Citi Australia Tax Transparency Report

Citigroup ("Citi") is pleased to make public disclosure in this report of its tax affairs in Australia. Citi embraces openness and transparency. We believe these attributes of our behavior enhance our relationships with the community, regulators, and governments around the world. Citi supports all initiatives to curb tax evasion, which undermines the integrity of the tax system and introduces distortions between citizens who comply with their tax obligations and those who do not. Taxes are the price we all pay for a civilized society.

1 Basis of Preparation

This report outlines the taxes Citi pays to the Australian Taxation Office on its income earned in Australia. This report covers Citibank, N.A., Citigroup Global Markets Australia Holdings Pty Ltd and Citigroup Pty Ltd as signatories to the public register of companies who have committed to applying the principles and the details of the *Corporate Tax Transparency Code*.

The report has been approved by the Boards of Citigroup Global Markets Australia Holdings Pty Ltd and Citigroup Pty Ltd and by the Senior Officer Outside Australia of Citibank, N.A.

The report adopts draft guidance in relation to presentation of Effective Tax Rates issued by the Australian Accounting Standards Board (AASB) in its 2017 *Draft Appendix to the Tax Transparency Code*. This report and its financial disclosures do not form part of any financial statements and have not been subject to external audit assurance.

The financial disclosures in the report are sourced directly from the income tax returns as lodged with the Australian Taxation Office together with the audited financial statements.

2 Tax Policy, Strategy, and Governance

The Citi *Australia Tax Governance Standard* prescribes the following.

2.1 Risk Appetite and attitude

Citi Australia is committed to complying with its Australian tax obligations and does not enter into transactions or adopt positions likely to lead to disputes.

Where tax law is complex or uncertain, the position more likely than not to be upheld by both the Tax Authority and the courts is adopted.

2.2 Governance & Oversight

All material Australian tax Issues affecting an Australian legal entity are promptly reported by the Australia Country Tax Head to the Board of Citigroup Global Markets Australia Pty Limited, Citigroup Pty Limited, or the Senior Officer outside Australia of Citibank, N.A. as applicable to the issue in accordance with the Citi *Governance Policy*. In addition all Australian tax Events are promptly escalated by

the Australia Country Tax Head in accordance with the Citi *Escalation Policy* and to the Australia and New Zealand Country Coordinating Committee (CCC).

2.3 Engagement with Tax Authorities

Citi Australia Tax strives to address all enquiries from a Tax Authority promptly, clearly, and with full disclosure of all the relevant facts. Citi Australia Tax endeavors to resolve disagreements through transparent disclosure and full discussion.

Citi Australia Tax contemporaneously communicates material corrections or errors to tax authorities. Under no circumstances are errors concealed from tax authorities. Citi Australia Tax is committed to being transparent in its conduct and communications with tax authorities.

3 Citi Australia Franchise

The Citi Australia Franchise comprises the following core businesses.

3.1 Business Segments

Services includes Treasury and Trade Solutions (TTS) and Securities Services. TTS provides an integrated suite of tailored cash management, payments and trade and working capital solutions to multinational corporations, financial institutions and public sector organizations. Securities Services provides a comprehensive product offering, connecting clients to global markets across the entire investment cycle, including on-the-ground local market expertise, post-trade technologies, customized data solutions and a wide range of securities services solutions that can be tailored to meet clients' needs.

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

Banking includes Investment Banking, which supports clients' capital-raising needs to help strengthen and grow their businesses, including equity and debt capital markets-related strategic financing solutions and loan syndication structuring, as well as advisory services related to mergers and acquisitions, divestitures, restructurings and corporate defense activities; and Corporate Lending, which includes corporate and commercial banking, serving as the conduit for Citi's full product suite to clients.

3.2 Citi Australia Franchise Effective Tax Rate

The combined results for all Citi Australia entities detailed in the sections that follow is shown below.

Citi Australia AUD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	*Total* *5 years*
Accounting Profit (loss) before Tax Expense	**421.94**	**512.92**	**391.74**	**163.03**	**216.71**	***1,706***
Corporate income tax rate	30%	30%	30%	30%	30%	*30%*
Prima facie income tax at corporate tax rate	126.58	153.88	117.52	48.91	65.01	*512*
Aggregate of all adjustments detailed below	41.21	-26.99	-12.97	39.74	18.47	*59*
Income Tax Payable to the ATO per Income Tax Returns lodged	**167.79**	**126.89**	**104.55**	**88.65**	**83.48**	***571***
Effective Tax Rate calculated as Income Tax Payable to the ATO on Current Year Accounting Profit	39.8%	24.7%	26.7%	54.4%	38.5%	*33.5%*

The above results also include the retail banking business of Citigroup Pty Ltd for the periods up to 1st June 2022 being the date the business was sold to National Australia Bank, together with the gain on sale of that business in 2022. The reduced accounting profit from 2022 compared to earlier years is predominantly due to lower earnings following divestment of that retail banking business.

4 Reconciliation of Accounting Profit to Income Tax Expense and from Income Tax Expense to Income Tax Paid and Payable

4.1 Citigroup Global Markets Australia Holdings Pty Ltd consolidated return

Citigroup Global Markets Australia Holdings Pty Ltd filed a consolidated income tax return in respect of itself and its subsidiaries. This consolidated return included Citigroup Pty Ltd and its subsidiaries up to 18 September 2023.

Citigroup Global Markets Australia Holdings Pty Ltd Consolidated Group (included Citigroup Pty Ltd up to 18 September 2023) AUD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Accounting Profit (loss) before Tax Expense	**153.03**	**303.61**	**8.07**	**-112.11**	**-42.72**
Corporate income tax rate	30%	30%	30%	30%	30%
Prima facie income tax at corporate tax rate	45.91	91.08	2.42	-33.63	-12.82
Increased by Permanent Differences					
Expenses not deductible for tax purposes	0.24	2.61	0.27	-2.01	0.02
Company Tax Expense per AASB Guidance for Tax Transparency Reporting	**46.15**	**93.69**	**2.69**	**-35.64**	**-12.80**
Effective Tax Rate per AASB Guidance for Tax Transparency Reporting	30.2%	30.9%	33.3%	31.8%	30.0%
Change in value of share base payments	2.30	0.00	0.00	0.00	0.0
Accounting under/over provision and Deferred Tax Asset write-off	-0.45	-1.69	23.61	29.14	0.4
Income Tax Expense per financial statements	**48.00**	**92.00**	**26.30**	**-6.50**	**-12.40**
Effective Tax Rate per Financial Statements	31.4%	30.3%	325.9%	5.8%	29.0%
Tax Loss Transferred to Citibank, N.A.			13.55	8.08	14.26
Adjusted by Temporary Differences					
Increase (decrease) in accounting provisions and reserves not deductible (assessable) until incurred	23.46	-43.87	-15.67	-5.67	-0.14
Increase (decrease) in accounting provisions for employee entitlements not deductible (assessable) until paid	1.05	2.43	-1.96	0.83	-1.32
Difference between depreciation & amortisation expense for accounting and tax	1.44	1.14	1.39	0.74	0.00
Losses quanantied and carried forward	0.00	0.00	0.00	31.66	0.00
Remove change in value of share based payments	-2.30	0.00	0.00	0.00	0.00
Remove accounting under/over provision	0.45	1.69	-23.61	-29.14	-0.40
Income Tax Payable to the ATO per Income Tax Returns lodged	**72.10**	**53.39**	**0.00**	**-0.00**	**0.00**
less Sum of monthly instalments of **Income Tax Paid** in relation to the year	-77.92	-53.75	-21.07	0.00	-3.43
Income tax Payable (Refundable) following lodgement	-5.82	-0.36	-21.07	-0.00	-3.43

4.1.1 Accounting loss

The accounting loss for 2024 resulted from a fall in income. The accounting loss for 2023 included a loss in respect of Citigroup Pty Ltd from provision of Transitional Services relating to the divested retail bank. As part of the sale of its retail banking business to National Australia Bank, Citigroup Pty Ltd provided Transitional Services to National Australia Bank, incurring ongoing expenses in relation to the provision of those services.

4.1.2 Deferred Tax Assets written off

Income tax expense for 2023 included a write off of deferred tax assets in relation to the loss incurred by Citigroup Pty Ltd. The tax value of the loss incurred by Citigroup Pty Ltd not written off in 2023 is quarantined and carried forward within Citigroup Pty Ltd.

Income tax expense for 2022 included a write off of deferred tax assets in relation to accounting provisions for employee entitlements and rewards redemption reserves transferred to National Australia Bank.

4.1.3 Disclosures published by ATO

The above amounts reconcile to the disclosures published by the ATO as follows. The ATO publishes the amounts shown in **blue**. Total Income is not a calculation of profit. It represents Gross Accounting Revenues before any expenses.

Citigroup Global Markets Australia Holdings Pty Ltd Consolidated Group (included Citigroup Pty Ltd up to 18 September 2023) AUD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Total Income	**1,873.42**	**1,404.07**	**1,342.79**	**1,012.10**	**756.70**
less Expenses	1,720.39	1,100.46	1,334.72	1,124.21	799.42
Accounting Profit (loss) before Tax Expense	153.03	303.61	8.07	-112.11	-42.72
Aggregate of all permanent and temporary differences shown above *before* applying the corporate tax rate	87.30	-125.63	-8.07	112.11	42.73
Taxable Income	**240.33**	**177.98**	**0.00**	**0.00**	**0.00**
Corporate income tax rate	30%	30%	30%	30%	30%
Tax Payable	**72.10**	**53.39**	**0.00**	**0.00**	**0.00**
Effective Tax Rate calculated as Income Tax Payable to the ATO on Current Year Accounting Profit	47.1%	17.6%	0.0%	0.0%	0.0%

4.2 Citigroup Pty Ltd

Citigroup Pty Ltd commenced to file a separate return from 19 September 2023.

Citigroup Pty Ltd (from 19 September 2023) AUD millions	31-Dec-23	31-Dec-24
Accounting Profit (loss) before Tax Expense	**-10.96**	18.63
Corporate income tax rate	30%	30%
Prima facie income tax at corporate tax rate	-3.29	5.59
Increased by Permanent Differences		
Expenses not deductible for tax purposes	0.07	0.25
Company Tax Expense per AASB Guidance for Tax Transparency Reporting	**-3.22**	**5.84**
Effective Tax Rate per AASB Guidance for Tax Transparency Reporting	29.4%	31.3%
Accounting under/over provision prior year or current year and Deferred Tax Asset write-off	0.00	6.36
Income Tax Expense per financial statements	**-3.22**	**12.20**
Effective Tax Rate per Financial Statements	29.4%	65.5%
Adjusted by Temporary Differences		
Increase (decrease) in accounting provisions and reserves not deductible (assessable) under Australian law	-2.13	-11.12
Increase (decrease) in accounting provisions for employee entitlements not deductible (assessable) until paid	0.20	-3.14
Difference between depreciation & amortisation expense for accounting and tax	-1.42	0.30
Losses quanantied and carried forward	6.57	8.12
Remove accounting under/over provision	0.00	-6.36
Income Tax Payable to the ATO per Income Tax Returns lodged	0.00	0.00
less Sum of monthly instalments of **Income Tax Paid** in relation to the year	0.00	0.00
Income tax Payable (Refundable) following lodgement	0.00	0.00

4.2.1 Transitional Services

As part of the sale of its retail banking business to National Australia Bank, Citigroup Pty Ltd continues to provide Transitional Services to National Australia Bank, incurring ongoing expenses in relation to the provision of those services.

The accounting profit for 2023 included a loss from provision of those Transitional Services relating to the divested retail bank.

The predominant difference between the accounting profit for 2024 and tax loss is a significant reduction in the accounting provision for transitional services. Provision for transitional services is expensed for accounting purposes when a future loss is anticipated, but a deduction is deferred for tax purposes until amounts are actually paid. In effect, the company became entitled to a tax deduction in 2024 for amounts paid during 2024, but expensed for accounting purposes in prior years.

4.2.2 Deferred Tax Assets written off

Income tax expense for 2024 included a write off of deferred tax assets in relation to the loss incurred by Citigroup Pty Ltd. The tax value of the loss incurred by Citigroup Pty Ltd not written off in 2024 is quarantined and carried forward within Citigroup Pty Ltd.

4.2.3 Disclosures published by ATO

The above amounts reconcile to the disclosures published by the ATO as follows. The ATO publishes the amounts shown in **blue**. Total Income is not a calculation of profit. It represents Gross Accounting Revenues before any expenses.

Citigroup Pty Ltd (from 19 September 2023) AUD millions	31-Dec-23	31-Dec-24
Total Income	**279.50**	**540.20**
less Expenses	290.46	521.57
Accounting Profit (loss) before Tax Expense	-10.96	18.63
Aggregate of all permanent and temporary differences shown above before applying the corporate tax rate	10.96	-18.63
Taxable Income	**-0.00**	**0.00**
Corporate income tax rate	30%	30%
Tax Payable	**-0.00**	**0.00**
Effective Tax Rate calculated as Income Tax Payable to the ATO on Current Year Accounting Profit	0%	0%

4.3 Citibank, N.A. Australia branch

Citi carries on business in Australia through an Australian branch of Citibank, N.A. which is a bank incorporated in the United States. A separate income tax return is filed for the branch on the following basis.

Citibank, N.A. Australia Branch AUD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Accounting Profit (Loss) before Tax Expense	**268.91**	**209.31**	**383.67**	**286.1**	**240.8**
Corporate income tax rate	30%	30%	30%	30%	30%
Prima facie income tax at corporate tax rate	80.67	62.79	115.10	85.83	72.24
Increased by Permanent Differences					
Expenses paid to offshore branches not deductible under Australian law	10.29	4.84	5.44	15.0	17.21
Company Tax Expense per AASB Guidance for Tax Transparency Reporting	**90.96**	**67.63**	**120.54**	**100.83**	**89.45**
Effective Tax Rate per AASB Guidance for Tax Transparency Reporting	33.8%	32.3%	31.4%	35.2%	37.1%
Accounting under/over provision prior year or current year	50.64	7.96	-0.64	-13.83	-11.70
Income Tax Expense per financial statements	**141.60**	**75.59**	**119.90**	**87.00**	**77.75**
Effective Tax Rate per Financial Statements	52.7%	36.1%	31.3%	30.4%	32.3%
Tax Loss transferred from Citigroup Global Markets Australia Holdings Pty Ltd MEC group			-13.55	-8.08	-14.26
Adjusted by Temporary Differences					
Increase (decrease) in accounting provisions not deductible until incurred	4.78	6.43	-3.77	-2.80	8.07
Increase (decrease) in accounting provisions for employee entitlements not deductible (assessable) until paid	-0.05	-0.57	1.33	-1.30	0.22
Remove accounting under/over provision	-50.64	-7.96	0.64	13.83	11.70
Income Tax Payable to the ATO per Income Tax Returns lodged	**95.69**	**73.49**	**104.55**	**88.65**	**83.48**
less Sum of monthly instalments of Income Tax Paid in relation to the year	-96.37	-73.69	-118.01	-99.00	-108.71
Income tax Payable (Refundable) following lodgement	-0.68	-0.20	-13.46	-10.35	-25.23

4.3.1 Non-deductible expenses

Australian law contains specific rules for the taxation of foreign companies operating in Australia through branches of the foreign company. In brief, not all expenses incurred by the branch are recognized for Australian tax purposes. The adjustments made to the accounting profit of the branch to give effect to these rules are permanent differences, which increase both Current Tax Expense and Income Tax Expense.

4.3.2 Tax Loss Transfers

Australian law allows tax losses incurred by Citigroup Global Markets Australia Holdings Pty Ltd to be transferred to Citibank, N.A. Australia branch.

4.3.3 Disclosures published by ATO

The above amounts reconcile to the disclosures published by the ATO as follows. The ATO publishes the amounts shown in **blue**. Total Income is not a calculation of profit. It represents Gross Accounting Revenues before any expenses. The amounts published by the ATO in relation to each year do not include amendments to that year unless processed by the ATO prior to its publication of the data for that year.

Citibank, N.A. Australia Branch AUD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Total Income	**532.26**	**423.30**	**814.10**	**1,506.30**	**1,690.50**
less Expenses	263.35	213.99	430.43	1,220.20	1,449.70
Accounting Profit (loss) before Tax Expense	268.91	209.31	383.67	286.10	240.80
Aggregate of all permanent and temporary differences shown above before applying the corporate tax rate	50.07	35.67	-35.17	9.40	37.47
Amendments to that year processed by the ATO prior to ATO publication of the data for that year	0.00	0.00	0.00	0.00	0.00
Taxable Income	**318.98**	**244.98**	**348.50**	**295.50**	**278.27**
Corporate income tax rate	30%	30%	30%	30%	30%
Tax Payable	**95.69**	**73.49**	**104.55**	**88.65**	**83.48**
Effective Tax Rate calculated as Income Tax Payable to the ATO on Current Year Accounting Profit	35.6%	35.1%	27.3%	31.0%	34.7%

4.3.4 Total Income and Expenses

Total income as published by the ATO includes gross interest income, while gross interest expense is included in expenses. From 2022 total income and expenses increased significantly in line with increased interest rates.

5 How Effective Tax Rates have been calculated

The AASB has issued Draft Guidance on how Effective Tax Rates should be calculated and disclosed for the purposes of Tax Transparency Reports.

The Draft Guidance defines a "Tax Transparency Code Effective Tax Rate" which is calculated as Company Tax Expense divided by Accounting Profit. Where Company Tax Expense excludes amounts typically included in Income Tax Expense for accounting purposes such as prior year adjustments, interest and penalties, and any uncertain tax provisions.

The Draft Guidance also requires a reconciliation to be presented from the Tax Transparency Effective Tax Rate to an Accounting Effective Tax Rate per Financial Statements. The Accounting Effective Tax Rate per Financial Statements shown in the Tables above is calculated as Income Tax Expense for accounting purposes divided by Accounting Profit before Taxes. Income Tax Expense for accounting purposes is the sum of Current Tax Expense, Deferred Tax Expense, plus Prior Year adjustments, and Provision for any Uncertain Tax Liabilities. Current Tax Expense represents the amount of income tax payable (whether in the current or other financial years) on the accounting profit earned in the current financial year. Deferred Tax Expense represents the movement in temporary differences. Temporary Differences are items for which the law requires companies to recognize an item for tax purposes on a basis different to when it recorded the expense for accounting purposes. For example, provisions for employee entitlements are expensed for accounting purposes but a deduction is deferred for tax purposes until those entitlements are actually paid to employees. Prior year adjustments represent current year accounting expense for income tax payable in relation to prior years, such as an amendment to a prior year income tax return, any audit adjustment, and (more commonly) amounts relating to the prior year income tax return provided which were not for in the prior year accounting expense.

A simple Effective Tax Rate has also been calculated and disclosed based solely on Income Tax Payable to the ATO for the current year divided by current year accounting profit. In the tables above, where the amount of tax payable was less (greater) than Income Tax Expense this typically occurs because the amount of temporary differences, such as provisions for employee entitlements decreased (increased). In effect, the company became entitled to take a tax deduction in the current year for amounts paid during the current year, but expensed for accounting purposes in prior years.

6 Accounting Effective Tax Rate for Citi globally

Each of the Australian entities shown above is indirectly wholly owned by and consolidated into the ultimate global parent entity Citigroup Inc., which is incorporated in the United States and listed on the NYSE.

The global accounting effective tax rate for Citigroup Inc. is shown below and is calculated as Income Tax Expense for accounting purposes divided by Accounting Profit before Taxes.

Citigroup Inc. USD millions	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Accounting Profit before income tax expense	13,632	27,469	18,807	12,910	17,046
Income Tax Expense	2,525	5,451	3,642	3,528	4,211
Global Effective Tax Rate	18.5%	19.8%	19.4%	27.3%	24.7%

The US statutory rate of Federal income tax is 21% during each of the years shown above.

7 Summary of International related party dealings

Citi is one of the world's largest financial institutions. The Australian operations are part of a truly global business. This inherently involves substantial related party dealings. The most significant related parties are located in the United States, the United Kingdom, Ireland, Singapore, Malaysia, Hong Kong, The Philippines, India, and China. The major types of such dealings are as follows.

7.1 Financial Instruments

Financial instruments, such as those listed below, entered into with related parties are priced in accordance with the arm's length principle.

- ❒ Cash balances and loans
- ❒ Foreign exchange
- ❒ Interest rate and cross-currency derivatives
- ❒ Securities repurchase and stock lending

7.2 Products provided to Australian customers from offshore

Some products and services are provided from offshore to Australian based customers. Citi has a Geographical Revenue Attribution model in place which apportions all such revenues based on underlying economic activity. Accordingly, the Citi Australia businesses and entities receive their fair share of revenues from transactions with Australian based customers.

7.3 Administrative and operational support services provided from offshore

Substantial core operational and administrative support functions are centralized globally to achieve economies of scale. The Australian based businesses utilize and benefit from these functions, the costs of which are charged out on a globally consistent basis. The profit earned by these offshore service centers is simply a mark-up on their costs.