

Citibank, N.A. Sydney Branch (CBNA) CPS 511 Disclosure – Remuneration Practices and Framework 1 January 2024 to 31 December 2024

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Introduction

The following remuneration disclosures have been prepared in line with the Australian Prudential Regulation Authority's (APRA) remuneration requirements under prudential standard CPS 511: Remuneration (CPS 511) and Citibank, N.A. Sydney Branch (CBNA)'s Guiding Principles on Remuneration approved by the CBNA Senior Officer outside Australia (SOoA).

The prudential disclosures require that all non Significant Financial Institutions (non-SFIs) meet the minimum requirements for public disclosure of qualitative information of their remuneration practices.

Specified roles for the purpose of this disclosure include senior managers, material risk takers (including highly paid material risk takers) and risk and financial control personnel.

Senior managers are persons who have or exercise any of the senior management responsibilities for CBNA. The following employees were included:

- the Chief Executive Officer (CEO) (for CBNA, the Citi Country Officer); and
- CBNA Accountable Persons (APs) as per the Financial Accountability Regime and Responsible Persons as per CPS 520 Fit and Proper (excluding external auditors).

Material risk takers of CBNA refer to employees whose activities have a material potential impact on the entity's risk profile, performance and long-term soundness. Highly Paid Material Risk Takers are Material Risk Takers that receive remuneration equal to or in excess of AUD \$1 million in the performance year.

Risk and financial control personnel are senior delegates of Accountable Persons for Finance, Independent Compliance Risk Management (ICRM), Risk and Internal Audit.

1. Remuneration Governance

1.1 Global Remuneration Committee

Citibank, N.A. Sydney Branch (CBNA) is the Australian branch of Citibank, N.A. which is subject to the compensation rules of the firm's US lead regulator.

The Compensation, Performance Management and Culture Committee (CPC) of the Board of Directors of Citigroup Inc. (Citi), oversees Citi's global remuneration policies, practices and material incentive compensation programs. The CPC, with the assistance of the global Chief Risk Officer, also review the design and structure of compensation programs relevant to all employees in the context of risk management.

The CPC terms of reference are documented in the CPC Charter, which establishes the responsibilities, scope, mandate and principles governing the firm's compensation policy globally. The CPC Charter is available on Citi's website at: <https://www.citigroup.com/rcs/citigpa/storage/public/compculturecharter1.pdf>.

During the 2024 financial year, the CPC met 15 times.

1.2 CBNA Remuneration Oversight

The CBNA SOoA is responsible for remuneration governance at a local level. To comply with the prudential requirements of APRA, the SOoA reviews and approves the remuneration for senior executives and other employees, who either individually or collectively may materially impact CBNA's performance and affect its financial soundness; and who have the potential to negatively impact upon the level of risk considered acceptable by CBNA. CBNA's governance of remuneration is also influenced and regulated by the global CPC.

The SOoA has the discretion within Citi's remuneration framework, to determine any downward adjustments to performance-based components of remuneration, to reflect the outcomes of business activities, the risks relating to those activities and the time necessary for the outcomes of the business activities to be reliably measured. This includes adjusting variable components of remuneration downwards (to zero if appropriate) to protect the financial soundness of CBNA or to respond to significant, unexpected or unintended consequences that were unforeseen by the SOoA.

There were three meetings held with the SOoA during the 2024 financial year covering remuneration related matters.

1.3 Citi's Remuneration Strategy

CBNA adopts Citi's Compensation Philosophy and global remuneration framework. The objectives of the global framework are integrated into locally established CBNA's Guiding Principles on Remuneration (Remuneration Guidelines) and performance management practices, and are aligned with Citi's risk management framework. The objectives of the remuneration framework are designed to:

- 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 regarding 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 behaviours that support Citi's corporate goals.
- Incentivise conduct that aligns to shareholder and stakeholder interests.
- Encourage behaviours that are in the best interest of our customers, shareholders and the goals of the organisation, including environmental and social principles.
- Align realised pay with achievement of important risk and control, regulatory, strategic and financial-based objectives.

The Compensation Philosophy allows Citi to attract, retain and motivate employees in a way that does not encourage imprudent or excessive risk taking, whilst recognising and rewarding individual performance, positive behavior, conduct, and overall contribution to the business.

In addition, Citi's compensation framework balances risk behavior and outcomes with financial and non-financial goals, by adjusting incentive awards as well as considering performance through multiple lenses:

- Performance in line with Citi's Leadership Principles;
- Risk & Control;
- Financial performance;
- Client & Franchise Outcomes.

Citi's application of consequence management is used to strengthen the alignment between risk and reward and create consistency in the decision making for disciplinary outcomes.

A full overview of Citi's Compensation Philosophy is available on Citi's website at:
https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/comp_phil_policy.pdf.

2. CBNA Remuneration Framework

CBNA's Remuneration Guidelines provide a governance framework for the structure and operation of remuneration.

The objective of CBNA's Remuneration Guidelines is to ensure that the remuneration framework and practices are prudent, balanced and aligned to responsible finance objectives, by encouraging behaviour and conduct that supports CBNA's long-term financial soundness within an appropriate risk management framework. CBNA uses Citi's global remuneration framework to satisfy APRA's prudential standard CPS 510 and CPS 511 requirements and the Financial Accountability Regime remuneration deferral obligations.

CBNA's Remuneration Guidelines are reviewed annually by the SOoA, with the last review completed in December 2024. CBNA's Remuneration Guidelines are only applicable in Australia.

2.1 Remuneration Framework

The key elements of CBNA's remuneration framework consist of:

Key element	Purpose and description
Fixed Annual Remuneration (FAR)	<ul style="list-style-type: none">FAR is set to appropriately attract, retain and motivate employees by providing market competitive fixed pay to reflect role size and complexity, breadth and responsibilities, individual expertise and experience.FAR consists of base salary, superannuation, and salary sacrificed benefits.FAR is reviewed annually and any approved increases consider external market movements, macro-economic conditions, and company performance.
Variable Remuneration	<ul style="list-style-type: none">Variable remuneration is designed to reward and drive performance based on annual financial and non-financial goals, in both the short-term and long-term.Variable remuneration is discretionary, and is driven by company and business performance. Citi annually determines the size of the variable remuneration pool available for the Discretionary Incentive and Retention Award (DIRA) plans.CBNA's specified roles participate in the DIRA with awards delivered in the form of an annual cash (bonus) payment and deferred share awards.Variable remuneration for Accountable Persons (APs) is subject to a mandatory deferral period, with a minimum proportion of 40% of an incentive deferred for at least four years.Variable remuneration for Highly Paid Material Risk Takers (HPMRT) is subject to a mandatory deferral period, with a minimum proportion of 40% of an incentive deferred over a minimum deferral period of four years, vesting no faster than on a pro-rata basis and only after two years.Other specified roles' awards are in the form of deferred shares vesting over a four year period.Citi believes the deferral policy appropriately aligns employee interests with those of shareholders, and is effective in capturing the duration of most risks over a four year time horizon. The hedging of deferred awards is not permitted.Individual performance assessments and the achievement of goals directly affect potential variable remuneration outcomes.

3. Remuneration and Risk Management

CBNA's remuneration framework aims to:

- enhance shareholder value through the practice of responsible finance;
- facilitate competitiveness by attracting and retaining the best talent;
- promote meritocracy by recognising employees' contributions; and
- manage risk through sound variable remuneration practices.

3.1 Determination of Global Variable Remuneration Pools

CBNA's specified roles participate in the Discretionary Incentive and Retention Award (DIRA) plan – the annual variable remuneration pool. Citi determines and approves the total variable remuneration pool available to CBNA employees based on company performance, a detailed review of business group and product performance, and achievement of financial and non-financial goals. Citi has the discretion to adjust the bonus pools up or down to reflect business' contribution to profits, funding and capital requirements, compliance and risk management, and external market factors.

3.2 Individual Performance and Risk Assessment in Award Determination

A key feature of Citi's framework for delivering risk-balanced variable remuneration is formally assessing employee overall performance against individual goals.

Citi's performance management framework provides a structured and formal approach to assessing and evaluating employees' performance through the measurement and assessment of goals, and business results, including adherence to Citi's risk behaviours and compliance requirements.

The guiding principles of Citi's performance management framework aim to:

- drive a culture of meritocracy, differentiating based on performance;
- manage performance against challenging goals;
- evaluate employees on how goals were achieved, not just end results;
- provide balanced feedback, and direction regarding strengths and areas for development; and
- make risk and control management a cornerstone of performance management practices.

The performance management process is based on a two-rating assessment system – one rating for goals achievement, and one rating for behavioural performance (anchored to Citi's Leadership Principles). The two-rating system reinforces the equal importance of delivering results and demonstrating appropriate behaviour and conduct. The outcomes of the performance assessment inform variable remuneration awards.

The performance management framework structure leverages four overarching pillars (Leadership, Risk & Control, Financial Performance, 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 and development with Citi's culture and strategic objectives and is assessed via Citi's Leadership Principles. Risk Management, Independent Compliance Risk Management (ICRM) and Internal Audit employees are not assessed against the Financial Performance pillar. Employee performance is evaluated on a four-point scale at year end by a manager assessment. The importance of Risk & Control in the What ("Goal") rating is emphasised by the establishment of a 'cap' of "3" if the Risk & Control rating is less than meeting expectations.

Certain specified roles are subject to additional global and local independent risk review processes under which control functions (such as ICRM, Internal Audit, Legal, Risk and HR) provide direct feedback and a rating on an individual's risk and compliance behaviours as part of the annual performance assessment process. The assessment of risk management behaviours is taken into account in determining individual incentive awards. A positive rating on risk behaviours is an expected element of job performance for all specified roles. A negative risk rating on risk behaviours results in a reduction or elimination of variable remuneration.

CBNA believes the process of reviewing risk behaviour has improved awareness of the importance of risk management behaviours, and has resulted in the strengthening of Citi's risk culture.

A common goal to manage compliance risk (emphasising individual responsibilities with respect to integrity, ethical conduct, and driving a strong compliance risk and control culture) is included in all employees' performance assessments. This goal is a key part of responsibly providing financial services.

3.3 Accountability Framework

Pay for performance is a key component of Citi's culture of meritocracy and supports our focus on rewarding performance contributions, both financial and non-financial, with different levels of total compensation. Risk adjustment to the variable remuneration awarded to an individual employee will take any adverse performance in non-financial measures into account, and any adverse performance may result in a reduction or elimination of the variable remuneration awarded to an individual employee. CBNA is subject to Citi's global Accountability Framework Procedure.

The Accountability Framework (Framework) prescribes consistent employee treatment and consequences in response to disciplinary warnings from misconduct, risk and audit breaches, or supervisor or other accountability (negligence, inadequate leadership, inadequate supervision) that is applied within the context of the annual performance assessment process and remuneration decisions.

The Framework establishes remuneration adjustments in response to conduct and risk performance events into the annual performance and remuneration process, as well as implementing quality assurance and monitoring processes. The globally consistent treatment of performance evaluation and planned remuneration percentage adjustment ranges integrates employee misconduct, poor risk management performance and/or behavioural job-related events with remuneration and reward outcomes.

3.4 Risk and Financial Control Employees

CBNA ensures that risk and financial control employees are remunerated independently of the businesses they oversee, as follows:

- Employees engaged in control functions have direct reporting lines within their own function that are separate from the business, and that are responsible for the reward of those employees, in terms of variable remuneration, salary increases and promotion.
- The control functions are each allocated a variable remuneration pool that is separate from the revenue generating businesses, and decisions about allocations from those pools are made within the relevant control functions themselves.
- Both fixed and variable remuneration for the control functions are regularly reviewed in line with external market data to gauge market positioning and competitiveness. The level of variable remuneration for control function employees is determined by reference to performance against objectives that are set and assessed within their respective functions.

4. Linking Performance and Remuneration

Citi's remuneration framework is intended to complement effective risk management controls and reward long-term profitability by reducing incentives that may create imprudent risks for CBNA and its businesses.

Risks may be balanced through "ex-ante" or "ex-post" adjustments to variable remuneration as follows:

- ex-ante adjustments are made before the grant of variable remuneration (such as using risk-adjusted metrics to evaluate performance); and
- ex-post adjustments are made after the grant (for example: deferral periods, performance-based vesting, and clawbacks).

4.1 Deferral and Clawback

All CBNA employees who are eligible for an award under the Discretionary Incentive and Retention Award Plan (DIRA) plan are eligible for an initial component awarded in cash and a deferred component awarded in either deferred shares and/or deferred cash, if their variable remuneration exceeds a given threshold. Deferred awards vest over four years, with 25% vesting each year.

The table below sets out the variable remuneration deferral structure.

Designated specified roles in higher risk categories are subject to greater deferral arrangements.

Total Variable Remuneration (USD or local currency equivalent)	Immediate cash	Deferred shares
75,000 - 99,999	85%	15%
100,000 - 249,999	80%	20%
250,000 - 500,000	75%	25%
500,000 - 1,000,000	70%	30%
1,000,000 - 2,999,999	60%	40%
3,000,000 - 4,999,999	50%	50%
5,000,000+	40%	60%

Specified roles who are designated as Accountable Persons (APs) by the Financial Accountability Regime and whose portion of deferred variable remuneration relating to an APRA-regulated entity is equal to or greater than AUD \$50,000 are subject to a minimum proportion of 40% of variable remuneration awarded in deferred shares and a mandatory deferral period of four years.

In determining whether to apply clawback provisions or adjustments, Citi will consider the following circumstances:

- breaches or failures of risk or control measures;
- failure to meet appropriate standards of fitness or propriety;
- misconduct discipline;
- significant adverse outcomes for customers or counterparties;
- assessment of supervisor or other accountabilities ie negligence, inadequate leadership, inadequate supervision; and
- where an Accountable Person has failed to comply with their accountability obligations or has engaged in behaviour or misconduct that breaches their accountability obligations or has been dismissed or suspended by APRA or ASIC for failure to comply with their accountability obligations.

Consistent with Citi's incentive plan rules under the deferred variable compensation, the release of any unvested deferred shares is also subject to cancellation or forfeiture (Citi clawback conditions) if it is determined that employees in specified roles:

- received an award on materially inaccurate publicly reported financial statements;
- engaged in providing materially inaccurate information relating to publicly reported financial statements;

- engaged in conduct, or were responsible for conduct, that resulted in a material violation of any risk limits established or revised by Citi's senior management and/or risk management; or has engaged in gross misconduct as defined by Citi's rules.

In circumstances involving a person under investigation that could result in an adjustment to unvested deferred award(s), the outstanding variable remuneration will not vest until the investigation is closed or otherwise determined by the SOoA to be substantially completed.