
CITIBANK CANADA
Basel III Pillar 3
As at December 31, 2025
100
YEARS IN
CANADA

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1. Scope of Application

Qualitative disclosures

This document addresses the Basel III Pillar 3 disclosure requirements for Citibank Canada (the "Bank") and all its subsidiaries. There are no differences in the basis of consolidation for accounting and regulatory purposes. All intercompany transactions and balances have been eliminated. There are no specific internal restrictions on the transfer of funds or regulatory capital of the Bank's subsidiaries except that necessary approvals from the Board of Directors and/or officers of the relevant entities are required prior to making changes.

The Bank is a wholly owned indirect subsidiary of Citibank, N.A. and is licensed to operate as a bank in Canada with full banking powers under the Bank Act as a foreign bank subsidiary. The Bank's immediate parent is Citibank Overseas Investment Corporation, and the ultimate parent is Citigroup Inc. Citibank Canada has been categorized as Category II SMSB by OSFI.

The following disclosures have been prepared purely for explaining the basis on which the Bank has prepared and disclosed information about capital requirements, the management of certain risks, remuneration of senior management and for no other purpose. The disclosures do not constitute any form of financial statements and must not be relied upon in making any investment or judgment on the Bank or its parents, Citigroup Inc. and Citibank, N.A. Except as otherwise indicated, financial information presented in Canadian dollars is rounded to the nearest thousand.

Additional financial information published can be accessed at OSFI's Financial Data for Banks. Website: (https://www.osfi-bsif.gc.ca/en/data-forms/financial-data/financial-data-banks).

2. Capital Structure

Qualitative disclosures

The Bank's regulatory capital is principally comprised of Tier 1 capital that includes common shares, reserves, retained earnings (adjusted to eliminate certain gains/losses arising from changes in the Bank's own credit spread) and regulatory adjustments. The Bank's Tier 2 capital is comprised of an eligible portion of the Stage 1 and Stage 2 allowance for credit losses.

Quantitative disclosures

The following summarizes the Bank's regulatory capital as at December 31: (in Thousands)

	2025	2024
Common shares (no par value; unlimited authorized; 17,003 shares issued (2024 – 17,003 shares issued))	428,833	428,833
Eligible reserves	10,080	10,080
Retained earnings	327,221	235,812
Less:		
Accumulated net after-tax fair value gain/(loss) arising from changes in institution's own credit risk including DVA on derivatives	(132)	(348)
Accumulated other comprehensive income for capital purposes	1,075	2,736
Gross Tier 1 capital	767,341	677,809
Tier 1 deductions		
Computer software intangibles (net of deferred tax liability)	-	-
Deferred tax assets excluding those arising from temporary differences (net of eligible deferred tax liability)	13,003	7,023
Adjusted net Tier 1 capital	**754,338**	**670,786**
Tier 2 capital: Eligible Stage 1 and Stage 2 allowance	21,425	9,533
Total eligible capital	**775,763**	**680,319**

In 2025, $48.8 Million (2024 – $93.9 Million) dividend was paid to shareholders.

3. Capital Adequacy

Qualitative disclosures

Effective January 1, 2013, the Bank has adopted OSFI's new guidelines which are based on *"Basel III: A global regulatory framework for more resilient banks and banking systems – December 2010 (revised June 2011)"* known as Basel III, issued by the Basel Committee on Banking Supervision ("BCBS"). Together with *"Basel III International Framework for liquidity risk measurement standards and monitoring"*, this presents the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector.

The BCBS introduced Basel III reforms through a series of regulatory changes in recent years, designed to address weaknesses in banks' resilience revealed during the financial crisis. The final Basel III reforms published in December of 2017 seek to enhance credibility in the calculation of Risk-Weighted Assets ("RWA") and improve the comparability and transparency of banks' capital ratios which included changes to the credit risk, operational risk, Leverage Ratio ("LR") and Credit Valuation Adjustment ("CVA") frameworks. The changes for CVA were implemented on January 1, 2014. The new LR framework was implemented on January 1, 2015.

The BCBS also issued a final guideline on the standardized approach for measuring counterparty credit risk exposures, which includes a comprehensive, non-modelled approach for measuring counterparty credit risk associated with OTC derivatives, exchange-traded derivatives, and long settlement transactions. The new Standardized Approach for Counterparty Credit Risk ("SA-CCR") replaces both the Current Exposure Method ("CEM") and the Standardized Method ("SM") in the capital adequacy framework. The SA-CCR methodology was finalized in April 2014 and implemented by OSFI January 1, 2019. Further, as per OSFI's guidelines, the bank moved to the Standardized Approach for the Fundamental Review of the Trading Book ("FRTB SA") approach on January 1st 2024 for computing market risk Risk-Weighted Assets ("RWA").

The Bank's capital ratios under Basel III have been calculated using the Full Standardized Approach.

Capital levels for Canadian banks are regulated pursuant to the above guidelines. Regulatory capital is allocated to the following tiers: Common Equity Tier 1 ("CET1"), Tier 1 and Total capital. Tier 1 capital is principally comprised of the more permanent components of capital and consists primarily of common shares, reserves and retained earnings. Tier 2 capital is comprised of an eligible portion of the total collective allowance for credit losses. Total capital is defined as the total of Tier 1 and Tier 2 capital less certain deductions as prescribed by OSFI.

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. The capital management process aims to achieve several objectives – exceed regulatory requirements and maintain a cost-effective capital structure that balances strong capital ratios with adequate returns to the Bank's shareholder.

Appropriate levels of the Bank's key capital ratios are maintained on a daily basis in compliance with OSFI's guidelines. The Bank exceeded these regulatory capital requirements throughout 2025 and 2024. The Board of Directors of the Bank (the "Board") reviews these ratios on a quarterly basis.

Regulatory ratios are calculated by dividing CET1, Tier 1 and Total capital by RWA. The calculation of RWA is determined by the OSFI-prescribed rules relating to on-balance sheet and off-balance sheet exposures and includes amounts for the market risk exposure associated with the Bank's trading portfolios and operational risk exposure associated with the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

In addition, OSFI formally establishes risk-based capital minimums for deposit-taking institutions. These minimums are currently a CET1 capital ratio of 7.0% (2024 – 7.0%), Tier 1 capital ratio of 8.5% (2024 – 8.5%) and a Total capital ratio of 10.5% (2024 – 10.5%). In addition to the Tier 1 and Total capital ratios, Canadian banks are also required to ensure that their Leverage Ratio, which is calculated by dividing Tier 1 capital by Total Exposure, exceeds a minimum. The calculation of Total Exposure is determined by OSFI-prescribed rules and includes on-balance sheet exposures, derivatives exposures, securities financing transaction exposures and other off-balance sheet exposures. The minimum LR requirement for the Bank is 4% (2024 – 4%).

Within our capital management framework, the Bank has an Internal Capital Adequacy Assessment Process ("ICAAP") that sets internal capital targets consistent with its risk profile, business plans and operating environment.

The ICAAP is the primary process used by Citibank Canada for the assessment of capital levels in both normal and stressed operating conditions, taking into account internal and external factors and material risks that may impact Citibank Canada's capital levels, as well as management's determination as to capital adequacy.

The Bank's ICAAP framework is based on quantitative capital goals to ensure that it has sufficient capital to meet its strategic goals and all stakeholders are adequately protected from stress events. These goals include:

1. Capital Strength: Quantitative Capital Goals

- *Base Case Capital:* Maintain actual and forecasted capital levels above fully phased-in Basel III internal targets.
- *Stressed Case Capital:* Maintain projected capital ratios, under stress scenarios, above fully phased-in Basel III internal capital thresholds (as defined in the ICAAP process).
- *Liquidity:* Maintain actual and forecasted base liquidity levels above internal thresholds, defined as
    - i) Resolution Liquidity Adequacy & Positioning ("RLAP") Ratio / Severe Market Disruption Stress Scenario,
    - ii) Liquidity Coverage Ratio ("LCR"), and
    - iii) Liquidity Scenario 2 / Severe Market Disruption ("S2").

Market Risk, Operational Risk, Liquidity Risk, Credit Risk and Pillar 2 risks are the risk elements included in the Bank's ICAAP framework.

Quantitative disclosures

The following summarizes the Bank's Pillar 1 RWA, Exposure, Capital ratios and Leverage ratio as at December 31 (in Thousands):

	2025	2024
Credit risk (Standardized Approach)		
Corporate	1,023,181	799,716
Bank and Security Firms	222,721	260,596
Trading	71,241	92,236
Retail	-	-
Real Estate	573,857	614,484
Other	70,521	91,227
Sub-total Credit risk	1,961,521	1,858,259
Market risk (FRTB Approach)	55,010	53,354
Operational risk (Simplified Standardized Approach)	707,175	539,488
Total RWA	**2,723,706**	**2,451,100**
Total Exposure	**7,203,014**	**5,478,351**
CET1 Capital ratio	**27.70%**	**27.37%**
Tier 1 Capital ratio	**27.70%**	**27.37%**
Total Capital ratio	**28.48%**	**27.76%**
Total Leverage ratio	**10.47%**	**12.24%**

4. Credit Risk – General Disclosures for all Banks

Qualitative disclosures

Credit risk is the risk of loss resulting from the decline in credit quality or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.

Credit risk arises in many of the Bank's business activities, including:
- Corporate lending;

- Private Bank lending; and
- Securities financing transactions (repurchase and reverse repurchase agreements, securities loaned and borrowed).

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

Management of credit risk
Credit risk is one of the most significant risks Citibank Canada faces as an institution. As a result, the Bank has a well-established framework in place for managing credit risk across all businesses. This includes a defined risk appetite, credit limits and credit policies. The Bank's credit risk management also includes processes and policies with respect to problem recognition, including "watch lists", portfolio review, updated risk ratings and classification triggers. With respect to the Bank's settlement and clearing activities, to the extent a problem develops, Citibank Canada typically moves the client to a secured (collateralized) operating model. Generally, the Bank's intra-day settlement and clearing lines are uncommitted and cancellable at any time. To manage concentration of risk within credit risk, Citibank Canada has in place a concentration management framework consisting of industry limits.

The maintenance of accurate and consistent risk ratings across the credit portfolio facilitates the comparison of credit exposure across all lines of business and products. Counterparty risk ratings reflect an estimated probability of default for a counterparty and are derived primarily using validated statistical models, scorecard models and external agency ratings (under defined circumstances), in combination with consideration of factors specific to the obligor or market, such as management experience, competitive position, regulatory environment and commodity prices. Facility risk ratings are assigned that reflect the probability of default of the obligor and factors that affect the loss-given-default of the facility, such as support or collateral. Internal obligor ratings that generally correspond to BBB and above are considered investment grade, while those below are considered non-investment grade.

Origination, underwriting, due diligence, and credit approval ensures appropriate credit, legal, compliance, and financial due diligence commensurate with the size, complexity, and risk of the transaction. Extensions of credit to individual relationships are subject to approvals, limits, and monitoring procedures. All extensions of credit require approval by two eligible approvers, one from first line of defense and one from second line of defense. The approval authority and thresholds must be in line with risk appetite, concentration risk, and exposure metrics.

Citi uses a three Lines of Defense model as a key component to manage its risks. The Lines of Defense model brings together risk taking, risk oversight, and risk assurance under one umbrella. It also provides an avenue for risk accountability of those units that create risk ("First Line of Defense"), a construct for effective challenge by Independent Risk Management ("IRM") / Independent Compliance Risk Management ("ICRM") ("Second Line of Defense") and empowers independent risk assurance by Internal Audit ("Third Line of Defense"). Additionally, Citi has Enterprise Support Functions. The first, second and third lines of defense, along with enterprise support functions, have distinct roles and responsibilities and are empowered to perform their relevant risk management processes and responsibilities as outlined in the Enterprise Risk Management Framework ("ERMF") and supporting suite of policy documents in order to manage Bank's risks in a consistent and effective manner.

The Board of Directors (the "Board") supervises the management of the business and affairs of Citibank Canada. It oversees the Bank's risk profile and processes to identify, measure, monitor and control the Bank's principal risks. The Citibank Canada portfolio is reviewed at least quarterly with the Board. The internal management committee such as Canada Country Coordinating Committee ("Canada CCC") governs and oversees management of the different risk categories and makes decisions regarding actions necessary to manage risk profiles against the defined risk appetite.

Expected credit loss impairment model per IFRS 9 impairment standard

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The Bank considers evidence of impairment for loans at both an individual asset and collective level. All individually significant loans are assessed for specific impairment. All individually significant loans found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans that are not individually significant are collectively assessed for impairment by grouping together loans with similar risk characteristics.

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Credit loss allowances are measured on each reporting date according to a 3-Stage expected credit loss impairment model under which each financial asset is classified in one of the stages below:

- Stage 1 - assets do not have significant credit deterioration compared with that at the initial recognition and for such records, the entity records a loss allowance equal to 12-month ECL,
- Stage 2 - credit exposures that have experienced a significant increase in credit risk since initial recognition, for which the entity records a loss allowance equal to lifetime expected credit losses.
- Stage 3 - impaired credit exposures on the balance sheet date, for which entity records a loss allowance equal to lifetime expected credit losses.

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

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

Loans are written off when there is no realistic probability of recovery.

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

The measurement of an ECL is primarily determined by an assessment of the financial asset's Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") where the cash shortfalls are discounted to the reporting date.

Quantitative disclosures

The following table represents the Bank's total gross credit risk exposures on balance sheet measured as the amount outstanding as at December 31 (in Thousands):

	2025		2024	
	Outstanding amount	Year to date average	Outstanding amount	Year to date average
Cash resources	107,022	153,362	102,055	168,916
Securities	2,347,802	1,980,816	1,338,273	1,501,900
Loans, net of allowance for credit losses	1,633,550	1,557,503	1,470,556	1,471,273
Securities purchased under resale agreements and securities borrowed	2,219,063	1,288,584	1,509,280	1,720,702
Derivative financial instruments	109,793	121,197	152,795	134,708
Other assets	125,464	220,077	104,189	372,566
Total	**6,542,694**	**5,321,539**	**4,677,148**	**5,370,065**

The following table represents the distribution of the Bank's cash resources, securities, loans and customers' liability under acceptances which can be allocated for external counterparties by geographic segment on the basis of ultimate risk as at December 31 (in Thousands):

	2025	2024
Canada	6,172,531	4,399,214
Other countries	134,906	20,950
Total	**6,307,437**	**4,420,164**

The following table represents the breakdown of the Bank's cash resources, securities, loans and other assets based on the remaining contractual maturity as at December 31 (in Thousands):

	2025				2024		
	Within 1 Year*	1 to 5 Years	Over 5 Years	Total	Citibank Canada	Custody Business	Net TOTAL
ASSETS							
Cash resources	107,022	-	-	107,022	102,055	-	102,055
Securities-FVTPL	950,607	549,236	111,549	1,611,392	703,066	-	703,066
Securities-FVOCI	229,704	506,706	-	736,410	635,207	-	635,207
Loans	876,268	757,282	-	1,633,550	1,470,556	2,508	1,468,048
Securities purchased under resale agreements and securities borrowed	2,219,063	-	-	2,219,063	1,509,280	-	1,509,280

Other assets	114,675	8,799	1,990	125,464	104,189	4,384	99,805
	4,497,339	**1,822,023**	**113,539**	**6,432,901**	**4,524,353**	**6,892**	**4,517,461**

* For the purpose of this table, items with no specific maturity have been classified in the Within 1 Year tenor.

The following table represents the analysis of the Bank's current replacement cost of the Bank's derivative portfolio by geographic segment, before the impact of master netting agreements, on the basis of ultimate risk, as at December 31 (in Thousands):

	2025	2024
Canada	38,743	56,487
United States	67,915	93,791
Other countries	3,135	2,518
Total	**109,793**	**152,796**

The following table represents the distribution of the Bank's current replacement cost by counterparty type as at December 31 (in Thousands):

	2025	2024
Financial institutions	73,491	99,338
Governments	3,512	4,715
Other counterparties	32,790	48,743
Total	**109,793**	**152,796**

The following table represents the distribution of the Bank's securities portfolio by type as at December 31 (in Thousands):

	2025	2024
FVTPL Securities		
Securities issued/ guaranteed by:		
- Canadian Federal Government	1,502,213	600,576
Equity securities	109,079	102,490
	1,611,392	**703,066**
FVOCI Securities		
Securities issued/guaranteed by:		
- Canadian Federal Government	736,410	635,207
	736,410	**635,207**
Total	**2,347,802**	**1,338,273**

The following table represents the distribution of the Bank's gross loan portfolio by category and location of ultimate risk as at December 31 (in Thousands):

	2025	2024
Canada		
Business loans:		
Governments and Financial Institutions	299,221	249,833
Real Estate	47,435	74,098
Other	529,836	405,720
Mortgage loans:		
Residential	-	-
Non-Residential	749,042	711,084
Consumer	4,804	32,676
	1,630,338	**1,473,411**
Other countries		
United States	24,298	5,842
Other Countries	-	-
	24,298	**5,842**
Less: allowance for credit losses	21,086	8,697
Total	1,633,550	**1,470,556**
Custody Business*	**N/A**	**2,508**
Net Balance	**1,633,550**	**1,468,048**

None of the Bank's loan exposures are impaired or in arrears as at December 31, 2025, or as at December 31, 2024.

***Custody Business:** On September 4, 2024, the Board of Directors of the Bank committed to a plan to sell the Custody Business to Citibank National Association, Canada Branch, a related party. The Custody Business provides securities settlement, clearing, custody and asset servicing to institutional clients. It does not perform trade execution or take proprietary securities positions. The Custody Business is part of a global network of branches and subsidiaries of Citibank, N.A that provide direct custody and clearing services.

On June 1, 2025, with regulatory approval, net assets of the Custody Business were sold to Citibank National Association, Canada Branch. No shares were transferred as part of this transaction. The carrying value of the assets and liabilities of the Custody Business as at June 1, 2025 are listed below.

Assets	
Loans (overdrafts)	2,612
Other	2,671
Total Assets	**5,283**
Liabilities	
Deposit liabilities	237,799
Accrued interest on deposit liabilities	601
Other liabilities	187
Total Liabilities	**238,587**
Net Assets	**(233,304)**

The following table summarizes the Bank's changes in allowance for credit losses for 2025 and 2024 (in Thousands):

	2025				2024
Credit Classification	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**TOTAL**
Loans					
Balance as at Jan 1, 2025	4,761	3,936	-	8,697	6,057
Transfer to Stage 1	446	(446)	-	-	-
Transfer to Stage 2	(308)	308	-	-	-
Transfer to Stage 3	(175)	-	175	-	-
Net Re-measurement of loss allowance	444	1,438	8,814	10,696	2,306
Originations	2,783	-	-	2,783	906
De-recognitions and maturities	(686)	(402)	-	(1,088)	(572)
Total Provision for Credit Loss	7,265	4,834	8,989	21,088	8,697
Write-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
	7,265	**4,834**	**8,989**	**21,088**	**8,697**
Debt Securities					
Balance as at Jan 1, 2025	106	-	-	106	62
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net Re-measurement of loss allowance	79	-	-	79	44
Originations	-	-	-	-	-
De-recognitions and maturities	-	-	-	-	-
Total Provision for Credit Loss	185	-	-	185	106
Write-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
	185	**-**	**-**	**185**	**106**
Other Assets					
Balance as at Jan 1, 2025	730	-	-	730	201
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net Re-measurement of loss allowance	(578)	-	-	(578)	529
Originations	-	-	-	-	-
De-recognitions and maturities	-	-	-	-	-
Total Provision for Credit Loss	152	-	-	152	730
Write-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
	152	**-**	**-**	**152**	**730**
Other Credit Instruments					
Balance as at Jan 1, 2025		-	-	255	48
Transfer to Stage 1	255	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net Re-measurement of loss allowance	-	-	-	2,911	207
Originations	2,911	-		-	-
De-recognitions and maturities	(20)	-	-	(20)	-
Total Provision for Credit Loss	3,146	-	-	3,146	255
Write-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
	3,146	**-**	**-**	**3,146**	**255**
TOTAL	**10,748**	**4,834**	**8,989**	**24,571**	**9,788**

The allowance consists of amounts relating to Corporate Bank and Private Bank credit portfolios and an unallocated portion.

The following table summarizes the exposure (in millions) for the Corporate Bank credit portfolio by industry:

	2025	2024
Food, Beverage and Tobacco	249	296
Chemicals	2	2
Consumer Durables, Retailing and Apparel	219	52
Building Products and Related	9	16
Capital Goods	13	8
Paper Forest Products & Packaging	10	12
Logistics	6	1
Other	5	5
Total	**514**	**393**

The following table summarizes exposure (in millions) for the Private Bank credit portfolio by program:

	2025	2024
Commercial Real Estate	863	765
Margin Lending	107	178
Unsecured	21	21
Aircraft Finance	92	91
Residential Real Estate	0	0
Other	58	30
Total	**1,141**	**1,087**

5. Credit Risk – Disclosures for Portfolios subject to the Standardized Approach and Supervisory Risk Weights in the IRB Approaches

The Bank is using the *Full Standardized Approach*. This approach incorporates information from External Credit Assessment Institutions ("ECAI") for claims on sovereign, Canadian provincial governments, eligible agents of the Canadian federal and provincial government, and corporate exposures. For exposures to banks (and eligible securities firms), the information from ECAI is used in applying the appropriate risk weightings. Such information relates to the credit assessment of the sovereign in the bank's country of incorporation. The Bank predominately uses Standard and Poor's ("S&P") for the information required for this approach.

The following table summarizes the Bank's net credit risk exposure in each risk bucket as at December 31 (in Thousands):

Risk bucket	2025	2024
250%	0	0
150%	1,529	6,861
100%	799,205	559,319
90%	367,949	385,431
85%	296,918	314,025
75%	39,396	61,538
70%	346,719	382,280
50%	11,967	15,222
30%	756,566	845,234
20%	2,223,394	1,554,042
0%	251,056	301,311
Total	**5,094,699**	**4,425,263**

6. Credit Risk Mitigation

Qualitative disclosures

As part of its overall risk management activities, Citibank Canada utilizes collateral, guarantees and netting of derivative exposures to mitigate its credit risk.

Derivative transactions are customarily documented under industry standard master 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 amount due to be paid to, or by, the defaulting party.

In the normal course of business, the Bank receives collateral on certain capital markets transactions to reduce its exposure to counterparty credit risk. The Bank is normally permitted to sell or re-pledge the collateral it receives subject to the obligation to return at the end of the agreements, under terms that are usual and customary to standard derivative, securities borrowing and reverse repurchase agreements.

For collateral used to offset capital markets transactions, the Bank follows the Global Collateral Management Policy in conjunction with the CCR Collateral Management Procedure. The policy describes the rules around margin pledged or transferred as a legally recognizable risk mitigant and requires that all margined derivatives must be covered by an International Swaps and Derivatives Association Master Agreement, Credit Support Annex ("CSA"), or equivalent Master Agreements, if required by local laws.

The Bank holds collateral against loans in the form of mortgage interests over property, other registered securities over assets, and guarantees. Generally, the collateral is reviewed at least annually, and upon any downgrade in classification of a secured facility to Pass Watch-list or worse.

For collateral held against loans, the Bank follows the Global Collateral Management Policy in conjunction with the WCR Collateral Management Standard. This policy describes the qualifying collateral pledged to support Banking Book risk exposures, collateral valuation procedures, reporting processes and controls.

Valuation processes for cash and marketable securities differ than for physical assets. The monitoring of cash and marketable securities is typically more frequent than physical assets and may be based on product, geography and/or volatility of the security.

The Private Bank credit portfolio receives substantial guarantees against its exposures. These guarantees are primarily in the form of personal guarantees, guarantees from individuals controlling the obligor, and guarantees from entities affiliated with the obligor.

The Bank generally receives fewer guarantees against its Corporate Bank credit and OTC derivatives portfolios. The guarantors primarily consist of parent entities or affiliates of the obligor.

Quantitative disclosures

The potential reduction in current replacement cost under master netting agreements with third party customers and with related parties was $NIL (2024 - $NIL) and $62 million (2024 - $92 million), respectively. On a risk-weighted basis, the netting benefit with third party customers and with related parties was $20 million (2024 - $40 million) and $33 million (2024 – $28 million), respectively.

As at December 31, 2025, the Bank holds $20.6 million (2024 - $15.8 million) of collateral, consisting of cash for its derivatives portfolio. Of the total collateral held, $Nil million (2024- $Nil million) is from third party customers, and $20.6 million (2024 - $15.8 million) is from related parties.

As at December 31, 2025, the Bank holds $2,219 million (2024 - $1,509 million) of collateral against its securities purchased under resale agreements.

Following table summarizes the Corporate Bank credit portfolio exposure as at December 31 for which unconditional guarantees have been received (in Thousands):

	2025	2024
Direct Exposure	26,291	38,976
Contingent Exposure	44,421	1,772
Pre-settlement Exposure	57,514	80,723
Unused Commitment Exposure	3,621	1,550
Total	**131,847**	**123,021**

Following table summarizes the Private Bank credit portfolio exposure as at December 31 for which third party guarantees have been received (in Thousands):

	2025	2024
Direct Exposure	499,265	622,269
Contingent Exposure	-	-
Pre-settlement Exposure	-	-
Unused Committed Exposure	37,500	8,918
Total	**536,765**	**631,187**

7. General Disclosures for Exposures Related to Counterparty Credit Risk

Qualitative disclosures

In-scope CCR measurements are used for internal risk management purposes, enabling Citi to conduct CCR monitoring and management.

Potential Future Exposure (PFE) must be calculated as the 95th percentile of the distribution of the simulated CCR exposure paths extending to the maturity of the longest transaction, or a set of transactions, before settlement with the counterparty. PFE calculation frequency is daily to satisfy end-of-day monitoring and risk management.

Pre-Settlement Loan Equivalent (PSLE) must be derived from the exposure profile generated during the PFE calculation process. PSLE is calculated as the average of positive CCR exposure paths, extending to the maturity of the longest transaction, or a set of transactions, before settlement with the counterparty.

Credit Valuation Adjustment
The Bank, pursuant to accounting guidance, incorporates a bilateral credit value adjustment in its accounting of counterparty risk. Refer to Market Risk section below for further details on CVA.

Wrong-Way Risk
The Bank adheres to a Counterparty Credit Risk Measurements and Management Standard, which sets guidelines for the identification, approvals, reporting and mitigation of Wrong-Way Risk.

Collateral requirement due to Credit rating downgrade
As at December 31, 2025, the maximum potential amount the Bank could be required to pay counterparties was $642,479 (2024 - $771,910).

Counterparty Credit Risk Capital
For purposes of calculating regulatory capital for counterparty credit risk for derivatives, in accordance with the OSFI's Capital Adequacy Requirements (CAR), the Bank uses Standardized Approach for Counterparty Credit (SA-CCR). This method assigns each transaction a regulatory stipulated exposure mased on mark-to-market value and a measure of potential future exposure.

CVA is applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using appropriate interest rate curves. Given that not all counterparties have the same credit risk as that implied by the relevant interest rate curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citigroup's own credit risk in the valuation.

Quantitative disclosures

The following table summarizes the Bank's Current Replacement Cost ("CRC") and Credit

Equivalent Amounts ("CEA") of its derivatives portfolio as at December 31 (in Thousands):

	2025		2024	
	CRC	CEA	CRC	CEA
Interest rate contracts	19,225	31,420	37,512	44,485
Foreign exchange contracts	44,467	63,269	73,782	94,283
Equity, credit and commodity contracts	46,101	8,205	41,502	15,232
Total	**109,793**	**102,894**	**152,796**	**154,000**

The potential reduction in current replacement cost under master netting agreements with third party customers and with related parties was $NIL (2024 - $NIL million) and $62 million (2024 - $92 million), respectively. On a risk-weighted basis, the netting benefit with third party customers and with related parties was $20 million (2024 - $40 million) and $33 million (2024 – $28 million), respectively.

8. Securitization

The Bank neither securitizes its own assets nor sponsors any securitization programs.

However, as at December 31, 2025, the Bank held a trading portfolio of FVOCI securities issued by Canada Housing Trust (guaranteed by the Government of Canada) in its banking book with a fair value of $432 million (2024 - $388 million). The Canada Housing Trust securities were risk weighted at 0%.

9. Liquidity Risk

Qualitative disclosures

Liquidity Risk is the risk that the Bank will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or financial conditions of the Bank. The risk may be exacerbated by the inability of the Bank to access funding sources or monetize assets and the composition of liability funding and liquid assets.

Management of liquidity risk

Adequate and diverse sources of funding and liquidity are essential to the Bank's businesses. Funding and liquidity risks arise from several factors, many of which are mostly or entirely outside the Bank's control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in the Bank's credit ratings and geopolitical and macroeconomic conditions.

Citibank Canada's funding and liquidity objectives are aimed at
(i) funding its existing asset base;
(ii) growing its core businesses;
(iii) maintaining sufficient liquidity, structured appropriately, so that the Bank can operate under a variety of adverse circumstances, including potential Bank-specific and/or market liquidity events in varying durations and severity; and
(iv) satisfying regulatory requirements.

The Bank'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, even in times of stress to meet its payment obligations as they come due.

The Bank works to ensure that the tenor of its funding sources is of sufficient term in relation to the tenor of its asset base. The goal of the Bank's asset/liability management is to ensure that there is excess liquidity and tenor in the liability structure relative to the liquidity profile of the assets. This reduces the risk that liabilities will become due before assets mature or are monetized. This excess liquidity is held primarily in the form of High-Quality Liquid Assets ("HQLA").

The Bank's liquidity is managed by Citibank Canada Treasury ("Treasury department") with independent oversight provided by Independent Risk Management. The CEO chairs Citibank Canada's Country Coordination Committee ("CCC"), which includes the Bank's Treasurer, CRO, CFO and other senior executives. CCC sets the strategy of the liquidity portfolio and monitors its performance. Significant changes to portfolio asset allocations need to be approved by CCC.

Stress testing and scenario analysis are intended to quantify the potential impact of a liquidity event on the balance sheet and liquidity position, and to identify viable funding alternatives that can be utilized. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings) and potential uses of funding. These conditions include expected and stressed market conditions.

Liquidity stress tests are conducted to ascertain potential mismatches between liquidity sources and uses over a variety of time horizons and over different stressed conditions. Liquidity limits are set accordingly. To monitor the liquidity of the Bank, these stress tests and potential mismatches are calculated with varying frequencies, with tests performed daily.

Given the range of potential stresses, the Bank maintains a contingency funding plan. This plan specifies a wide range of readily available actions for a variety of adverse market conditions or idiosyncratic stress.

Daily stressed cash flows are produced daily based on the internal liquidity stress scenario (ILST). Liquidity ratios and concentration exposures are used to measure and monitor the structural liquidity of the balance sheet and concentration of funding.

Liquidity market triggers are internal and external indicators that may imply a change to market liquidity or the Bank's access to markets. The liquidity market triggers are monitored by the Treasury and are presented to CCC.

In addition to internal liquidity stress metrics that the Bank has developed for 30day and 1 year stress scenarios with a variety of short-term (Resolution Liquidity Adequacy and Positioning-30day) and protracted institution-specific and market-wide stress scenarios, individually and in combination (Term Liquidity Stress Testing-1Year) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with its established liquidity risk tolerance, the Bank also monitors its liquidity by reference to the Liquidity Coverage Ratio ("LCR") and Net Cumulative Cashflow ("NCCF"), as calculated pursuant to OSFI rules. Generally, the LCR is designed to ensure the Bank maintains an adequate level of HQLA to meet liquidity needs under an acute 30-day stress scenario and the survival horizon of the NCCF is 4 months.

Quantitative disclosures

As of December 31, 2025, the Bank's LCR is 186.91 % (2024 – 208.55%) which is well above the 100% requirement.

10. Market Risk – Disclosures for Banks using the FRTB Standardized Approach for Trading Portfolios

Qualitative disclosures

Market Risk is the earnings risk from changes in interest rates, foreign exchange rates, and equity and commodity prices, credit spread and in their implied volatilities.

Management of market risk

The Bank manages market risk through specific policies, which set out well-defined market risk responsibilities for business and corporate oversight groups, as well as limits and other processes to ensure that market risks remain well controlled. The Bank manages foreign exchange risk of non-trading assets and liabilities denominated in foreign currencies through hedging instruments such as FX swaps, FX spot and cross currency swaps.

Each business is required to establish, with approval from the Bank'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 the Bank's overall risk appetite. These limits are monitored by the Risk organization, Citibank Canada's Country Coordinating Committee and the Risk Committee of the Board of Directors. In all cases, the businesses are ultimately responsible for the market risks taken and for remaining within their defined limits.
In addition to the controls above, the risk management process is reviewed by Internal Audit on a periodic basis to ensure that market risk policies are being adhered to.

Market Risk of Trading Portfolios

The market risk of the Bank's trading portfolios is monitored using a combination of quantitative and qualitative measures, including, but not limited to:

- Factor Sensitivities
- FRTB SA Sensitivities
- Value at Risk (VaR); and
- Stress Testing.

Each trading portfolio across the Bank's businesses has its own market risk limit framework encompassing these measures and other controls, including trading mandates, permitted product lists and a new product approval process for complex products.

Market Risk Model and Reporting

Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of a Treasury bill for a one-basis-point change in interest rates. The Bank‘s independent market risk management ensures that factor sensitivities are calculated, monitored, and in most cases, limited, for all material risks taken in the trading portfolio.

FRTB SA sensitivities drive the market risk regulatory capital charge and mainly consist of SBM, DRC and RRAO components.

• Sensitivities-based Method (SBM) — a parametric market risk calculation based on standardized risk factor sensitivities and volatilities and correlations specified by the regulator.

• Default Risk Charge (DRC) — a jump-to-default measure for individual issuers based on standard netting rules to capture hedging effects.

• Residual Risk Add-On (RRAO) — an additional charge for non-vanilla instruments whose risk is not captured by either of the two metrics above

The bank also monitors the FRTB SA sensitivities daily vs the Basel 2.5 Factor sensitivities.

VaR estimates the potential decline in the value of a position or a portfolio under normal market conditions. Starting Jan 1 2024, VaR is not used as regulatory binding metric for computing market risk capital but the bank uses this metric for internal risk management and controls.

Stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements. It is performed on individual positions and trading portfolios, as well as in aggregate, inclusive of multiple trading portfolios. Independent market risk management uses the information to assess the ongoing appropriateness of exposure levels and limits.

Each trading portfolio has its own market risk limit framework encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

Utilization of VaR and Stress limits are reviewed daily by the CRO and regular summaries are presented to the Country Coordinating Committee and the Board Risk Committee.

Prudent Valuation Guidance

The Bank has established adequate systems and controls to ensure that its fair estimates are prudent and reliable. These also include independent price verification procedures which are distinct from daily mark-to-market to ensure market prices or model inputs are regularly verified for accuracy. Further, these procedures also include consideration of valuation adjustments/reserves, as appropriate. For assets and liabilities carried at fair value, the Bank measures such value using the procedures set out below.

- When available, the Bank uses quoted market prices to determine fair value and classify such items as Level 1. In some cases where a market price is not available, the Bank uses quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets to calculate fair value, in which case the items are classified as Level 2.

- If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates, option volatilities, etc. Items valued using such internally generated valuation techniques are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

- CVA is applied to OTC derivative instruments, in which the base valuation generally discounts expected cash flows using appropriate interest rate curves. Given that not all counterparties have the same credit risk as that implied by the relevant interest rate curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citigroup's own credit risk in the valuation.

The following methods and assumptions are used to estimate the fair values of on-balance sheet financial instruments:

- ***Trading and FVOCI Securities***
  When available, the Bank uses quoted market prices to determine the fair value of trading and FVOCI securities; such items are classified as Level 1 of the fair value hierarchy. Examples include certain government securities and exchange-traded equity securities. For other securities, the Bank generally determines fair value utilizing internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Securities priced using such methods are generally classified as Level 2.

- ***Derivative Assets and Liabilities***
  Exchange-traded derivatives are generally fair valued using quoted market (i.e. exchange) prices and so are classified as Level 1 of the fair value hierarchy.

  The majority of derivatives entered into by the Bank are executed OTC and so are valued using internal valuation techniques as no quoted market prices exist for such instruments. The valuation techniques and inputs 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, Black-Scholes and Monte Carlo simulation.

  The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign exchange rates, the spot price of the underlying volatility and correlation.

  A derivative contract is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable. Where appropriate, a valuation adjustment is made to cover counterparty credit risk, market liquidity and maintenance costs.

- ***Deposits***
  The Bank determines the fair value of structured liabilities (where a call option is embedded) and hybrid financial instruments (performance linked to risks other than interest rates, inflation or currency risks) using the appropriate derivative valuation methodology (described above, including independent broker quotes) based on the nature of the embedded risk profile. Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Stress Testing

Citibank Canada performs market risk stress testing on a regular basis to estimate the impact of extreme market movements. It is performed on trading portfolios, as well as in aggregate, inclusive of multiple trading portfolios. Citibank Canada's market risk management reviews the output of periodic stress testing exercises, and uses the information to assess the ongoing appropriateness of exposure levels and limits. Citibank Canada uses top-down systemic stress and bottom-up business-specific stresses. Systemic stresses are designed to quantify the potential impact of extreme market movements on an institution-wide basis, and are constructed using both historical periods of market stress and projections of adverse economic scenarios. Business-specific stresses are designed to probe the risks of particular portfolios and market segments, especially those risks that are not fully captured in VAR and systemic stresses.

The stress scenarios at Citibank Canada are used in several reports reviewed by senior management and also to calculate internal risk capital for trading market risk. In general, changes in market values are defined over a one-year horizon. For the most liquid positions and market factors, changes in market values are defined over a shorter three-month horizon. The limited set of market factors subject to the three-month time horizon are those that in management's judgment have historically remained very liquid during financial crises.

Market Risk Capital

Starting Q1 2024, as per OSFI's guidelines, Citibank Canada migrated to FRTB SA methodology and moved away from the previously used IMA approach (VaR/SVaR/RNIV).

Trading-Book Banking-Book and Internal Risk Transfer

The designations and re-assignments of positions into Trading Book/Banking Book are governed by CAR Chapter 9 guidelines and Citibank Canada's Trading Book Banking Book Standard. No re-assignments have been identified for the reporting period FY 2025.

There are no deviations from the presumptive list of trading book instruments.

The Internal Risk Transfer activity is limited to an Equity position, and its hedge effectiveness ratio is in the range of OSFI's prescribed guidance.

Capital Adequacy

Market Risk is a key part in the internal assessment of capital adequacy. The methodology and process for internal capital adequacy have been described earlier in the section on *Capital Adequacy.*

Quantitative disclosures

A summary of the FRTB SA Capital charges of the Bank's trading portfolios at December 31 is as follows:

(Thousands)	2025 FRTB SA Capital Charge	2024 FRTB SA Capital Charge
SBM	4,312	3,288
DRC	89	981
RRAO	0	0
Total	**4,401**	**4,269**

A summary of the VaR position of the Bank's trading portfolios as at December 31 and during the year is as follows:

(Thousands)	2025	2024
December 31	739.5	644.8
Maximum	1,145.3	6,262.2
Minimum	545.6	334.9
Average	778.4	798.6

The following summarizes the Stressed VaR position of the Bank's trading portfolios as at December 31 and during the year:

(Thousands)	2025	2024
December 31	1,696.3	1,064.0
Maximum	2,019.7	6,890.9
Minimum	533.0	913.5
Average	883.7	1.3

11. Operational Risk

Definition and Scope

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition of Operational Risk includes legal risk — which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of the bank to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the bank's business — but excludes strategic and reputation risks. Citibank Canada also recognizes the impact of Operational Risk on the reputation risk associated with Citibank Canada's business activities.

Operational Risk is inherent in Citibank Canada's business activities, as well as related support functions, and can result in losses.

The objective of Operational Risk Management (ORM) activities is to keep Operational Risk at appropriate levels relative to the characteristics of the Businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

ORM actively participates in various governance forums to ensure the Operational Risk Management Framework (ORMF) is fully embedded in Citibank Canada's day-to-day management activities and provides independent risk review and challenge.

Policies, Frameworks and Guidelines

Citi has an established Global Operational Risk Management Framework (ORMF) which is consistent with and aligns to the Enterprise Risk Management Framework (ERMF) and is complemented by the Legal Entity Risk Management Framework. The above-mentioned frameworks are made up of a hierarchy of policy documents that supports effective and efficient Operational Risk Management practices by setting the minimum requirements for consistent identification, measurement, monitoring, control, and reporting of Operational Risk across Citi.

Within the ORMF, common definitions and taxonomies are maintained and deployed to enable consistent application and categorization. Furthermore, the ORMF provides guidance on the governance structures, management committees, and the enabling of key roles that support effective management of Operational Risk.

Citibank Canada's operational risk appetite is governed by the Citibank Canada Risk Appetite Statement. Citi Canada maintains a moderate Operational Risk appetite, meaning that some adverse events will have a manageable impact on the bank's financial condition. This appetite is monitored through operational loss limits and supported by ongoing Risk and Control Assessments, Scenario Analysis, and management oversight through the Country Coordinating Committee.

Material Operational Risks

Operational Risk is composed of eleven underlying risks. Five of the eleven risks are considered Material in that they underpin Citi Canada's strategy and are particularly critical given the nature of Citi Canada's business and role in the industry. As the Material Risks are closely tied to Citi's strategy, they are not expected to change unless Citi's strategy changes.

The Material Risks are:

- Cyber Risk: Risk of unauthorized access, use, disclosure, disruption, modification, or destruction of information and/or information systems.
- Technology Risk: Risk of technology disruption due to inadequately developed and maintained technology or failures in systems/platforms.
- Processing Risk: Risk of untimely, inaccurate, or incomplete manually performed activities caused by deficiencies in the design of transaction processes, or their controls, or in their performance.
- Third Party Risk: Risk associated with Citi Canada's use of and reliance on third-party relationships across all businesses and functions (includes internal/inter-affiliate and external third parties). This is inclusive of service providers to this third party, which carry fourth or nth party risks to Citi Canada.
- Data Risk: Risk of detrimental impact to Citi's reputation as well as its operational or financial performance due to one or more Data Risks occurring across the data lifecycle (creation/collection, processing and storing, consumption and reporting, sharing/transferring, and retaining/disposing of data), including:
  - Inappropriate Retention or Disposal
  - Misuse of Data
  - Data Privacy Breach
  - Poor Data Quality

Structure and Organization of the Operational Risk Management and Control Function

Citibank Canada manages Operational Risk on a day-to-day basis through the Lines of Defense (LoD) approach, with the Board having ultimate oversight responsibility.

First Line of Defense (1LoD): The Front-Line Units and Front-Line Unit Activities own and manage the risks arising from the execution of their business activities. The 1LoD identifies the Operational Risks they are exposed to, including existing and emerging risks. The 1LoD also identifies Operational Risks that may result from new or amended products, or because of significant changes in organizational structures, systems, processes, and personnel.

Second Line of Defense (2LoD): Responsibility for oversight and challenge of the 1LoD risk management activities sits with the Second Line of Defense, through Independent Risk Management (IRM), led by the Chief Risk Officer (CRO), with support from the Operational Risk Management, Compliance, and other control functions. The 2LoD is responsible for overseeing and challenging the management of Operational Risk in Citibank Canada, proactively assisting businesses, operations, technology, and other functions in enhancing the effectiveness of controls and managing operational risks across products, business lines, and regions. The Compliance function provides independent oversight of regulatory and legal risk, ensuring adherence to applicable laws, regulations, and internal policies. Operational risks are also considered as new products and business activities are developed and processes are designed, modified, or sourced through alternative means."

Third Line of Defense (3LoD): The Citibank Canada Internal Audit function makes up the Third Line of Defense and provides independent and objective assurance that risk management, governance, and internal controls are functioning properly to help Citibank Canada achieve its objectives.

Board and Senior Management Oversight: The Citibank Canada Board or Country Coordinating Committee (CCC) reviews and approves the overall approach to Operational Risk Governance. The Board has ultimate responsibility for ensuring that there is an effective Operational Risk Management Framework in place and is responsible for approving the Citibank Canada strategy and articulating Citibank Canada's overall Risk Appetite for Operational Risk. These Committees are responsible for reviewing, challenging, and escalating key Operational Risk matters, ensuring alignment with Risk Appetite thresholds. The Chief Risk Officer (CRO) is the accountable executive for Operational Risk. Clear reporting and escalation paths are defined, ensuring accountability and timely communication of risk-related issues.

Operational Risk Measurement System
Citibank Canada utilizes a combination of quantitative and qualitative methodologies to measure Operational Risk.
Regulatory Capital Measurement: The Simplified Standardized Approach is used for computing the operational risk capital charge for the purposes of regulatory capital (Pillar 1).
Aggregate and Granular Risk Management Programs: The ORMF defines two distinct approaches:

- Aggregate Operational Risk Exposures are managed through effective Risk Identification and Risk Appetite programs, overseen by Enterprise Risk Management.
- Granular Operational Risk Exposures are managed through various Operational Risk programs, namely Risk and Control Assessments, Issue Management, Loss Capture, Lessons Learned, and Scenario Analysis.

Economic Capital Assessment (ECA): In addition to the Pillar 1 regulatory capital calculation, Citibank Canada assesses the adequacy of regulatory capital through the ICAAP process. This assessment considers elements of the Operational Risk profile including:

- Loss history — historical operational risk loss events
- Stress testing — output derived from a one-year 1-in-50 OR stress loss model.
- Forward-looking Operational Risk Scenario Analysis, including scenarios for material risks not represented by historical loss events (e.g., Cyber and Third-Party risks)
- Idiosyncratic event assessment — based on the most significant operational loss events in the recent five-year history.

Risk Appetite Compliance: During 2025, Citibank Canada was fully compliant with all its Operational Risk appetite metrics. The Citibank Canada Country Coordinating Committee monitors Operational Risks and trends on an ongoing basis, including review of regulatory and supervisory guidance, global best practices, and evolving organizational developments.

Reporting Framework on Operational Risk to Executive Management and the Board of Directors
Citibank Canada has a well-defined reporting framework to ensure that key Operational Risks are communicated to the Board of Directors and Senior Management on a regular basis.
Citibank Canada Risk Management monitors the Operational Risk profile on an ongoing basis and ensures that sufficiently detailed reports are provided to:

- The Citibank Canada Country Coordinating Committee (CCC), and
- The Citibank Canada Board Risk Management Committee

These reports detail how Citibank Canada is operating within agreed risk appetite limits and cover the following:

- The Operational Risk profile, including material risks.
- Significant operational risk events
- New and emerging risks
- Adherence to Risk Appetite thresholds

Risk Mitigation and Risk Transfer
Citibank Canada employs a variety of risk mitigation and risk transfer mechanisms to manage Operational Risk:
Mitigation by Policy and Framework: Citibank Canada's operational risk appetite and limits are governed by the Citibank Canada Risk Appetite Statement. The ORMF and its hierarchy of policy documents set the minimum requirements for consistent identification, measurement, monitoring, control, and reporting of Operational Risk.
Establishment of Controls: The ORM function, operating within the Second Line of Defense, proactively assists businesses, operations, technology, and other functions in enhancing the effectiveness of controls and managing operational risks. Risk and Control Assessments are conducted to identify key risks and assess the sufficiency of existing controls.
Risk Transfer — Insurance: In addition to the robust suite of Operational Risk processes outlined above, Citibank Canada also transfers exposure to some potential Operational Risk losses through appropriate insurance (e.g., building insurance for physical damage events). This insurance is not considered in capital adequacy assessments.
Capital Reserves: As a last resort, Citibank Canada's strong capital position allows it to absorb significant operational losses. Capital reserves form part of the expression of Citibank Canada's moderate risk appetite, alongside the effectiveness of key controls, realized losses, high-risk near misses, and risk scenarios.

Measurement and Basel III
The Simplified Standardized Approach is used for computing the operational risk for the purposes of regulatory capital.

12. Equities – Disclosure for Banking Book Positions

The Bank has no exposure to equity investments in the banking book as at December 31, 2025 and 2024.

13. Interest Rate Risk in the Banking Book

Qualitative disclosures

Interest rate risk from non-trading portfolios stems from the potential impact of changes in interest rates on Citibank Canada's net interest revenues and the changes in Accumulated Other Comprehensive Income (loss) ("AOCI") from its debt securities portfolio.

Net Interest Revenue at Risk

Net interest revenue, for interest rate exposure purposes, is the difference between the yield earned on the non-trading portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or company borrowings). Net interest revenue is affected by changes in the level of interest rates, as well as the amounts and mix of assets and liabilities, and the timing of contractual and assumed repricing of assets and liabilities to reflect market rates.

The Bank uses multiple metrics to measure its Banking Book interest rate risk. Interest Rate Exposure (IRE) is a key metric that analyzes the impact of a range of scenarios on Bank's Banking Book net interest income versus a base case. IRE does not represent a forecast of Bank's net interest income. The scenarios, methodologies and assumptions used in this analysis are periodically evaluated and enhanced in response to changes in the market environment, changes in Bank's balance sheet composition, enhancements in Bank's modeling and other factors.

To manage changes in interest rates effectively, the Bank may modify pricing on new customer loans and deposits, purchase fixed rate securities, enter into long/short term borrowings either fixed or floating or enter into derivative transactions that have the opposite risk exposures. Citibank Canada regularly assesses the viability of these and other strategies to reduce its interest rate risks and implements such strategies when it believes those actions are prudent.

The Bank manages interest rate risk as a consolidated company-wide position. The Bank's client-facing businesses create interest rate sensitive positions, including loans and deposits, as part of their ongoing activities. The Bank's Treasury (Canada Treasury) aggregates these risk positions and manages them centrally. Operating within established limits, Canada Treasury makes positioning decisions and uses tools, such as the Bank's investment securities portfolio, Long Term/Short Term borrowings and interest rate derivatives to target the desired risk profile.

Changes in Citibank Canada's interest rate risk position reflect the accumulated changes in all non-trading assets and liabilities, with potentially large and offsetting impacts, as well as Canada Treasury's positioning decisions.

The interest rate risks in the Bank's non-traded portfolios, estimated using a common set of standards that define, measure, and report the risk. Citibank Canada is required to establish a market risk framework that clearly defines risk profiles and is within the parameters of the Bank's overall risk appetite. In all cases, Canada Treasury is ultimately responsible for remaining within its defined limits. These limits are monitored by the CRO and the CCC on a monthly basis. All such limits are approved by the CRO, CCC and the Board. Citibank Canada employs additional measurements, including stress testing the impact of non-linear interest rate movements on the Net Interest Revenue.

Quantitative disclosures

The management of interest rate risk is based on monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 100-basis point parallel fall or rise in all yield curves worldwide. As at December 31,2025 a 100-basis point upward interest rate shift would increase net income slightly by approximately $0.9 million (2024– increase net income by $7.1 million) over the next twelve months, assuming management takes no action. A 100-basis point downward shift would result in a reduction in net income of approximately $1.2 million (2024 – reduction in net income by $8.0 million).

14. Remuneration

Introduction

The remuneration section of this disclosure is prepared at the Citibank Canada ("Bank") level and applies to all business lines within the Bank.

Governance

Global Remuneration Committee

The Compensation, Performance Management and Culture Committee ("CPC Committee") is a duly constituted committee of the Board of Directors of Citigroup Inc. ("Citi" or "the firm"), which oversees Citi's global remuneration policies and practices. Its terms of reference are documented in the CPC Committee Charter, available online at:

https://www.citigroup.com/rcs/citigpa/storage/public/compensation-performance-management-and-culture-committee-charter.pdf

The CPC Committee members are all Independent Non-Executive Directors who are selected and appointed based on their background in business generally, and in remuneration, corporate governance and/or regulatory matters specifically. The CPC Committee draws on considerable experience of the Non-Executive Directors of the Board of Citigroup Inc. and is empowered to draw upon internal and external expertise and advice as it determines appropriate. The CPC Committee also seeks advice from an independent compensation consultant who is currently FW Cook for executive compensation aspects.

The CPC Committee annually reviews the compensation structures for senior executives of Citi and a number of highly compensated and/or regulated individuals, in accordance with guidelines established by the CPC Committee. It provides oversight of the design and structure of incentive programs globally in the context of risk management.

Citibank Canada Board

The Bank's Board of Directors oversees the Bank's human capital strategy, including talent strategy, succession planning and total awards. In carrying out this responsibility, the Board will consider alignment with the Bank's strategic plan and adherence to the Bank's risk appetite statement and system of internal control.

The Board will review and approve

(a) the succession planning, selection and appointment, annual performance, objectives, and compensation of the CEO, senior management and heads of oversight functions; and
(b) the removal or replacement of the CEO, if appropriate, which will exclude the member who is the CEO.

In carrying out these responsibilities, at least annually, the Board will review and monitor the progress of the CEO, senior management and heads of oversight functions against their performance objectives based on reports and recommendations of the Conduct Review and Governance Committee.

Citi's Compensation Philosophy

Employee compensation is a critical tool for Citi to attract and retain top talent and successfully execute our corporate goals. Citi's compensation programs are designed to appropriately balance the incentives offered to employees who take risk to achieve financial and competitive performance objectives and the need to prudently manage those risks along with other imperatives.

The Citi Compensation Philosophy was developed and approved by the CPC Committee in consultation with management, independent consultants and Citi's senior risk officers, HR and the relevant functions.

The Company's Compensation Philosophy is consistent with Citi's Compensation Philosophy which is available online at:

https://www.citigroup.com/rcs/citigpa/storage/public/comp_philo.pdf

The Compensation Philosophy outlines Citi's Principal Compensation Objectives, which are:

- Incentivize conduct that aligns with shareholder and other stakeholder interests;
- Reinforce a business culture based on accountability, achieving excellence and maintaining the highest ethical and control standards through Citi's Leadership Principles;

- Encourage prudent individual and group decision-making in regard to risk consistent with applicable regulatory guidance and Citi's Mission and Value Proposition Statement;
- Function as a tool to attract and retain the best talent and to reward talent for engaging in appropriate behaviors that support Citi's corporate goals;
- Encourage behaviors that are in the best interests of our customers, shareholders and the goals of the organization; and
- Align pay with achievement of important risk and control, regulatory, strategic and financial-based objectives.

Citi's Compensation Philosophy was reviewed by the CPC in Q1 2025 and there were no material changes made.

Senior Management and Other Material Risk Takers

Citibank Canada's senior management personnel include its Chief Executive Officer, heads of functions (Chief Financial Officer, Treasurer, General Counsel, Chief Compliance Officer, Chief Risk Officer, Chief Internal Auditor, Head of Human Resources, Head of Communications) and business heads who lead the Bank's services, markets, banking and wealth businesses.

In accordance with remuneration regulatory requirements, an ongoing exercise is undertaken to identify those employees whose professional activities have a material impact on the risk profile of Citi. In general, such employees may be subject to further obligations under relevant remuneration regulations. For US regulatory purposes, such employees are designated "Covered Employees".

Covered Employees are identified at a global level in accordance with the Interagency Guidance on "Sound Incentive Compensation Policies" issued by US regulators. Citi has developed a systematic framework for identifying employees who are Covered Employees across its businesses globally, based on a structural identification of the roles in managing key financial (including revenue and risk capital metrics) and non-financial risks (e.g., franchise risk). This category of staff is included under "Other Material Risk Takers" in the quantitative data tables supplementing this Remuneration Statement.

Design and Structure of Remuneration

Fixed Remuneration

Fixed remuneration is set appropriately to attract, retain and motivate employees in line with market practices. Fixed remuneration primarily reflects an employee's professional experience and organisational responsibilities as set out in the employee's job description and terms of employment and includes salary and pension and benefits that are offered to employees as part of an overall reward package.

Variable compensation

Citi operates a flexible remuneration policy, in which variable remuneration is discretionary, subject to individual, business and firm performance, and can be reduced to zero, where permitted by law.

Citi's Discretionary Incentive and Retention Award Plan ("DIRAP") is the scheme under which employes globally are awarded annual bonuses. It is designed to incentivize, reward and retain employees based on their performance and contribution.

Deferrals

At Citi, variable remuneration is typically awarded in cash and Citi shares or share-lined instruments and is subject to mandatory deferral periods where the individual's total annual variable compensation exceeds globally set thresholds. Citi believes that awarding equity and deferred awards is an effective means of aligning employee interests with those of shareholders and other stakeholders.

In Canada, deferred awards are provided in the form of Deferred Cash Stock Units which are pro-rated over 3 years.

The remaining (non-deferred) portion of variable remuneration is delivered in immediate cash.

Ex-Post Adjustments

Deferred awards have ex-post adjustment mechanisms that may result in the cancellation of all or part of unpaid amounts. These conditions ensure an appropriate balance for risk and align the actual pay-out to employees with business performance, and include (bru are not limited to): conditions, under which any unvested portions may be reduced or cancelled if it is determined that the participant:

- received the award based on materially inaccurate publicly reported financial statements; or
- knowingly provided materially inaccurate information relating to publicly reported financial statements; or
- engaged in gross misconduct.

Material Adverse Outcome / Violation of Any Material Risk Limit Condition

For Covered Employees, the full deferral can be cancelled if it is determined that the participant has had significant responsibility for a Material Adverse Outcome (MAO) or Violation of any Material Risk Limits (MVRL). A MAO means any Incident that results in Material Harm to Citi. A MVRL means that the participant materially violated any material risk limits established or revised by senior management and/or risk management. Significant responsibility means that the participant engaged in conduct, or was responsible for conduct, which resulted in an Incident which was determined to be a MAO or is accountable for the event under the Global Disciplinary Review Policy. A portion of the deferred equity award will be cancelled if it is determined that the participant has had a Significant Responsibility for a Significant Loss to Citi.

Clawback

If Citigroup determines within three years that a condition for an award settlement was not met, the bank can clawback the distributed portion of the award, along with any cash payments, before any tax or other deduction.

Other Key Remuneration Policies

Stockholding Requirements

Awards to certain senior executives are subject to stock ownership commitments, further aligning the executives' interests with those of stockholders and other stakeholders. In addition, vesting of deferred awards does not accelerate upon termination of employment except in the case of death. This ensures executives' interests remain aligned with those of shareholders even after termination of employment.

Link between pay and performance

Remuneration is determined by a combination of factors which include firm, business and individual performance / contribution. Individual performance ratings reflect both 'What' outcomes have been achieved and 'How' they were achieved. Performance ratings then guide bonus decision-making.

Capital and Liquidity Planning

To ensure that awards, pay out and vesting of variable remuneration is not detrimental to maintaining a sound capital base, the financial soundness and liquidity is considered in advance of the year end remuneration cycle.

Citigroup employs a comprehensive set of performance metrics to evaluate its bank-wide performance and that of its various business lines. Financial measures include but are not limited to Return on Tangible Common Equity (RoTCE), Tangible Book Value per Share, Net Income and earnings per share. Other measures include but are not limited to operating efficiency ratios, expense ratios, liquidity ratios, regulatory and strategic goals achievements.

Determination of global bonus pools

Citi's bonus pools are determined at a global level. The process for determining incentive compensation pools includes the consideration of risk-balanced performance metrics, thereby limiting incentives for employees to take imprudent risks.

Citi's incentive compensation program is a discretionary program. The level of any bonus pool is based on various quantitative and qualitative factors and discretionary considerations, including performance against key risks (including conduct risk, operational risk, etc.) and control objectives.

Allocations of pools among individual employees also take into account risk, based on performance ratings in the Risk and Control Pillar of our Performance Management Framework ("PM Framework").

Individual Performance

Citi's various performance and accountability processes align Citi's remuneration practices with overall strategy, objectives, values and long-term interests. They reinforce achievement of goals and expected behaviour to ensure appropriate accountability, performance and compensation outcomes.

One of Citi's compensation principles is to "compensate employees based on the achievement of goals, embodiment of Citi's Leadership Principles, and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions.".

The PM Framework is applicable to all Citi employees globally and the structure leverages four overarching pillars (Leadership, Risk & Control, Financial Performance[1], and Client & Franchise Outcomes). Employees set performance goals for the performance year against the three performance pillars of Risk & Control, Financial Performance and Client & Franchise Outcomes. The Leadership pillar aligns an employee's individual performance with Citi's culture and strategic objectives and is assessed via Citi Leadership Principles.

Employee performance is evaluated on a four-point scale at year end by a manager assessment. Evaluation ratings generated through this PM Framework will be used for employee compensation determinations.

Pillar ratings are converted to two performance ratings: a "How" rating (composed solely by the Leadership performance pillar evaluation) and a "What" rating (auto-calculated based on the combined ratings of the applicable sub-pillars). The two performance ratings ("How", "What") carry equal weight, however there is no overall combined rating.

Citi Leadership Principles, against which employee performance is assessed, represent the qualities, behaviours and expectations that Citi employees must exhibit to deliver on Citi's mission of enabling growth and economic progress, and they will contribute to creating a culture that drives client excellence, controls excellence and operational excellence.

The Leadership Principles are outlined below:

We Take Ownership	**We challenge one another to a higher standard in everything we do** • Greet change with optimism, curiosity and resilience. • Speak up with candour and welcomes challenge from others. • Learn from experience, adapts and improves. • Prioritize the greater good when contributing to and honouring group decisions.
We Deliver with Pride	**We strive for client excellence, controls excellence and operational excellence** • Simplify, standardize and clarify work. • Hold yourself and others accountable for managing risk with appropriate controls. • Create long-term value by fixing root causes. • Take pride in always doing the right thing.
We Succeed Together	**We value and learn from different perspectives to surpass stakeholder expectations** • Break down barriers to deliver the best of Citi. • Measure performance through the lens of our stakeholders. • Invest in colleagues from all backgrounds. • Show empathy for colleagues, clients and communities.

[1] The financial performance pillar is not applicable for employees in Risk Management, Internal Audit, and ICRM.

Goal setting is an opportunity to ensure employees understand how their work aligns with the priorities of their team, business or group, and Citi. Goals reflect these priorities as well as the Citi Leadership Principles required to achieve them. As business priorities evolve, goals are reviewed and revised, and Citi asks managers to review goals to ensure they appropriately reflect the individual employee's role and responsibilities and are aligned to the strategic priorities of the team and business as a whole. Employees are further asked to align their goals to Citi's Performance Management pillars.

Remuneration of Control Function employees

Citi maintains the independence of the compensation process for Control Functions (e.g. ICRM, Risk Management, Internal Audit) to minimise any scope for potential conflicts of interest.

Whilst remuneration levels are influenced by Citi's overall performance, individual compensation for employees in Control Functions is determined by reference to performance against objectives relevant to their Function and assessed within their respective Functions.

Performance management and compensation decisions for Control Function personnel are directed by Function management, and not the business unit. Employees engaged in Control Functions have direct reporting lines into the Function managers that are separate from the business. The Function managers are responsible for the reward of those employees both in terms of year-end compensation, salary increases and promotion. Functions are allocated a bonus pool separate from the revenue generating businesses, and decisions about allocations of those pools are made within the Functions themselves.

The Financial Performance Pillar is not applicable for employees in Risk Management, Internal Audit and ICRM.

Quantitative disclosures

Remuneration awarded during the financial year (in Thousands)

The following table provides quantitative information on remuneration for the financial year.

Remuneration amount in thousands CAD		Senior management	Other material risk-takers
Fixed remuneration	**Number of employees**	**12**	**29**
	Total fixed remuneration (rows 3 + 5 + 7)	**5,183**	**10,870**
	Of which: cash-based	4,642	9,685
	Of which: deferred	-	-
	Of which: shares or other share-linked instruments	-	-
	Of which: deferred	-	-
	Of which: other forms	541	1,185
	Of which: deferred	-	-
	Number of employees	**11**	**28**

Variable remuneration	**Total variable remuneration (rows 11 + 13 + 15)**	**6,457**	**9,027**
	Of which: cash-based	4,259	6,791
	Of which: deferred	-	-
	Of which: shares or other share-linked instruments	2,198	2,236
	Of which: deferred	2,198	2,236
	Of which: other forms	-	-
	Of which: deferred	-	-
Total remuneration (2 + 10)		**11,640**	**19,897**

Special payments (in Thousands)

The following table provides quantitative information on special payments for the financial year.

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
in thousands CAD	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management & Other material risk-takers (i)	**1**	**100**	**-**	**-**	**2**	**2,046**

Deferred remuneration (in Thousands)

The following table provides quantitative information on deferred and retained remuneration.

Deferred and retained remuneration in thousands CAD	Total amount of outstanding deferred remuneration (ii)	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management	**9,901**	**9,901**	**460**	**3,843**	**2,403**
Cash	308	308	-	-	100
Shares	5,570	5,570	-	2,231	379
Cash-linked instruments	4,023	4,023	460	1,612	1,923
Other	-	-	-	-	-
Other material risk-takers	**6,694**	**6,694**	**-**	**2,682**	**2,529**
Cash	-	-	-	-	-
Shares	990	990	-	397	238

Cash-linked instruments	5,705	5,705	-	2,285	2,291
Other	-	-	-	-	-
Total	**16,595**	**16,595**	**460**	**6,525**	**4,932**