to Various Risks as well as Increased Compliance and Regulatory Risks and Costs.

During 2025, emerging markets revenues accounted for approximately 25% of Citi's total revenues. Citi's presence in the emerging markets subjects it to various risks.

Citi's emerging markets risks include, among others, limitations or unavailability of hedges on foreign investments; foreign currency volatility, including devaluations; central bank interest rate and other monetary policies; macroeconomic, geopolitical and domestic political challenges, uncertainties and volatilities; foreign exchange controls, including an inability to access indirect foreign exchange mechanisms; cyberattacks; restrictions arising from retaliatory laws and regulations; sanctions or asset freezes; sovereign debt volatility; fluctuations in commodity prices; limitations on foreign investment; sociopolitical instability; nationalization or loss of licenses; potential criminal charges; closure of branches or subsidiaries; and confiscation of assets; and these risks can be exacerbated in the event of a deterioration in the relationship between the U.S. and an emerging market country.

For example, Citi operates in several countries that have strict capital controls, currency controls and/or sanctions that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside of those countries. As a result, Citi might need to record additional translation losses due to these or other currency controls. Moreover, Citi could be required to adjust its reserves for expected losses for its credit exposures based on the transfer risk associated with exposures outside the U.S., driven by safety and soundness considerations under U.S. banking law.

Moreover, the Russia-Ukraine war could have further negative impacts on macroeconomic conditions, financial markets and commodities prices, adversely impacting Citi and its customers, clients or employees. For additional information about these Russia-related risks, see the macroeconomic challenges and uncertainties and cybersecurity risk factors above.

Emerging markets risks may adversely impact Citi's businesses, results of operations and financial condition in those countries where Citi operates and have required, and may continue to require, management time and attention and other resources.

MANAGING GLOBAL RISK

Overview

For Citi, effective risk management is of primary importance to its overall operations. Accordingly, Citi has established an Enterprise Risk Management (ERM) Framework to ensure that Citi's risks are managed appropriately and consistently across the Company and at an aggregate, enterprise-wide level. Citi's culture drives a strong risk and control environment and is at the heart of the ERM Framework, underpinning the way Citi conducts business. The activities that Citi engages in, and the risks those activities generate, must be consistent with Citi's Mission and Value Proposition (see below) and the key Leadership Principles that support it, as well as Citi's risk appetite. As discussed above, Citi also continues its efforts to comply with the 2020 FRB and OCC Consent Orders, relating principally to various aspects of risk management, compliance, data quality management related to governance, and internal controls (see "Risk Factors—Compliance Risks" above).

Under Citi's Mission and Value Proposition, which was developed by its senior leadership and distributed throughout the Company, Citi strives to serve its clients as a trusted partner by responsibly providing financial services that enable growth and economic progress while earning and maintaining the public's trust by constantly adhering to the highest ethical standards. As such, Citi asks all employees to ensure that their decisions pass three tests: they are in Citi's clients' best interests, create economic value and are always systemically responsible.

Citi has designed Leadership Principles that represent the qualities, behaviors and expectations all employees must exhibit to deliver on Citi's mission of enabling growth and economic progress. The Leadership Principles inform Citi's ERM Framework and contribute to creating a culture that drives client, control and operational excellence. Citi employees share a common responsibility to uphold these Leadership Principles and hold themselves to the highest standards of ethics and professional behavior in dealing with Citi's clients, business colleagues, shareholders, communities and each other.

Citi's ERM Framework details the principles used to support effective enterprise-wide risk management across the end-to-end risk management lifecycle. The underlying pillars of the framework encompass:

- *Culture*—the core principles and behaviors that underpin a strong culture of risk awareness, in line with Citi's Mission and Value Proposition, and Leadership Principles;
- *Governance*—the committee structure and reporting arrangements that support the appropriate oversight of risk management activities at the Board and Executive Management Team levels and Citi's Lines of Defense model;
- *Risk Management*—the end-to-end risk management cycle including the identification, measurement, monitoring, controlling and reporting of all material risks; and
- *Enterprise Programs*—the key risk management programs performed across the risk management lifecycle for all risk categories.

Each of these pillars is underpinned by supporting capabilities covering people, infrastructure and tools that are in place to enable the execution of the ERM Framework. Controls are established to mitigate the risks associated with the execution of these pillars and supporting capabilities.

Citi's approach to risk management requires that its risk-taking be consistent with its risk appetite. Risk appetite is the aggregate level of risk that Citi is willing to tolerate in order to achieve its strategic objectives and business plan. Risk limits and thresholds represent allocations of Citi's risk appetite to businesses and risk categories. Concentration risks are controlled through a subset of these limits and thresholds.

Citi's risks are generally categorized and summarized as follows:

- *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 honor its financial or contractual obligations.
- *Liquidity risk* is the risk that Citi will not be able to efficiently meet its financial obligations as they become due without adversely impacting its daily operations or overall financial condition. This risk can be exacerbated by the Company's inability to access necessary funding sources or to monetize assets in a timely and orderly manner.

- *Market risk (trading and non-trading)*: Market risk of trading portfolios 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, equity and commodity prices, foreign exchange rates or credit spreads. Market risk of non-trading portfolios is the impact of adverse changes in market variables such as interest rates, foreign exchange rates, credit spreads and equity prices on positions accounted for as part of Citi’s net interest income, economic value of equity or *AOCI*.
- *Operational risk* is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes legal risk, but excludes strategic and reputation risks (see below).
- *Compliance risk* is the risk to current or projected financial conditions and resilience arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.
- *Reputation risk* is the risk to current or projected financial conditions and resilience from negative opinion held by stakeholders. This risk may impair Citi’s competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships.
- *Strategic risk* is the risk of a sustained impact to Citi’s core strategic objectives as measured by impacts on anticipated earnings, market capitalization or capital, arising from the external factors affecting the Company’s operating environment, as well as the risks associated with defining and executing the strategy.

Additionally, Citi categorizes and summarizes risks that span the above risk categories, such as concentration risk, country risk and climate risk.

Citi uses a lines of defense model as a key component of its ERM Framework to manage its risks. As discussed below, the lines of defense model brings together risk-taking, risk oversight and risk assurance under one umbrella and provides an avenue for risk accountability of the first line of defense, a construct for effective challenge by the second line of defense (Independent Risk Management and Independent Compliance Risk Management), and empowers independent risk assurance by the third line of defense (Internal Audit). In addition, the lines of defense model includes organizational units tasked with supporting a strong control environment (enterprise support functions).

CREDIT RISK

Overview

Credit risk is the risk of loss resulting from the decline in credit quality of a client, customer or counterparty (or downgrade risk) or the failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations. For example, credit risk can arise from a deterioration in (i) the operating and financial performance of a borrower or (ii) a decline in the quality or value of any underlying collateral, both of which may also be impacted by adverse changes in macroeconomic, geopolitical, market and other factors. Credit risk is one of the most significant risks Citi faces as an institution (see “Risk Factors—Credit Risks” above). Credit risk arises in many of Citigroup’s business activities, including:

- consumer, commercial and corporate lending;
- capital markets derivative transactions;
- structured finance; and
- securities financing transactions (margin loans, repurchase and reverse repurchase agreements and securities loaned and borrowed).

Credit risk also arises from clearing and settlement activities, when Citi transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client, as well as through its investment securities portfolio and cash placed with banks. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

Citi has an established framework in place for managing credit risk across all businesses that includes a defined risk appetite, credit limits and credit policies. Citi's credit risk management framework also includes policies and procedures to manage problem exposures.

To manage concentration risk, Citi has in place a framework consisting of industry limits, single-name concentrations for each business and across Citigroup and a specialized product limit framework.

Credit exposures are generally reported in notional terms for accrual loans, reflecting the value at which the loans as well as other off-balance sheet commitments are carried on the Consolidated Balance Sheet. Credit exposure arising from capital markets activities is generally expressed as the current mark-to-market, net of margin, reflecting the net value owed to Citi by a given counterparty.

Citi's loans are reported in two categories: corporate and consumer. These categories are classified primarily according to the operating segment, reporting unit and component that manage the loans in addition to the nature of the obligor, with corporate loans generally made for corporate institutional and public sector clients around the world and consumer loans to retail and small business customers.

The credit risk associated with Citi's credit exposures is a function of the idiosyncratic creditworthiness of the obligor, as well as the terms and conditions of the specific obligation. Citi assesses the credit risk associated with its credit exposures not carried at fair value on a regular basis through its allowance for credit losses, as well as through regular stress testing at the company, business, geography and product levels. These stress-testing processes typically estimate potential incremental credit costs that would occur as a result of either downgrades in the credit quality or defaults of the obligors or counterparties.

LIQUIDITY RISK

Overview

Adequate and diverse sources of funding and liquidity are essential to Citi's businesses. Funding and liquidity risks arise from several factors, many of which are largely outside of Citi's control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in Citi's credit ratings and macroeconomic, geopolitical and other conditions. For additional information, see "Risk Factors—Liquidity Risks" above.

Citi's funding and liquidity management objectives are aimed at:

- funding its existing asset base;
- growing its core businesses;
- maintaining sufficient liquidity, structured appropriately, so that Citi can operate under a variety of adverse circumstances, including potential Company-specific and/or market liquidity events in varying durations and severity; and
- satisfying regulatory requirements, including, but not limited to, those related to resolution planning.

Citigroup's primary liquidity objectives are established by entity, and in aggregate, across two major categories:

- Citibank (including Citibank Europe plc, Citibank Singapore Ltd. and Citibank (Hong Kong) Ltd.); and
- Citi's non-bank and other entities, including the parent holding company (Citigroup Inc.), Citi's primary intermediate holding company (Citicorp LLC), Citi's broker-dealer subsidiaries (including Citigroup Global Markets Inc., Citigroup Global Markets Limited and Citigroup Global Markets Japan Inc.) and other bank and non-bank subsidiaries that are consolidated into Citigroup (including Banamex).

At an aggregate Citigroup level, Citi's goal is to maintain sufficient funding in amount and tenor to fully fund customer assets and to provide an appropriate amount of cash and high-quality liquid assets (as discussed below), even in times of stress, in order to meet its payment obligations as they come due. Citi's liquidity risk management framework provides that, in addition to the aggregate requirements, certain entities be self-sufficient or net providers of liquidity, including in conditions established under their designated stress tests.

Citi's primary funding sources include the following:

- corporate and consumer deposits via Citi's bank subsidiaries, including Citibank, N.A. (Citibank)
- long-term debt (primarily senior and subordinated debt) mainly issued by Citigroup Inc., as the parent, and Citibank
- stockholders' equity

These sources are supplemented by short-term borrowings, primarily in the form of secured funding transactions.

Citi's funding and liquidity framework, working in concert with overall asset/liability management, helps ensure that there is sufficient liquidity and tenor in the overall liability structure (including funding products) of the Company relative to the liquidity and tenor of Citi's assets. This reduces the risk that liabilities will become due before assets mature or are monetized. The Company holds excess liquidity, primarily in the form of high-quality liquid assets (HQLA), as presented in the table below. Citi's liquidity is managed centrally by Corporate Treasury, reported within Corporate/Other in *All Other*, in conjunction with cluster and in-country treasurers with oversight provided by Independent Risk Management and various Asset and Liability Committees (ALCOs) and Country Coordinating Committee at the individual entity, cluster, country and business levels. Pursuant to this approach, Citi's HQLA are managed with emphasis on asset/liability management and entity-level liquidity adequacy throughout Citi.

Citi's CRO and CFO co-chair Citigroup's ALCO, which includes Citi's Treasurer and other senior executives. The ALCO sets the strategy of the liquidity portfolio and monitors portfolio performance. Significant changes to portfolio asset allocations are approved by the ALCO. Citi also has other ALCOs, which are established at various organizational levels to ensure appropriate oversight for individual entities, countries, franchise businesses and regions, serving as the primary governance committees for managing Citi's balance sheet and liquidity.

As a supplement to Citigroup's ALCO, Citi's Funding and Liquidity Risk Committee (FLRC) is focused on funding and liquidity risk matters. The FLRC reviews and discusses the funding and liquidity risk profile of, as well as risk management practices for, Citigroup and Citibank and reports its findings and recommendations to each relevant ALCO as appropriate.

MARKET RISK

Overview

Market risk is the potential for losses arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads, as well as their implied volatilities. Market risk arises from both Citi's trading and non-trading portfolios. For additional information on market risk and market risk management at Citi, see "Risk Factors" above.

Each business is required to establish, with approval from Citi's market risk management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles and is within the parameters of Citi's overall risk appetite. These limits are monitored by the Risk organization, including various regional, legal entity and business Risk Management committees, Citi's country and business Asset and Liability Committees and the Citigroup Risk Management and Asset and Liability Committees. In all cases, the businesses are ultimately responsible for the market risks taken and for remaining within their defined limits.

MARKET RISK OF TRADING PORTFOLIOS

Trading portfolios include the following:

- positions resulting from market-making activities
- the CVA relating to derivative counterparties and all associated hedges
- fair value option loans
- hedges of the loan portfolio within capital markets origination

Management of the market risk of CGMHI's trading portfolio is governed by the Mark-to-Market Risk Policy and the Markets Risk Management Committee.

The market risk of CGMHI's trading portfolios is monitored using a combination of quantitative and qualitative measures, including, but not limited to, factor sensitivities, value at risk (VaR) and stress testing. Each trading portfolio across CGMHI's businesses has its own market risk limit framework encompassing these measures and other controls, including trading mandates, new product approval, permitted product lists and pre-trade approval for larger, more complex and less liquid transactions. These controls enable the monitoring and management of CGMHI's top market risks.

Factor Sensitivities

When managing market risk for its trading portfolios, CGMHI uses factor sensitivities to measure the change in value of a position for a defined change in a market risk factor, such as a change in the value of a U.S. Treasury bond for a one-basis-point change in interest rates. Citi's Global Market Risk function, within the Independent Risk Management organization, works to ensure that factor sensitivities are calculated, monitored and limited for all material risks taken in the trading portfolios.

Value at Risk (VaR)

VaR estimates, at a 99% confidence level, the potential decline in the value of a position or a portfolio under normal market conditions assuming a one-day holding period. VaR statistics, which are based on historical data, can be materially different across firms due to differences in portfolio composition, VaR methodologies and model parameters. As a result, Citi believes VaR statistics can be used more effectively as indicators of trends in risk-taking within a firm, rather than as a basis for inferring differences in risk-taking across firms.

Citi uses a single, independently approved Monte Carlo simulation VaR model (see "VaR Model Review and Validation" below), which has been designed to capture material risk sensitivities (such as first- and second-order sensitivities of positions to changes in market prices) of various asset classes/risk types (such as interest rate, credit spread, foreign exchange, equity and commodity risks).

CGMHI's "Trading VaR" includes positions that are measured at fair value or mark-to-market and does not include accrual positions. "Trading and Credit VaR" additionally includes the CVA relating to derivative counterparties, all associated CVA hedges and market-sensitive FVA hedges.

Citi believes its VaR model is conservatively calibrated to incorporate fat-tail scaling and the greater of short-term (approximately the most recent month) and long-term (18 months for commodities and three years for others) market volatility. The Monte Carlo simulation involves approximately 550,000 market factors, making use of approximately 480,000 time series, with sensitivities updated daily, volatility parameters updated intra-monthly and correlation parameters updated monthly. As of December 31, 2025, Citi estimates that the conservative features of the VaR calibration contribute an approximate 14% add-on to what would be a VaR estimated under the assumption of normally distributed markets.

As presented in the table below, CGMHI's average trading VaR increased \$5 million from 2024 to 2025 due to inventory changes and volatility updates. CGMHI's average trading and credit portfolio VaR increased \$8 million, in line with the increase in average trading VaR.

Total CGMHI—Year-end and Average Trading VaR and Trading and Credit Portfolio VaR

<i>In millions of dollars</i>	December 31, 2025		December 31, 2024	
	2025	Average	2024	Average
Interest rate	\$ 86	\$ 87	\$ 95	\$ 77
Equity	21	23	29	30
Commodity	18	20	23	19
Foreign exchange	22	15	17	13
Covariance adjustment ⁽¹⁾	(60)	(59)	(66)	(61)
Total trading VAR—all market risk factors, including general and specific risk (excluding credit portfolios) ⁽²⁾	87	86	98	78
Specific risk-only component ⁽³⁾	5	8	22	5
Total trading VAR—general market risk factors only (excluding credit portfolios)	82	78	76	73
Incremental impact of the credit portfolio ⁽⁴⁾	(1)	1	—	1
Total trading and credit portfolio VAR	\$ 86	\$ 87	\$ 98	\$ 79

- (1) Covariance adjustment (also known as diversification benefit) equals the difference between the total VaR and the sum of the VaRs tied to each risk type. The benefit reflects the fact that the risks within individual and across risk types are not perfectly correlated and, consequently, the total VaR on a given day will be lower than the sum of the VaRs relating to each risk type. The determination of the primary drivers of changes to the covariance adjustment is made by an examination of the impact of both model parameter and position changes.
- (2) The total trading VaR includes mark-to-market and certain fair value option trading positions with the exception of hedges of the loan portfolio, fair value option loans and all CVA exposures.
- (3) The specific risk-only component represents the level of equity and fixed income issuer-specific risk embedded in VaR.
- (4) The credit portfolio is composed of mark-to-market positions associated with the CVA relating to derivative counterparties, all associated CVA hedges and market sensitivity FVA hedges. FVA and DVA are not included. The credit portfolio also includes hedges of the loan portfolio, fair value option loans and hedges of the leveraged finance pipeline within capital markets origination.

The table below provides the range of market factor VaRs associated with total CGMHI trading VaR, inclusive of specific risk:

<i>In millions of dollars</i>	2025		2024	
	Low	High	Low	High
Interest rate	\$ 64	\$ 145	\$ 54	\$ 112
Equity	13	51	13	97
Commodity	14	30	12	29
Foreign exchange	8	39	6	38
Total trading	\$ 67	\$ 140	\$ 56	\$ 136
Total trading and credit portfolio	70	133	58	135

Note: No covariance adjustment can be inferred from the above table as the high and low for each market factor will be from different close-of-business dates.

VaR Model Review and Validation

Generally, Citi's VaR review and model validation process entails reviewing the model framework, major assumptions and implementation of the mathematical algorithm. In addition, product-specific back-testing on portfolios is periodically completed as part of the ongoing model performance monitoring process and reviewed with Citi's U.S. banking regulators.

Material VaR model and assumption changes must be independently validated within Citi's Independent Risk Management organization. All model changes, including those for the VaR model, are validated by the model validation group within Citi's Model Risk Management. In the event of significant model changes, parallel model runs are

undertaken prior to implementation. In addition, significant model and assumption changes are subject to the periodic reviews and approval by Citi's U.S. banking regulators.

Stress Testing

Citi uses a comprehensive Enterprise Stress Testing framework in its risk management, capital adequacy assessment and strategic planning processes to assess the potential impact of various adverse economic and financial market events on the Company's financial condition. The results of these tests are a critical input for evaluating Citi's risk profile and capital adequacy, and for informing the Company's risk appetite and strategic business decisions.

Citi's market risk stress testing program includes routine stress loss assessments, as well as ad-hoc analyses of emerging risks and market events. The scenarios used within this framework are designed to be severe and relevant to Citi's trading portfolios and vulnerabilities, and include a combination of historical market crises and hypothetical events. These scenarios are applied to the portfolios to calculate the potential profit and loss impact under stressed conditions. The outputs of the stress tests are reviewed by senior management and relevant risk committees. The results directly inform risk management actions, including the setting and monitoring of the Company's risk limits, the approval process for certain transactions and ongoing capital and strategic planning. This ensures that the insights gained from stress testing are actively used to manage risk and maintain financial resilience.

OPERATIONAL RISK

Overview

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human error or systems errors, or external events. As discussed further below, operational risk includes cybersecurity risk. It also includes 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 global business activities, as well as related support functions, and can result in losses. Citi maintains a comprehensive Company-wide risk taxonomy to classify operational risks that it faces using standardized definitions across Citi's Operational Risk Management Framework (see discussion below). This taxonomy also supports regulatory requirements and expectations inclusive of those related to U.S. Basel III, Comprehensive Capital Analysis and Review (CCAR), Heightened Standards for Large Financial Institutions and Dodd-Frank Act Stress Testing (DFAST).

Citi manages operational risk consistent with the overall framework described in "Managing Global Risk—Overview" above. Citi's goal is to keep operational risk at appropriate levels relative to the characteristics of its businesses, the markets in which it operates, its capital and liquidity and the competitive, economic and regulatory environment. This includes effectively managing operational risk and maintaining or reducing operational risk exposures within Citi's operational risk appetite.

Citi's Operational Risk Management group has established a global Operational Risk Management Framework with policies and practices for identification, measurement, monitoring, controlling and reporting operational risks and the overall operating effectiveness of the internal control environment. As part of this framework, Citi has defined its operational risk appetite and established the minimum requirements of the Manager's Control Assessment (MCA) process managed by the first line of defense for self-identification of significant operational risks, assessment of the performance of key controls and mitigation of residual risk above acceptable levels.

Each Citi operating segment must implement operational risk management processes consistent with the requirements of this framework. This includes:

- understanding and assessing the operational risks they are exposed to;
- designing, executing and testing controls that mitigate identified risks;
- establishing key indicators;
- monitoring and reporting whether the operational risk exposures are in or out of their operational risk appetite;

- having processes in place to bring operational risk exposures within acceptable levels;
- periodically estimating and aggregating the operational risks they are exposed to; and
- ensuring that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

Citi considers operational risks that result from the introduction of new or changes to existing products, or result from significant changes in its organizational structures, systems, processes and personnel.

Citi has a governance structure for the oversight of operational risk exposures through Business Risk and Controls Committees (BRCCs), which are focused at the group, business or function level. BRCCs provide channels to inform and escalate to senior management about operational risk exposures, control issues and operational risk events, and allow them to take and document decisions around the mitigation, remediation or acceptance of operational risk exposures.

In addition, Independent Risk Management, including the Operational Risk Management group, works proactively with Citi’s businesses and functions to drive a strong and embedded operational risk management culture and framework across Citi. The Operational Risk Management group actively challenges business and functions implementation of the Operational Risk Management Framework requirements and the quality of operational risk management practices and outcomes.

Information about businesses’ key operational risks, historical operational risk losses and the control environment is reported by each major business segment and functional area at relevant governance forums. Citi’s operational risk profile and related information is summarized and reported to senior management, as well as to the Audit and Risk Committees of Citigroup’s Board of Directors by the Head of Operational Risk Management.

Operational risk is measured through Operational Risk Capital and Operational Risk Regulatory Capital for the Advanced Approaches under Basel III. Projected operational risk losses under stress scenarios are estimated as a required part of the FRB’s CCAR process.

For additional information on Citi’s operational risks, see “Risk Factors—Operational Risks” above.

Cybersecurity Risk

Overview

Cybersecurity risk is the operational risk associated with the threat posed by a cyberattack, cyber breach or the failure to protect Citi’s most vital business information assets or operations, resulting in a financial or reputational loss (see the operational processes and systems and cybersecurity risk factors in “Risk Factors—Operational Risks” above). With an evolving threat landscape, ever-increasing sophistication of threat actor tactics, techniques and procedures, ongoing and emerging geopolitical conflicts, and the availability of new technologies, including those enabled by artificial intelligence and machine learning capabilities, to conduct financial transactions, Citi and its clients, customers and third parties (and fourth parties, etc.) continue to be at risk from cyberattacks and information security incidents. Citi leverages a threat-focused, industry-standard-aligned, defense-in-depth strategy that ensures that multiple controls work in tandem against various threats to increase the likelihood that malicious activity will be prevented, detected and mitigated.

Citi has a mature and comprehensive cybersecurity threat identification and management program that relies on an industry-aligned, risk-based, defense-in-depth approach, including an internal cybersecurity intelligence center, participation in industry and government information-sharing programs, vulnerability assessment and scanning tools, intrusion detection and prevention systems, security incident and event management systems, defensive architecture, penetration testing, adversary emulation exercises, data management (including classification, encryption, and identity and access management), multi-factor authentication requirements and other logical, physical and technical controls designed to prevent, deter, mitigate and respond to cybersecurity threats.

Citi’s cyber and information security program is supported by comprehensive governance, including policies, standards and procedures that dictate requirements and best practices around various program aspects, including, but not limited to, third-party risk management, data management, asset management, information security practices, security incident management and regulatory compliance. Citi’s Chief Information Security Organization’s risks and controls are measured against its Cybersecurity Risk Appetite Statement, which was initially approved by the Risk Management

Committee of the Board of Directors and is reapproved annually by Citi's Risk Committee, chaired by Citi's Chief Risk Officer. Citi's Cybersecurity Risk Appetite Statement leverages key risk indicators to establish enterprise risk tolerance and define risk management strategy with respect to cyber and information security. Further, Citi actively participates in financial industry, government and cross-sector knowledge-sharing groups to enhance individual and collective cybersecurity preparedness and resilience.

Cybersecurity Risk Management and Governance

Citi's technology and cybersecurity risk management program is built on Citi's three lines of defense, each of which is integrated into Citi's overall risk management systems and processes.

Citi's Chief Information Security Organization, which is led by Citi's Head of Foundational Services and Chief Information Security Officer (CISO), serves as the first line of defense. This office provides frontline business, operational and technical controls and capabilities to (i) protect against cybersecurity risks, and (ii) respond to cyber incidents, including data breaches. Citi manages cybersecurity threats through its state-of-the-art fusion centers, which serve as central commands for monitoring and coordinating responses to cyber threats.

Citi's Chief Information Security Organization is responsible for application and infrastructure defense and security controls, performing vulnerability assessments and third-party information security assessments (including cybersecurity risk assessments associated with Citi's use of products and services from vendors and other third-party providers), employee awareness and training programs, and security incident management. In each case, the enterprise information security team works in coordination with a network of information security officers who are embedded within Citi's global businesses and functions, consistent with Citi's philosophy that all Citi stakeholders have a responsibility in managing cyber and information security risks.

Citi's Technology and Cyber Compliance and Operational Risk Office (TCCORO) serves as the second line of defense. This office independently evaluates and challenges Citi's risk mitigation practices and capabilities, from a fused operational risk and compliance lens. It functions as a joint second line of defense and in accordance with Citi's Cybersecurity Risk Appetite Statement. TCCORO also advises first line partners in CISO, supporting enterprise-wide efforts to proactively identify and remediate cybersecurity risks before they materialize as incidents that negatively affect business operations.

To address evolving cybersecurity risks and corresponding regulations, TCCORO monitors cybersecurity legal and regulatory requirements, identifies and defines emerging risks, executes strategic cybersecurity threat assessments, performs new product and initiative reviews, performs data management risk oversight and conducts cybersecurity risk assurance reviews (inclusive of third-party assessments). In addition, this office oversees and challenges metrics related to cybersecurity and technology and ensures they remain aligned with Citi's overall operational risk management framework to effectively track, identify and manage risk. TCCORO presents an independent viewpoint on enterprise cybersecurity risk posture, and oversees CISO's cybersecurity risk identification, measurement and enterprise-wide governance of cybersecurity risk.

Internal Audit serves as Citi's third line of defense and provides independent assurance to the Audit Committee of the Board on the effectiveness of controls operated by the first and second lines of defense to manage cybersecurity risk.

Citi recognizes the risks associated with outsourcing services to, sharing data with, and/or technologically interacting with third parties. Citi has built a robust third-party information security risk management program that governs third-party engagements from selection, to the establishment of legal agreements that govern the relationship, to ongoing monitoring through the duration of the relationship. Third-party risk management includes reliance on contractual requirements around, among other things, data and cybersecurity, vulnerability assessments, third-party information security assessments performed at intervals determined by risk level, governance to manage end-of-life and end-of-vendor-support risks, and third-party incident response protocols.

COMPLIANCE RISK

Compliance risk is the risk to current or projected financial condition and resilience arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards. Compliance risk exposes Citi to fines, civil money penalties, payment of damages and the voiding of contracts. Compliance risk can result in diminished reputation, harm to Citi's customers, limited business opportunities and lessened expansion potential. It encompasses the risk of noncompliance with all laws and regulations, as well as prudent ethical standards and some contractual obligations. It could also include exposure to litigation (known as legal risk) from all aspects of traditional and non-traditional banking.

Citi seeks to operate with integrity, maintain strong ethical standards and adhere to applicable policies and regulatory and legal requirements. Citi must maintain and execute a proactive Compliance Risk Management (CRM) Framework (as set forth in the CRM Policy) that is designed to manage compliance risk effectively across Citi, with a view to fundamentally strengthen the compliance risk management culture across the lines of defense taking into account Citi's risk governance framework and regulatory requirements.

Independent Compliance Risk Management's (ICRM) primary objectives are to:

- drive and embed a culture of compliance and control throughout Citi;
- maintain and oversee an integrated CRM Framework that facilitates enterprise-wide compliance with local, national or cross-border laws, rules or regulations, Citi's internal policies, standards and procedures and relevant standards of conduct;
- assess compliance risks and issues across product lines, functions and geographies, supported by globally consistent systems and compliance risk management processes; and
- provide compliance risk data aggregation and reporting capabilities.

Citi carries out its objectives and fulfills its responsibilities through the CRM Framework, which is composed of the following integrated key activities, to holistically manage compliance risk:

- management of Citi's compliance with laws, rules and regulations by identifying and analyzing changes, assessing the impact and implementing appropriate policies, processes and controls
- developing and providing compliance training to ensure employees are aware of and understand the key laws, rules and regulations
- monitoring the Compliance Risk Appetite, which is articulated through qualitative compliance risk statements describing Citi's appetite for certain types of risk and quantitative measures to monitor the Company's compliance risk exposure
- executing Compliance Risk Assessments, the results of which inform Compliance Risk Monitoring and testing of compliance risks and controls in assessing conformance with laws, rules, regulations and internal policies
- issue identification, escalation and remediation to drive accountability, including measurement and reporting of compliance risk metrics against established thresholds in support of the CRM Policy and Compliance Risk Appetite

To anticipate, control and mitigate compliance risk, Citi has established the CRM Policy to achieve standardization and centralization of methodologies and processes, and to enable more consistent and comprehensive execution of compliance risk management.

Citi has a commitment, as well as an obligation, to identify, assess and mitigate compliance risks associated with its businesses and functions. ICRM is responsible for oversight of Citi's CRM Policy, while all businesses and global control functions are responsible for managing their compliance risks and operating within the Compliance Risk Appetite.

As discussed above, Citi is working to address the FRB and OCC Consent Orders, which include improvements to Citi's CRM Framework and its enterprise-wide application.

REPUTATION RISK

Citi's reputation is a vital asset in building trust, and Citi is diligent in enhancing and protecting its reputation with its key stakeholders. To support this, Citi has developed a reputation risk framework. Under this framework, Citigroup and Citibank, N.A. have implemented a risk appetite statement and related key indicators to monitor corporate activities and operations relative to Citi's risk appetite. The framework also requires that business segments escalate potential material reputation risks that require review or mitigation through the applicable business Management Forum or Group Reputation Risk Committee.

The Group Reputation Risk Committee and Management Forums, which are composed of Citi's senior executives, govern the process by which material reputation risks are identified, measured, monitored, controlled, escalated and reported. The Group Reputation Risk Committee and Management Forums determine the appropriate actions to be taken in line with risk appetite and regulatory expectations, while promoting a culture of risk awareness and high standards of integrity and ethical behavior across the Company, consistent with Citi's Mission and Value Proposition. The Group Reputation Risk Committee may escalate reputation risks to the Nomination, Governance and Public Affairs Committee or other appropriate committee of the Citigroup Board of Directors.

Every Citi employee is responsible for safeguarding Citi's reputation, guided by Citi's Code of Conduct. Employees are expected to exercise sound judgment and common sense in decisions and actions. They are also expected to promptly escalate all issues that present material reputation risk in line with policy.

STRATEGIC RISK

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

In this context, external factors affecting Citi's operating environment are the economic environment, geopolitical/political landscape, industry/competitive landscape, environmental, customer/client behavior, regulatory/legislative environment and trends related to investors/shareholders. Material strategic risks that Citi is monitoring include the impacts of adverse changes in inflation and interest rates in the U.S., as well as macroeconomic uncertainties driven by weak global growth, tariffs, geopolitical issues and changing regulatory requirements. AI has added competitive pressure while productivity assumptions tied to AI-driven operation model changes may materialize more slowly than expected or require additional unforeseen upfront investment. In addition to external factors affecting Citi's operating environment, Citi also monitors risks related to the execution of its strategy, with heightened focus on delivering the transformation of its risk and control environment pursuant to the 2020 FRB and OCC Consent Orders.

Citi's Executive Management Team is responsible for the development and execution of Citi's strategy. This strategy is translated into forward-looking plans (collectively Citi's Strategic Plan) that are then cascaded across the organization. Citi's Strategic Plan is presented to the Board on an annual basis, and is aligned with risk appetite thresholds and includes a risk assessment as required by internal frameworks. It is also aligned with limit requirements for capital allocation. Governance and oversight of strategic risk is facilitated by internal committees on a group-wide basis.

Citi works to ensure that strategic risks are adequately considered and addressed across its various risk management activities, and that strategic risks are assessed in the context of Citi's risk appetite. Citi conducts a top-down, bottom-up risk identification process to identify risks, including strategic risks. Business segments undertake a quarterly risk identification process to systematically identify and document all material risks faced by Citi. Independent Risk Management oversees the risk identification process through regular reviews and coordinates identification and monitoring of top risks. In addition, Citi performs a quarterly Risk Assessment of the Plan (RAOP) and continuously monitors risks associated with its execution of strategy. Independent Risk Management also manages strategic risk by monitoring risk appetite thresholds in conjunction with its Global Strategic Risk Committee, which is part of the governance structure that Citi has in place to manage its strategic risks.

For additional information on Citi's strategic risks, see "Risk Factors—Strategic Risks" above.

Climate Risk

Climate change presents both immediate and long-term risks to Citi, with the risks expected to increase over time. Climate risk can arise from both physical risks and transition risks.

Climate risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, strategic risks if Citi fails to consider transition risk in client selection, reputational risk from increased stakeholder concerns about financing or failing to finance high-carbon industries and operational risk from physical risks to Citi's facilities. Citi continues to make progress toward embedding climate-related considerations into its overarching risk management approach, driven by the materiality of the financial and strategic risk considerations. For additional information on climate risk, see "Risk Factors—Strategic Risks" above.

Citi continues to develop globally consistent principles and approaches for managing climate risk across the Company through its Climate Risk Management Framework (Climate RMF). The Climate RMF provides information on the governance, roles and responsibilities, and principles to support the identification, measurement, monitoring, controlling and reporting of climate risks.

Citi continues to enhance its methodologies for quantifying how climate risks could impact the individual credit profiles of its clients across various sectors. Citi has developed and embedded climate risk assessments in its credit underwriting process for certain sectors that have been identified as higher climate risk. Such climate risk assessments are designed to incorporate publicly available client disclosures and data from third-party providers and facilitate conversations with clients on their most material climate risks and management plans for adaptation and mitigation. These assessments help Citi to better understand its clients' businesses and climate-related risks, and support their financial needs.

Furthermore, Citi conducts internal scenario analysis to measure and assess potential financial risks from climate change across a range of scenarios. Citi also continues to engage with regulators on climate risk developments.

Citi reviews factors related to climate risk associated with financed projects and clients in certain sectors under its Environmental and Social Risk Management (ESRM) Policy. Citi's ESRM Policy describes sector approaches to certain high-carbon sectors, including thermal coal mining and power.

REPURCHASES OF EQUITY SECURITIES

All large banks, including Citi, are subject to limitations on capital distributions in the event of a breach of any regulatory capital buffers, including the Stress Capital Buffer, with the degree of such restrictions based on the extent to which the buffers are breached.

The following tables summarize Citi's common share repurchases for the third and fourth quarters of 2025:

<i>In thousands, except per share amounts and remaining program dollar value</i>	Total shares purchased	Average price paid per share	Cumulative shares purchased as part of publicly announced program ⁽¹⁾	Approximate remaining dollar value of shares that may be purchased under the program (in billions of dollars)
July 2025				
Open market repurchases ⁽¹⁾	11,150	\$ 93.97	61,710	\$ 15.2
Employee transactions ⁽²⁾	—	—	—	—
August 2025				
Open market repurchases ⁽¹⁾	15,445	93.62	77,155	13.8
Employee transactions ⁽²⁾	—	—	—	—
September 2025				
Open market repurchases ⁽¹⁾	25,132	99.73	102,287	11.3
Employee transactions ⁽²⁾	—	—	—	—
Total for 3Q25	51,727	\$ 96.66	102,287	\$ 11.3

<i>In thousands, except per share amounts and remaining program dollar value</i>	Total shares purchased	Average price paid per share	Cumulative shares purchased as part of publicly announced program ⁽¹⁾	Approximate remaining dollar value of shares that may be purchased under the program (in billions of dollars)
October 2025				
Open market repurchases ⁽¹⁾	9,415	\$ 99.13	111,703	\$ 10.4
Employee transactions ⁽²⁾	—	—	—	—
November 2025				
Open market repurchases ⁽¹⁾	12,590	100.61	124,293	9.1
Employee transactions ⁽²⁾	—	—	—	—
December 2025				
Open market repurchases ⁽¹⁾	19,794	116.20	144,087	6.8
Employee transactions ⁽²⁾	—	—	—	—
Total for 4Q25	41,799	\$ 107.66	144,087	\$ 6.8

(1) Represents repurchases under the multiyear \$20 billion common stock repurchase program that was approved by Citigroup's Board of Directors on January 13, 2025 and announced on January 15, 2025. Repurchases by Citigroup under this common stock repurchase program are subject to quarterly approval by Citigroup's Board; may be effected from time to time through open market purchases, trading plans established in accordance with SEC rules or other means; and, as determined by Citigroup, may be subject to satisfactory market conditions, Citigroup's capital position and capital requirements, applicable legal requirements and other factors.

(2) During the third and fourth quarters, pursuant to the Board authorization, Citi withheld an insignificant number of shares of common stock, added to treasury stock, related to activity from employee stock programs to satisfy the employee tax requirements.

**CITIGROUP GLOBAL MARKETS HOLDINGS INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025 AND 2024
AND FOR EACH OF THE YEARS
IN THE THREE YEAR PERIOD ENDED
DECEMBER 31, 2025**

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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KPMG LLP
Two Manhattan West
375 9th Avenue, 17th Floor
New York, NY 10001

Independent Auditors' Report

To the Stockholder and Board of Directors
Citigroup Global Markets Holdings Inc.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Citigroup Global Markets Holdings Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial condition as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for presenting the consolidated financial statements in accordance with the requirements set forth in the Commission Delegated Regulation 2019/815 on European Single Electronic Format (the ESEF Regulation).

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and



therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Our responsibilities include assessing whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements set forth in the ESEF Regulation.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report. The other information comprises the information included in the annual financial report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

We have evaluated the compliance of the consolidated financial statements of the Company as of December 31, 2025 and 2024 and for each of the years in the three-year period ended December 31, 2025 with the relevant statutory requirements set forth in the ESEF Regulation that are applicable to consolidated financial statements.

For the Company, the relevant statutory requirements relate to consolidated financial statements being prepared in a valid XHTML format.



In our opinion, the consolidated financial statements of the Company as of December 31, 2025 and 2024 and for each of the years in the three-year period ended December 31, 2025, identified as CGMHI Annual FR 2025, have been prepared, in all material respects, in compliance with the requirements set forth in the ESEF Regulation.

KPMG LLP

New York, New York
April 29, 2026

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<i>In millions of dollars</i>	Years ended December 31,		
	2025	2024	2023
Revenues:			
Investment banking	\$ 4,535	\$ 3,762	\$ 2,835
Principal transactions	1,205	2,635	2,467
Commissions and fees	1,908	1,699	1,525
Fiduciary fees	400	350	277
Other revenue	20	204	109
Total non-interest revenues	8,068	8,650	7,213
Interest income	45,500	45,551	39,946
Interest expense	40,274	42,634	36,511
Net interest income	5,226	2,917	3,435
Total revenues, net of interest expense	13,294	11,567	10,648
Operating expenses:			
Compensation and benefits	5,585	5,302	5,578
Technology/communication	2,030	1,566	1,823
Transactional and product servicing ⁽¹⁾	1,495	1,482	1,398
Professional services	223	249	334
Premises and equipment	228	255	278
Restructuring	3	44	132
Goodwill impairment	—	2,188	—
Other operating ⁽¹⁾	2,647	2,258	2,135
Total operating expenses	12,211	13,344	11,678
Income (loss) before income taxes	1,083	(1,777)	(1,030)
Provision (benefit) for income taxes	178	80	(45)
Net income (loss)	\$ 905	\$ (1,857)	\$ (985)

(1) Effective July 1, 2025, certain expenses incurred in ongoing support of products and services that are predominantly variable costs, which were previously presented within *Other operating* expenses and *Transactional and tax charges*, are aggregated and presented within a new expenses category, *Transactional and product servicing* (see Note 1 for definition). Moreover, certain non-income tax charges incurred, which were previously presented within *Transactional and tax charges* and do not align with the redefined *Transactional and product servicing*, are presented within *Other operating*. Prior periods were conformed to reflect this change in presentation.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>In millions of dollars</i>	Years ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 905	\$ (1,857)	\$ (985)
Add: Other comprehensive income (loss)			
Net change in debt valuation adjustment (DVA), pretax ⁽¹⁾	(562)	(452)	(817)
Benefit plans liability adjustment, pretax	(35)	25	(25)
Foreign currency translation adjustment, pretax	734	(458)	158
Income tax on items reflected in Other comprehensive income (loss) ⁽²⁾	134	28	100
Total other comprehensive income (loss)	271	(857)	(584)
Total comprehensive income (loss)	\$ 1,176	\$ (2,714)	\$ (1,569)

(1) Reflects the pretax valuation of the Company's fair value option liabilities. See "Market Valuation Adjustments" in Note 12.

(2) See Note 5 to the Consolidated Financial Statements.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 15,949	\$ 14,254
Cash segregated under federal and other regulations	8,510	5,210
Securities borrowed and purchased under agreements to resell (including \$198,397 and \$128,119 as of December 31, 2025 and 2024, respectively, at fair value)	291,384	215,750
Trading account assets (including \$228,089 and \$191,297 pledged to creditors at December 31, 2025 and 2024, respectively):		
U.S. Treasury and federal agency securities	98,037	118,234
Mortgage-backed securities	94,005	64,927
Equity securities	61,128	41,929
Foreign government securities	40,859	26,314
Derivatives	20,505	20,494
Corporate	20,919	14,278
Asset-backed securities	2,533	2,309
Other trading assets	4,217	5,911
Total trading account assets	342,203	294,396
Brokerage receivables:		
Customers	27,488	17,690
Brokers, dealers and clearing organizations	31,125	24,693
Total brokerage receivables	58,613	42,383
Loans to affiliates	98,668	90,647
Other assets (including \$5,748 and \$7,315 as of December 31, 2025 and 2024, respectively, at fair value)	22,794	22,861
Total assets	\$ 838,121	\$ 685,501

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Continued)

<i>In millions of dollars, except shares</i>	December 31, 2025	December 31, 2024
Liabilities		
Short-term borrowings (including \$15,938 and \$9,793 as of December 31, 2025 and 2024, respectively, at fair value)	\$ 34,712	\$ 29,360
Securities loaned and sold under agreements to repurchase (including \$197,371 and \$49,309 as of December 31, 2025 and 2024, respectively, at fair value)	357,524	267,934
Trading account liabilities	107,988	89,146
Brokerage payables (including \$5,492 and \$5,207 as of December 31, 2025 and 2024, respectively, at fair value)		
Customers	72,985	60,347
Brokers, dealers and clearing organizations	<u>8,552</u>	<u>9,871</u>
Total brokerage payables	81,537	70,218
Other liabilities	9,899	9,817
Long-term debt (including \$98,136 and \$87,695 as of December 31, 2025 and 2024, respectively, at fair value)	211,029	184,566
Total liabilities	802,689	651,041
Stockholder's equity		
Common stock (par value \$.01 per share, 1,000 shares authorized; 1,000 shares issued and outstanding)	—	—
Additional paid-in capital	29,139	29,175
Retained earnings	7,813	7,076
Accumulated other comprehensive income (loss) (AOCI)	<u>(1,520)</u>	<u>(1,791)</u>
Total stockholder's equity	35,432	34,460
Total liabilities and equity	\$ 838,121	\$ 685,501

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

<i>In millions of dollars</i>	Years ended December 31,		
	2025	2024	2023
Common stock and additional paid-in capital			
Balance, beginning of year	\$ 29,175	\$ 29,148	\$ 29,104
Capital distributions to Citigroup	(36)	—	—
Employee benefit plans	—	27	44
Balance, end of year	29,139	29,175	29,148
Retained earnings			
Balance, beginning of year	7,076	8,970	9,978
Net income (loss)	905	(1,857)	(985)
Dividends	(168)	(37)	(23)
Balance, end of year	7,813	7,076	8,970
Accumulated other comprehensive income (loss)			
Balance, beginning of year	(1,791)	(934)	(350)
Total other comprehensive income (loss)	271	(857)	(584)
Balance, end of year	(1,520)	(1,791)	(934)
Total stockholder's equity	\$ 35,432	\$ 34,460	\$ 37,184

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In millions of dollars</i>	Years ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
CGMHI's net income (loss)	\$ 905	\$ (1,857)	\$ (985)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Goodwill impairment	—	2,188	—
Deferred income taxes	431	(58)	148
Depreciation and amortization	61	60	67
Net change in:			
Trading account assets	(47,807)	(21,017)	(63,423)
Trading account liabilities	18,842	(22,087)	(4,696)
Brokerage receivables net of brokerage payables	(4,911)	3,849	(6,431)
Other assets	3,304	359	4,887
Other liabilities	82	(686)	(3,199)
Net cash used in operating activities	(29,093)	(39,249)	(73,632)
Cash flows from investing activities:			
Change in securities borrowed and purchased under agreements to resell	(75,634)	67,424	23,099
Loans to affiliates	(8,021)	1,416	1,607
Other, net	(65)	(70)	(87)
Net cash provided by (used in) investing activities	(83,720)	68,770	24,619
Cash flows from financing activities:			
Dividends paid	(168)	(37)	(23)
Change in securities loaned and sold under agreements to repurchase	89,590	(41,928)	63,946
Capital distributions to Citigroup	(36)	—	—
Employee benefit plans	—	27	44
Issuance of long-term debt	83,327	67,569	48,410
Payments and redemptions of long-term debt	(74,940)	(70,961)	(50,791)
Change in short-term borrowings	20,035	11,517	(15,939)
Net cash provided by (used in) financing activities	117,808	(33,813)	45,647
Change in cash and cash segregated under federal and other regulations	4,995	(4,292)	(3,366)
Cash and cash segregated under federal and other regulations at beginning of year	19,464	23,756	27,122
Cash and cash segregated under federal and other regulations at end of year	\$ 24,459	\$ 19,464	\$ 23,756
Cash and cash equivalents	\$ 15,949	\$ 14,254	\$ 13,590
Cash segregated under federal and other regulations	8,510	5,210	10,166
Cash and cash segregated under federal and other regulations at end of year	\$ 24,459	\$ 19,464	\$ 23,756
Cash paid during the year for interest	\$ 40,381	\$ 43,045	\$ 35,213
Change in tenor of long-term debt ⁽¹⁾	\$ 14,683	\$ 2,638	\$ 7,430

(1) During 2025, 2024, and 2023 the Company amended the tenor of \$14.7 billion, \$2.6 billion and \$7.4 billion, respectively, in debt with Citicorp LLC (Citicorp), a direct wholly owned subsidiary of Citigroup Inc., from short-term to long-term.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Citigroup Global Markets Holdings Inc. (together with its consolidated subsidiaries, “CGMHI” or “the Company”) is a direct, wholly owned subsidiary of Citigroup Inc., a Delaware corporation and a financial holding company under the Bank Holding Company Act (Citigroup and its consolidated subsidiaries are referred to herein as “Citigroup”).

These Consolidated Financial Statements and Notes to the Consolidated Financial Statements have been prepared in conformity with generally accepted accounting principles in the United States (GAAP). All “Note” references correspond to the Notes to the Consolidated Financial Statements.

Certain reclassifications and updates have been made to the prior periods’ financial statements and notes to conform to the current period’s presentation.

The Company evaluated subsequent events through February 20, 2026, the date that Citigroup’s Consolidated Financial Statements and Notes were filed with the U.S. Securities and Exchange Commission (SEC) in its Annual Report on Form 10-K for the year ended December 31, 2025 (2025 Form 10-K). The 2025 Form 10-K includes information about CGMHI and Citigroup.

Principles of Consolidation

The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. Entities in which the Company holds 20% to 50% of the voting rights and/or has the ability to exercise significant influence, other than investments of designated venture capital subsidiaries or investments accounted for at fair value under the fair value option, are accounted for under the equity method, and the pro rata share of their income (loss) is included in *Other revenue*. Income from investments in less-than-20%-owned companies is recognized when dividends are received. As discussed in more detail in Note 9, CGMHI also consolidates entities deemed to be variable interest entities when CGMHI is determined to be the primary beneficiary.

Use of Estimates

Management must make estimates and assumptions that affect the Consolidated Financial Statements and the related Notes. Such estimates are used in connection with certain fair value measurements. See Note 12 for further discussions on estimates used in the determination of fair value. Moreover, estimates are significant in determining the amounts of impairments of goodwill, provisions for probable losses that may arise from credit-related exposures, probable and estimable losses related to litigation and regulatory proceedings, and income taxes. While management makes its best judgment, actual amounts or results could differ from those estimates.

Uses of Special Purpose Entities

A special purpose entity (SPE) is an entity designed to fulfill a specific limited need of a sponsoring company. CGMHI’s principal uses of SPEs include securitizing certain of CGMHI’s financial assets, assisting clients in their securitizations of financial assets, creating investment products for clients, obtaining liquidity and optimizing capital efficiency through the transfer of financial assets to SPEs that issue beneficial interests.

The holders of beneficial interests issued by an SPE usually only have recourse to the assets in the SPE, but SPEs may also be subject to other credit enhancements provided for the benefit of the beneficial interest holders, such as collateral accounts, lines of credit or liquidity facilities (e.g., a liquidity put option or asset purchase agreement). Such enhancements generally allow the beneficial interests issued by an SPE to receive a more favorable credit rating than the transferor could obtain for its own debt issuances, which results in lower financing costs. SPEs may be organized in various legal forms, including trusts, partnerships or corporations, and commonly qualify as variable interest entities.

Variable Interest Entities

An entity is a variable interest entity (VIE) if it meets any of the criteria outlined in Accounting Standards Codification (ASC) Topic 810, *Consolidation*, which are:

- the entity does not have sufficient equity to permit the entity to finance its activities without additional subordinated financial support;
- the entity’s at-risk equity investors, as a group, lack the characteristics of a controlling financial interest; or
- the entity is structured with non-substantive voting rights.

Variable interests are arrangements that absorb the variability generated by a VIE and include (but are not limited to) debt or equity interests, guarantees or liquidity arrangements, certain fee arrangements and certain derivative contracts. A holder

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of a variable interest that represents a controlling financial interest is deemed to be the primary beneficiary and must consolidate the VIE.

A controlling financial interest provides the holder with the power to direct the activities that most significantly impact the VIE's economic performance and has the potential to absorb losses or receive benefits that could potentially be significant to the VIE, without consideration of probability.

The Company generally does not consider the following arrangements to be variable interests:

- Acting as a derivative counterparty (e.g., interest rate swap, cross-currency swap or purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE)
- Acting as underwriter or placement agent
- Providing administrative, trustee or other services
- Making a market in debt securities or other instruments issued by VIEs

VIEs are monitored on an ongoing basis to assess if any changes in facts or circumstances may indicate that the entity's VIE status should be reassessed or whether there may be a change in the party that is the primary beneficiary.

Entities deemed not to be VIEs are evaluated for consolidation under other subtopics of ASC 810. See Note 9 for additional information.

Transfers of Financial Assets

For a transfer of financial assets to be considered a sale:

- the assets must be legally isolated from the Company, even in bankruptcy or other receivership;
- the purchaser must have the right to pledge or sell the assets transferred (or, if the purchaser is an entity whose sole purpose is to engage in securitization and asset backed financing activities through the issuance of beneficial interests and that entity is constrained from pledging the assets it receives, each beneficial interest holder must have the right to sell or pledge their beneficial interests); and
- the Company may not have an option or obligation to reacquire the transferred assets.

If these requirements are met, the transferred assets are derecognized from the Company's Consolidated Statement of Financial Condition. If the conditions are not met, the referenced assets are not derecognized from the Company's Consolidated Statement of Financial Condition and the sale proceeds are recognized as a secured borrowing liability. For complex transactions or where the Company has continuing involvement with the transferred assets, a legal true sale opinion is commonly obtained to support the first criterion above. See Note 9 for further discussion.

Securitizations

In a securitization, financial assets are transferred to an SPE that is generally a VIE. The entity issues beneficial interests that may be in the form of debt and equity instruments, certificates, commercial paper or other forms of indebtedness. Funds received from the sale of the beneficial interests allow the transferor of the assets to monetize all (or a portion) of the transferred assets before the cash would have been realized in the normal course of business. The beneficial interests are recorded as liabilities on the balance sheet of the SPE, which may or may not be consolidated onto the balance sheet of the transferor.

Beneficial interests issued by a non-consolidated SPE may be retained and recorded on CGMHI's Consolidated Statement of Financial Condition in the form of interest-only strips, senior or subordinated tranches and residuals. Where CGMHI consolidates a securitization entity, the Company's Consolidated Statement of Financial Condition continues to reflect the transferred financial assets and related secured borrowing liabilities and does not reflect any beneficial interests in those assets.

Retained interests in non-consolidated mortgage securitization trusts are classified as *Trading account assets*.

Foreign Currency Translation

Assets and liabilities of CGMHI's foreign operations are translated from their respective functional currencies into U.S. dollars using period-end spot foreign exchange rates. Equity accounts are translated at the historical exchange rate. Revenues and expenses of CGMHI's foreign operations are translated monthly from their respective functional currencies into U.S. dollars at amounts that approximate weighted-average exchange rates. The effects of those translation adjustments are reported in cumulative translation adjustment (CTA) within *Accumulated other comprehensive income (loss) (AOCI)*,

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a component of stockholder's equity, net of any related tax effects, until realized upon sale or substantial liquidation of the foreign entity, at which point such amounts are reclassified into earnings.

For transactions that are denominated in a currency other than the functional currency, including transactions denominated in the local currencies of foreign operations that use the U.S. dollar as their functional currency, the effects of changes in exchange rates are included in *Principal transactions*.

Cash and Cash Equivalents

Cash and cash equivalents represents funds deposited with financial institutions.

Cash Segregated under Federal and Other Regulations

Certain U.S. and non-U.S. broker-dealer subsidiaries are subject to various securities and commodities regulations promulgated by the regulatory and exchange authorities of the countries in which they operate. CGMHI's broker-dealer subsidiaries are required by their primary regulators, including the SEC, the Commodities Future Trading Commission and the United Kingdom's Prudential Regulation Authority, to segregate cash to satisfy rules regarding the protection of customer assets.

Fair Value

ASC 820-10 specifies a hierarchy of inputs based on whether the inputs are observable or unobservable. Observable inputs are developed using market data and reflect market participant assumptions, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

As required under the fair value hierarchy, the Company considers relevant and observable market inputs in its valuations where possible. The fair value hierarchy classification approach typically utilizes rules-based and data-driven criteria to determine whether an instrument is classified as Level 1, Level 2 or Level 3:

- The determination of whether an instrument is quoted in an active market and therefore considered a Level 1 instrument is based on the frequency of observed transactions and the quality of independent market data available on the measurement date.
- A Level 2 classification is assigned where there is observability of prices/market inputs to models, or where any unobservable inputs are not significant to the valuation. The determination of whether an input is considered observable is based on the availability of independent market data and its corroboration, for example through observed transactions in the market.
- Otherwise, an instrument is classified as Level 3.

Determination of Fair Value and Hierarchy Levels

For assets and liabilities carried at fair value, the Company measures fair value using the procedures set out below, irrespective of whether the assets and liabilities are measured at fair value as a result of an election, a non-recurring lower-of-cost-or-market adjustment, or because they are required to be measured at fair value.

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

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

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

Trading Account Assets and Liabilities

Trading account assets include debt and marketable equity securities, derivatives in a net receivable position, residual interests in securitizations and physical commodities inventory. *Trading account liabilities* include securities sold, not yet purchased (short positions) and derivatives in a net payable position, as well as certain liabilities that the Company has elected to carry at fair value (as described in Note 13).

Other than physical commodities inventory, all trading account assets and liabilities are carried at fair value. Revenues generated from trading assets and certain trading liabilities are generally reported in *Principal transactions* and include realized gains and losses as well as unrealized gains and losses resulting from changes in the fair value of such instruments. Interest income on trading assets is recorded in *Interest income* reduced by interest expense on trading liabilities.

As part of its commodity trading activities, the Company trades various physical commodities including carbon emissions credits, base metals, natural gas and oil and other refined products. Physical commodities inventory is carried at the lower of cost or market, except when included in a hedging relationship. Any gains and losses related to physical commodities inventory are reported in *Principal transactions*. Realized gains and losses on hedged commodities inventories and sales of commodities inventory are included in *Principal transactions*.

The Company manages its exposures to market movements outside of its trading activities through the use of derivative financial products, including commodity futures. These end-user derivatives are carried at fair value.

See Note 10 for a further discussion of the Company's hedging and derivative activities.

Derivatives include interest rate, currency, equity, credit and commodity swap agreements, options, caps and floors, warrants, and financial and commodity futures and forward contracts. Derivative asset and liability positions are presented net by counterparty on the Consolidated Statement of Financial Condition when a valid master netting agreement exists and the other conditions set out in ASC Topic 210-20, *Balance Sheet—Offsetting*, are met. See Note 10.

The Company uses a number of techniques to determine the fair value of trading assets and liabilities, which are described in Note 12.

Accounting for Derivative Hedging

The Company accounts for its hedging activities in accordance with ASC 815, *Derivatives and Hedging*. As a general rule, hedge accounting is permitted where the Company is exposed to a particular risk, such as price risk, that causes changes in the fair value of an asset or liability that may affect earnings. Derivative contracts hedging the risks associated with changes in fair value are referred to as fair value hedges.

To qualify as an accounting hedge under the hedge accounting rules, a hedging relationship must be highly effective in offsetting the risk designated as being hedged. The hedging relationship must be formally documented at inception, detailing the particular risk management objective and strategy for the hedge. This includes the item and risk(s) being hedged, the hedging instrument being used and how effectiveness will be assessed.

The effectiveness of these hedging relationships is evaluated at hedge inception and on an ongoing basis both on a retrospective and prospective basis, typically using quantitative measures of correlation. Hedge effectiveness assessment methodologies are performed in a similar manner for similar hedges, and are used consistently throughout the hedging relationships.

Discontinued Hedge Accounting

A hedging instrument must be highly effective in accomplishing the hedge objective of offsetting changes in the fair value of the hedged item for the risk being hedged. Management may voluntarily de-designate an accounting hedge at any time, but if a hedging relationship is not highly effective, it no longer qualifies for hedge accounting and must be de-designated. Subsequent changes in the fair value of the derivative are recognized in *Principal transactions*, similar to trading derivatives, with no offset recorded related to the hedged item.

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Fair Value Hedges

Hedging of Commodity Price Risk

The Company hedges the change in fair value attributable to spot price movements in physical commodities inventories. The hedging instrument is a futures contract to sell the underlying commodity. In this hedge, the change in the carrying value of the hedged inventory is reflected in earnings, which offsets the change in the fair value of the futures contract that is also reflected in earnings. Although the entire change in the fair value of the hedging instrument is recorded in earnings, under certain hedge programs, CGMHI excludes changes in the fair value of the forward points (i.e., spot-forward difference) of the futures contract from the assessment of hedge effectiveness, and they are generally reflected directly in earnings over the life of the hedge. Under other hedge programs, CGMHI excludes changes in the fair value of forward points from the assessment of hedge effectiveness and records them in *Other comprehensive income (loss)*.

Cumulative Basis Adjustment

Upon electing to apply ASC 815 fair value hedge accounting, the carrying value of the hedged item is adjusted to reflect the cumulative changes in the hedged risk. This cumulative basis adjustment becomes part of the carrying amount of the hedged item until the hedged item is derecognized from the balance sheet.

Securities Borrowed and Securities Loaned and Repurchase and Resale Agreements

CGMHI executes transactions where securities are borrowed, loaned and subject to repurchase agreements to facilitate customer matched-book activity and to efficiently fund a portion of CGMHI's trading inventory.

Securities sold under agreements to repurchase (repos) and securities purchased under agreements to resell (reverse repos) do not constitute a sale (or purchase) of the underlying securities for accounting purposes and are treated as collateralized financing transactions.

Where the conditions of ASC 210-20-45-11, *Balance Sheet—Offsetting: Repurchase and Reverse Repurchase Agreements*, are met, repos and reverse repos are presented net on the Consolidated Statement of Financial Condition.

Similarly, securities borrowing and lending agreements that are not repos or reverse repos do not qualify as sales of the underlying securities and are also treated as collateralized financing transactions. They are generally documented under industry standard agreements that allow the prompt close-out of all transactions (including the liquidation of securities held) and the offsetting of obligations to return cash or securities by the non-defaulting party, following a payment default or other default by the other party under a relevant master agreement. Unlike repo and reverse repo transactions, securities borrowing and lending agreements and related master netting agreements must meet the conditions of ASC 210-20-45-1, *Balance Sheet—Offsetting: Right of Setoff Conditions*, to be presented net on the Consolidated Statement of Financial Condition.

Consistent with these requirements, the enforceability of offsetting rights under securities borrowing and lending master netting agreements is evidenced by legal opinions from counsel of recognized standing that provide the requisite level of certainty regarding the enforceability of the agreements and that the exercise of the offsetting rights by the non-defaulting party will not be stayed or avoided under applicable law upon an event of default, including bankruptcy, insolvency or similar proceeding.

In some jurisdictions and for some counterparty types, the insolvency law for a particular counterparty type may be nonexistent or unclear as overlapping regimes may exist. In such cases, a legal opinion may not have been sought or obtained regarding the enforceability of offsetting rights. For example, this may be the case for certain sovereigns, municipalities, central banks and U.S. pension plans. In these circumstances, securities borrowing and lending transactions are not subject to netting on the Consolidated Statement of Financial Condition.

Securities borrowed, loaned and subject to repurchase agreements are generally recorded at the amount of proceeds advanced or received plus accrued interest, and as described in Note 13, the Company has also elected to record certain transactions at fair value through an election under the fair value option. Fees received or paid related to securities borrowing and lending transactions are recorded in *Interest income* or *Interest expense* at the contractually specified rate. Interest paid or received on all collateralized financing transactions is recorded in *Interest expense* or *Interest income* at the contractually specified rate.

As described in Note 12, the Company uses a discounted cash flow technique to determine the fair value of its collateralized financing transactions executed under securities borrowed, loaned and subject to repurchase agreements.

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CGMHI manages the risks in its collateralized financing transactions by conducting daily stress tests to account for changes in capacity, tenors, haircut, collateral profile and client actions. In addition, CGMHI maintains counterparty diversification by establishing concentration triggers and assessing counterparty reliability and stability under stress.

The Company's policy is to take possession of underlying collateral, monitor its market value relative to the amounts due under the agreements and, when necessary, require prompt transfer of additional collateral in order to maintain contractual margin protection. With respect to securities loaned, the Company receives cash collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of securities subject to repurchase or resale on a daily basis and posts additional collateral in order to maintain contractual margin protection.

Collateral typically consists of government and government-agency securities, corporate and municipal bonds, equities and mortgage- and other asset-backed securities.

The counterparty that receives the securities in these transactions is generally unrestricted in its use of the securities, with the exception of transactions executed on a triparty basis, where the collateral is maintained by a custodian and operational limitations may restrict its use of the securities.

Allowances for Credit Losses (ACL)

The current expected credit losses methodology is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported financial asset balances.

Secured Financing Transactions

Most of CGMHI's reverse repurchase agreements, securities borrowing arrangements and margin loans require that the borrower continually adjust the amount of the collateral securing CGMHI's interest, primarily resulting from changes in the fair value of such collateral. In such arrangements, ACLs are recorded based only on the amount by which the asset's amortized cost basis exceeds the fair value of the collateral. No ACLs are recorded where the fair value of the collateral is equal to or exceeds the asset's amortized cost basis, as CGMHI does not expect to incur credit losses on such well-collateralized exposures.

Brokerage Receivables and Brokerage Payables

The Company has receivables and payables for financial instruments sold to and purchased from brokers, dealers and customers, which arise in the ordinary course of business. The Company is exposed to risk of loss from the inability of brokers, dealers or customers to pay for purchases or to deliver the financial instruments sold, in which case the Company would have to sell or purchase the financial instruments at prevailing market prices. Credit risk is reduced to the extent that an exchange or clearing organization acts as a counterparty to the transaction and replaces the broker, dealer or customer in question.

The Company seeks to protect itself from the risks associated with customer activities by requiring customers to maintain margin collateral in compliance with regulatory and internal guidelines. Margin levels are monitored daily, and customers deposit additional collateral as required. Where customers cannot meet collateral requirements, the Company may liquidate sufficient underlying financial instruments to bring the customer into compliance with the required margin level.

Exposure to credit risk is impacted by market volatility, which may impair the ability of clients to satisfy their obligations to the Company. Credit limits are established and closely monitored for customers and for brokers and dealers engaged in forwards, futures and other transactions deemed to be credit sensitive.

Brokerage receivables and *Brokerage payables* are accounted for in accordance with the AICPA Accounting Guide for Brokers and Dealers in Securities as codified in ASC 940-320.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of net tangible and intangible assets acquired in a business combination. Goodwill is subject to annual impairment testing and interim assessments between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount.

In 2024, the Company continued to experience lower than expected operating results and anticipated that future performance would only moderately improve. As a result, the Company updated its long-term expectation and year-end assumptions for the businesses in the coming years. This was identified as a triggering event for purposes of goodwill impairment testing. Consistent with the requirements of ASC 350, an interim goodwill impairment test was performed resulting in a full goodwill

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impairment charge of \$2.2 billion as of December 31, 2024. Following this impairment, the Company's goodwill balance was fully written down to zero. As a result, goodwill impairment testing was not required during 2025.

The 2024 impairment assessment utilized both the market approach and income approach to estimate fair value. Under the market approach, the Company estimated fair value by comparing the business to similar businesses or guideline companies whose securities are actively traded in public markets. Under the income approach, Citi used a discounted cash flow (DCF) model in which cash flows anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate that is commensurate with the risk inherent within the reporting unit.

The key assumptions used in the 2024 impairment assessment to determine the fair value of the Company's reporting unit consisted primarily of significant unobservable inputs (Level 3 fair value inputs), including discount rates, estimated cash flows, growth rates, earnings multiples and/or transaction multiples of similar businesses or guideline public companies. The DCF method employs a capital asset pricing model in estimating the discount rate based on several factors including market interest rates, and includes adjustments for market risk and company specific risk. Estimated cash flows are based on internally developed estimates and the growth rates are based on industry knowledge and historical performance.

Leases

CGMHI enters into operating lease agreements to obtain rights to use premises and equipment for its business operations. Lease liabilities and right-of-use (ROU) assets are recognized when CGMHI enters into these leases and represent CGMHI's obligations and rights to use these assets over the period of the leases, and may be remeasured for certain modifications. These leases may contain renewal and extension options and early termination features; however, these options do not impact the lease term unless the Company is reasonably certain that it will exercise the options. In certain instances, the Company may have lease agreements with lease and non-lease components. In these instances, the Company has elected to apply the practical expedient and account for the lease and non-lease components as a single lease component for all leases.

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Company's incremental borrowing rate. ROU assets initially equal the lease liability, adjusted for any lease payments made prior to lease commencement and for any lease incentives.

ROU assets and lease liabilities are included in *Other assets* and *Other liabilities*, respectively. All leases are recorded on the Consolidated Statement of Financial Condition except those with an initial term of less than 12 months, for which the Company has made the short-term lease election. Lease expense is recognized on a straight-line basis over the lease term and is recorded in *Premises and equipment* expense in the Consolidated Statement of Operations. Variable lease costs are recognized in the period in which the obligation for those payments is incurred.

Debt

Short-term borrowings and *Long-term debt* are accounted for at amortized cost, except where the Company has elected to report the debt (including certain structured notes) at fair value. Changes in the fair value of debt carried at fair value under a fair value election are recorded in *Principal transactions*, other than adjustments related to changes in instrument-specific credit risk, which are recorded in *Other comprehensive income (loss)*.

Employee Benefits Expense

Employee benefits expense includes current service costs of pension and other postretirement benefit plans (which are accrued on a current basis), contributions and unrestricted awards under other employee plans, the amortization of restricted stock awards and costs of other employee benefits. Benefits earned during the year are reported in *Compensation and benefits* expenses in the Consolidated Statement of Operations. See Note 4.

Stock-Based Compensation

The Company recognizes compensation expense related to Citigroup stock awards over the requisite service period, generally based on the instruments' grant-date fair value, reduced by actual forfeitures as they occur. Compensation cost related to awards granted to employees who meet certain age plus years-of-service requirements (retirement-eligible employees) is accrued in the year prior to the grant date in the same manner as the accrual for cash incentive compensation. Certain stock awards with performance conditions or certain clawback provisions are subject to variable accounting, pursuant to which the associated compensation expense fluctuates with changes in Citigroup's common stock price. See Note 4.

Restructuring

As previously disclosed, CGMHI is pursuing various initiatives to simplify the Company and further align its organizational structure with its business strategy. As part of its overall simplification initiatives, in 2023, Citigroup eliminated certain

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business layers, exited certain institutional business lines and consolidated its regional structure, creating one international group, while centralizing client capabilities and streamlining its global staff functions.

CGMHI has recorded net restructuring charges of approximately \$179 million to date. These charges related to severance costs associated with actual headcount reductions (as well as those that were probable and could be reasonably estimated).

Transactional and Product Servicing

Transactional and product servicing comprises costs incurred in ongoing support of products or services, which are predominantly variable costs driven by transaction volumes, client accounts or other variable costs. These costs are primarily composed of brokerage exchange and clearance costs, exchange fees, regulatory memberships, customer-related costs (statement processing, postage, client activity, etc.) and certain indirect, non-income tax payments that are not recorded in *Provision (benefit) for income taxes* in the Consolidated Statement of Operations.

Income Taxes

The Company is subject to the income tax laws of the U.S. and its states and municipalities, as well as the non-U.S. jurisdictions in which it operates. These tax laws are complex and may be subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, the Company must make judgments and interpretations about these tax laws. The Company must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions, both domestic and foreign.

Disputes over interpretations of the tax laws may be subject to review and adjudication by the court systems of the various tax jurisdictions or may be settled with the taxing authority upon examination or audit. The Company treats interest and penalties on income taxes as a component of *Provision (benefit) for income taxes*.

Deferred taxes are recorded for the future consequences of events that have been, or will be, recognized in financial statements or tax returns in different periods, based upon enacted tax laws and rates. Deferred tax assets are recognized subject to management's judgment about whether realization is more-likely-than-not. ASC 740, *Income Taxes*, sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. This interpretation uses a two-step approach wherein a tax benefit is recognized if a position is more-likely-than-not to be sustained. The amount of the benefit is then measured to be the highest tax benefit that is more than 50% likely to be realized. ASC 740 also sets out disclosure requirements to enhance transparency of an entity's tax reserves.

See Note 5 for a further description of the Company's tax provision and related income tax assets and liabilities.

Investment Banking

Investment banking fees are substantially composed of underwriting and advisory revenues. Such fees are recognized at the point in time when CGMHI's performance under the terms of a contractual arrangement is completed, which is typically at the closing of a transaction. Reimbursed expenses related to these transactions are recorded as revenue and are included within investment banking fees. In certain instances for advisory contracts, CGMHI will receive amounts in advance of the deal's closing. In these instances, the amounts received will be recognized as a liability and not recognized in revenue until the transaction closes. For the periods presented, the contract liability amount was negligible.

Out-of-pocket expenses associated with underwriting activity are deferred and recognized at the time the related revenue is recognized, while out-of-pocket expenses associated with advisory arrangements are expensed as incurred. In general, expenses incurred related to investment banking transactions, whether consummated or not, are recorded in *Transactional and product servicing* and *Other operating* expenses. The Company has determined that it acts as principal in the majority of these transactions and therefore presents expenses gross within *Transactional and product servicing* and *Other operating* expenses.

Principal Transactions

CGMHI's *Principal transactions* revenues are recognized in income on a trade-date basis and consist of realized and unrealized gains and losses from trading activities. See Note 3 for details of CGMHI's *Principal transactions* revenue.

Commissions and Fees

Commissions and fees revenue primarily include brokerage commissions and fees from the following:

- executing transactions for clients on exchanges and over-the-counter markets
- sales of mutual funds and other annuity products
- assisting clients in clearing transactions, providing brokerage services and other such activities.

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Brokerage commissions are recognized in *Commissions and fees* at the point in time the associated service is fulfilled, generally on the trade execution date. Certain costs paid to third-party clearing houses and exchanges are recorded net against commission revenue, as the Company is an agent for those services. Sales of certain investment products include a portion of variable consideration associated with the underlying product. In these instances, a portion of the revenue associated with the sale of the product is not recognized until the variable consideration becomes fixed and determinable. The Company recognized \$150 million, \$135 million and \$121 million of revenue related to such variable consideration for the years ended December 31, 2025, 2024 and 2023, respectively. These amounts primarily relate to performance obligations satisfied in prior periods.

Fiduciary Fees

Fiduciary fees consist of trust services and investment management services. As an escrow agent, CGMHI receives, safekeeps, services and manages clients' escrowed assets, such as cash, securities, property (including intellectual property), contracts or other collateral. CGMHI performs its escrow agent duties by safekeeping the assets during the specified time period agreed upon by all parties and therefore earns its revenue evenly during the contract duration. Investment management services consist of managing assets on behalf of CGMHI's retail and institutional clients. Revenue from these services primarily consists of asset-based fees for advisory accounts, which are based on the market value of the client's assets and recognized monthly, when the market value is fixed. In some instances, the Company contracts with third-party advisors and with third-party custodians. The Company has determined that it acts as principal in the majority of these transactions and therefore presents the amounts paid to third parties gross within *Transactional and product servicing*.

Related Party Transactions

The Company has related party transactions with certain of its subsidiaries and affiliates. These transactions, which are primarily short-term in nature, include cash accounts, collateralized financing transactions, margin accounts, derivative transactions, charges for operational support and the borrowing and lending of funds, and are entered into in the ordinary course of business. See Note 16 for details on the Company's related party transactions.

ACCOUNTING CHANGES

Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, intended to enhance the transparency and decision usefulness of income tax disclosures. This guidance requires that public business entities disclose on an annual basis a tabular rate reconciliation in eight specific categories disaggregated by nature and for foreign tax effects by each jurisdiction that meets a 5% of pretax income multiplied by the applicable statutory tax rate or greater threshold annually. The eight categories include state and local income taxes, net of federal income tax effect; foreign tax effects; enactment of new tax laws; enactment of new tax credits; effect of cross-border tax laws; valuation allowances; nontaxable items and nondeductible items; and changes in unrecognized tax benefits. Additional disclosures include qualitative description of the state and local jurisdictions that contribute to the majority (greater than 50%) of the effect of the state and local income tax category and explanation of the nature and effect of changes in individual reconciling items. The guidance also requires entities annually to disclose income taxes paid (net of refunds received) disaggregated by federal, state and foreign taxes and by jurisdiction identified based on the same 5% quantitative threshold.

CGMHI adopted the ASU on a retrospective basis for its annual period ending December 31, 2025.

FUTURE ACCOUNTING CHANGES

Hedge Accounting Improvements

In November 2025, the FASB issued ASU No. 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*, to clarify certain aspects of the guidance on hedge accounting and to address several incremental hedge accounting issues arising from the global reference rate reform initiative. The objective of the ASU is to more closely align hedge accounting with the economics of an entity's risk management activities. The amendments, which are adopted prospectively, are effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods, with early adoption permitted. Adoption of the ASU is not expected to have a material impact on CGMHI's operating results or financial position.

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Derivatives Scope Refinements and Scope Clarification for Share-Based Non-Cash Consideration from a Customer in a Revenue Contract

In September 2025, the FASB issued ASU No. 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)*. The amendments in the ASU exclude from derivative accounting certain non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. The amendments also clarify that an entity should apply the guidance in Topic 606, including the guidance on non-cash consideration, to a contract with share-based non-cash consideration from a customer for the transfer of goods or services. The transition method is prospective with the modified retrospective method permitted. The amendments will be effective for fiscal years beginning after December 15, 2026, with early adoption permitted. CGMHI is currently evaluating the impact of the amendments.

Accounting for Internal-Use Software Costs

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, intended to modernize the internal-use software guidance, primarily by eliminating accounting consideration of software project development stages and enhancing the guidance around the “probable-to-complete” threshold in determining when capitalization of internal-use software costs begins. The ASU will be effective for all entities for interim and annual periods beginning after December 15, 2027, with early adoption permitted. CGMHI is currently assessing the impact and approach toward adopting this ASU.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, to improve the disclosures of expenses by requiring public business entities to provide further disaggregation of relevant expense captions (e.g., employee compensation) in a separate note to the financial statements, a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and the total amount of selling expenses and, in an annual reporting period, an entity’s definition of selling expenses.

The transition method is prospective with the retrospective method permitted, and the ASU will be effective for CGMHI for its annual period ending December 31, 2027 and interim periods for the interim period beginning January 1, 2028. CGMHI is currently evaluating the impact on its disclosures.

2. OPERATING SEGMENT

CGMHI has identified its Chief Executive Officer (CEO) as the chief operating decision maker (CODM). The CODM uses *Net income (loss)* as the performance measure to evaluate the results of the business and manage the Company. The Company’s operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The Company’s results are presented on the face of its Consolidated Statement of Operations and Consolidated Statement of Financial Condition.

CGMHI provides corporate, institutional and public sector clients with a full range of sales and trading services across equities, foreign exchange, rates, spread products and commodities. The range of services includes market-making across asset classes, risk management solutions, financing and prime brokerage.

CGMHI’s investment banking supports clients’ capital-raising needs to help strengthen and grow their businesses, including equity and debt capital markets strategic financing solutions, as well as advisory services related to mergers and acquisitions, divestitures, restructurings and corporate defense activities.

CGMHI provides financial and advisory services to a range of client segments consisting of ultra-high net worth, high net worth and affluent clients. These services include investment, margin lending and custody product offerings.

The Company derived more than 10 percent of its net revenues from Citigroup affiliates for the years ended December 31, 2025, 2024 and 2023. See Note 16 for additional information regarding CGMHI’s related party transactions.

The accounting policies of the reportable operating segment are the same as those disclosed in Note 1.

Performance by Geographic Area

CGMHI’s operations are highly integrated, and estimates and subjective assumptions have been made to apportion revenue between North America and international operations.

For the purposes of the presentation below, the Company defines “international activities” as transactions and related business activities involving clients with activities outside of North America (i.e., clients that maintain operations, assets, subsidiaries and/or revenue-generating activities outside of North America). The information below is presented by managed geography, which generally reflects, as applicable, the domicile of the client, the booking location, the location of the trading desk or the

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locations where the client relationship is managed. Many of the Company's North America operations also serve international clients.

The following table presents revenues net of interest expense between North America and international areas:

<i>In millions of dollars</i>	2025	2024	2023
North America ⁽¹⁾	\$ 6,998	\$ 6,023	\$ 5,493
International ⁽²⁾	6,296	5,544	5,155
Total CGMHI	\$ 13,294	\$ 11,567	\$ 10,648

(1) Primarily reflects the U.S.

(2) International represents the summation of revenues in International businesses.

3. PRINCIPAL TRANSACTIONS

The table below consists of realized and unrealized gains and losses presented in *Principal transactions*. Activities include revenues from fixed income, equities, credit and commodities products and foreign exchange transactions that are managed on a portfolio basis and characterized below based on the primary risk managed by each trading desk (as such, the trading desks can be periodically reorganized and thus the risk categories).

Principal transactions include CVA (credit valuation adjustments) and FVA (funding valuation adjustments) on over-the-counter derivatives. These adjustments are discussed further in Note 12.

For transactions that are denominated in a currency other than the functional currency, including transactions denominated in the local currencies of foreign operations that use the U.S. dollar as their functional currency, the effects of changes in exchange rates are included in *Principal transactions*, along with the related effects of any qualifying hedges.

Not included in the table below is the impact of net interest income related to trading activities, which is an integral part of the profitability of trading activities.

<i>In millions of dollars</i>	2025	2024	2023
Interest rate risks ⁽¹⁾	\$ 379	\$ 85	\$ 642
Credit products and risks ⁽²⁾	179	880	1,020
Commodity and other risks ⁽³⁾	428	899	953
Equity risks ⁽⁴⁾	159	769	(135)
Foreign exchange risks ⁽⁵⁾	60	2	(13)
Total principal transactions revenue	\$ 1,205	\$ 2,635	\$ 2,467

(1) Includes revenues from government securities, municipal securities, mortgage securities and other debt instruments. Also includes spot and forward trading of currencies and over-the-counter (OTC) currency options, options on fixed income securities, interest rate swaps, currency swaps, swap options, caps and floors, financial futures, OTC options and forward contracts on fixed income securities.

(2) Includes revenues from corporate debt, mortgage securities, single name and index credit default swaps, and structured credit products.

(3) Primarily includes revenues from energy products, metals and other commodities trades.

(4) Includes revenues from common, preferred and convertible preferred stock, convertible corporate debt, equity-linked notes and exchange-traded and OTC equity options and warrants.

(5) Includes revenues from foreign exchange spot, forward, option and swap contracts, as well as foreign currency translation gains and losses.

4. INCENTIVE PLANS AND EMPLOYEE BENEFITS

Discretionary Annual Incentive Awards

Citigroup grants immediate cash bonus payments and various forms of immediate and deferred awards as part of its discretionary annual incentive award program involving a large segment of Citigroup's employees worldwide, including employees of CGMHI.

Discretionary annual incentive awards are generally awarded in the first quarter of the year based on the previous year's performance. Awards valued at less than \$75,000 (or the local currency equivalent) are generally paid entirely in the form of an immediate cash bonus. Pursuant to Citigroup policy and/or regulatory requirements, certain employees are subject to mandatory deferrals of incentive pay and generally receive 15%–60% of their awards in the form of deferred stock or deferred cash stock units. Discretionary annual incentive awards to certain employees in the European Union (EU) are subject to

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deferral requirements regardless of the total award value, with at least 50% of the immediate incentive delivered in the form of a stock payment award subject to a restriction on sale or transfer (generally, for 12 months).

Subject to certain exceptions (principally, for retirement-eligible employees), continuous employment within Citigroup is required to vest in deferred annual incentive awards. Post employment vesting by retirement-eligible employees and participants who meet other conditions is generally conditioned upon their compliance with certain restrictions during the remaining vesting period.

Generally, the deferred awards vest in equal annual installments over four years. Vested stock awards are delivered in shares of common stock. Deferred cash awards are payable in cash when the underlying principal award vests. Deferred cash stock unit awards are payable in cash at the vesting value of the underlying stock. The value of each deferred stock unit is equal to one share of Citigroup stock, and the award will fluctuate with changes in the stock price. Recipients of deferred stock awards and deferred cash stock unit awards, however, may, except as prohibited by applicable regulatory guidance, be entitled to receive or accrue dividend-equivalent payments during the vesting period. Generally, in the EU, vested shares are subject to a restriction on sale or transfer after vesting, and vested deferred cash awards and deferred cash stock units are subject to hold back (generally, for 6 or 12 months based on the award type).

Stock awards, deferred cash stock units and deferred cash awards are subject to one or more cancellation and clawback provisions that apply in certain circumstances, including gross misconduct and in the circumstances required by SEC rule 10D-1.

Outstanding (Unvested) Stock Awards

A summary of the status of unvested stock awards granted as discretionary annual incentive or sign-on and replacement stock awards to employees of CGMHI is presented below:

Unvested stock awards	Shares	Weighted-average grant date fair value per share
Unvested at December 31, 2024	34,611,342	\$ 53.60
Granted ⁽¹⁾	11,155,409	80.79
Canceled	(1,607,557)	60.97
Vested ⁽²⁾	(12,541,127)	57.65
Unvested at December 31, 2025	31,618,067	\$ 61.21

(1) The weighted-average fair value of the shares granted during 2025, 2024 and 2023 was \$80.79, \$52.30 and \$48.76, respectively.

(2) The total fair value of stock awards that vested during the years ending 2025, 2024 and 2023 was \$1.0 billion, \$537 million and \$404 million, respectively.

The total unrecognized compensation cost related to unvested stock awards for CGMHI employees was \$609 million at December 31, 2025. The cost is expected to be recognized over a remaining weighted-average period of 1.6 years.

Performance Share Units

Certain senior executives were awarded performance share units (PSUs) every February from 2022 to 2025, for performance in the year prior to the award date. Each award referenced two forward-looking three-year Citigroup Inc. performance metrics. In each year an award was granted, the metrics were equally weighted. For PSUs awarded in 2022 and 2023, the metrics were average return on tangible common equity and cumulative tangible book value per share. For PSUs awarded in 2024 and 2025, the metrics were weighted-average return on tangible common equity and cumulative tangible book value per share. The award is settled solely in cash after the end of each performance period.

For all award years, if the total Citigroup shareholder return is negative over the three-year performance period, executives may earn no more than 100% of the target PSUs, regardless of the extent to which Citigroup outperforms against performance goals and/or peer firms. The number of PSUs ultimately earned could vary from zero, if performance goals are not met, to as much as 150% of target, if performance goals are meaningfully exceeded. The reported financial metrics during the performance period are adjusted to reflect any mandatory equitable adjustments as required under the applicable award agreements for unusual and non-recurring items as presented to and approved by the Compensation, Performance Management and Culture (CPC) Committee.

For all award years, the value of each PSU is equal to the value of one share of Citigroup common stock. Dividend equivalents are forfeitable, accrued and paid on the number of earned PSUs after the end of the performance period.

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PSUs are subject to remeasurement, pursuant to which the associated value of the award will fluctuate with changes in Citigroup's stock price and the attainment of the specified performance goals for each award. The value of the award, subject to the performance goals and taking into account any mandatory equitable adjustments as per the terms of the award agreement, is estimated using a simulation model that incorporates multiple valuation assumptions, including the probability of achieving the specified performance goals of each award. The risk-free rate used in the model is based on the applicable U.S. Treasury yield curve. Other significant assumptions for the awards are as follows:

Valuation assumptions—weighted average	2025	2024	2023
Expected volatility	26.58%	26.82%	35.97%
Expected dividend yield	2.73	3.84	4.13

A summary of the performance share unit activity for 2025 is presented below:

Performance share units	Units
Outstanding, beginning of year	531,389
Granted	214,204
Canceled	(8,499)
Payments ⁽¹⁾	(16,797)
Outstanding, end of year	720,297

(1) \$1 million in payments were processed for CGMHI employees under this program in 2025.

Transformation Program

In order to provide an incentive for select employees to effectively execute Citigroup's transformation program, in August 2021 the Personnel and Compensation (P&C) Committee of Citigroup's Board of Directors, the predecessor of the CPC Committee of Citigroup's Board of Directors, approved a program for the select employees to earn additional compensation based on the achievement of Citigroup's transformation goals from August 2021 through December 2024 and satisfaction of other conditions. The performance program concluded in 2025. The awards were subject to remeasurement, pursuant to which the associated value of the award fluctuated with the attainment of the performance conditions for each tranche and changes to Citigroup's stock price for the third tranche. Payment was cash settled, in a lump sum, with the third payment indexed to changes in the value of Citigroup's common stock from the service inception date through the payment date. Earnings were based on collective performance with respect to Citigroup's transformation goals and were evaluated and approved by the CPC Committee on an annual basis.

Payments in the event of any category of employment termination or change in job title or employment status were subject to Citigroup's discretion. Cancellation and clawback were provided for in the event of misconduct and certain other circumstances. The program applied to senior leaders, other than the Citigroup CEO, critical to helping deliver a successful transformation with the value of the awards varying based on individual compensation levels.

Other Variable Incentive Compensation

Employees of CGMHI participate in various incentive plans globally that are used to motivate and reward performance primarily in the areas of sales, operational excellence and customer satisfaction. Participation in these plans is generally limited to employees who are not eligible for discretionary annual incentive awards. Other forms of variable compensation include commissions paid to financial advisors.

Additional Information

Except for awards subject to remeasurement, the total expense recognized for stock awards represents the grant date fair value of such awards, which is generally recognized as a charge to income ratably over the vesting period, other than for awards to retirement-eligible employees and immediately vested awards. Whenever awards are granted or are expected to be granted to employees who are, or are expected to be while the awards are outstanding, retirement eligible, the charge to income is accelerated based on when the applicable conditions for retirement eligibility were or will be met. If the employee is retirement eligible on the grant date, or the award is vested at the grant date, the Company recognizes the expense each year equal to the grant date fair value of the awards that it estimates will be granted in the following year.

Recipients of Citigroup stock awards generally do not have any stockholder rights until shares are delivered upon vesting. Recipients of stock-settled awards and other vested stock awards subject to a sale-restriction period are generally entitled to vote the shares in their award and receive dividends on such shares during the sale-restriction period. Once a stock award vests, the shares delivered to the participant are freely transferable, unless they are subject to a restriction on sale or transfer for a specified period.

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For a discussion of Citigroup's Incentive Plans, which includes CGMHI, see Note 7 in the Citigroup 2025 Form 10-K.

Incentive Compensation Cost

The following table presents components of CGMHI's compensation expense, relating to the incentive compensation programs described above:

<i>In millions of dollars</i>	2025	2024	2023
Charges for estimated awards to retirement-eligible employees	\$ 312	\$ 296	\$ 275
Amortization of deferred cash awards, deferred cash stock units and performance stock units	68	64	139
Immediately vested stock award expense ⁽¹⁾	11	71	71
Amortization of restricted and deferred stock awards ⁽²⁾	401	365	381
Other variable incentive compensation	195	159	109
Total ⁽³⁾	\$ 987	\$ 955	\$ 975

(1) Represents expense for immediately vested stock awards that generally were stock payments in lieu of cash compensation. The expense is generally accrued as cash incentive compensation in the year prior to grant.

(2) All periods include amortization expense for all unvested awards to non-retirement-eligible employees.

(3) CGMHI did not capitalize any stock-based compensation costs in 2025.

Pension, Postretirement, Post Employment and Defined Contribution Plans

The Company participates in several non-contributory defined benefit pension plans sponsored by Citigroup Inc. covering certain U.S. employees and has various defined benefit pension and termination indemnity plans covering employees outside the U.S.

Citigroup's U.S. qualified defined benefit pension plan was frozen effective January 1, 2008 for most employees. Accordingly, no additional compensation-based contributions have been credited to the cash balance portion of the plan for existing plan participants after 2007. However, certain employees covered under the prior final pay plan formula continue to accrue benefits. The Company also participates in postretirement health care and life insurance benefits offered by Citigroup Inc. to certain eligible U.S. retired employees, as well as to certain eligible employees outside the U.S.

The Company also participates in a number of non-contributory, nonqualified pension plans. These plans, which are unfunded, provide supplemental defined pension benefits to certain U.S. employees. With the exception of certain employees covered under the prior final pay plan formula, the benefits under these plans were frozen in prior years.

Citigroup sponsors U.S. post employment plans that provide income continuation and health and welfare benefits to certain eligible U.S. employees on long-term disability.

The Company participates in defined contribution plans in the U.S. and in certain non-U.S. locations offered by Citigroup, all of which are administered in accordance with local laws. The most significant defined contribution plan is the Citi Retirement Savings Plan sponsored by Citigroup in the U.S.

Under the Citi Retirement Savings Plan, eligible U.S. employees received matching contributions of up to 6% of their eligible compensation for 2025 and 2024, subject to statutory limits. Effective January 1, 2025, plan participants' eligible annual compensation is limited to \$200,000. In addition, for eligible employees whose eligible compensation is \$100,000 or less, a fixed contribution of up to 2% of eligible compensation is provided. All Company contributions are invested according to participants' individual elections.

The Company's allocated pretax expense associated with the Citigroup pension, postretirement, post employment and defined contribution plans amounted to approximately \$172 million, \$179 million, and \$184 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Health Care and Life Insurance Plans

The Company, through Citigroup, offers certain health care and life insurance benefits to its employees. The Company's allocated share of the related pretax expense associated with Citigroup health care and life insurance benefits amounted to approximately \$78 million, \$93 million, and \$113 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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5. INCOME TAXES

The Company's U.S. federal, state and local income taxes, and state and local unitary deferred taxes, are determined based on an income tax sharing agreement with Citigroup. Under the tax sharing agreement, the Company settles its current tax liability with Citigroup throughout the year, except for any tax liabilities expected to be payable as a separate taxpayer.

The Company is included in the consolidated U.S. federal income tax return and unitary and combined state returns of Citigroup and combined subsidiaries. The Company's federal income taxes are calculated on a modified separate return method. Under this method, the Company is assumed to file a separate tax return, modified under the tax sharing agreement, with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax or receiving the appropriate refund from Citigroup Inc.

Under the income tax sharing agreement, the Company's unitary state and local taxes are calculated based on the Company's contributions to the state apportionment factors, which may be a function of state gross receipts, property and/or payroll depending on the state.

The apportionment of state and local taxes related to certain jurisdictions includes income tax allocations of items reflected in *Other comprehensive income (loss)* (OCI) by Citigroup, such as unrealized gains and losses on debt securities, benefit plan liability adjustments and changes in foreign currency translation adjustments.

Income Tax Provision

Details of the Company's income tax provision are presented below:

<i>In millions of dollars</i>	2025	2024	2023
Current tax provision (benefit):			
Federal	\$ 9	\$ (39)	\$ (147)
Non-U.S.	373	330	54
State and local	(636)	(153)	(100)
Total current tax provision	(254)	138	(193)
Deferred tax provision (benefit):			
Federal	223	(273)	(122)
Non-U.S.	(5)	(39)	15
State and local	214	254	255
Total deferred tax provision (benefit)	432	(58)	148
Total:			
Federal	232	(312)	(269)
Non-U.S.	368	291	69
State and local	(422)	101	155
Provision (benefit) for income taxes	178	80	(45)
Income tax expense (benefit) reported in stockholder's equity related to:			
Income tax allocations from Citigroup on items reflected in <i>Other comprehensive income</i>	(134)	(28)	(100)
Income taxes	\$ 44	\$ 52	\$ (145)

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Tax Rate

The reconciliation of the federal statutory income tax rate to the Company's effective income tax rate applicable to income (loss) before income taxes for each of the periods indicated is as follows:

<i>In millions of dollars</i>	2025		2024		2023	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
US federal statutory income tax rate	\$ 227	21.0%	\$ (373)	21.0%	\$ (216)	21.0%
Domestic federal reconciling items						
Tax credits						
Foreign tax credit	(13)	(1.2)	(10)	0.6	(1)	0.1
Other	(4)	(0.3)	—	—	—	—
Nontaxable and nondeductible items, net						
Goodwill impairment	—	—	265	(14.9)	—	—
Corporate-owned life insurance	(16)	(1.5)	(17)	0.9	(10)	1.0
Excess compensation	11	1.0	26	(1.5)	9	(0.9)
Unsettled charges	—	—	(2)	0.1	(16)	1.6
Other	(3)	(0.3)	3	(0.2)	4	(0.4)
Tax expense related to variable interest entities	76	7.0	93	(5.2)	49	(4.8)
Cross-border taxes						
Global intangible low-taxed income	15	1.3	25	(1.4)	21	(2.0)
U.S. tax effect of foreign branches	22	2.1	(4)	0.2	(139)	13.4
Other	—	—	1	—	3	(0.3)
Effect of changes in tax laws or rates enacted in the current period	—	—	—	—	(2)	0.1
Changes in valuation allowance ⁽¹⁾	(16)	(1.5)	(89)	5.1	100	(9.7)
Other	(6)	(0.6)	(9)	0.5	(5)	0.5
Domestic state and local income taxes, net of federal effect ⁽²⁾	138	12.8	80	(4.5)	109	(10.6)
Foreign reconciling items						
United Kingdom						
Rate differential	32	3.0	28	(1.6)	(5)	0.5
Valuation allowance	29	2.7	—	—	—	—
Bank levy	13	1.2	14	(0.8)	7	(0.7)
Withholding taxes	110	10.2	5	(0.3)	42	(4.1)
Tax advantaged income	(52)	(4.8)	(11)	0.6	(16)	1.5
Penalties and fines	(10)	(0.9)	15	(0.9)	(31)	3.0
Severance	13	1.2	—	—	—	—
Other	3	0.2	5	(0.3)	7	(0.7)
Hong Kong						
Tax advantaged income	(22)	(2.1)	(22)	1.2	(20)	2.0
Interest expense	59	5.5	50	(2.8)	50	(4.9)
Other	4	0.4	4	(0.2)	9	(0.8)
Cayman Islands						
Rate differential	4	0.4	(46)	2.6	(39)	3.8
Mauritius						
Capital gain (loss)	(3)	(0.3)	22	(1.2)	—	—
Other	2	0.2	(11)	0.6	6	(0.6)
Germany						
Bank levy	—	—	(3)	0.2	16	(1.5)
Other	8	0.7	15	(0.8)	6	(0.6)
Other	28	2.6	26	(1.5)	26	(2.4)
Worldwide changes in unrecognized tax benefits	(471)	(43.6)	0	—	(9)	0.9
Total tax	\$ 178	16.4%	\$ 80	(4.5)%	\$ (45)	4.4%

(1) The valuation allowance is applied primarily to U.S. tax effect of foreign branches.

(2) For 2025, New York State and New York City make up greater than 50% of the total effect of domestic state and local income taxes, net of federal effect.

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Deferred Income Taxes

Deferred income taxes at December 31 related to the following:

<i>In millions of dollars</i>	2025	2024
Deferred tax assets		
Tax credit and net operating loss carry-forwards	\$ 1,110	\$ 1,461
Investments	651	670
Allocated deferred state taxes	574	556
Fixed assets and leases	407	422
Deferred compensation and employee benefits	448	415
U.S. tax on non-U.S. earnings	272	280
Other deferred tax assets	316	284
Gross deferred tax assets	3,778	4,088
Valuation allowance	321	295
Deferred tax assets after valuation allowance	3,457	3,793
Deferred tax liabilities		
Federal impact on state taxes	478	410
Intercompany debt underwriting fees	—	60
Non-U.S. withholding taxes	55	58
Other deferred tax liabilities	3	22
Gross deferred tax liabilities	536	550
Net deferred tax assets	\$ 2,921	\$ 3,243

Unrecognized Tax Benefits

The following is a rollforward of the Company's unrecognized tax benefits:

<i>In millions of dollars</i>	2025	2024	2023
Total unrecognized tax benefits at January 1	\$ 38	\$ 37	\$ 54
Net amount of increases for current year's tax positions	3	1	1
Gross amount of increases for prior years' tax positions	—	—	19
Gross amount of decreases for prior years' tax positions	—	—	(36)
Foreign exchange, acquisitions and dispositions	—	—	(1)
Total unrecognized tax benefits at December 31	\$ 41	\$ 38	\$ 37

The portions of the total unrecognized tax benefits at December 31, 2025, 2024 and 2023 that, if recognized, would affect CGMHI's tax expense are \$37 million, \$34 million and \$33 million, respectively.

During 2025, \$525 million of uncertain tax positions that relate to prior periods were allocated from CGMHI's ultimate parent Citigroup and released during 2025.

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Interest and penalties (not included in unrecognized tax benefits above) are a component of *Provision (benefit) for income taxes*.

<i>In millions of dollars</i>	2025		2024		2023	
	Pretax	Net of tax	Pretax	Net of tax	Pretax	Net of tax
Total interest and penalties on the Consolidated Statement of Financial Condition at January 1	\$ 9	\$ 7	\$ 7	\$ 6	\$ 1	\$ 1
Total interest and penalties in the Consolidated Statement of Operations	1	1	1	1	7	5
Total interest and penalties on the Consolidated Statement of Financial Condition at December 31	10	8	9	7	7	6

As of December 31, 2025, the Company was under audit by the Internal Revenue Service and other major taxing jurisdictions around the world.

The following are the major tax jurisdictions in which the Company and its affiliates operate and the earliest tax year subject to examination:

Jurisdiction	Tax year
United States	2016
New York State and City	2012
California	2016
United Kingdom	2016

Non-U.S. Earnings

Non-U.S. pretax earnings approximated \$711 million, \$951 million and \$55 million in 2025, 2024 and 2023, respectively. As a U.S. corporation, CGMHI and its U.S. subsidiaries are currently subject to U.S. taxation on all non-U.S. pretax earnings of non-U.S. branches. Beginning in 2018, there is a separate foreign tax credit (FTC) basket for branches. Also, dividends from a non-U.S. subsidiary or affiliate are effectively exempt from U.S. taxation. The Company provides income taxes on the book over tax basis differences of non-U.S. subsidiaries except to the extent that such differences are indefinitely reinvested outside the U.S.

At December 31, 2025, there are no basis differences of non-U.S. entities that was indefinitely invested. Although no U.S. income taxes would need to be provided, withholding taxes of \$92 million would have to be provided if unrepatriated earnings were distributed.

Deferred Tax Assets (DTAs) and Valuation Allowances

At December 31, 2025, the Company had a valuation allowance of \$321 million, an increase of \$26 million from the balance at December 31, 2024. The increase in the valuation allowance balance mainly relates to state and local capital loss carry-forwards and non-US DTAs, offset by U.S. residual DTAs on non-U.S. branches. The December 31, 2025 valuation allowance is composed of valuation allowances of \$242 million on its U.S. residual DTA on its non-U.S. branches, \$4 million on its FTC carry-forwards, \$45 million on state and local capital loss carry-forwards, and \$30 million on its non-U.S. DTAs.

The valuation allowance against U.S. residual DTAs on non-U.S. branches and FTCs results from the impact of the lower tax rate and the new separate FTC basket for non-U.S. branches, as well as the diminished ability under Tax Reform to generate income from sources outside the U.S. to support utilization. The absolute amount of the Company's post-Tax Reform-related valuation allowance may change in future years since the separate FTC basket for non-U.S. branches will result in additional DTAs (for FTCs) requiring a valuation allowance, given that the local tax rate for these branches exceeds on average the U.S. tax rate of 21%.

Although realization is not assured, the Company believes that the realization of the recognized net DTAs of \$2.9 billion at December 31, 2025 is more-likely-than-not, based upon expectations as to future taxable income in the jurisdictions in which the DTAs arise and consideration of available tax planning strategies (as defined in ASC 740, *Income Taxes*).

FTC carry-forwards expire in 2031 and state and local net operating loss (NOL) carry-forwards expire between 2026 and 2044. In addition, the Company has NOL carry-forwards related to non-consolidated tax return companies that are eventually expected to be utilized in Citigroup's consolidated tax return, and that expire between 2027 and 2031.

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Income Taxes Paid

Details of the Company's income taxes paid are presented below:

<i>In millions of dollars</i>	2025	2024	2023
Federal	\$ 169	\$ (395)	\$ (62)
State and local			
New York	(80)	(75)	(83)
New York City	(64)	(60)	(53)
California	NM	48	100
New Jersey	NM	30	45
Wisconsin	NM	NM	16
Other	52	15	29
Total state and local	(92)	(42)	54
Non-U.S.			
Egypt	104	47	NM
India	49	43	20
France	45	NM	NM
Germany	59	34	23
Hong Kong	42	NM	NM
Korea	NM	19	NM
Mauritius	NM	25	NM
Poland	NM	(22)	NM
Spain	NM	30	17
Taiwan	NM	24	18
United Kingdom	NM	20	86
Zambia	NM	13	NM
Other	150	53	69
Total non-U.S.	449	286	233
Total	\$ 526	\$ (151)	\$ 225

NM Not meaningful, since the amount of income taxes paid during the year does not meet the 5% disaggregation threshold.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. SECURITIES BORROWED, LOANED AND SUBJECT TO REPURCHASE AGREEMENTS

Securities borrowed and purchased under agreements to resell, at their respective carrying values, consisted of the following:

<i>In millions of dollars</i>	December 31,	
	2025	2024
Securities purchased under agreements to resell (including \$193,738 and \$105,521 as of December 31, 2025 and 2024, respectively, at fair value)	\$ 216,669	\$ 137,924
Securities borrowed (including \$4,659 and \$22,598 as of December 31, 2025 and 2024, respectively, at fair value)	74,715	77,826
Total ⁽¹⁾	\$ 291,384	\$ 215,750

Securities loaned and sold under agreements to repurchase, at their respective carrying values, consisted of the following:

<i>In millions of dollars</i>	December 31,	December 31,
	2025	2024
Securities sold under agreements to repurchase (including \$197,200 and \$48,560 as of December 31, 2025 and 2024, respectively, at fair value)	\$ 336,980	\$ 252,523
Securities loaned (including \$171 and \$749 as of December 31, 2025 and 2024, respectively, at fair value)	20,544	15,411
Total ⁽¹⁾	\$ 357,524	\$ 267,934

(1) The above tables do not include securities-for-securities lending transactions of \$5.5 billion and \$5.2 billion at December 31, 2025 and 2024, respectively, where the Company acts as lender and receives securities that can be sold or pledged as collateral. In these transactions, the Company recognizes the securities received at fair value within *Other assets* and the obligation to return those securities as a liability within *Brokerage payables*.

The following tables present the gross and net resale and repurchase agreements and securities borrowing and lending agreements and the related offsetting amounts permitted under ASC 210-20-45. The tables also include amounts related to financial instruments that are not permitted to be offset under ASC 210-20-45, but would be eligible for offsetting to the extent that an event of default has occurred and a legal opinion supporting enforceability of the offsetting rights has been obtained. Remaining exposures continue to be secured by financial collateral, but the Company may not have sought or been able to obtain a legal opinion evidencing enforceability of the offsetting right.

As of December 31, 2025					
<i>In millions of dollars</i>	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet ⁽¹⁾⁽²⁾	Net amounts of assets included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default ⁽²⁾⁽³⁾	Net amounts ⁽⁴⁾
Securities purchased under agreements to resell	\$ 573,682	\$ 357,013	\$ 216,669	\$ 213,335	\$ 3,334
Securities borrowed	103,620	28,905	74,715	23,776	50,939
Total	\$ 677,302	\$ 385,918	\$ 291,384	\$ 237,111	\$ 54,273

<i>In millions of dollars</i>	Gross amounts of recognized liabilities	Gross amounts offset on the Consolidated Balance Sheet ⁽¹⁾⁽²⁾	Net amounts of liabilities included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default ⁽²⁾⁽³⁾	Net amounts ⁽⁴⁾
Securities sold under agreements to repurchase	\$ 693,993	\$ 357,013	\$ 336,980	\$ 295,430	\$ 41,550
Securities loaned	49,449	28,905	20,544	17,840	2,704
Total	\$ 743,442	\$ 385,918	\$ 357,524	\$ 313,270	\$ 44,254

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As of December 31, 2024

<i>In millions of dollars</i>	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet ⁽¹⁾	Net amounts of assets included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default ⁽³⁾	Net amounts ⁽⁴⁾
Securities purchased under agreements to resell	\$ 442,878	\$ 304,954	\$ 137,924	\$ 136,502	\$ 1,422
Securities borrowed	97,153	19,327	77,826	19,085	58,741
Total	\$ 540,031	\$ 324,281	\$ 215,750	\$ 155,587	\$ 60,163

<i>In millions of dollars</i>	Gross amounts of recognized liabilities	Gross amounts offset on the Consolidated Balance Sheet ⁽¹⁾	Net amounts of liabilities included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default ⁽³⁾	Net amounts ⁽⁴⁾
Securities sold under agreements to repurchase	\$ 557,477	\$ 304,954	\$ 252,523	\$ 211,675	\$ 40,848
Securities loaned	34,738	19,327	15,411	12,810	2,601
Total	\$ 592,215	\$ 324,281	\$ 267,934	\$ 224,485	\$ 43,449

- (1) Includes financial instruments subject to enforceable master netting agreements that are permitted to be offset under ASC 210-20-45.
- (2) Beginning January 1, 2025, excludes amounts relating to accrued interest. Accrued interest receivable on Securities purchased under agreements to resell (reverse repos) is presented in *Other assets* and accrued interest payable on Securities sold under agreements to repurchase (repos) is presented in *Other liabilities*.
- (3) Includes financial instruments subject to enforceable master netting agreements that are not permitted to be offset under ASC 210-20-45, but would be eligible for offsetting to the extent that an event of default has occurred and a legal opinion supporting enforceability of the offsetting right has been obtained.
- (4) Remaining exposures continue to be secured by financial collateral, but the Company may not have sought or been able to obtain a legal opinion evidencing enforceability of the offsetting right.

The following tables present the gross amounts of liabilities associated with repurchase agreements and securities lending agreements by remaining contractual maturity:

As of December 31, 2025

<i>In millions of dollars</i>	Open and overnight	Up to 30 Days	31-90 Days	Greater than 90 Days	Total
Securities sold under agreements to repurchase	\$ 342,724	\$ 229,750	\$ 51,220	\$ 70,299	\$ 693,993
Securities loaned	36,737	352	2,954	9,406	49,449
Total	\$ 379,461	\$ 230,102	\$ 54,174	\$ 79,705	\$ 743,442

As of December 31, 2024

<i>In millions of dollars</i>	Open and overnight	Up to 30 Days	31-90 Days	Greater than 90 Days	Total
Securities sold under agreements to repurchase	\$ 292,729	\$ 155,445	\$ 46,569	\$ 62,734	\$ 557,477
Securities loaned	25,794	213	3,002	5,729	34,738
Total	\$ 318,523	\$ 155,658	\$ 49,571	\$ 68,463	\$ 592,215

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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The following tables present the gross amounts of liabilities associated with repurchase agreements and securities lending agreements by class of underlying collateral:

<i>In millions of dollars</i>	As of December 31, 2025		
	Repurchase agreements	Securities lending agreements	Total
U.S. Treasury and federal agency securities	\$ 366,499	\$ 28	\$ 366,527
State and municipal securities	240	56	296
Foreign government securities	172,225	226	172,451
Corporate bonds	21,831	162	21,993
Equity securities	26,416	47,432	73,848
Mortgage-backed securities	99,634	21	99,655
Asset-backed securities	5,665	73	5,738
Other trading assets	1,483	1,451	2,934
Total	\$ 693,993	\$ 49,449	\$ 743,442

<i>In millions of dollars</i>	As of December 31, 2024		
	Repurchase agreements	Securities lending agreements	Total
U.S. Treasury and federal agency securities	\$ 339,042	\$ 40	\$ 339,082
State and municipal securities	189	—	189
Foreign government securities	113,752	1,069	114,821
Corporate bonds	16,192	330	16,522
Equity securities	18,350	33,254	51,604
Mortgage-backed securities	65,300	—	65,300
Asset-backed securities	2,609	23	2,632
Other trading assets	2,043	22	2,065
Total	\$ 557,477	\$ 34,738	\$ 592,215

7. DEBT

Short-Term Borrowings

<i>In millions of dollars</i>	2025		2024	
	Balance	Weighted average coupon ⁽¹⁾	Balance	Weighted average coupon ⁽¹⁾
Commercial paper	\$ 9,891	4.1%	\$ 13,739	5.1%
Other borrowings	24,821	4.2%	15,621	4.8%
Total	\$ 34,712		\$ 29,360	

(1) The weighted-average coupon excludes structured notes accounted for at fair value.

Short-term borrowings with affiliates totaled \$8.9 billion and \$5.6 billion at December 31, 2025 and 2024, respectively.

Long-Term Debt

<i>In millions of dollars</i>	Weighted average coupon ⁽¹⁾	Maturities	Balances at December 31,	
			2025	2024
Senior debt	5.0%	2026-2070	\$ 185,829	\$ 160,941
Subordinated notes with affiliates	6.1%	2027-2039	25,200	23,625
Total			\$ 211,029	\$ 184,566

(1) The weighted-average coupon excludes structured notes accounted for at fair value.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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Long-term debt with affiliates totaled \$109.8 billion and \$95.0 billion at December 31, 2025 and 2024, respectively. The debt with affiliates matures on various dates from 2026 to 2039.

The Company issues both fixed- and variable-rate debt in a range of currencies. At December 31, 2025, the Company's overall weighted-average interest rate for long-term debt, excluding structured notes accounted for at fair value, was 5.2%.

Aggregate annual maturities of long-term debt obligations (based on final maturity dates) are as follows:

<i>In millions of dollars</i>	
2026	\$ 27,596
2027	57,925
2028	34,368
2029	14,177
2030	18,063
Thereafter	58,900
Total	\$ 211,029

8. CAPITAL REQUIREMENTS

Certain U.S. and non-U.S. broker-dealer subsidiaries of CGMHI are subject to various securities and commodities regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These regulatory restrictions may impose regulatory capital requirements and limit the amounts that these subsidiaries can pay in dividends or advance to the Company.

At December 31, 2025, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of CGMHI, had net capital, computed in accordance with the SEC's net capital rule, of \$18 billion, which exceeded the minimum requirement by \$12 billion.

Moreover, Citigroup Global Markets Limited, a broker-dealer registered with the United Kingdom's Prudential Regulation Authority (PRA) that is also an indirect wholly owned subsidiary of CGMHI, had total regulatory capital of \$27 billion at December 31, 2025, which exceeded the PRA's combined buffer and minimum regulatory capital requirements.

In addition, certain of CGMHI's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. CGMHI's other principal broker-dealer subsidiaries were in compliance with their regulatory capital requirements at December 31, 2025.

9. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

The Company's involvement with consolidated and unconsolidated VIEs with which the Company holds significant variable interests is presented below:

<i>In millions of dollars</i>	As of December 31, 2025					
	Total	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets ⁽²⁾	Maximum exposure to loss in significant unconsolidated VIEs ⁽¹⁾		
	involvement with SPE assets			Debt		Derivatives
Mortgage securitizations ⁽⁴⁾						
U.S. agency-sponsored	\$ 83,433	\$ —	\$ 83,433	\$ 2,622	\$ —	\$ 2,622
Non-agency-sponsored	34,139	—	34,139	583	—	583
Collateralized loan obligations	2	—	2	1	—	1
Asset-based financing	4,331	1,906	2,425	112	—	112
Other	48	—	48	—	49	49
Total	\$ 121,953	\$ 1,906	\$ 120,047	\$ 3,318	\$ 49	\$ 3,367

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
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As of December 31, 2024

<i>In millions of dollars</i>	As of December 31, 2024					
	Total	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets ⁽²⁾	Maximum exposure to loss in significant unconsolidated VIEs ⁽¹⁾		
	involvement with SPE assets			Debt investments ⁽³⁾	Derivatives	Total
Mortgage securitizations ⁽⁴⁾						
U.S. agency-sponsored	\$ 76,215	\$ —	\$ 76,215	\$ 1,624	\$ —	\$ 1,624
Non-agency-sponsored	31,124	—	31,124	562	—	562
Collateralized loan obligations	1,008	—	1,008	582	—	582
Asset-based financing	3,182	1,691	1,491	65	—	65
Other	49	—	49	—	49	49
Total	\$ 111,578	\$ 1,691	\$ 109,887	\$ 2,833	\$ 49	\$ 2,882

(1) The definition of maximum exposure to loss is included in the text that follows this table.

(2) A significant unconsolidated VIE is an entity in which the Company has any variable interest or continuing involvement considered to be significant, regardless of the likelihood of loss.

(3) Funded exposures that are included on the Company's December 31, 2025 and 2024 Consolidated Statement of Financial Condition in *Trading account assets*.

(4) CGMHI mortgage securitizations also include agency and non-agency (private-label) re-securitization activities. These SPEs are not consolidated. See "Re-securitizations" below for further discussion.

The previous tables do not include:

- certain VIEs structured by third parties in which the Company holds securities in inventory, as these investments are made on arm's-length terms;
- certain positions in mortgage- and asset-backed securities held by the Company, which are classified as *Trading account assets*, in which the Company has no other involvement with the related securitization entity deemed to be significant (see Note 12); and
- certain representations and warranties exposures in CGMHI residential mortgage securitizations, in which the original mortgage loan balances are no longer outstanding.

The asset balances for consolidated VIEs represent the carrying amounts of the assets consolidated by the Company. The asset balances for unconsolidated VIEs in which the Company has significant involvement represent the most current information available to the Company. In most cases, the asset balances represent an amortized cost basis without regard to impairments, unless fair value information is readily available to the Company.

The maximum loss exposure represents the balance sheet carrying amount of the Company's investment in the VIE. It reflects the initial amount of cash invested in the VIE, adjusted for any accrued interest and cash principal payments received. The carrying amount may also be adjusted for increases or declines in fair value or any impairment in value recognized in earnings. The maximum exposure of unfunded positions represents the notional amount of a derivative instrument considered to be a variable interest. In certain transactions, the Company has entered into derivative instruments or other arrangements that are not considered variable interests in the VIE (e.g., interest rate swaps, cross-currency swaps or where the Company is the purchaser of credit protection under a credit default swap or total return swap where the Company pays the total return on certain assets to the SPE). Receivables under such arrangements are not included in the maximum exposure amounts.

Mortgage Securitizations

CGMHI's mortgage securitizations represent government-sponsored agency and private label (non-agency-sponsored mortgages) re-securitization activities. These SPEs are not consolidated. See "Re-securitizations" below for further discussion. CGMHI's mortgage securitizations are primarily non-recourse, thereby effectively transferring the risk of future credit losses to the purchasers of the securities issued by the SPE.

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The following table includes information about loan delinquencies and liquidation losses for assets held in non-consolidated, non-agency-sponsored securitization entities at December 31:

<i>In millions of dollars</i>	Securitized assets		90 days past due		Liquidation losses	
	2025	2024	2025	2024	2025	2024
Residential mortgages	\$ 4,271	\$ 694	\$ 11	\$ —	\$ —	\$ —
Commercial and other	5,811	4,450	—	—	—	—
Total	\$ 10,082	\$ 5,144	\$ 11	\$ —	\$ —	\$ —

Re-securitizations

The Company engages in re-securitization transactions backed by either residential or commercial mortgages in which debt securities are transferred to a VIE in exchange for new beneficial interests. CGMHI did not transfer non-agency (private label) securities to re-securitization entities, nor did CGMHI hold retained interests in such securitizations, during the years ended December 31, 2025 and 2024.

As of December 31, 2025 and 2024, CGMHI held no retained interests in private label re-securitization transactions structured by CGMHI.

The Company also re-securitizes U.S. government-agency-guaranteed mortgage-backed (agency) securities. During the years ended December 31, 2025 and 2024, CGMHI transferred agency securities with a fair value of approximately \$31.8 billion and \$22.8 billion, respectively, to re-securitization entities.

As of December 31, 2025, the fair value of CGMHI-retained interests in agency re-securitization transactions structured by CGMHI totaled approximately \$2.6 billion (including \$1.9 billion related to re-securitization transactions executed in 2025), compared to \$1.6 billion as of December 31, 2024 (including \$977 million related to re-securitization transactions executed in 2024), which is recorded in *Trading account assets*. The original fair values of agency re-securitization transactions in which CGMHI holds a retained interest as of December 31, 2025 and 2024 were approximately \$83.4 billion and \$76.8 billion, respectively.

As of December 31, 2025 and 2024, the Company did not consolidate any private label or agency re-securitization entities.

Collateralized Loan Obligations (CLOs)

A collateralized loan obligation (CLO) is a VIE that purchases a portfolio of assets consisting primarily of non-investment-grade corporate loans, financed through the issuance of multiple tranches of debt and equity to investors. A third-party asset manager is contracted by the CLO to purchase the underlying assets from the open market and monitor the credit risk associated with those assets. Over the term of a CLO, the asset manager directs purchases and sales of assets in a manner consistent with the CLO's asset management agreement and indenture.

CGMHI serves as a structuring and placement agent with respect to certain CLOs. Typically, the debt and equity of the CLOs are sold to third-party investors. On occasion, certain CGMHI entities may purchase some portion of a CLO's liabilities for investment purposes. In addition, CGMHI may purchase, typically in the secondary market, certain securities issued by the CLOs to support its market-making activities.

The Company generally does not have the power to direct the activities that most significantly impact the economic performance of the CLOs, as this power is generally held by a third-party asset manager of the CLO. As such, those CLOs are not consolidated.

Asset-Based Financing

The Company provides financing to VIEs that primarily hold non-marketable equity securities and derivative transactions. These instruments are reported in *Trading account assets* and are accounted for at fair value through earnings. The Company consolidates VIEs when it has the power to direct the activities that most significantly impact a VIE's economic performance. For CGMHI to realize the maximum loss in these VIEs, the issuer of the equity securities held by the VIE and the derivative counterparties would have to default with no recovery.

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10. DERIVATIVES

In the ordinary course of business, the Company enters into various types of derivative transactions, which include:

- *Futures and forward contracts*, which are commitments to buy or sell at a future date a financial instrument, commodity or currency at a contracted price that may be settled in cash or through delivery of an item readily convertible to cash.
- *Swap contracts*, which are commitments to settle in cash at a future date or dates that may range from a few days to a number of years, based on differentials between specified indices or financial instruments, as applied to a notional principal amount.
- *Option contracts*, which give the purchaser, for a premium, the right, but not the obligation, to buy or sell within a specified time a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Swaps, forwards and some option contracts are over-the-counter (OTC) derivatives that are bilaterally negotiated with counterparties and settled with those counterparties, except for swap contracts that are novated and "cleared" through central counterparties (CCPs). Futures contracts and other option contracts are standardized contracts that are traded on an exchange with a CCP as the counterparty from the inception of the transaction. CGMHI enters into derivative contracts relating to interest rate, foreign currency, commodity and other market/credit risks for the following reasons:

- *Trading Purposes*: The Company trades derivatives as an active market maker. The Company offers its customers derivatives in connection with their risk management actions to transfer, modify or reduce their interest rate, foreign exchange and other market/credit risks or for their own trading purposes. The Company also manages its derivative risk positions through offsetting trade activities.
- *Hedging*: The Company uses derivatives in connection with its own risk management activities to hedge certain risks. Hedging may be accomplished by applying hedge accounting in accordance with ASC 815, *Derivatives and Hedging*. Derivatives are used to manage market risks inherent in specific groups of on-balance sheet assets. For example, commodity futures contracts are used to hedge changes in the spot price of certain physical commodities inventories, such as precious metals and exchange-traded renewable energy credits.

Derivatives may expose the Company to market, credit or liquidity risks in excess of the amounts recorded on the Consolidated Statement of Financial Condition. Market risk on a derivative product is the exposure created by potential fluctuations in interest rates, market prices, foreign exchange rates and other factors and is a function of the type of product, the volume of transactions, the tenor and terms of the agreement and the underlying volatility. Credit risk is the exposure to loss in the event of nonperformance by the other party to satisfy a derivative liability where the value of any collateral held by CGMHI is not adequate to cover such losses. The recognition in earnings of unrealized gains on derivative transactions is subject to management's assessment of the probability of counterparty default. Liquidity risk is the potential exposure that arises when the size of a derivative position may affect the ability to monetize the position in a reasonable period of time and at a reasonable cost in periods of high volatility and financial stress.

Derivative transactions are customarily documented under industry standard master netting agreements, which provide that following an event of default, the non-defaulting party may promptly terminate all transactions between the parties and determine the net obligation due to be paid to, or by, the defaulting party. These net obligations under master netting agreements are often secured by collateral posted under an industry standard credit support annex to the master netting agreement.

The netting and collateral rights incorporated in the master netting agreements are considered to be legally enforceable if a supportive legal opinion has been obtained from counsel of recognized standing that provides (i) the requisite level of certainty regarding enforceability and (ii) that the exercise of rights by the non-defaulting party to terminate and close-out transactions on a net basis under these agreements will not be stayed or avoided under applicable law upon an event of default, including bankruptcy, insolvency or similar proceeding.

A legal opinion may not be sought for certain jurisdictions where local law is silent or unclear as to the enforceability of such rights or where adverse case law or conflicting regulation may cast doubt on the enforceability of such rights. In some jurisdictions and for some counterparty types, the insolvency law may not provide the requisite level of certainty. For example, this may be the case for certain sovereigns, municipalities, central banks and U.S. pension plans.

Exposure to credit risk on derivatives is affected by market volatility, which may impair the ability of counterparties to satisfy their obligations to the Company. Credit limits are established and closely monitored for customers engaged in derivatives transactions. CGMHI considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process. Specifically,

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CGMHI generally transacts much lower volumes of derivatives under master netting agreements where CGMHI does not have the requisite level of legal certainty regarding enforceability, because such derivatives consume greater amounts of single counterparty credit limits than those executed under enforceable master netting agreements.

Cash collateral and security collateral in the form of G10 government debt securities are often posted by a party to a master netting agreement to secure the net open exposure of the other party; the receiving party is free to commingle/rehypothecate such collateral in the ordinary course of its business. Nonstandard collateral such as corporate bonds, municipal bonds, U.S. agency securities and/or MBS may also be pledged as collateral for derivative transactions. Security collateral posted to open and maintain a master netting agreement with a counterparty, in the form of cash and/or securities, may from time to time be segregated in an account at a third-party custodian pursuant to a tri-party account control agreement.

Information pertaining to the Company's derivatives activities, based on notional amounts, is presented in the table below. Derivative notional amounts are reference amounts from which contractual payments are derived and do not represent a complete measure of CGMHI's exposure to derivative transactions. CGMHI's derivative exposure arises primarily from market fluctuations (i.e., market risk), counterparty failure (i.e., credit risk) and/or periods of high volatility or financial stress (i.e., liquidity risk), as well as any market valuation adjustments that may be required on the transactions. Moreover, notional amounts presented below do not reflect the netting of offsetting trades. For example, if CGMHI enters into a receive-fixed interest rate swap with \$100 million notional, and offsets this risk with an identical but opposite pay-fixed position with a different counterparty, \$200 million in derivative notionals is reported, although these offsetting positions may result in de minimis overall market risk.

In addition, aggregate derivative notional amounts can fluctuate from period to period in the normal course of business based on CGMHI's market share, levels of client activity and other factors. All derivatives are recorded in *Trading account assets/Trading account liabilities* on the Consolidated Statement of Financial Condition.

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Derivative Notionals

<i>In millions of dollars</i>	Hedging instruments under ASC 815		Trading derivative instruments	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Interest rate contracts				
Swaps	\$ —	\$ 32	\$ 7,449,871	\$ 8,445,422
Futures and forwards	—	—	1,166,397	1,250,578
Written options	—	—	520,428	482,647
Purchased options	—	—	478,530	466,811
Total interest rate contracts	—	32	9,615,226	10,645,458
Foreign exchange contracts				
Swaps	—	—	1,120,445	912,517
Futures, forwards and spot	—	—	247,262	174,814
Written options	—	—	93,123	78,119
Purchased options	—	—	92,514	78,257
Total foreign exchange contracts	—	—	1,553,344	1,243,707
Equity contracts				
Swaps	—	—	530,739	325,934
Futures and forwards	—	—	96,410	63,943
Written options	—	—	620,255	440,789
Purchased options	—	—	556,111	376,448
Total equity contracts	—	—	1,803,515	1,207,114
Commodity and other contracts				
Swaps	—	—	69,139	62,284
Futures and forwards	1,331	2,191	58,115	52,170
Written options	—	—	10,989	9,500
Purchased options	—	—	10,880	11,103
contracts	1,331	2,191	149,123	135,057
Credit derivatives ⁽¹⁾				
Protection sold	—	—	824,904	803,590
Protection purchased	—	—	852,573	821,584
Total credit derivatives	—	—	1,677,477	1,625,174
Total derivative notionals	\$ 1,331	\$ 2,223	\$ 14,798,685	\$ 14,856,510

The following table presents the gross and net fair values of the Company's derivative transactions and the related offsetting amounts as of December 31, 2025 and 2024. Gross positive fair values are offset against gross negative fair values by counterparty, pursuant to enforceable master netting agreements. Under ASC 815-10-45, payables and receivables in respect of cash collateral received from or paid to a given counterparty pursuant to a credit support annex are included in the offsetting amount if a legal opinion supporting the enforceability of netting and collateral rights has been obtained. GAAP does not permit similar offsetting for security collateral.

In addition, the following table reflects rules adopted by clearing organizations that require or allow entities to treat certain derivative assets, liabilities and the related variation margin as settlement of the related derivative fair values for legal and accounting purposes, as opposed to presenting gross derivative assets and liabilities that are subject to collateral, whereby the counterparties would also record a related collateral payable or receivable. The table also presents amounts that are not permitted to be offset in the Company's balance sheet presentation, such as security collateral or cash collateral posted at third-party custodians, but which would be eligible for offsetting to the extent that an event of default has occurred and a legal opinion supporting enforceability of the netting and collateral rights has been obtained.

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Derivative Mark-to-Market (MTM) Receivables/Payables

<i>In millions of dollars</i>	Derivatives classified in			
	Trading account assets / liabilities ^{(1) (2)}			
	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives instruments designated as ASC 815 hedges	\$ —	\$ —	\$ 3	\$ —
Derivatives instruments not designated as ASC 815 hedges:				
Over-the-counter	113,891	111,790	123,486	120,363
Cleared	2,541	2,560	2,281	2,828
Exchange traded	4	1	13	13
Interest rate contracts	116,436	114,351	125,780	123,204
Over-the-counter	19,279	21,443	26,138	28,241
Foreign exchange contracts	19,279	21,443	26,138	28,241
Over-the-counter	31,495	34,755	27,084	25,820
Cleared	—	—	2	52
Exchange traded	36,893	35,237	27,216	27,031
Equity contracts	68,388	69,992	54,302	52,903
Over-the-counter	9,964	13,498	8,365	10,704
Exchange traded	131	245	123	198
Commodity and other contracts	10,095	13,743	8,488	10,902
Over-the-counter	24,059	25,898	18,341	17,726
Cleared	2,183	2,242	1,744	1,700
Credit derivatives	26,242	28,140	20,085	19,426
Total derivatives instruments not designated as ASC 815 hedges	240,440	247,669	234,793	234,676
Total derivatives	240,440	247,669	234,796	234,676
Less: Netting agreements ⁽³⁾	(213,512)	(213,512)	(206,602)	(206,602)
Less: Netting cash collateral received/paid ⁽⁴⁾	(6,423)	(8,584)	(7,700)	(8,331)
Net receivables / payables included on the Consolidated Statement of Financial Condition	\$ 20,505	\$ 25,573	\$ 20,494	\$ 19,743
Additional amounts subject to an enforceable master netting agreement, but not offset on the Consolidated Statement of Financial Condition				
Less: Cash collateral received/paid	(13)	(25)	(11)	(54)
Less: Non-cash collateral received/paid	(1,006)	(1,407)	(694)	(1,016)
Total net receivables/payables	\$ 19,486	\$ 24,141	\$ 19,789	\$ 18,673

(1) The derivatives fair values are also presented in Note 12.

(2) OTC derivatives are derivatives executed and settled bilaterally with counterparties without the use of an organized exchange or central clearing house. Cleared derivatives include derivatives executed bilaterally with a counterparty in the OTC market, but then novated to a central clearing house, whereby the central clearing house becomes the counterparty to both of the original counterparties. Exchange-traded derivatives include derivatives executed directly on an organized exchange that provides pre-trade price transparency.

(3) Represents the netting of derivative receivable and payable balances with the same counterparty under enforceable netting agreements.

(4) Represents the netting of cash collateral paid and received by counterparties under enforceable credit support annexes with appropriate legal opinion supporting enforceability of netting. Substantially all netting of cash collateral received and paid is against OTC derivative assets and liabilities, respectively.

For the years ended December 31, 2025, 2024 and 2023, amounts recognized in *Principal transactions* in the Consolidated Statement of Operations include certain derivatives not designated in a qualifying hedging relationship. The Company presents this disclosure by business classification, showing derivative gains and losses related to its trading activities together with gains and losses related to non-derivative instruments within the same trading portfolios, as this represents how these portfolios are risk managed. See Note 3 for further information.

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Fair Value Hedges

The following table summarizes the gains (losses) on the Company's fair value hedges:

<i>In millions of dollars</i>	Gains / (losses) on fair value hedges					
	Year ended December 31,					
	2025		2024		2023	
	Principal transactions	Net interest (expense)	Principal transactions	Net interest (expense)	Principal transactions	Net interest (expense)
Gain (loss) on the hedging derivatives included in assessment of the effectiveness of fair value hedges:						
Interest rate hedges	\$ —	\$ —	\$ —	\$ (5)	\$ —	\$ (3)
Commodity hedges	323	—	396	—	(298)	—
Total gain (loss) on the hedging derivatives included in assessment of the effectiveness of fair value hedges	323	—	396	(5)	(298)	(3)
Gain (loss) on the hedged item in designated and qualifying fair value hedges:						
Interest rate hedges	—	—	—	5	—	3
Commodity hedges	(323)	—	(396)	—	298	—
Total gain (loss) on the hedged item in designated and qualifying fair value hedges	(323)	—	(396)	5	298	3
Net gain on the hedging derivatives excluded from assessment of the effectiveness of fair value hedges:						
Interest rate hedges	—	—	—	—	—	—
Commodity hedges ⁽¹⁾	148	—	206	—	88	—
Total net gain on the hedging derivatives excluded from assessment of the effectiveness of fair value hedges	\$ 148	\$ —	\$ 206	\$ —	\$ 88	\$ —

(1) Amounts related to the forward points (i.e., the spot-forward difference) that are excluded from the assessment of hedge effectiveness and are generally reflected directly in earnings under the mark-to-market approach or recorded in *AOCI* under the amortization approach. The year ended December 31, 2025 includes gains of approximately \$110 million and \$38 million under the mark-to-market approach and amortization approach, respectively. The year ended December 31, 2024 includes gains of approximately \$142 million and \$64 million under the mark-to-market approach and amortization approach, respectively.

Cumulative Basis Adjustment

The table below presents the carrying amount of CGMHI's hedged assets and liabilities under qualifying fair value hedges at December 31, 2025 and 2024, along with the cumulative basis adjustments included in the carrying value of those hedged assets and liabilities that would reverse through earnings in future periods:

<i>In millions of dollars</i>	Cumulative fair value hedging		
	Carrying amount of hedged asset/ liability	adjustment increasing (decreasing) the carrying amount	
		Active	De-designated
As of December 31, 2025			
Trading account assets	\$ 1,419	\$ 78	\$ —
Long-term debt	34	—	(6)
As of December 31, 2024			
Trading account assets	\$ 2,300	\$ (15)	\$ —
Long-term debt	190	3	—

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Credit Derivatives

The Company is a market maker and trades a range of credit derivatives. Through these contracts, CGMHI either purchases or writes protection on either a single name or a portfolio of reference credits. CGMHI also uses credit derivatives to help mitigate credit risk in its trading account portfolios and other cash positions and to facilitate client transactions.

CGMHI manages counterparty credit risk arising from credit derivative contracts primarily through master netting agreements, credit support annexes and daily margin settlement requirements. A majority of CGMHI's counterparties are central clearing houses, banks, financial institutions or other dealers. Contracts with these counterparties do not include ratings-based termination events. However, counterparty ratings downgrades may have an incremental effect by lowering the threshold at which CGMHI may call for additional collateral.

The range of credit derivatives entered into includes credit default swaps, total return swaps, credit options and credit-linked notes:

- A credit default swap is a contract in which, for a fee, a protection seller agrees to reimburse a protection buyer for any losses that occur due to a predefined credit event on a reference entity. These credit events are defined by the terms of the derivative contract and the reference entity and are generally limited to the market standard of failure to pay on indebtedness and bankruptcy of the reference entity and, in a more limited range of transactions, debt restructuring. Credit derivative transactions that reference emerging market entities also typically include additional credit events to cover the acceleration of indebtedness and the risk of repudiation or a payment moratorium. In certain transactions, protection may be provided on a portfolio of reference entities or asset-backed securities. If there is no credit event, as defined by the specific derivative contract, then the protection seller makes no payments to the protection buyer and receives only the contractually specified fee. However, if a credit event occurs as defined in the specific derivative contract sold, the protection seller will be required to make a payment to the protection buyer. Under certain contracts, the seller of protection may not be required to make a payment until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.
- A total return swap typically transfers the total economic performance of a reference asset, which includes all associated cash flows, as well as capital appreciation or depreciation. The protection buyer receives a floating rate of interest and any depreciation on the reference asset from the protection seller and, in return, the protection seller receives the cash flows associated with the reference asset plus any appreciation. Thus, according to the total return swap agreement, the protection seller will be obligated to make a payment any time the floating interest rate payment plus any depreciation of the reference asset exceeds the cash flows associated with the underlying asset.

A total return swap may terminate upon a default of the reference asset or a credit event with respect to the reference entity, subject to the provisions of the related total return swap agreement between the protection seller and the protection buyer.
- A credit option is a credit derivative that allows investors to trade or hedge changes in the credit quality of a reference entity. For example, in a credit spread option, the option writer assumes the obligation to purchase or sell credit protection on the reference entity at a specified "strike" spread level. The option purchaser buys the right to sell credit default protection on the reference entity to, or purchase it from, the option writer at the strike spread level. The payments on credit spread options depend either on a particular credit spread or the price of the underlying credit-sensitive asset or other reference entity. The options usually terminate if a credit event occurs with respect to the underlying reference entity.
- A credit-linked note is a form of credit derivative structured as a debt security with an embedded credit default swap. The purchaser of the note effectively provides credit protection to the issuer by agreeing to receive a return that could be negatively affected by credit events on the underlying reference entity. If the reference entity defaults, the note may be cash settled or physically settled by delivery of a debt security of the reference entity. Thus, the maximum amount of the note purchaser's exposure is the amount paid for the credit-linked note.

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The following tables summarize the key characteristics of the Company's credit derivatives portfolio by derivative form, rating of reference entity and maturity:

<i>In millions of dollars at December 31, 2025</i>	Fair values		Notionals	
	Receivable	Payable	Protection purchased	Protection sold
By instrument:				
Credit default swaps and options	\$ 24,458	24,590	813,543	808,725
Total return swaps and other	1,784	3,550	39,030	16,179
Total by instrument	\$ 26,242	28,140	852,573	824,904
By rating of reference entity:				
Investment grade	\$ 13,352	13,475	674,868	682,077
Non-investment grade	12,890	14,665	177,705	142,827
Total by rating of reference entity	\$ 26,242	28,140	852,573	824,904
By maturity:				
Within 1 year	\$ 2,141	3,914	181,896	172,438
From 1 to 5 years	21,756	22,104	609,045	603,783
After 5 years	2,345	2,122	61,632	48,683
Total by maturity	\$ 26,242	28,140	852,573	824,904

<i>In millions of dollars at December 31, 2024</i>	Fair values		Notionals	
	Receivable	Payable	Protection purchased	Protection sold
By instrument:				
Credit default swaps and options	\$ 18,478	18,408	793,072	788,615
Total return swaps and other	1,607	1,018	28,512	14,975
Total by instrument	\$ 20,085	19,426	821,584	803,590
By rating of reference entity:				
Investment grade	\$ 10,373	10,050	652,801	647,963
Non-investment grade	9,712	9,376	168,783	155,627
Total by rating of reference entity	\$ 20,085	19,426	821,584	803,590
By maturity:				
Within 1 year	\$ 1,702	1,744	143,767	139,016
From 1 to 5 years	16,772	16,435	634,142	632,539
After 5 years	1,611	1,247	43,675	32,035
Total by maturity	\$ 20,085	19,426	821,584	803,590

Fair values included in the above tables are prior to application of any netting agreements and cash collateral. For notional amounts, there is generally a difference between the total notional amounts of protection purchased and sold, and CGMHI may hold the reference assets directly rather than entering into offsetting credit derivative contracts as and when desired. The open risk exposures from credit derivative contracts are largely matched after certain cash positions in reference assets are considered and after notional amounts are adjusted, either to a duration-based equivalent basis or to reflect the level of subordination in tranching structures. The ratings of the credit derivatives portfolio presented in the tables and used to evaluate payment/performance risk are based on the assigned internal or external ratings of the reference asset or entity.

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Where external ratings are used, investment-grade ratings are considered to be “Baa/BBB” and above, while anything below is considered non-investment grade. CGMHI’s internal ratings are in line with the related external rating system.

The Company evaluates the payment/performance risk of the credit derivatives for which it stands as a protection seller based on the credit rating assigned to the underlying reference credit. Credit derivatives written on an underlying non-investment-grade reference entity represent greater payment risk to the Company. The non-investment-grade category in the table above also includes credit derivatives where the underlying reference entity has been downgraded subsequent to the inception of the derivative.

The maximum potential amount of future payments under credit derivative contracts presented in the table above is based on the notional value of the derivatives. The Company believes that the notional amount for credit protection sold is not representative of the actual loss exposure based on historical experience. This amount has not been reduced by the value of the reference assets and the related cash flows. In accordance with most credit derivative contracts, should a credit event occur, the Company usually is liable for the difference between the protection sold and the value of the reference assets. Furthermore, the notional amount for credit protection sold has not been reduced for any cash collateral paid to a given counterparty, as such payments would be calculated after netting all derivative exposures, including any credit derivatives with that counterparty in accordance with a related master netting agreement. Due to such netting processes, determining the amount of collateral that corresponds to credit derivative exposures alone is not possible. The Company actively monitors open credit-risk exposures and manages this exposure by using a variety of strategies, including purchased credit derivatives, cash collateral or direct holdings of the referenced assets. This risk mitigation activity is not captured in the table above.

Credit Risk-Related Contingent Features in Derivatives

Certain derivative instruments contain provisions that require the Company to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified event related to the credit risk of the Company. These events, which are defined by the existing derivative contracts, are primarily downgrades in the credit ratings of the Company and its affiliates.

The fair value (excluding CVA) of all derivative instruments with credit risk-related contingent features that were in a net liability position at December 31, 2025 and 2024 was \$4.2 billion and \$2.9 billion, respectively. The Company posted \$2.1 billion and \$2.2 billion as collateral for this exposure in the normal course of business as of December 31, 2025 and 2024, respectively.

A downgrade could trigger additional collateral or cash settlement requirements for the Company and certain affiliates. In the event that CGMHI was downgraded a single notch by all three major rating agencies as of December 31, 2025, the Company could be required to post an additional \$127 million as either collateral or settlement of the derivative transactions. In addition, the Company could be required to segregate with third-party custodians collateral previously received from existing derivative counterparties, resulting in aggregate cash obligations and collateral requirements of approximately \$127 million.

Derivatives Accompanied by Financial Asset Transfers

The Company executes total return swaps that provide it with synthetic exposure to substantially all of the economic return of the securities or other financial assets referenced in the contract. In certain cases, the derivative transaction is accompanied by the Company’s transfer of the referenced financial asset to the derivative counterparty, most typically in response to the derivative counterparty’s desire to hedge, in whole or in part, its synthetic exposure under the derivative contract by holding the referenced asset in funded form. In certain jurisdictions these transactions qualify as sales, resulting in derecognition of the securities transferred (see “Transfers of Financial Assets” in Note 1 for further discussion of the related sale conditions for transfers of financial assets). For a significant portion of the transactions, the Company has also executed another total return swap where the Company passes on substantially all of the economic return of the referenced securities to a different third party seeking the exposure. In those cases, the Company is not exposed, on a net basis, to changes in the economic return of the referenced securities.

These transactions generally involve the transfer of the Company’s liquid government bonds, convertible bonds or publicly traded corporate equity securities from the trading portfolio and are executed with third-party financial institutions. The accompanying derivatives are typically total return swaps. The derivatives are cash settled and subject to ongoing margin requirements.

When the conditions for sale accounting are met, the Company reports the transfer of the referenced financial asset as a sale and separately reports the accompanying derivative transaction. These transactions generally do not result in a gain or

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loss on the sale of the security, because the transferred security was held at fair value in the Company's trading portfolio. For transfers of financial assets accounted for as a sale by the Company, and for which the Company has retained substantially all of the economic exposure to the transferred asset through a total return swap executed with the same counterparty in contemplation of the initial sale (and still outstanding), the asset amounts derecognized and the gross cash proceeds received as of the date of derecognition were \$7.2 billion and \$5.1 billion as of December 31, 2025 and 2024, respectively.

At December 31, 2025, the fair value of these previously derecognized assets was \$7.0 billion. The fair value of the total return swaps as of December 31, 2025 was \$101 million recorded as gross derivative assets and \$60 million recorded as gross derivative liabilities. At December 31, 2024, the fair value of these previously derecognized assets was \$4.6 billion, and the fair value of the total return swaps was \$160 million recorded as gross derivative assets and \$25 million recorded as gross derivative liabilities.

The balances for the total return swaps are on a gross basis, before the application of counterparty and cash collateral netting, and are included primarily as equity derivatives in the tabular disclosures in this Note.

11. CONCENTRATIONS OF CREDIT RISK

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total credit exposure. Although the Company's portfolio of financial instruments is broadly diversified along product and geographic lines, material transactions are completed with other financial institutions, particularly in the securities trading, derivatives and foreign exchange businesses.

In connection with the Company's efforts to maintain a diversified portfolio, the Company limits its exposure to any one geographic region, country or individual creditor and monitors this exposure on a continuous basis. At December 31, 2025, the Company's most significant concentration of credit risk was in *Trading-related assets* (trading securities) with the U.S. government and its agencies and foreign governments.

At December 31, 2025 and 2024, the Company's trading securities exposure to the U.S. government and its agencies was \$190.5 billion and \$181.9 billion; and to foreign governments was \$40.9 billion and \$26.3 billion, respectively.

12. FAIR VALUE MEASUREMENT

ASC 820-10, *Fair Value Measurement*, defines fair value, establishes a consistent framework for measuring fair value and requires disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and therefore represents an exit price. Among other things, the standard requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Under ASC 820-10, the probability of counterparty default is factored into the valuation of derivatives and other positions, and the impact of the Company's own credit risk is factored into the valuation of derivatives and other liabilities that are measured at fair value. For more information regarding the fair value hierarchy and how the Company measures fair value, see "Fair Value" in Note 1.

The following section describes the valuation methodologies used by the Company to measure various financial instruments. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Market Valuation Adjustments

The unit of account for a financial instrument is generally the individual financial instrument. The Company applies market valuation adjustments that are consistent with the unit of account, which do not include adjustments due to the size of the Company's position, except where ASC 820-10 permits an exception, to measure the fair value of a portfolio of financial assets and financial liabilities on the basis of the net open risk position when certain criteria are met.

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

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Credit valuation adjustments (CVA) and funding valuation adjustments (FVA) are applied to certain over-the-counter (OTC) derivative instruments where adjustments to reflect counterparty credit risk, own credit risk and term funding risk are required to estimate fair value (e.g., uncollateralized interest rate swaps).

The CVA represents a portfolio-level adjustment to reflect the risk premium associated with the counterparty's (assets) or CGMHI's (liabilities) non-performance risk. The FVA represents a market funding risk premium inherent in the uncollateralized portion of a derivative portfolio and in certain collateralized derivative portfolios that do not include standard credit support annexes (CSAs), such as where the CSA does not permit the reuse of collateral received.

CGMHI's CVA and FVA methodologies primarily consist of two steps:

- First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions, and a Monte Carlo simulation or other quantitative analysis is used to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants and sources of funding, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements.
- Second, for CVA, market-based views of default probabilities and recovery estimates are applied to the expected future cash flows determined in step one. CGMHI's own credit CVA is determined using Company-specific CDS spreads for the relevant tenor. Proxy approaches are applied where counterparty-specific CDS data are not available. For FVA, a term structure of spreads is applied to the expected funding exposures (e.g., the market liquidity spread used to represent the term funding premium associated with certain OTC derivatives).

The CVA and FVA are designed to incorporate a market view of the credit and funding risk, respectively, inherent in the derivative portfolio. The table below summarizes the CVA and FVA applied to the fair value of derivative instruments (recorded in *Trading account assets* and *Trading account liabilities* on the Consolidated Statement of Financial Condition) at December 31, 2025 and 2024:

<i>In millions of dollars</i>	Credit and funding valuation adjustments contra-liability (contra-asset)	
	December 31, 2025	December 31, 2024
Counterparty CVA	\$ (122)	\$ (149)
Asset FVA	(176)	(139)
CGMHI (own credit) CVA	98	138
Liability FVA	42	60
Total CVA and FVA — derivative instruments	\$ (158)	\$ (90)

The table below summarizes pretax gains (losses) related to changes in CVA and FVA on derivative instruments, net of hedges (recorded in *Principal transactions revenue* in the Consolidated Statement of Operations), and changes in debt valuation adjustments (DVA) on CGMHI's own fair value option (FVO) liabilities (recorded in *Other comprehensive income (loss)* in the Consolidated Statement of Comprehensive Income (Loss)) for the years indicated:

<i>In millions of dollars</i>	Credit/funding/debt valuation adjustments gain (loss)		
	2025	2024	2023
Counterparty CVA	\$ 7	\$ 19	\$ 29
Asset FVA	(22)	(11)	11
Own credit CVA	(21)	(13)	(107)
Liability FVA	(6)	(18)	3
Total CVA and FVA — derivative instruments	(42)	(23)	(64)
DVA related to own FVO liabilities	(562)	(452)	(817)
Total CVA, DVA and FVA	\$ (604)	\$ (475)	\$ (881)

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Securities Borrowed and Purchased Under Agreements to Resell and Securities Loaned and Sold Under Agreements to Repurchase

Fair value is determined using a discounted cash flow technique. Cash flows are estimated, taking into account any embedded derivatives or other features. These cash flows are discounted using interest rates appropriate to the maturity of the instrument as well as the nature of the underlying collateral. Generally, when such instruments are recorded at fair value, they are classified within Level 2 of the fair value hierarchy, as the inputs used in the valuation are readily observable. However, certain long-dated positions may be classified as Level 3.

Trading Account Assets and Liabilities—Trading Securities and Trading Loans

When quoted market prices in active markets are available, the Company uses those prices to determine the fair value of trading securities, and such instruments are classified within Level 1 of the fair value hierarchy.

For securities and loans that do not have quoted prices in an active market, the Company determines fair value by maximizing the use of observable market information. The valuation process places priority on observable market transactions in the same instrument or observable transactions in instruments with similar risk characteristics such as comparable credit, structural features, seniority or rating. In some cases, alternative valuation techniques are applied, such as discounted cash flow analysis, or net asset value when observable inputs are limited. These instruments are classified as either Level 2 or 3 depending on the observability of the significant inputs to the valuation.

Trading Account Assets and Liabilities—Derivatives

Derivatives with a quoted price in an active market, such as certain exchange traded derivatives, are classified as Level 1.

Derivatives without a quoted price in an active market and derivatives executed over the counter are valued using internal valuation techniques. These derivative instruments are classified as either Level 2 or Level 3 depending on the observability of the significant inputs to the valuation.

The valuation techniques depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows and internal models, such as derivative pricing models (e.g., Black-Scholes and Monte Carlo simulations).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include yield curves, foreign exchange rates, volatilities and correlation.

Investments

The investments category includes nonpublic investments in private equity and real estate entities. Determining the fair value of nonpublic securities involves a significant degree of management judgment, as no quoted prices exist and such securities are not generally traded. In addition, there may be transfer restrictions on private equity securities. The Company's process for determining the fair value of such securities utilizes commonly accepted valuation techniques, including guideline public company analysis and comparable transactions. In determining the fair value of nonpublic securities, the Company also considers events such as a proposed sale of the investee company, initial public offerings, equity issuances or other observable transactions. Private equity securities are generally classified within Level 3 of the fair value hierarchy.

Short-Term Borrowings and Long-Term Debt

Where fair value accounting has been elected, the fair value of non-structured liabilities is determined by utilizing internal models using the appropriate discount rate for the applicable maturity. Such instruments are classified within Level 2 of the fair value hierarchy when all significant inputs are readily observable.

The Company determines the fair value of hybrid financial instruments, including structured liabilities, using the appropriate derivative valuation methodology (described above in "Trading Account Assets and Liabilities—Derivatives") given the nature of the embedded risk profile. Such instruments are classified within Level 2 or Level 3 depending on the observability of significant inputs to the valuation.

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Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2025 and 2024. The Company may hedge positions that have been classified in the Level 3 category with other financial instruments (hedging instruments) that may be classified as Level 3, but also with financial instruments classified as Level 1 or Level 2. These hedges are presented gross in the following tables:

Fair Value Levels

<i>In millions of dollars at December 31, 2025</i>	Level 1	Level 2	Level 3	Gross inventory	Netting ⁽¹⁾	Net balance
Assets						
Securities borrowed and purchased under agreements to resell	\$ —	\$ 555,245	\$ 49	\$ 555,294	\$ (356,897)	\$ 198,397
Trading non-derivative assets:						
Trading mortgage-backed securities:						
U.S. government-sponsored agency guaranteed	—	92,075	381	92,456	—	92,456
Residential	—	798	99	897	—	897
Commercial	—	597	55	652	—	652
Total trading mortgage-backed securities	—	93,470	535	94,005	—	94,005
U.S. Treasury and federal agency securities	94,994	3,043	—	98,037	—	98,037
Foreign government securities	27,795	13,031	33	40,859	—	40,859
Corporate	331	20,239	349	20,919	—	20,919
Equity securities	58,121	2,744	263	61,128	—	61,128
Asset-backed securities	—	2,308	225	2,533	—	2,533
Other trading assets ⁽²⁾	—	4,065	152	4,217	—	4,217
Total trading non-derivative assets	181,241	138,900	1,557	321,698	—	321,698
Trading derivatives:						
Interest rate contracts	8	115,472	956	116,436		
Foreign exchange contracts	—	19,081	198	19,279		
Equity contracts	23	66,585	1,780	68,388		
Commodity contracts	—	9,175	920	10,095		
Credit derivatives	—	25,277	965	26,242		
Total trading derivatives—before netting and collateral	31	235,590	4,819	240,440		
Netting agreements					(213,512)	
Netting of cash collateral received					(6,423)	
Total trading derivatives—after netting and collateral	31	235,590	4,819	240,440	(219,935)	20,505
Investments - Non-marketable equity securities	—	—	159	159	—	159
Other financial assets	3,503	2,083	3	5,589	—	5,589
Total assets	\$ 184,775	\$ 931,818	\$ 6,587	\$ 1,123,180	\$ (576,832)	\$ 546,348
Total as a percentage of gross assets ⁽³⁾	16.4%	83.0%	0.6%			

Table continues on the next page.

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Fair Value Levels

<i>In millions of dollars at December 31, 2025</i>	Level 1	Level 2	Level 3	Gross inventory	Netting ⁽¹⁾	Net balance
Liabilities						
Securities loaned and sold under agreements to repurchase	\$ —	\$ 395,891	\$ 952	\$ 396,843	\$ (199,472)	\$ 197,371
Trading non-derivative liabilities						
Securities sold, not yet purchased	72,485	9,889	41	82,415	—	82,415
Trading derivatives:						
Interest rate contracts	4	112,819	1,528	114,351		
Foreign exchange contracts	—	20,284	1,159	21,443		
Equity contracts	31	66,846	3,115	69,992		
Commodity contracts	—	13,112	631	13,743		
Credit derivatives	—	26,743	1,397	28,140		
Total trading derivatives—before netting and collateral	35	239,804	7,830	247,669		
Netting agreements					(213,512)	
Netting of cash collateral paid					(8,584)	
Total trading derivatives—after netting and collateral	35	239,804	7,830	247,669	(222,096)	25,573
Brokerage payables	5,437	55	—	5,492	—	5,492
Short-term borrowings	—	15,646	292	15,938	—	15,938
Long-term debt	—	82,495	15,641	98,136	—	98,136
Total liabilities	\$ 77,957	\$ 743,780	\$ 24,756	\$ 846,493	\$ (421,568)	\$ 424,925
Total as a percentage of gross liabilities ⁽³⁾	9.2%	87.9%	2.9%			

(1) Represents netting of (i) the amounts due under securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase and (ii) derivative exposures covered by a qualifying master netting agreement and cash collateral offsetting.

(2) Includes physical commodities accounted for at the lower of cost or market value.

(3) Because the amount of the cash collateral paid/received has not been allocated to the Level 1, 2 and 3 subtotals, these percentages are calculated based on total assets and liabilities measured at fair value on a recurring basis, excluding the cash collateral paid/received on derivatives.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Levels

<i>In millions of dollars at December 31, 2024</i>	Level 1	Level 2	Level 3	Gross inventory	Netting ⁽¹⁾	Net balance
Assets						
Securities borrowed and purchased under agreements to resell	\$ —	\$ 431,712	\$ 47	\$ 431,759	\$ (303,640)	\$ 128,119
Trading non-derivative assets						
Trading mortgage-backed securities						
U.S. government-sponsored agency guaranteed	—	63,366	300	63,666	—	63,666
Residential	—	528	67	595	—	595
Commercial	—	631	35	666	—	666
Total trading mortgage-backed securities	—	64,525	402	64,927	—	64,927
U.S. Treasury and federal agency securities	111,726	6,507	1	118,234	—	118,234
Foreign government securities	18,971	7,335	8	26,314	—	26,314
Corporate	216	13,703	359	14,278	—	14,278
Equity securities	38,973	2,814	142	41,929	—	41,929
Asset-backed securities	—	2,131	178	2,309	—	2,309
Other trading assets ⁽²⁾	—	5,830	81	5,911	—	5,911
Total trading non-derivative assets	169,886	102,845	1,171	273,902	—	273,902
Trading derivatives						
Interest rate contracts	17	125,092	674	125,783		
Foreign exchange contracts	—	25,903	235	26,138		
Equity contracts	37	53,054	1,211	54,302		
Commodity contracts	—	7,534	954	8,488		
Credit derivatives	—	19,545	540	20,085		
Total trading derivatives—before netting and collateral	54	231,128	3,614	234,796		
Netting agreements					(206,602)	
Netting of cash collateral received					(7,700)	
Total trading derivatives—after netting and collateral	54	231,128	3,614	234,796	(214,302)	20,494
Investments - Non-marketable equity securities	—	—	140	140	—	140
Other financial assets measured on a recurring basis						
	3,868	3,235	72	7,175	—	7,175
Total assets	\$ 173,808	\$ 768,920	\$ 5,044	\$ 947,772	\$ (517,942)	\$ 429,830
Total as a percentage of gross assets ⁽³⁾	18.4%	81.1%	0.5%			

Table continues on the next page.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Levels

<i>In millions of dollars at December 31, 2024</i>	Level 1	Level 2	Level 3	Gross inventory	Netting ⁽¹⁾	Net balance
Liabilities						
Securities loaned and sold under agreements to repurchase	\$ —	\$ 242,266	\$ 390	\$ 242,656	\$ (193,347)	\$ 49,309
Trading non-derivative liabilities						
Securities sold, not yet purchased	60,231	9,144	28	69,403	—	69,403
Trading derivatives:						
Interest rate contracts	6	121,785	1,413	123,204		
Foreign exchange contracts	—	26,973	1,268	28,241		
Equity contracts	22	49,967	2,914	52,903		
Commodity contracts	—	10,476	426	10,902		
Credit derivatives	—	18,856	570	19,426		
Total trading derivatives—before netting and collateral	28	228,057	6,591	234,676		
Netting agreements					(206,602)	
Netting of cash collateral paid					(8,331)	
Total trading derivatives—after netting and collateral	28	228,057	6,591	234,676	(214,933)	19,743
Brokerage payables	4,478	729	—	5,207	—	5,207
Short-term borrowings	—	9,495	298	9,793	—	9,793
Long-term debt	—	74,290	13,405	87,695	—	87,695
Total liabilities	\$ 64,737	\$ 563,981	\$ 20,712	\$ 649,430	\$ (408,280)	\$ 241,150
Total as a percentage of gross liabilities ⁽³⁾	10.0%	86.8%	3.2%			

- (1) Represents netting of (i) the amounts due under securities purchased under agreements to resell and the amounts owed under securities sold under agreements to repurchase and (ii) derivative exposures covered by a qualifying master netting agreement and cash collateral offsetting.
- (2) Includes physical commodities accounted for at the lower of cost or market value.
- (3) Because the amount of the cash collateral paid/received has not been allocated to the Level 1, 2 and 3 subtotals, these percentages are calculated based on total assets and liabilities measured at fair value on a recurring basis, excluding the cash collateral paid/received on derivatives.

Changes in Level 3 Fair Value Category

The following tables present the changes in the Level 3 fair value category for the years ended December 31, 2025 and 2024. The gains and losses presented in the following tables include changes in the fair value related to both observable and unobservable inputs.

The Company often hedges positions with offsetting positions that are classified in a different level. For example, the gains and losses for assets and liabilities in the Level 3 category presented in the following tables do not reflect the effect of offsetting losses and gains on hedging instruments that may be classified in the Level 1 and Level 2 categories. In addition, the Company hedges items classified in the Level 3 category with instruments also classified in Level 3 of the fair value hierarchy. The hedged items and related hedges are presented gross in the following tables:

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 3 Fair Value Rollforward

<i>In millions of dollars</i>	Dec. 31, 2024	Net realized/unrealized gains (losses) included in ⁽¹⁾				Transfers				Dec. 31, 2025	Unrealized gains (losses) still held ⁽²⁾
		Principal transactions	Other	into Level 3	out of Level 3	Purchases	Issuances	Sales	Settlements		
Assets											
Securities borrowed and purchased under agreements to resell	\$ 47	\$ 43	\$ —	\$ 3	\$ (97)	\$ 638	\$ —	\$ —	\$ (585)	\$ 49	\$ 1
Trading non-derivative assets											
Trading mortgage-backed securities:											
U.S. government-sponsored											
agency guaranteed	300	23	—	347	(426)	625	—	(488)	—	381	(13)
Residential	67	(6)	—	68	(138)	219	—	(111)	—	99	(5)
Commercial	35	(5)	—	61	(80)	67	—	(23)	—	55	(2)
Total trading mortgage-backed securities	402	12	—	476	(644)	911	—	(622)	—	535	(20)
U.S. Treasury and federal											
agency securities	1	—	—	—	(1)	—	—	—	—	—	—
Foreign government	8	14	—	62	(35)	20	—	(36)	—	33	3
Corporate	359	(57)	—	176	(232)	749	—	(646)	—	349	(18)
Equity securities	142	25	—	74	(53)	259	—	(184)	—	263	11
Asset-backed securities	178	(42)	—	74	(139)	373	—	(219)	—	225	(18)
Other trading assets	81	68	—	8	(29)	290	—	(266)	—	152	2
Total trading non-derivative assets	1,171	20	—	870	(1,133)	2,602	—	(1,973)	—	1,557	(40)
Investments in non-marketable											
equity securities	140	—	19	—	—	8	—	(8)	—	159	(1)
Other financial assets	72	—	7	5	(36)	61	1	(64)	(43)	3	(1)
Liabilities											
Securities loaned and sold under											
agreements to repurchase	\$ 390	\$ (11)	\$ —	\$ —	\$ (100)	\$ 1,486	\$ —	\$ —	\$ (835)	\$ 952	\$ —
Trading account liabilities											
Securities sold, not											
yet purchased	28	(5)	—	24	(30)	88	—	—	(74)	41	7
Derivatives, net ⁽³⁾											
Interest rate contracts	739	300	—	(116)	12	152	1	86	(2)	572	310
Foreign exchange contracts	1,033	86	—	(79)	181	74	—	—	(162)	961	(102)
Equity contracts	1,703	260	—	60	(100)	158	—	65	(291)	1,335	(1)
Commodity contracts	(528)	467	—	137	(8)	65	—	8	504	(289)	537
Credit derivatives	30	(40)	—	(107)	(30)	902	—	—	(403)	432	(188)
Total derivatives, net ⁽³⁾	2,977	1,073	—	(105)	55	1,351	1	159	(354)	3,011	556
Brokerage payables	—	—	—	3	—	61	—	(64)	—	—	—
Short-term borrowings	298	51	—	78	(144)	13	928	—	(830)	292	(92)
Long-term debt	13,405	(1,102)	—	2,486	(3,501)	—	4,175	—	(2,026)	15,641	(614)

- (1) Net realized/unrealized gains (losses) are presented as increase (decrease) to Level 3 assets, and as (increase) decrease to Level 3 liabilities.
- (2) Represents the amount of total gains or losses for the period, included in earnings (and AOCI for changes in DVA on fair value option liabilities), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at December 31, 2025.
- (3) Total Level 3 derivative assets and liabilities have been netted in this table for presentation purposes only.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 3 Fair Value Rollforward

<i>In millions of dollars</i>	Dec. 31, 2023	Net realized/unrealized gains (losses) included in ⁽¹⁾				Transfers				Dec. 31, 2024	Unrealized gains (losses) still held ⁽²⁾
		Principal transactions	Other	into Level 3	out of Level 3	Purchases	Issuances	Sales	Settlements		
Assets											
Securities borrowed and purchased under agreements to resell	\$ 48	\$ 3	\$ —	\$ —	\$ —	\$ 90	\$ —	\$ —	\$ (94)	\$ 47	\$ 2
Trading non-derivative assets											
Trading mortgage-backed securities											
U.S. government-sponsored											
agency guaranteed	580	(52)	—	457	(856)	667	—	(496)	—	300	(18)
Residential	115	(6)	—	71	(68)	141	—	(186)	—	67	(1)
Commercial	202	15	—	56	(188)	161	—	(211)	—	35	(4)
Total trading mortgage-backed securities	897	(43)	—	584	(1,112)	969	—	(893)	—	402	(23)
U.S. Treasury and federal											
agency securities	8	3	—	1	(1)	—	—	—	(10)	1	—
Foreign government	41	(5)	—	15	(39)	63	—	(67)	—	8	—
Corporate	603	68	—	179	(484)	776	—	(783)	—	359	64
Equity securities	250	20	—	237	(72)	168	—	(461)	—	142	7
Asset-backed securities	531	(52)	—	55	(211)	273	—	(418)	—	178	(21)
Other trading assets	222	159	—	41	(173)	67	—	(235)	—	81	43
Total trading non-derivative assets	2,552	150	—	1,112	(2,092)	2,316	—	(2,857)	(10)	1,171	70
Investments in non-marketable equity securities											
	250	—	(2)	—	—	107	—	(215)	—	140	(4)
Other financial assets	64	—	6	—	(9)	5	12	(6)	—	72	1
Liabilities											
Securities loaned and sold under agreements to repurchase											
	\$ 390	\$ 5	\$ —	\$ —	\$ —	\$976	\$ —	\$ —	\$ (971)	\$ 390	\$ 5
Trading account liabilities											
Securities sold, not yet purchased											
	28	(12)	—	26	(13)	111	—	—	(136)	28	(3)
Derivatives, net ⁽³⁾											
Interest rate contracts	905	(112)	—	(132)	143	(54)	—	43	(278)	739	(416)
Foreign exchange contracts	783	(327)	—	(21)	(79)	405	—	—	(382)	1,033	(313)
Equity contracts	1,330	(162)	—	246	(368)	333	—	103	(103)	1,703	(535)
Commodity contracts	(388)	352	—	(62)	160	(5)	—	22	97	(528)	529
Credit derivatives	(17)	(79)	—	32	(44)	(9)	—	—	(11)	30	19
Total derivatives, net ⁽³⁾	2,613	(328)	—	63	(188)	670	—	168	(677)	2,977	(716)
Brokerage payables	—	—	—	—	—	—	—	—	—	—	—
Short-term borrowings	483	(82)	—	88	(547)	—	478	—	(286)	298	(35)
Long-term debt	22,842	672	—	3,688	(13,949)	—	4,702	—	(3,206)	13,405	679

(3) Net realized/unrealized gains (losses) are presented as increase (decrease) to Level 3 assets, and as (increase) decrease to Level 3 liabilities.

(4) Represents the amount of total gains or losses for the period, included in earnings (and AOCI for changes in DVA on fair value option liabilities), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at December 31, 2024.

(3) Total Level 3 derivative assets and liabilities have been netted in this table for presentation purposes only.

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 3 Fair Value Transfers

The following were the significant Level 3 transfers for the period December 31, 2024 to December 31, 2025:

- During the 12 months ended December 31, 2025, transfers of *Long-term debt* were \$3.5 billion from Level 3 to Level 2, and \$2.5 billion from Level 2 to Level 3. The Level 3 to Level 2 transfers were primarily the result of certain unobservable inputs becoming less significant to the overall valuation of these instruments. The Level 2 to Level 3 transfers were primarily the result of certain unobservable inputs becoming more significant to the overall valuation of these instruments.

The following were the significant Level 3 transfers for the period December 31, 2023 to December 31, 2024:

- During the 12 months ended December 31, 2024, transfers of *Long-term debt* were \$13.9 billion from Level 3 to Level 2, and \$3.7 billion from Level 2 to Level 3. The Level 3 to Level 2 transfers were primarily the result of enhanced significance testing of unobservable inputs for certain structured debt instruments. The Level 2 to Level 3 transfers were primarily the result of certain unobservable inputs becoming more significant to the overall valuation of these instruments. The Level 3 to Level 2 transfers of \$457 million related to U.S. government-sponsored agency guaranteed MBS were due to pricing uncertainty becoming more significant relative to the overall valuation for certain agency collateralized mortgage obligation (CMO) bonds. In other instances, pricing uncertainty became less significant relative to the overall valuation for certain agency CMO and interest-only bonds, which resulted in \$856 million being transferred from Level 3 to Level 2.

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

The following tables present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements. Differences between these tables and amounts presented in the Level 3 Fair Value Rollforward tables represent individually immaterial items that have been measured using a variety of valuation techniques other than those listed.

<i>As of December 31, 2025</i>	Fair Value ⁽¹⁾		Input	Low ⁽²⁾⁽³⁾		High ⁽²⁾⁽³⁾		Weighted
	(in millions)	Methodology		Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Average ⁽⁴⁾		
Assets								
Mortgage-backed securities	\$ 321	Price-based	Price	\$ 0.69	\$ 145.12	\$ 28.91		
	214	Yield analysis	Yield	4.78 %	26.14 %	12.86 %		
Corporate, foreign government and other trading assets	\$ 345	Price-based	Price	\$ —	\$ 120.98	\$ 98.56		
	161	Model-based	Equity volatility	6.52 %	92.67 %	23.09 %		
			Equity forward	53.29 %	218.16 %	131.78 %		
			Forward price	1.06 %	279.31 %	99.37 %		
Derivatives – Gross ⁽⁶⁾								
Interest rate contracts (gross)	\$ 2,464	Model-based	IR normal volatility	0.25 %	0.89 %	0.74 %		
			Equity volatility	12.00 %	48.92 %	26.43 %		
Foreign exchange contracts (gross)	\$ 1,346	Model-based	IR normal volatility	0.06 %	2.98 %	0.73 %		
			Yield	1.05 %	14.90 %	6.43 %		
Equity contracts (gross) ⁽⁷⁾	\$ 4,865	Model-based	Equity volatility	2.81 %	105.74 %	32.33 %		
			Equity forward	53.29 %	373.46 %	108.91 %		
			Equity-FX correlation	(75.75) %	70.00 %	(14.66) %		
			Equity-IR correlation	(39.32) %	50.00 %	23.62 %		
			FX volatility	0.83 %	32.69 %	7.79 %		
			Equity-Equity correlation	(36.22) %	99.00 %	52.40 %		
Commodity contracts (gross)	\$ 1,551	Model-based	Forward price	1.06 %	395.49 %	101.26 %		
			Commodity volatility	8.40 %	316.56 %	47.40 %		
Credit derivatives (gross)	\$ 1,451	Model-based	Recovery rate	0.50 %	40.00 %	35.82 %		
			Credit spread	1.00 bps	1,090.00 bps	100.35 bps		
			Credit correlation	5.00 %	73.20 %	50.02 %		
	911	Price-based	Price	\$ 5.00	\$ 115.46	\$ 79.99		
			Upfront points	7.15 %	106.23 %	63.38 %		

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<i>As of December 31, 2025</i>	Fair Value ⁽¹⁾ <i>(in millions)</i>	Methodology	Input	Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾
Liabilities						
Securities loaned and sold under						
agreements to repurchase	\$ 952	Model-based	Interest rate	3.47 %	5.43 %	3.85 %
			IR normal volatility	0.46 %	0.89 %	0.78 %
Short-term borrowings						
and long-term debt	\$ 15,832	Model-based	IR normal volatility	0.06 %	2.98 %	0.72 %
			FX volatility	5.26 %	14.01 %	9.08 %
			Equity volatility	5.50 %	92.67 %	20.95 %
			Equity-IR correlation	— %	56.64 %	36.32 %
			IR-FX correlation	(34.00) %	60.00 %	46.16 %
			IR-IR correlation	40.00 %	40.00 %	40.00 %
			Equity-FX correlation	(60.00) %	70.00 %	(16.57) %
			Equity forward	69.24 %	223.17 %	148.41 %

<i>As of December 31, 2024</i>	Fair Value ⁽¹⁾ <i>(in millions)</i>	Methodology	Input	Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾
Assets						
Securities borrowed and purchased						
under agreements to resell	\$ 47	Model-based	Interest rate	3.81 %	3.81 %	3.81 %
Mortgage-backed securities	\$ 230	Yield analysis	Yield	5.24 %	18.43 %	9.25 %
	172	Price-based	Price	\$ 1.00	\$ 84.10	\$ 19.56
Corporate, state and municipal, foreign government and other debt securities						
	\$ 307	Price-based	Price	\$ 0.01	\$ 221.16	\$ 96.94
			Forward price	1.84 %	244.41 %	100.98 %
	137	Model-based	Equity forward	71.78 %	334.29 %	106.57 %
			Equity volatility	— %	145.41 %	19.64 %
Equity securities ⁽⁵⁾	\$ 129	Price-based	Price	\$ —	\$ 14,382.07	\$ 396.36
Asset-backed securities	\$ 131	Price-based	Price	\$ 3.46	\$ 132.54	\$ 74.58
	47	Yield analysis	Yield	5.85 %	12.76 %	8.07 %
Non-marketable equity	\$ 73	Comparables analysis	Illiquidity discount	10.00 %	33.00 %	19.01 %
			EBITDA multiples	16.20x	16.20x	16.20x
	45	Model-based	Discount rate	17.50 %	17.50 %	17.50 %
	22	Price-based	Price	\$ 0.99	\$ 2,960.96	\$ 1,766.86
Derivatives – Gross ⁽⁶⁾						
Interest rate contracts						
(gross)	\$ 2,072	Model-based	IR normal volatility	0.67 %	15.00 %	1.22 %
			Equity volatility	— %	145.41 %	23.48 %
Foreign exchange contracts						
(gross)	\$ 1,464	Model-based	IR normal volatility	0.04 %	20.00 %	1.34 %
			Yield	1.69 %	46.32 %	9.26 %
			IR basis	(7.50) %	64.75 %	1.91 %
Equity contracts (gross) ⁽⁷⁾						
	\$ 4,031	Model-based	Equity volatility	— %	145.41 %	27.04 %
			Equity forward	71.78 %	334.29 %	106.30 %
			Equity-FX correlation	(93.33) %	70.00 %	(18.66) %
			Equity-IR correlation	(34.00) %	60.00 %	27.29 %
			Equity-Equity correlation	(36.22) %	99.00 %	72.43 %
			FX volatility	— %	90.69 %	9.15 %
Commodity contracts						
(gross)	\$ 1,351	Model-based	Forward price	1.84 %	244.41 %	117.88 %
			Commodity volatility	7.14 %	285.61 %	38.80 %

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<i>As of December 31, 2024</i>	Fair Value ⁽¹⁾			Low ⁽²⁾⁽³⁾	High ⁽²⁾⁽³⁾	Weighted Average ⁽⁴⁾
	(in millions)	Methodology	Input			
Credit derivatives (gross)	\$ 718	Model-based	Recovery rate	20.00 %	72.00 %	41.66 %
			Credit spread	8.39 bps	747.27 bps	80.81 bps
			Credit spread volatility	38.14 %	81.44 %	68.50 %
	391	Price-based	Price	\$ 41.00	\$ 103.36	\$ 86.43
			Upfront points	(6.75) %	110.52 %	35.15 %
Structured financing transactions	\$ 71	Model-based	Forward price	1.84 %	244.41 %	102.92 %
Liabilities						
Securities loaned and sold under agreements to repurchase	\$ 390	Model-based	Interest rate	4.25 %	4.85 %	4.28 %
			IR normal volatility	0.67 %	1.13 %	0.93 %
Securities sold, not yet purchased	\$ 28	Price-based	Price	\$ —	\$ 14,382.07	\$ 106.77
Short-term borrowings and long-term debt	\$ 13,023	Model-based	IR normal volatility	0.30 %	20.00 %	1.66 %
			Equity volatility	— %	145.41 %	19.81 %
			Equity-IR correlation	(34.00) %	60.00 %	27.29 %
			Equity-FX correlation	(93.33) %	70.00 %	(21.44) %
			Equity forward	71.78 %	334.29 %	106.62 %
			FX volatility	— %	90.69 %	9.15 %

- (1) The tables above include the fair values for the items listed and may not represent the total population for each category.
- (2) Some inputs are shown as zero due to rounding.
- (3) When the low and high inputs are the same, there is either a constant input applied to all positions, or the methodology involving the input applies to only one large position.
- (4) Weighted averages are calculated based on the fair values of the instruments.
- (5) For equity securities, the price inputs are expressed on an absolute basis, not as a percentage of the notional amount.
- (6) Trading account derivatives—assets and liabilities—are presented on a gross absolute value basis.
- (7) Includes hybrid products.

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs

Valuation uncertainty arises when there is insufficient or dispersed market data to allow a precise determination of the exit value of a fair-valued position or portfolio in today's market. This is especially prevalent in Level 3 fair value instruments, where uncertainty exists in valuation inputs that may be both unobservable and significant to the instrument's (or portfolio's) overall fair value measurement. The uncertainties associated with key unobservable inputs on the Level 3 fair value measurements may not be independent of one another. In addition, the amount and direction of the uncertainty on a fair value measurement for a given change in an unobservable input depends on the nature of the instrument as well as whether the Company holds the instrument as an asset or a liability. For certain instruments, the pricing, hedging and risk management are sensitive to the correlation between various inputs rather than on the analysis and aggregation of the individual inputs.

The following section describes some of the most significant unobservable inputs used by the Company in Level 3 fair value measurements.

Correlation

Correlation is a measure of the extent to which two or more variables change in relation to each other. A variety of correlation-related assumptions are required for a wide range of instruments, including equity and credit baskets, foreign exchange options, credit index tranches and many other instruments. For almost all of these instruments, correlations are not directly observable in the market and must be calculated using alternative sources, including historical information. Estimating correlation can be especially difficult where it may vary over time, and calculating correlation information from market data requires significant assumptions regarding the informational efficiency of the market (e.g., swaption markets). Uncertainty therefore exists when an estimate of the appropriate level of correlation as an input into some fair value measurements is required.

Changes in correlation levels can have a substantial impact, favorable or unfavorable, on the value of an instrument, depending on its nature. A change in the default correlation of the fair value of the underlying bonds comprising a CDO structure would affect the fair value of the senior tranche. For example, an increase in the default correlation of the underlying bonds would reduce the fair value of the senior tranche, because highly correlated instruments produce greater losses in the event of default

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and a portion of these losses would become attributable to the senior tranche. That same change in default correlation would have a different impact on junior tranches of the same structure.

Volatility

Volatility represents the speed and severity of market price changes and is a key factor in pricing options. Volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike are not observable and need to be estimated using alternative methods, such as comparable instruments, historical analysis or other sources of market information. This leads to uncertainty around the final fair value measurement of instruments with unobservable volatilities.

The general relationship between changes in the value of an instrument (or a portfolio) to changes in volatility also depends on changes in interest rates and the level of the underlying index. Generally, long option positions (assets) benefit from increases in volatility, whereas short option positions (liabilities) will suffer losses. Some instruments are more sensitive to changes in volatility than others. For example, an at-the-money option would experience a greater percentage change in its fair value than a deep-in-the-money option. In addition, the fair value of an option with more than one underlying security (e.g., an option on a basket of equities) depends on the volatility of the individual underlying securities as well as their correlations.

Yield

In some circumstances, the yield of an instrument is not observable in the market and must be estimated from historical data or from yields of similar securities. This estimated yield may need to be adjusted to capture the characteristics of the security being valued. Whenever the amount of the adjustment is significant to the value of the security, the fair value measurement is classified as Level 3.

Adjusted yield is generally used to discount the projected future principal and interest cash flows on instruments, such as asset-backed securities. Adjusted yield is impacted by changes in the interest rate environment and relevant credit spreads.

Prepayment

Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security. The effect of prepayments is more pronounced for residential mortgage-backed securities. Prepayment is generally negatively correlated with delinquency and interest rate. A combination of low prepayments and high delinquencies amplifies each input's negative impact on a mortgage security's valuation. As prepayment speeds change, the weighted-average life of the security changes, which impacts the valuation either positively or negatively, depending upon the nature of the security and the direction of the change in the weighted-average life.

Recovery

Recovery is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. For many credit securities (e.g., commercial mortgage-backed securities), the expected recovery amount of a defaulted property is typically unknown until a liquidation of the property is imminent. The assumed recovery of a security may differ from its actual recovery that will be observable in the future. Generally, an increase in the recovery rate assumption increases the fair value of the security. An increase in loss severity, the inverse of the recovery rate, reduces the amount of principal available for distribution and, as a result, decreases the fair value of the security.

Credit Spread

Credit spread is a component of the security representing its credit quality. Credit spread reflects the market perception of changes in prepayment, delinquency and recovery rates, therefore capturing the impact of other variables on the fair value. Changes in credit spread affect the fair value of securities differently depending on the characteristics and maturity profile of the security. For example, credit spread is a more significant driver of the fair value measurement of a high-yield bond as compared to an investment-grade bond. Generally, the credit spread for an investment-grade bond is also more observable and less volatile than its high-yield counterpart.

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Estimated Fair Value of Financial Instruments Not Carried at Fair Value

The following tables present the carrying value and fair value of the Company's financial instruments that are not carried at fair value. The tables below therefore exclude items measured at fair value on a recurring basis presented in the tables above.

The disclosure also excludes leases, affiliate investments and tax-related items. Also, as required, the disclosure excludes the effect of taxes, any premium or discount that could result from offering for sale at one time the entire holdings of a particular instrument and other expenses that would be incurred in a market transaction. In addition, the tables exclude the values of non-financial assets and liabilities, which are integral to a full assessment of the Company's financial position and the value of its net assets.

Fair values vary from period to period based on changes in a wide range of factors, including interest rates, credit quality and market perceptions of value, and as existing assets and liabilities run off and new transactions are entered into.

<i>In billions of dollars</i>	December 31, 2025		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Securities borrowed and purchased under					
agreements to resell	\$ 93.0	\$ 93.0	\$ —	\$ 93.0	\$ —
Brokerage receivables	58.6	58.6	—	58.6	—
Loans to affiliates	98.7	98.7	—	98.7	—
Other financial assets ⁽¹⁾	34.6	34.6	24.5	10.1	—
Liabilities					
Securities loaned and sold under					
agreements to repurchase	\$ 160.2	\$ 160.2	\$ —	\$ 160.2	\$ —
Brokerage payables	76.0	76.0	—	76.0	—
Long-term debt	112.9	112.9	—	100.4	12.5
Other financial liabilities ⁽²⁾	22.4	22.4	—	22.4	—
<hr/>					
<i>In billions of dollars</i>	December 31, 2024		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Securities borrowed and purchased under					
agreements to resell	\$ 87.6	\$ 87.6	\$ —	\$ 87.6	\$ —
Brokerage receivables	42.4	42.4	—	—	42.4
Loans to affiliates	90.6	90.6	—	90.6	—
Other financial assets ⁽¹⁾	28.8	28.8	13.4	6.0	9.4
Liabilities					
Securities loaned and sold under					
agreements to repurchase	\$ 218.6	\$ 218.6	\$ —	\$ 218.6	\$ —
Brokerage payables	65.0	65.0	—	—	65.0
Long-term debt	96.9	96.9	—	92.1	4.8
Other financial liabilities ⁽²⁾	23.3	23.3	—	19.6	3.7

(1) Includes cash and cash equivalents, cash segregated under federal and other regulations and other financial instruments included in *Other assets* on the Consolidated Statement of Financial Condition, for all of which the carrying value is a reasonable estimate of fair value.

(2) Includes short-term borrowings (carried at cost) and other financial instruments included in *Other liabilities* on the Consolidated Statement of Financial Condition, for all of which the carrying value is a reasonable estimate of fair value.

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13. FAIR VALUE ELECTIONS

The Company may elect to report most financial instruments at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings, other than DVA (see below). The election is made upon the initial recognition of an eligible financial asset, financial liability or when certain specified reconsideration events occur. The fair value election may not otherwise be revoked once an election is made. The changes in fair value are recorded in current earnings. Movements in DVA are reported as a component of *AOCI*. Additional discussion regarding other applicable areas in which fair value elections were made is presented in Note 12.

The following table presents the changes in fair value of those items for which the fair value option has been elected:

<i>In millions of dollars</i>	Changes in fair value—gains (losses) for the years ended December 31,	
	2025	2024
Assets		
Securities borrowed and purchased under agreements to resell	\$ 200	\$ 28
Trading account assets	—	6
Other financial assets	(26)	234
Total assets	\$ 174	\$ 268
Liabilities		
Securities loaned and sold under agreements to repurchase	\$ (59)	\$ 46
Trading account liabilities	(325)	29
Short-term borrowings ⁽¹⁾	(825)	212
Long-term debt ⁽¹⁾	(9,211)	(6,293)
Total liabilities	\$ (10,420)	\$ (6,006)

(1) Includes DVA that is included in *AOCI*. See Note 12.

Own Debt Valuation Adjustments (DVA)

Own debt valuation adjustments are recognized on the Company's liabilities for which the fair value option has been elected using the Company's credit spreads observed in the bond market. Changes in fair value of fair value option liabilities related to changes in the Company's own credit spreads (DVA) are reflected as a component of *AOCI*.

Among other variables, the fair value of liabilities for which the fair value option has been elected (other than non-recourse debt and similar liabilities) is impacted by the narrowing or widening of the Company's credit spreads.

The estimated changes in the fair value of these non-derivative liabilities due to such changes in the Company's own credit spread (or instrument-specific credit risk) were a loss of \$562 million and \$452 million for the years ended December 31, 2025 and 2024, respectively. Changes in fair value resulting from changes in instrument-specific credit risk were estimated by incorporating the Company's current credit spreads observable in the bond market into the relevant valuation technique used to value each liability as described above.

The Fair Value Option for Financial Assets and Financial Liabilities

Selected Portfolios of Securities Purchased Under Agreements to Resell, Securities Borrowed, Securities Sold Under Agreements to Repurchase, Securities Loaned and Certain Uncollateralized Short-Term Borrowings

The Company elected the fair value option for certain portfolios of fixed income securities purchased under agreements to resell and fixed income securities sold under agreements to repurchase, securities borrowed, securities loaned and certain uncollateralized short-term borrowings held primarily by broker-dealer entities in the U.S. and the U.K. In each case, the election was made to more effectively manage risk and earnings volatility that arise from other trading and hedging activities that are accounted for on a fair value basis.

Changes in fair value for transactions in these portfolios are recorded in *Principal transactions*. The related interest income and interest expense are measured based on the contractual rates specified in the transactions and are reported as *Interest income* and *Interest expense* in the Consolidated Statement of Operations.

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Other Financial Assets

The Company elected the fair value option for structured commodity inventory financing transactions related to metals, crude and refined oil products. These transactions are carried at fair value to offset the derivatives executed to economically hedge these transactions. The Company also elected the fair value option for other loans related to derivative transactions. Changes in fair value for these transactions are recorded in *Principal transactions*.

Certain Debt Liabilities

The Company has elected the fair value option for certain debt liabilities, because these exposures are considered to be trading-related positions and, therefore, are managed on a fair value basis. These positions are classified as *Trading account liabilities*, *Long-term debt* or *Short-term borrowings* on the Company's Consolidated Statement of Financial Condition.

The following table provides information about the carrying value of notes carried at fair value, disaggregated by type of risk:

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024
Equity linked	\$ 50,982	\$ 44,920
Interest rate linked	40,348	35,527
Credit linked	5,467	4,672
Commodity linked	1,262	2,497
Foreign exchange linked	77	79
Total	\$ 98,136	\$ 87,695

The portion of the changes in fair value attributable to changes in the Company's own credit spreads (DVA) is reflected as a component of *AOCI* while all other changes in fair value are reported in *Principal transactions*. Changes in the fair value of these liabilities include accrued interest, which is also included in the change in fair value reported in *Principal transactions*.

Certain Non-Structured Liabilities

The Company has elected the fair value option for certain non-structured liabilities with fixed and floating interest rates. The Company has elected the fair value option where the interest rate risk of such liabilities may be economically hedged with derivative contracts or the proceeds are used to purchase financial assets that will also be accounted for at fair value through earnings. The elections have been made to mitigate accounting mismatches and to achieve operational simplifications. These positions are reported in *Short-term borrowings* and *Long-term debt* on the Company's Consolidated Statement of Financial Condition. The portion of the changes in fair value attributable to changes in the Company's own credit spreads (i.e., DVA) is reflected as a component of *AOCI* while all other changes in fair value are reported in *Principal transactions*.

Interest expense on non-structured liabilities is measured based on the contractual interest rates and reported as *Interest expense* in the Consolidated Statement of Operations.

The following table provides information about long-term debt and short-term borrowings carried at fair value:

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024
Long-term debt		
Carrying amount reported on the Consolidated Statement of Financial Condition	\$ 98,136	\$ 87,695
Aggregate unpaid principal balance in excess of (less than) fair value	(1,222)	(1,019)
Short-term borrowings		
Carrying amount reported on the Consolidated Statement of Financial Condition	\$ 15,938	\$ 9,793
Aggregate unpaid principal balance in excess of (less than) fair value	(135)	(147)

14. COLLATERAL, GUARANTEES AND COMMITMENTS

Collateral

At December 31, 2025 and 2024, the approximate fair value of securities collateral received by the Company that may be resold or repledged, excluding the impact of allowable netting, was \$941 billion and \$788 billion, respectively. This collateral was received in connection with resale agreements, securities borrowings and loans, securities for securities lending transactions, derivative transactions and margined broker loans.

At December 31, 2025 and 2024, a substantial portion of the collateral received by the Company had been sold or repledged in connection with repurchase agreements, securities sold, not yet purchased, securities lendings, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Guarantees

CGMHI provides a variety of guarantees and indemnifications to its customers to enhance their credit standing and enable them to complete a wide range of business transactions. For certain contracts meeting the definition of a guarantee, the guarantor must recognize, at inception, a liability for the fair value of the obligation undertaken in issuing the guarantee.

In addition, the guarantor must disclose the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, if there were a total default by the guaranteed parties. The determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. As such, CGMHI believes such amounts bear no relationship to the anticipated losses, if any, on these guarantees.

Derivative Instruments Considered to Be Guarantees

Derivatives are financial instruments whose cash flows are based on a notional amount and an underlying instrument, reference credit or index, where there is little or no initial investment and whose terms require or permit net settlement. See Note 10 for a discussion of CGMHI's derivatives activities.

Derivative instruments considered to be guarantees include only those instruments that require CGMHI to make payments to the counterparty based on changes in an underlying instrument that is related to an asset, a liability or an equity security held by the guaranteed party. More specifically, derivative instruments considered to be guarantees include certain over-the-counter written put options where the counterparty is not a bank, hedge fund or broker-dealer (such counterparties are considered to be dealers in these markets and may, therefore, not hold the underlying instruments). Credit derivatives sold by CGMHI are excluded from the guarantees disclosure as they are disclosed separately in Note 10. In instances where CGMHI's maximum potential future payment is unlimited, the notional amount of the contract is disclosed.

As of December 31, 2025, the maximum potential amount of future payments on derivative instruments considered to be guarantees was \$5.9 billion, including \$2.6 billion expiring within one year. As of December 31, 2024, the maximum potential amount of future payments on derivative instruments considered to be guarantees was \$9.1 billion, including \$4.9 billion expiring within one year. The carrying amount of the liabilities related to these derivative instruments considered to be guarantees was \$120 million and \$100 million at December 31, 2025 and 2024, respectively, and is recorded at fair value in *Trading account liabilities*.

Other Guarantees and Indemnifications

Representation and Warranty Indemnifications

In the normal course of business, the Company provides standard representations and warranties to counterparties in contracts in connection with numerous transactions and also provides indemnifications, including indemnifications that protect the counterparties to the contracts in the event that additional taxes are owed, due either to a change in the tax law or an adverse interpretation of the tax law. Counterparties to these transactions provide the Company with comparable indemnifications. While such representations, warranties and indemnifications are essential components of many contractual relationships, they do not represent the underlying business purpose for the transactions. The indemnification clauses are often standard contractual terms related to the Company's own performance under the terms of a contract and are entered into in the normal course of business based on an assessment that the risk of loss is remote. Often these clauses are intended to ensure that terms of a contract are met at inception. No compensation is received for these standard representations and warranties, and it is not possible to determine their fair value because they rarely, if ever, result in a payment. In many cases, there are no stated or notional amounts included in the indemnification clauses, and the contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. As a result, there are no amounts reflected on the Consolidated Statement of Financial Condition as of December 31, 2025 and 2024 for potential obligations that could arise from these indemnifications provided by the Company.

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Value-Transfer Networks (Including Exchanges and Clearing Houses) (VTNs)

The Company is a member of, or shareholder in, a number of value-transfer networks (VTNs) (payment, clearing and settlement systems as well as exchanges) around the world. As a condition of membership, many of these VTNs require that members stand ready to pay a pro rata share of the losses incurred by the organization due to another member's default on its obligations. The Company's potential obligations may be limited to its membership interests in the VTNs, contributions to the VTN's funds, or, in certain narrow cases, to the full pro rata share. CGMHI had \$20.7 billion and \$14.5 billion in capped contingent liquidity facilities with VTNs as of December 31, 2025 and 2024, respectively. The maximum exposure is difficult to estimate as this would require an assessment of claims that have not yet occurred; however, the Company believes the risk of loss is remote given historical experience with the VTNs. Accordingly, there are no amounts reflected on the Consolidated Statement of Financial Condition as of December 31, 2025 and 2024 for potential obligations that could arise from the Company's involvement with VTN associations.

Futures and Over-the-Counter Derivatives Clearing

CGMHI provides clearing services on central clearing parties (CCP) for clients that need to clear exchange-traded and over-the-counter (OTC) derivatives contracts with CCPs. Based on all relevant facts and circumstances, CGMHI has concluded that it acts as an agent for accounting purposes in its role as clearing member for these client transactions. As such, CGMHI does not reflect the underlying exchange-traded or OTC derivatives contracts in its Consolidated Financial Statements. See Note 10 for a discussion of CGMHI's derivatives activities that are reflected in its Consolidated Financial Statements.

As a clearing member, CGMHI collects and remits cash and securities collateral (margin) between its clients and the respective CCP. In certain circumstances, CGMHI collects a higher amount of cash (or securities) from its clients than it needs to remit to the CCPs. This excess cash is then held at customer segregated depository institutions such as banks or custodians.

There are two types of margin: initial and variation. Where CGMHI obtains benefits from or controls cash initial margin (e.g., retains an interest spread), cash initial margin collected from clients and remitted to the CCP or depository institutions is reflected within *Brokerage payables* (payables to customers) and *Brokerage receivables* (receivables from brokers, dealers and clearing organizations) or *Cash segregated under federal and other regulations*, respectively.

However, for exchange-traded and OTC-cleared derivatives contracts where CGMHI does not obtain benefits from or control the client cash balances, the client cash initial margin collected from clients and remitted to the CCP or depository institutions is not reflected on the Company's Consolidated Statement of Financial Condition. These conditions are met when CGMHI has contractually agreed with the client that:

- CGMHI will pass through to the client all interest paid by the CCP or depository institutions on the cash initial margin;
- CGMHI will not utilize its right as a clearing member to transform cash margin into other assets;
- CGMHI does not guarantee and is not liable to the client for the performance of the CCP or the depository institution; and
- the client cash balances are legally isolated from CGMHI's bankruptcy estate.

The total amount of cash initial margin collected and remitted in this manner was approximately \$10.3 billion and \$12.6 billion as of December 31, 2025 and 2024, respectively.

Variation margin due from clients to the respective CCP, or from the CCP to clients, reflects changes in the value of the client's derivative contracts for each trading day. As a clearing member, CGMHI is exposed to the risk of non-performance by clients (e.g., failure of a client to post variation margin to the CCP for negative changes in the value of the client's derivative contracts). In the event of non-performance by a client, CGMHI would move to close out the client's positions. The CCP would typically utilize initial margin posted by the client and held by the CCP, with any remaining shortfalls required to be paid by CGMHI as clearing member. CGMHI generally holds incremental cash or securities margin posted by the client, which would typically be expected to be sufficient to mitigate CGMHI's credit risk in the event that the client fails to perform.

As required by ASC 860-30-25-5, securities collateral posted by clients is not recognized on the Company's Consolidated Statement of Financial Condition.

FICC Sponsored Member Repo Program

The Company acts as a sponsoring member of the Government Securities Division of the Fixed Income Clearing Corporation (FICC) to clear eligible resale and repurchase agreements on behalf of its clients that become sponsored members of the FICC. The Company, as sponsoring member, is required to provide a guarantee to the FICC with respect

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to the prompt payment and performance of its sponsored members. The Company had \$306.1 billion and \$139.5 billion in guarantees to the Fixed Income Clearing Corporation under the sponsored member repo program as of December 31, 2025 and 2024, respectively. Because the Company obtains a security interest in the cash or high-quality securities collateral that the clients place with the clearing house, CGMHI expects the risk of loss from this guarantee to be remote. See Note 6 for additional information on CGMHI's resale and repurchase agreements, including risk mitigation practices for these transactions.

Margin Loan Indemnifications

CGMHI had margin loan indemnification agreements of \$1,208 million and \$875 million as of December 31, 2025 and 2024, respectively. The commitments to potentially indemnify do not relate to a loan on CGMH's Consolidated Statement of Financial Condition, nor a commitment to extend a loan. The contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. As a result, there are no amounts reflected on the Consolidated Statement of Financial Condition as of December 31, 2025 and 2024 for potential obligations that could arise from these indemnifications provided by the Company.

Unsettled Reverse Repurchase and Securities Borrowing Agreements and Unsettled Repurchase and Securities Lending Agreements

In the normal course of business, the Company enters into reverse repurchase and securities borrowing agreements, as well as repurchase and securities lending agreements, which settle at a future date. At December 31, 2025 and 2024, the Company had approximately \$129.9 billion and \$81.4 billion of unsettled reverse repurchase and securities borrowing agreements, and approximately \$147.2 billion and \$103.6 billion of unsettled repurchase and securities lending agreements, respectively. See Note 6 for a further discussion of securities purchased under agreements to resell and securities borrowed, and securities sold under agreements to repurchase and securities loaned, including the Company's policy for offsetting repurchase and reverse repurchase agreements.

Other Financing Commitments

Other CGMHI financing commitments of \$3.0 billion at December 31, 2025 and 2024 include commitments to enter into collateralized financing transactions.

15. LEASES

The Company's operating leases, where CGMHI is a lessee, include real estate, such as office space and branches, and various types of equipment. These leases may contain renewal and extension options and early termination features; however, these options do not impact the lease term unless the Company is reasonably certain that it will exercise options. These leases have a weighted-average remaining lease term of approximately 9.2 years as of December 31, 2025 and 12.4 years as of December 31, 2024.

The following table presents information on the right-of-use (ROU) asset and lease liabilities included in *Other assets* and *Other liabilities*, respectively:

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024
ROU asset	\$ 58	\$ 547
Lease liability	65	514

The Company recognizes fixed lease costs on a straight-line basis throughout the lease term in the Consolidated Statement of Operations. In addition, variable lease costs are recognized in the period in which the obligation for those payments is incurred.

The following table presents the total operating lease expense (principally for offices, branches and equipment) included in the Consolidated Statement of Operations:

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024	December 31, 2023
Operating lease expense	\$ 215	\$ 247	\$ 225

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CGMHI's cash outflows related to operating leases were \$215 million and \$247 million for the years ended December 31, 2025 and 2024, respectively, while the future lease payments are as follows:

<i>In millions of dollars</i>	
2026	\$ 13
2027	13
2028	11
2029	9
2030	6
Thereafter	23
Total future lease payments	75
Less imputed interest (based on weighted-average discount rate of 2.8%)	(10)
Lease liability	\$ 65

16. RELATED PARTY TRANSACTIONS

Citigroup owns 100% of the outstanding common stock of the Company. Pursuant to various intercompany agreements, a number of significant transactions are carried out between the Company and Citigroup and/or their affiliates, including the Citigroup parent company.

Below is a summary of the Company's transactions with other Citigroup affiliates, which are included in the accompanying Consolidated Statement of Operations and Consolidated Statement of Financial Condition. These amounts exclude intra-CGMHI balances that eliminate in consolidation.

STATEMENT OF OPERATIONS ITEMS

<i>In millions of dollars</i>	Years ended December 31,		
	2025	2024	2023
Revenues			
Principal transactions gains (losses) ⁽¹⁾	\$ 2,781	\$ (2,146)	\$ 88
Investment banking	210	249	204
Other revenue (losses)	(135)	(32)	(46)
Total non-interest revenue (losses)	2,856	(1,929)	246
Interest income	5,807	6,598	6,871
Interest expense	7,366	8,710	9,695
Net interest income (expense)	(1,559)	(2,112)	(2,824)
Total revenues (losses), net of interest expense	\$ 1,297	\$ (4,041)	\$ (2,578)
Operating expenses ⁽²⁾			
Technology/communication	\$ 1,466	\$ 1,021	\$ 1,270
Premises and equipment	186	206	211
Other operating	2,189	1,869	1,750
Total operating expenses	\$ 3,841	\$ 3,096	\$ 3,231

- (1) Principal transactions revenue consists of realized and unrealized gains and losses from trading activities with non-consolidated CGMHI affiliates. Includes gains and losses on derivatives with non-consolidated CGMHI affiliates, but does not include the gains and losses related to any offsetting derivatives executed with third parties external to CGMHI, which are an integral part of the profitability of trading activities.
- (2) Includes expenses from Citigroup affiliates for shared services and charges, as well as fees for the early termination of debt with Citigroup affiliates.

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STATEMENT OF FINANCIAL CONDITION ITEMS

<i>In millions of dollars</i>	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 7,566	\$ 8,250
Cash segregated under federal and other regulations	4,766	2,811
Securities borrowed and purchased under agreements to resell	14,965	19,184
Derivatives	774	1,852
Loans to affiliates	98,668	90,647
Brokerage receivables and other assets	826	1,469
Total assets	\$ 127,565	\$ 124,213
Liabilities		
Short-term borrowings	\$ 8,880	\$ 5,627
Securities loaned and sold under agreements to repurchase	25,839	26,698
Derivatives	858	2,797
Brokerage payables	12,169	9,701
Other liabilities	2,596	2,715
Long-term debt	109,815	95,036
Total liabilities	\$ 160,157	\$ 142,574

Stock-Based Compensation and Retirement Benefits

As discussed in Note 4, the Company participates in various Citigroup stock-based compensation programs under which Citigroup stock or stock options are granted to certain of the Company's employees. CGMHI has no stock-based compensation programs in which its own stock is granted. CGMHI pays Citigroup directly for participation in certain of its stock-based compensation programs.

CGMHI Tax-Sharing Agreement

As discussed in Note 5, CGMHI is included in the Citigroup consolidated federal tax return and is a party to a tax-sharing agreement with Citigroup. Under such agreement, CGMHI is entitled to a tax benefit for its losses and credits that are recognized in Citigroup's Consolidated Financial Statements. Settlements between CGMHI and Citigroup of current taxes occur throughout the year. CGMHI also files its consolidated and combined state income tax returns with Citigroup and/or others of its subsidiaries.

Citigroup's Resolution Plan

Every two years, Title I of the Dodd-Frank Act requires Citigroup to prepare and submit a plan to the Federal Reserve Board (FRB) and the Federal Deposit Insurance Corporation (FDIC) for the orderly resolution of Citigroup (the bank holding company) and its significant legal entities under the U.S. Bankruptcy Code in the event of future material financial distress or failure.

Under Citigroup's preferred "single point of entry" resolution plan strategy, only Citigroup, the parent holding company, would enter into bankruptcy, while Citigroup's material legal entities (as defined in the public section of its 2025 resolution plan, which can be found on the FRB's and FDIC's websites) would remain operational outside of any resolution or insolvency proceedings.

As previously disclosed, in response to feedback received from the FRB and FDIC, Citigroup executed an inter-affiliate agreement with Citicorp, Citigroup's operating material legal entities and certain other affiliated entities pursuant to which Citicorp is required to provide liquidity and capital support to Citigroup's operating material legal entities (including CGMHI) in the event that Citigroup were to enter bankruptcy proceedings.

Other Intercompany Agreements

Citigroup and its subsidiaries engage in other transactions and servicing activities with CGMHI, including cash management, data processing, telecommunications, payroll processing and administration, facilities procurement, underwriting and others.

The Company recognized payroll tax and other payroll expenses related to CGMHI employees of approximately \$130 million, \$128 million, and \$122 million for the years ended December 31, 2025, 2024 and 2023, respectively, whereby affiliates manage CGMHI's payroll processes and CGMHI reimburses the affiliates for these payroll expenses.

17. CONTINGENCIES

Accounting and Disclosure Framework

ASC 450 governs the disclosure and recognition of loss contingencies, including potential losses from litigation, regulatory, tax and other matters. ASC 450 defines a “loss contingency” as “an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.” It imposes different requirements for the recognition and disclosure of loss contingencies based on the likelihood of occurrence of the contingent future event or events. It distinguishes among degrees of likelihood using the following three terms:

- “probable,” meaning that “the future event or events are likely to occur”
- “remote,” meaning that “the chance of the future event or events occurring is slight”
- “reasonably possible,” meaning that “the chance of the future event or events occurring is more than remote but less than likely”

These three terms are used below as defined in ASC 450.

Accruals. ASC 450 requires accrual for a loss contingency when it is “probable that one or more future events will occur confirming the fact of loss” and “the amount of the loss can be reasonably estimated.” In accordance with ASC 450, Citigroup establishes accruals for contingencies, including any litigation, regulatory or tax matters disclosed herein, when Citigroup believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. When the reasonable estimate of the loss is within a range of amounts, the minimum amount of the range is accrued, unless some higher amount within the range is a better estimate than any other amount within the range. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued for those matters.

Disclosure. ASC 450 requires disclosure of a loss contingency if “there is at least a reasonable possibility that a loss or an additional loss may have been incurred” and there is no accrual for the loss because the conditions described above are not met or an exposure to loss exists in excess of the amount accrued. In accordance with ASC 450, if Citigroup has not accrued for a matter because Citigroup believes that a loss is reasonably possible but not probable, or that a loss is probable but not reasonably estimable, and the reasonably possible loss is material, it discloses the loss contingency. In addition, Citigroup discloses matters for which it has accrued if it believes a reasonably possible exposure to material loss exists in excess of the amount accrued. In accordance with ASC 450, Citigroup’s disclosure includes an estimate of the reasonably possible loss or range of loss for those matters as to which an estimate can be made. ASC 450 does not require disclosure of an estimate of the reasonably possible loss or range of loss where an estimate cannot be made. Neither accrual nor disclosure is required for losses that are deemed remote.

Litigation, Regulatory, and Other Contingencies

Overview. In addition to the matters described below, in the ordinary course of business, CGMHI, its parent entity Citigroup, its affiliates and subsidiaries, and current and former officers, directors and employees (for purposes of this section, sometimes collectively referred to as Citigroup and Related Parties) routinely are named as defendants in, or as parties to, various legal actions and proceedings. Certain of these actions and proceedings assert claims or seek relief in connection with alleged violations of consumer protection, securities, banking, antifraud, antitrust, anti-money laundering, employment and other statutory and common laws. Certain of these actual or threatened legal actions and proceedings include claims for substantial or indeterminate compensatory or punitive damages, or for injunctive relief, and in some instances seek recovery on a class-wide basis.

In the ordinary course of business, Citigroup and Related Parties also are subject to governmental and regulatory examinations, information-gathering requests, investigations and proceedings (both formal and informal), certain of which may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions or other relief. In addition, certain affiliates and subsidiaries of CGMHI are banks, registered broker-dealers, futures commission merchants, investment advisors or other regulated entities and, in those capacities, are subject to regulation by various U.S., state and foreign securities, banking, commodity futures, consumer protection and other regulators. In connection with formal and informal inquiries by these regulators, Citigroup and such affiliates and subsidiaries receive numerous requests, subpoenas and orders seeking documents, testimony and other information in connection with various aspects of their regulated activities. From time to time Citigroup and Related Parties also receive grand jury subpoenas and other requests for information or assistance, formal or informal, from federal or state law enforcement agencies including, among others:

- various United States Attorneys’ Offices;

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- the Money Laundering and Asset Recovery Section and other divisions of the Department of Justice;
- the Financial Crimes Enforcement Network of the United States Department of the Treasury; and
- the Federal Bureau of Investigation relating to Citigroup and its customers.

Because of the global scope of Citigroup's operations and its presence in countries around the world, Citigroup and Related Parties are subject to litigation and governmental and regulatory examinations, information-gathering requests, investigations and proceedings (both formal and informal) in multiple jurisdictions with legal, regulatory and tax regimes that may differ substantially, and present substantially different risks, from those Citigroup and Related Parties are subject to in the United States. In some instances, Citigroup and Related Parties may be involved in proceedings involving the same subject matter in multiple jurisdictions, which may result in overlapping, cumulative or inconsistent outcomes.

Citigroup and CGMHI seek to resolve all litigation, regulatory, tax and other matters in the manner management believes is in the best interests of Citigroup and its shareholders, and contests liability, allegations of wrongdoing and, where applicable, the amount of damages or scope of any penalties or other relief sought as appropriate in each pending matter.

Inherent Uncertainty of the Matters Disclosed. Certain of the matters disclosed below involve claims for substantial or indeterminate damages. The claims asserted in these matters typically are broad, often spanning a multiyear period and sometimes a wide range of business activities, and the plaintiffs' or claimants' alleged damages frequently are not quantified or factually supported in the complaint or statement of claim. Other matters relate to regulatory investigations or proceedings, as to which there may be no objective basis for quantifying the range of potential fine, penalty or other remedy. As a result, Citigroup is often unable to estimate the loss in such matters, even if it believes that a loss is probable or reasonably possible, until developments in the case, proceeding or investigation have yielded additional information sufficient to support a quantitative assessment of the range of reasonably possible loss. Such developments may include, among other things, discovery from adverse parties or third parties, rulings by the court on key issues, analysis by retained experts and engagement in settlement negotiations.

Depending on a range of factors, such as the complexity of the facts, the novelty of the legal theories, the pace of discovery, the court's scheduling order, the timing of court decisions and the adverse party's, regulator's or other authority's willingness to negotiate in good faith toward a resolution, it may be months or years after the filing of a case or commencement of a proceeding or an investigation before an estimate of the range of reasonably possible loss can be made.

Matters as to Which an Estimate Can Be Made. For some of the matters disclosed below, Citigroup is currently able to estimate a reasonably possible loss or range of loss in excess of amounts accrued (if any). For some of the matters included within this estimation, an accrual has been made because a loss is believed to be both probable and reasonably estimable, but a reasonably possible exposure to loss exists in excess of the amount accrued. In these cases, the estimate reflects the reasonably possible range of loss in excess of the accrued amount. For other matters included within this estimation, no accrual has been made because a loss, although estimable, is believed to be reasonably possible, but not probable; in these cases, the estimate reflects the reasonably possible loss or range of loss.

These estimates are based on currently available information. As available information changes, the matters for which Citigroup is able to estimate will change, and the estimates themselves will change. In addition, while many estimates presented in financial statements and other financial disclosures involve significant judgment and may be subject to significant uncertainty, estimates of the range of reasonably possible loss arising from litigation, regulatory and tax proceedings are subject to particular uncertainties. For example, at the time of making an estimate:

- Citigroup may have only preliminary, incomplete or inaccurate information about the facts underlying the claim;
- its assumptions about the future rulings of the court, other tribunal or authority on significant issues, or the behavior and incentives of adverse parties, regulators or other authorities, may prove to be wrong; and
- the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools.

In addition, from time to time an outcome may occur that Citigroup had not accounted for in its estimate because it had deemed such an outcome to be remote. For all of these reasons, the amount of loss in excess of amounts accrued in relation to matters for which an estimate has been made could be substantially higher or lower than the range of loss included in the estimate.

Matters as to Which an Estimate Cannot Be Made. For other matters disclosed below, Citigroup is not currently able to estimate the reasonably possible loss or range of loss. Many of these matters remain in very preliminary stages (even in some cases where a substantial period of time has passed since the commencement of the matter), with few or no substantive

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legal decisions by the court, tribunal or other authority defining the scope of the claims, the class (if any) or the potentially available damages or other exposure, and fact discovery is still in progress or has not yet begun. In many of these matters, Citigroup has not yet answered the complaint or statement of claim or asserted its defenses, nor has it engaged in any negotiations with the adverse party (whether a regulator, taxing authority or a private party). For all these reasons, Citigroup cannot at this time estimate the reasonably possible loss or range of loss, if any, for these matters.

Opinion of Management as to Eventual Outcome. Subject to the foregoing, it is the opinion of Citigroup's management, based on current knowledge and after taking into account its current accruals, that the eventual outcome of all matters described in this Note would not likely have a material adverse effect on the consolidated financial condition of CGMHI.

Nonetheless, given the substantial or indeterminate amounts sought in certain of these matters, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on CGMHI's consolidated results of operations or cash flows in particular quarterly or annual periods.

Madoff-Related Litigation

In 2008, a Securities Investor Protection Act (SIPA) trustee was appointed for the SIPA liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) in the United States Bankruptcy Court for the Southern District of New York. Beginning in 2010, the SIPA trustee commenced actions against multiple Citi entities, including Citibank, Citicorp North America, Inc., and CGML, captioned PICARD v. CITIBANK, N.A., ET AL., seeking recovery of monies that originated at BLMIS and were allegedly received by the Citi entities as subsequent transferees.

In February 2022, the SIPA trustee filed an amended complaint against Citibank, Citicorp North America, Inc., and CGML. In April 2022, these Citi entities moved to dismiss the amended complaint, which the bankruptcy court denied. In November 2022, the remaining Citi entities moved to file an interlocutory appeal of the bankruptcy court's decision, which the district court denied in March 2024, and answered the amended complaint. Additional information concerning these actions is publicly available in court filings under the docket numbers 10-5345 (Bankr. S.D.N.Y.) (Beckerman, J.) and 22-9597 (S.D.N.Y.) (Gardephe, J.).

Beginning in 2010, the British Virgin Islands liquidators of Fairfield Sentry Limited, whose assets were invested with BLMIS, commenced multiple actions against CGML, Citibank (Switzerland) AG, Citibank, NA London, Citivic Nominees Ltd., Cititrust Bahamas Ltd., and Citibank Korea Inc., captioned FAIRFIELD SENTRY LTD., ET AL. v. CITIGROUP GLOBAL MARKETS LTD., ET AL.; FAIRFIELD SENTRY LTD., ET AL. v. CITIBANK (SWITZERLAND) AG, ET AL.; FAIRFIELD SENTRY LTD., ET AL. v. ZURICH CAPITAL MARKETS COMPANY, ET AL.; FAIRFIELD SENTRY LTD., ET AL. v. CITIBANK NA LONDON, ET AL.; FAIRFIELD SENTRY LTD., ET AL. v. CITIVIC NOMINEES LTD., ET AL.; FAIRFIELD SENTRY LTD., ET AL. v. DON CHIMANGO SA, ET AL.; and FAIRFIELD SENTRY LTD., ET AL. v. CITIBANK KOREA INC. ET AL., in the United States Bankruptcy Court for the Southern District of New York. The actions seek recovery of monies that were allegedly received directly or indirectly from Fairfield Sentry.

In August 2022, the United States District Court for the Southern District of New York affirmed various decisions of the bankruptcy court, which dismissed claims against CGML, Citibank (Switzerland) AG, Citibank, NA London, Citivic Nominees Ltd., Cititrust Bahamas Ltd., and Citibank Korea Inc., and permitted a single claim against Citibank, NA London, CGML, Citivic Nominees Ltd., and Citibank (Switzerland) AG to proceed. In September 2022, the liquidators appealed the district court's decision dismissing the liquidators' claims. In September 2022, CGML, Citibank (Switzerland) AG, Citibank, NA London, and Citivic Nominees Ltd. moved for leave to appeal the district court's decision permitting the single claim to proceed against them. In July 2023, the United States Court of Appeals for the Second Circuit granted CGML, Citibank (Switzerland) AG, Citivic Nominees Ltd., and Citibank, NA London leave to appeal the district court's decision permitting a single claim to proceed against them and ordered those appeals to be heard in tandem with the liquidators' pending consolidated direct appeal.

In May 2023, the liquidators voluntarily dismissed the single pending claim against Citibank (Switzerland) AG and Citivic Nominees Ltd. without prejudice, but the action continued against other defendants. On January 9, 2025, the liquidators voluntarily dismissed the entire action with prejudice, thereby permanently disposing of the single pending claim the liquidators previously voluntarily dismissed without prejudice.

On August 5, 2025, the United States Court of Appeals for the Second Circuit reversed the portion of the decision of the district court that permitted a single claim to proceed against CGML, Citibank (Switzerland) AG, Citivic Nominees Ltd., and Citibank, NA London, and otherwise affirmed the district court's decision dismissing the liquidators' remaining claims against CGML, Citibank (Switzerland) AG, Citibank, NA London, Citivic Nominees Ltd., Cititrust Bahamas Ltd., and Citibank Korea Inc. On September 18, 2025, the liquidators petitioned the court of appeals for rehearing, which was denied on October 16, 2025. On December 31, 2025, the liquidators requested an extension of time to file a petition for a writ of certiorari from the United States Supreme Court, which the Supreme Court granted. Additional information is publicly available in court filings

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under the docket numbers 10-13164, 10-3496, 10-3622, 10-3634, 10-4100, 10-3640, 11-2770, 12-1142, 12-1298 (Bankr. S.D.N.Y.) (Mastando, J.); 19-3911, 19-4267, 19-4396, 19-4484, 19-5106, 19-5135, 19-5109, 21-2997, 21-3243, 21-3526, 21-3529, 21-3530, 21-3998, 21-4307, 21-4498, 21-4496 (S.D.N.Y.) (Broderick, J.); 22-2101 (consolidated lead appeal), 22-2557, 22-2122, 23-697, 22-2562, 22-2216, 22-2545, 22-2308, 22-2591, 22-2502, 22-2553, 22-2398, 22-2582, 23-965 (consolidated lead appeal), 23-549, 23-572, 23-573, 23-975, 23-982, and 23-987 (2d Cir.).

Variable Rate Demand Obligation Litigation

In 2019, plaintiffs in the consolidated actions CITY OF PHILADELPHIA v. BANK OF AMERICA CORP, ET AL. and MAYOR AND CITY COUNCIL OF BALTIMORE v. BANK OF AMERICA CORP., ET AL. filed a consolidated complaint naming as defendants Citigroup, Citibank, CGMI, CGML, and numerous other industry participants. The consolidated complaint asserts violations of the Sherman Act, as well as claims for breach of contract, breach of fiduciary duty, and unjust enrichment, and seeks damages and injunctive relief based on allegations that defendants served as remarketing agents for municipal bonds called variable rate demand obligations (VRDOs) and colluded to set artificially high VRDO interest rates. On November 6, 2020, the court granted in part and denied in part defendants' motion to dismiss the consolidated complaint.

On June 2, 2021, the Board of Directors of the San Diego Association of Governments, acting as the San Diego County Regional Transportation Commission, filed a parallel putative class action against the same defendants named in the already pending nationwide consolidated class action. The two actions were consolidated and on August 6, 2021, plaintiffs in the nationwide putative class action filed a consolidated amended complaint, captioned THE CITY OF PHILADELPHIA, MAYOR AND CITY COUNCIL OF BALTIMORE, THE BOARD OF DIRECTORS OF THE SAN DIEGO ASSOCIATION OF GOVERNMENTS, ACTING AS THE SAN DIEGO COUNTY REGIONAL TRANSPORTATION COMMISSION v. BANK OF AMERICA CORP., ET AL.

In September 2021, defendants moved to dismiss the consolidated amended complaint in part. In June 2022, the court granted in part and denied in part defendants' partial motion to dismiss the consolidated amended complaint. In October 2022, plaintiffs filed a motion to certify a class of persons and entities who, from February 2008 to November 2015, paid interest rates on VRDOs with respect to the antitrust claim. Plaintiffs also moved to certify a subclass of individuals who entered into remarketing agreements with the defendants during that same period. On September 21, 2023, the court granted plaintiffs' motion for class certification, certifying both an antitrust class and a breach-of-contract subclass. On October 5, 2023, defendants filed a Rule 23(f) petition seeking leave to appeal the certification ruling. On November 8, 2023, the plaintiffs voluntarily dismissed certain defendants from the case, including Citigroup, Citibank, and CGML. On February 5, 2024, the United States Court of Appeals for the Second Circuit granted defendants' Rule 23(f) petition to appeal the district court's order granting class certification. On August 1, 2025, the United States Court of Appeals for the Second Circuit affirmed the lower court's grant of class certification. Defendants filed a petition for a writ of certiorari with the United States Supreme Court on December 1, 2025. Additional information concerning this action is publicly available in court filings under the docket numbers 19-CV-1608 (S.D.N.Y.) (Furman, J.), 23-7328 (2d Cir.), and 25-639 (S. Ct.).

Since April 2018, Citigroup and certain of its affiliates, including Citibank and CGMI, have been named in state court *qui tam* lawsuits in which Edelweiss Fund, LLC alleges that Citi and other financial institutions defrauded certain state and municipal VRDO issuers in connection with resetting VRDO interest rates. Filed under each state's respective false claims act, these actions are pending in state courts in California, New Jersey, and New York, and are captioned STATE OF CALIFORNIA EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., STATE OF NEW JERSEY EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., and STATE OF NEW YORK EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., respectively. In the California state *qui tam*, a hearing on the parties' motions for summary judgment is scheduled for February 19, 2026 and trial is set for June 8, 2026. In the New Jersey state *qui tam*, on December 27, 2024, the Appellate Division of the New Jersey Superior Court remanded the case to the trial court for the entry of summary judgment in favor of defendants, and on May 16, 2025, the New Jersey Supreme Court granted the plaintiff-relator's petition for certification of the appeal. In the New York state *qui tam*, the trial court granted in part and denied in part defendants' and plaintiff-relator's cross-motions for summary judgment decision on April 4, 2025. Defendants appealed the decision to the New York Supreme Court Appellate Division, First Judicial Department. Additional information concerning these actions is publicly available in court filings under the docket numbers CGC-14-540777 (Cal. Super. Ct.) (Schulman, J.), A163264 (Cal. 1st App. Div.); L-885-15 (N.J. Super. Ct.) (Hurd, J.), A-1340-23 (N.J. App. Div.), and 090285 (N.J. S. Ct.); and 100559/2014 (N.Y. Sup. Ct.) (Borrok, J.) and 2025-02242 (N.Y. App. Div.).

Settlement Payments

Payments required in settlement agreements described above have been made or are covered by existing litigation or other accruals.