CITIGROUP GLOBAL MARKETS HOLDINGS INC.

HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2025

August 29, 2025

<u>Responsibility Statement</u>

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

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

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

By: /s/ Brian Flanagan
Brian Flanagan
Chief Financial Officer

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

MANAGEMENT REPORT

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

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

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

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

PRINCIPAL ACTIVITIES

CGMHI provides corporate, institutional, and public sector clients with a full range of brokerage products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, investment banking and advisory services.

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

CGMHI provides financial services to a range of client segments including affluent, high net worth and ultra-high net worth clients. CGMHI offers a broad range of brokerage and investment advisory products and other services to retail clients.

RISK FACTORS

(Extracted from Citigroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the U.S. Securities and Exchange Commission on the 21st day of February, 2025.)

The following discussion presents what management currently believes could be the material risks and uncertainties that could impact Citi's businesses, results of operations and financial condition. Other risks and uncertainties, including those not currently known to Citi or its management, could also negatively impact Citi's businesses, results of operations and financial condition. Thus, the following should not be considered a complete discussion of all of the risks and uncertainties that Citi may face. The following risk factors are categorized to improve the readability and usefulness of the risk factor disclosure, and, while the headings and risk factors generally align with Citi's risk categorization, in certain instances the risk factors may not directly correspond with how Citi categorizes or manages its risks.

MARKET-RELATED RISKS

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

Citi has experienced, and could experience in the future, negative impacts to its businesses, results of operations and financial condition as a result of various macroeconomic, geopolitical and other challenges, uncertainties and volatility. These include, among other things, any resurgence in inflation; government fiscal and monetary actions or expected actions, including changes in interest rate policy, reductions in central bank balance sheets or other monetary policies; and increases in unemployment rates, recessions or weak or slowing economic growth in the U.S., Europe and other regions or countries. These impacts could adversely affect Citi's consumer and institutional clients, businesses, cost of credit and overall results of operations.

For example, inflation could resurge if the FRB were to reduce interest rates prematurely and/or at too accelerated a pace, or if certain policies were further pursued in the U.S., including those related to trade, tariffs and immigration.

Interest rates on loans Citi makes are typically based off or set at a spread over a benchmark interest rate and would likely decline or rise as benchmark rates decline or rise, respectively. A decline in interest rates would generally be expected to result in lower overall net interest income for Citi, although Corporate Treasury has various tools to manage Citi's total interest rate risk position. In addition, Citi's net interest income could be adversely affected due to a flattening (a lower spread between shorter-term versus longer-term interest rates) or inversion (shorter-term interest rates exceeding longer-term interest rates) of the interest rate yield curve, as Citi typically pays interest on deposits based on shorter-term interest rates and earns money on loans based on longer-term interest rates.

Additional areas of uncertainty include, among others, geopolitical challenges, tensions and conflicts, including those related to the Russia–Ukraine war (see below) and conflicts in the Middle East; potential policies and priorities resulting from the new U.S. administration; economic and geopolitical challenges related to China, including weak economic growth, related policy actions, challenges in the Chinese real estate sector, banking and credit markets, trade restrictions, and tensions or conflicts between China and Taiwan and/or China and the U.S.; high and rising government debt levels in the U.S. and other countries; significant volatility and disruptions in financial markets, including foreign currency volatility and devaluations; natural disasters; and pandemics.

For example, the Russia–Ukraine war could have further negative impacts on regional and global energy and other commodities and financial markets and macroeconomic conditions, adversely impacting jurisdictions where Citi operates and its customers, clients or employees. In addition, Citi's remaining operations in Russia subject Citi to various other risks, including foreign currency volatility, such as appreciations or devaluations; restrictions arising from retaliatory Russian laws and regulations on the conduct of Citi's remaining businesses, including, without limitation, its provision of certain securities services to customers; sanctions or asset freezes; and other deconsolidation events. For additional information about these Russia-related risks, see the operational processes and systems, cybersecurity and emerging markets risk factors.

STRATEGIC RISKS

Citi's Ability to Return Capital to Common Shareholders Substantially Depends on Regulatory Capital Requirements, Including the Results of the CCAR Process and Dodd-Frank Act Regulatory Stress Tests, and Other Factors.

Citi's ability to return capital to its common shareholders consistent with its capital planning efforts and targets, whether through its common stock dividend or through share repurchases, substantially depends, among other things, on its regulatory capital requirements, including the annual recalibration of the Stress Capital Buffer (SCB), which is based upon the results of the CCAR process required by the FRB, and recalibration of the GSIB surcharge, as well as the supervisory expectations and assessments regarding individual institutions.

The FRB's annual stress testing requirements are integrated into ongoing regulatory capital requirements. Citi's SCB equals the maximum projected decline in its CET1 Capital ratio under the supervisory severely adverse scenario over a nine-quarter CCAR measurement period, plus four quarters of planned common stock dividends as a percentage of Citi's risk-weighted assets, subject to a minimum requirement of 2.5%. The SCB is calculated by the FRB using its proprietary data and modeling of each firm's results. Accordingly, Citi's SCB may go up, based on the supervisory stress test results, thus potentially resulting in an increase in Citi's required regulatory CET1 Capital ratio under the Standardized Approach. In addition, a breach of the SCB and other regulatory capital buffers may result in gradual limitations on capital distributions and discretionary bonus payments to executive officers.

Moreover, changes in regulatory capital rules, requirements or interpretations could materially increase Citi's required regulatory capital. For example, the U.S. banking regulators proposed a number of changes to the U.S. regulatory capital framework, including, but not limited to, significant revisions to the U.S. Basel III rules. These potential changes, if adopted as originally proposed, would likely impact Citi's regulatory capital position and materially increase Citi's regulatory capital requirements, and thus adversely impact the extent to which Citi is able to return capital to shareholders.

Citi's ability to return capital also depends on its results of operations and financial condition, including the capital impact related to its remaining divestitures, such as, among other things, any temporary capital impact from CTA losses, net of hedges (see the incorrect assumptions or estimates and the emerging markets risk factors below); Citi's effectiveness in planning, managing and calculating its level of regulatory capital and risk-weighted assets under both the Advanced Approaches and the Standardized Approach, as well as the Supplementary Leverage ratio (SLR); its implementation and maintenance of an effective capital planning process and management framework; forecasts of macroeconomic conditions; and deferred tax asset (DTA) utilization (see the ability to utilize DTA risk factor below).

All firms subject to CCAR requirements, including Citi, will continue to be subject to a rigorous regulatory evaluation of capital planning practices and other reviews and examinations, including, but not limited to data quality, which is a key regulatory focus, governance, risk management and internal controls. For example, the FRB has stated that it expects capital adequacy practices to continue to evolve and to likely be determined by its yearly cross-firm review of capital plan submissions. Similarly, the FRB has indicated that, as part of its stated goal to continually evolve its annual stress testing requirements, several parameters of the annual stress testing process may continue to be altered, including the number and severity of the stress test scenarios, the FRB modeling of Citi's balance sheet, pre-provision net revenue and stress losses, and the addition of components deemed important by the FRB. Additionally, Citi's ability to return capital may be adversely impacted if a regulatory evaluation or examination were to result in negative findings regarding absolute capital levels or other aspects of Citi's or any of its subsidiaries' operations, including as a result of the imposition of additional capital buffers, limitations on capital distributions or otherwise. For information on limitations on Citi's ability to return capital to common shareholders, as well as the CCAR process, supervisory stress test requirements and GSIB surcharge, see the risk management and legal and regulatory proceedings risk factors below.

In October 2024, the FRB announced that it will maintain its current framework for calculating allowances on loans in the supervisory stress test through the 2025 stress test cycle, while continuing to evaluate appropriate future enhancements to this framework. The impacts on Citi's capital adequacy of any potential incorporation by the FRB of CECL into its supervisory stress tests in future stress test cycles, and of other potential regulatory changes in the FRB's stress testing methodologies, remain unclear.

Although various uncertainties exist regarding the extent of, and the ultimate impact to Citi from, changes to regulatory capital, results from the FRB's stress testing and CCAR regimes, and regulatory evaluation or examination findings, these changes could increase the level of capital Citi is required or elects to hold, including as part of Citi's management buffer, thus potentially adversely impacting the extent to which Citi is able to return capital to shareholders.

Citi Must Continually Review, Analyze and Successfully Adapt to Ongoing Regulatory and Legislative Uncertainties and Changes in the U.S. and Globally.

Citi, its management and its businesses continue to face regulatory and legislative uncertainties and changes, both in the U.S. and globally. While the ongoing regulatory and legislative uncertainties and changes facing Citi are too numerous to list completely, examples include, but are not limited to (i) potential changes to various aspects of the U.S. regulatory capital framework and requirements applicable to Citi, including, among others, significant revisions to the U.S. Basel III rules (see the capital return risk factor) and (ii) potential fiscal, monetary, tax, sanctions, human capital and other changes promulgated by the U.S. federal government and other governments (see the macroeconomic and geopolitical risk factor above and the ability to utilize DTAs risk factor below). References to "regulatory" refer to both formal regulation and the views and expectations of Citi's regulators in their supervisory and enforcement roles, which, as they change over time, can have a major impact. In particular, U.S. regulators have indicated that the level of their expectations is increasing and prompt negative examination findings/ratings and enforcements actions are more likely.

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

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

Citi's Ability to Achieve Its Objectives from Its Transformation, Simplification and Other Priorities May Not Be as Successful as It Projects or Expects.

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

Citi has also been pursuing overall simplification initiatives that have included management and operating model changes and actions to enhance focus on clients and reduce expenses. Citi's simplification actions also include completing its remaining divestitures, including the planned IPO of Mexico Consumer/SBMM. These simplification initiatives involve various execution challenges, may take longer than expected and may result in higher than expected expenses, CTA and other losses or other negative financial or strategic impacts, which could be material, and litigation and regulatory scrutiny (for information about potential CTA impacts, see the capital return risk factor above and the incorrect assumptions or estimates and emerging markets risk factors below).

Additionally, Citi continues to make business-led investments, as part of the execution of its strategic priorities. For example, Citi has been making investments across the Company, including hiring front office employees in key strategic markets and businesses; enhancing product capabilities and platforms to grow key businesses, improve client digital experiences and add scalability; and implementing new capabilities and partnerships. These business-led investments are designed to reduce expenses and grow revenues as well as result in retention and efficiency improvements.

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

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

Moreover, Citi's transformation, simplification and other priorities may continue to evolve as its business strategies, the market environment and regulatory expectations change, which could make the initiatives more costly and more challenging to implement, and limit their effectiveness.

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

Climate change presents both immediate and long-term risks to Citi and its customers and clients, with the risks expected to increase over time. Climate risks can arise from both physical risks (those risks related to the physical effects of climate change) and transition risks (risks related to regulatory, market, technological, stakeholder and legal changes from a transition to a low-carbon economy). Physical and transition risks can manifest themselves differently across Citi's risk categories in the short, medium and long terms.

Physical risks from climate change include acute risks, such as wildfires, hurricanes, floods and droughts, as well as consequences of chronic changes in climate, such as rising sea levels, prolonged droughts and systemic changes to geographies and any resulting population migration. For example, physical risks could have adverse financial, operational and other impacts on Citi, both directly on its business and operations, and indirectly as a result of impacts to Citi's clients, customers, vendors and other counterparties. These impacts can include destruction, damage or impairment of owned or leased properties and other assets, destruction or deterioration of the value of collateral, such as real estate, disruptions to business operations and supply chains, and reduced availability or increase in the cost of insurance. Physical risks can also impact Citi's credit risk exposures, for example, in its mortgage and commercial real estate lending businesses.

Transition risks may arise from changes in regulations or market preferences toward low-carbon industries or sectors, which in turn could have negative impacts on asset values, results of operations or the reputations of Citi and its customers and clients. For example, Citi's corporate credit exposures include oil and gas, power and other industries that may experience reduced demand for carbon-intensive products due to the transition to a low-carbon economy. Failure to adequately consider transition risk in developing and executing on its business strategy could lead to a loss of market share, lower revenues and higher credit costs. Transition risks also include potential increased operational, compliance and energy costs driven by government policies to promote decarbonization.

Moreover, increasing legislative and regulatory changes and uncertainties regarding climate-related risk management and disclosures may result in increased regulatory, compliance, credit, reputational and other risks and costs for Citi. In addition, Citi could face increased regulatory scrutiny and reputation and litigation risks as a result of its climate risk, sustainability and other environmental and social commitments, disclosures, marketing and positioning. For example, any actual or perceived overstatement of the environmental benefits of Citi's actions may result in legal or regulatory actions and/or reputational harm.

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

Additionally, if Citi is unable to achieve its objectives or commitments relating to climate change, its businesses, reputation, attractiveness to certain investors and efforts to recruit and retain employees may suffer. For example, Citi's approach to supporting client decarbonization in a gradual and orderly way, while promoting energy security, may lead to both continued exposure to carbon-intensive activity and increased reputation risks from stakeholders with divergent points of view. Citi may also face challenges and scrutiny from stakeholders with varied views on climate change that may impact its ability to conduct certain business.

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

At December 31, 2024, Citi's net DTAs were $29.8 billion, net of a valuation allowance of $4.3 billion, of which $12.8 billion was deducted from Citi's CET1 Capital under the U.S. Basel III rules. Of this deducted amount, $11.6 billion related to net operating losses, foreign tax credit and general business credit carry-forwards, with $3.0 billion related to temporary differences in excess of the 10%/15% regulatory limitations, reduced by $1.8 billion of deferred tax liabilities, primarily associated with goodwill and certain other intangible assets that were separately deducted from capital.

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

The accounting treatment for realization of DTAs is complex and requires significant judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Forecasts of future taxable earnings will depend upon various factors, including, among others, macroeconomic conditions. In addition, any future increase in U.S. corporate tax rates could result in an increase in Citi's DTAs, which may subject more of Citi's DTAs to exclusion from regulatory capital.

Citi has not been and does not expect to be subject to the base erosion anti-abuse tax (BEAT), which, if applicable to Citi in any given year, would have a significantly adverse effect on both Citi's net income and regulatory capital.

The new U.S. administration has discussed potential reductions to the U.S. federal corporate tax rate and changes to the U.S. approach to the Organization for Economic Cooperation and Development (OECD) Pillar 2 framework. It is unclear whether any corporate tax rate reduction would apply to services companies like Citi. If the U.S. federal corporate tax rate applicable to Citi is reduced, Citi may benefit on a prospective net income basis, but the reduction could result in a material decrease in the value of Citi's DTAs, which would also result in a material reduction to Citi's net income during the period in which the change is enacted. Citi's regulatory capital could also be reduced if the decrease in the value of Citi's DTAs exceeds certain levels.

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

Citi is subject to various income-based tax laws of the U.S. and its states and municipalities, as well as the numerous non-U.S. jurisdictions in which it operates. These tax laws are inherently complex, and Citi must make judgments and interpretations about the application of these laws to its entities, operations and businesses.

For example, the OECD Pillar 2 framework contemplates a 15% global minimum tax with respect to earnings in each country. The majority of EU member states have adopted the OECD Pillar 2 rules, and other non-U.S. countries have similarly adopted or are expected to adopt the rules. Under these rules, Citi will be required to pay a "top-up" tax to the extent that Citi's effective tax rate in any given country is below 15%. Beginning in 2024, countries that adopted the OECD Pillar 2 rules can collect the top-up tax only with respect to earnings of entities in their jurisdiction or subsidiaries of such entities. Beginning in 2025, all countries that have adopted the OECD Pillar 2 rules can collect a share of the top-up tax owed with respect to any member of the Pillar 2 multinational group. While Citi does not currently expect the rules to have a material impact on its earnings, many aspects of the application of the rules and their implementation remain uncertain. Separately, the new U.S. administration has stated its opposition to the application of the global minimum tax to U.S. companies' U.S. operations, and has indicated it may take retaliatory measures against other countries that seek to collect the minimum tax with respect to the U.S. operations of U.S. companies. Citi is closely monitoring developments relating to the Pillar 2 negotiations to determine their potential impact.

Additionally, Citi is subject to litigation or examinations with U.S. and non-U.S. tax authorities regarding non-income-based tax matters. While Citi has appropriately reserved for such matters where there is a probable loss, and has disclosed reasonably possible losses, the outcome of the matters may be different than Citi's expectations. Citi's interpretations or application of the tax laws, including with respect to withholding, stamp, service and other non-income taxes, could differ from that of the relevant governmental taxing authority, which could result in the requirement to pay additional taxes, penalties or interest, the reduction of certain tax benefits or the requirement to make adjustments to amounts recorded, which could be material.

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

Citi has co-branding and private label relationships with various retailers and merchants through its Branded Cards and Retail Services credit card businesses in USPB, whereby in the ordinary course of business Citi issues credit cards to consumers, including customers of the retailers or merchants. The five largest relationships across both businesses in USPB constituted an aggregate of approximately 12% of Citi's revenues in 2024. Citi's co-branding and private label agreements often provide for shared economics between the parties and generally have a fixed term.

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

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

The Application of U.S. Resolution Plan Requirements May Pose a Greater Risk of Loss to Citi's Debt and Equity Securities Holders, and Citi's Inability in Its Resolution Plan Submissions to Address Any Shortcomings or Deficiencies or Guidance Could Subject Citi to More Stringent Capital, Leverage or Liquidity Requirements, or Restrictions on Its Growth, Activities or Operations, and Could Eventually Require Citi to Divest Assets or Operations.

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

Under Citi's preferred "single point of entry" resolution plan strategy, only Citigroup, the parent holding company, would enter into bankruptcy, while Citigroup's material legal entities (as defined in the public section of its 2023 resolution plan, which can be found on the FRB's and FDIC's websites) would remain operational outside of any resolution or insolvency proceedings. As a result, Citigroup's losses and any losses incurred by its material legal entity subsidiaries would be imposed first on holders of Citigroup's equity securities and thereafter on its unsecured creditors, including holders of eligible long-term debt and other debt securities.

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

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

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

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

Citi's Performance and Its Ability to Effectively Execute Its Transformation, Simplification and Other Priorities Could Be Negatively Impacted if It Is Not Able to Hire and Retain Qualified Employees.

Citi's performance and the performance of its individual businesses largely depend on the talents and efforts of its diverse and highly qualified employees. Specifically, Citi's continued ability to compete in each of its lines of business, to manage its businesses effectively and to execute its transformation, simplification and other priorities, including, for example, hiring employees to grow businesses or hiring employees to support Citi's priorities, depends on its ability to hire new employees and to retain and motivate its existing employees. If Citi is unable to continue to hire, retain and motivate highly qualified employees, Citi's performance, including its competitive position, the execution of its transformation, simplification and other priorities and its results of operations could be negatively impacted.

Citi's ability to attract, retain and motivate employees depends on numerous factors, some of which are outside of Citi's control. For example, the competition for talent continues to be particularly intense due to various factors, such as changes in worker expectations, concerns and preferences, including demands for remote work options and other job flexibility. Also, the banking industry generally is subject to more comprehensive regulation of employee compensation than other industries, including deferral and clawback requirements for incentive compensation, which can make it unusually challenging for Citi to compete in labor markets against businesses, including, for example, technology companies, that are not subject to such regulation. In addition, Citi recently completed a significant organizational simplification initiative, which included reducing management layers and significant reductions in functional roles that could continue to impact its ability to attract and retain employees.

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

Citi Faces Increased Competitive Challenges, Including from Financial Services and Other Companies and Emerging Technologies.

Citi operates in an increasingly evolving and competitive business environment, which includes both financial and non-financial services firms, such as traditional banks, online banks, private credit and financial technology companies and others. These companies compete on the basis of, among other factors, size, reach, quality and type of products and services offered, price, technology and reputation. Certain competitors may be subject to different and, in some cases, less stringent legal, regulatory and supervisory requirements, whether due to size, jurisdiction, entity type or other factors, placing Citi at a competitive disadvantage. Moreover, new or rapidly developing technologies with the potential to have significant economic or social effects (emerging technologies) also pose competitive challenges for Citi.

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

In addition, emerging technologies have the potential to intensify competition and accelerate disruption in the financial services industry. Clients and investors have shown increased interest in these technologies, prompting financial services firms and other market participants to develop related products and services. As blockchain and digital assets continue to evolve, customer demand for enhanced offerings may increase. Failure to strategically embrace the potential of emerging technologies may result in a competitive disadvantage to Citi. The new U.S. administration has stated its support for the growth and use of digital assets and blockchain technology, including a more favorable regulatory approach to crypto assets. Citi may not be able to provide the same or similar products and services for legal or regulatory reasons, which may be exacerbated by rapidly evolving and conflicting regulatory requirements, as well as increased compliance and other risks. Further, the introduction of mobile platforms and emerging technologies, such as artificial intelligence (AI) and digital assets, and changes in the payments space (e.g., instant and 24/7 payments) are accelerating, and, as a result, certain of Citi's products and services could become less competitive.

Increased competition and emerging technologies have required and could require Citi to change or adapt its products and services, as well as invest in and develop related infrastructure, to attract and retain customers or clients or to compete more effectively with competitors, including new market entrants.

Simultaneously, as Citi develops new products and services leveraging emerging technologies, new risks may emerge that, if not designed and governed adequately, may result in control gaps and in Citi operating outside of its risk appetite. For example, the use or development of emerging technologies, such as AI or digital assets, without sufficient controls, governance and risk management may result in increased risks across various risk categories (for additional information, see the operational processes and systems risk factor below).

As another example, instant and 24/7 payments products could be accompanied by challenges to forecasting and managing liquidity, as well as increased operational and compliance risks. Additionally, the growth of certain competitors has increased market and counterparty credit risks, with such risks particularly heightened in the case of a challenging macroeconomic environment (see the risk factor on credit and concentrations of risk below).

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

To the extent that Citi is not able to compete effectively with other financial services companies, including private credit and financial technology companies, and non-financial services firms, or adequately assess the competitive landscape, Citi could be placed at a competitive disadvantage, which could result in loss of customers and market share, and its businesses, results of operations and financial condition could suffer. For additional information on Citi's competitors, see the co-brand and private label cards and qualified employees risk factors above.

OPERATIONAL RISKS

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

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

Citi's operations must also comply with complex and evolving laws, regulations and heightened regulatory expectations in the jurisdictions in which it operates (see the implementation and interpretation of regulatory changes and legal proceedings risk factors below). With the proliferation of emerging technologies, including AI, and the use of the internet, mobile devices and cloud services to conduct financial transactions, and customers' and clients' increasing use of online banking and trading systems and other platforms, large global financial institutions such as Citi have been, and will continue to be, subject to an ever-increasing risk of operational loss, failure or disruption.

Citi has been working with AI and machine learning for a period of time and has more recently begun using Generative AI, a type of artificial intelligence that uses generative models to create text and other content. Generative AI tools are available to employees within parts of the Company, and in the future Citi may more broadly use, develop and incorporate Generative AI within its technology platform and services, systems and its businesses and functions. While Citi has policies which govern the use of emerging technologies, ineffective, inadequate or faulty Generative AI development or deployment practices by Citi or third parties could result in unintended consequences, such as AI algorithms that produce inaccurate or incomplete output or output based on biased, incomplete and/or inaccurate datasets, or cause other issues, concerns or deficiencies. Moreover, the use of increasingly sophisticated AI technologies by malicious actors and others has increased the risk of fraud, including identity theft and bypassing of verification controls, and failure to effectively manage such risks could result in misappropriation of funds, unauthorized transactions, exposure of sensitive client or Company information, reputational harm and increased litigation and regulatory risk. In addition, compliance with new or changing laws, regulations or industry standards relating to AI may impose additional operational risks and costs.

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

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

Incidents that impact information security, technology operations or other operational processes may cause disruptions and/or malfunctions within Citi's businesses (e.g., the temporary loss of availability of Citi's online banking system or mobile banking platform), as well as the operations of its clients, customers or other third parties. In addition, operational incidents could involve the failure or ineffectiveness of internal processes or controls. Given Citi's global footprint and the high volume of transactions processed by Citi, certain failures, errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase the consequences and costs. Operational incidents could result in financial losses and other costs as well as misappropriation, corruption or loss of confidential and other information or assets, which could significantly negatively impact Citi's reputation, customers, clients, businesses or results of operations and financial condition. Cyber-related and other operational incidents can also result in legal and regulatory actions or proceedings, fines and other costs (see the legal and regulatory proceedings risk factor below).

Citi will need to continue to increase its operational resilience, ensuring important business services and their impact tolerance time and severity scales are clearly defined. Failure to do so could expose Citi to service disruptions identified through scenario testing, leading to harms to Citi clients, market integrity, financial stability or Citi safety and soundness.

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

Citi's computer systems, software and networks are subject to ongoing attempted cyberattacks, such as unauthorized access, loss or destruction of data (including confidential client information), account takeovers, disruptions of service, phishing, malware, ransomware, computer viruses or other malicious code and other similar events. These threats can arise from external parties, including cyber criminals, cyber terrorists, hacktivists (individuals or groups using cyberattacks to promote a political or social agenda) and nation-state actors, as well as insiders who knowingly or unknowingly engage in or enable malicious cyber activities. For example, nation-state actors have recently targeted critical U.S. infrastructure with cyberattacks.

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

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

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

Citi and some of its third-party partners have been subjected to attempted and sometimes successful cyberattacks over the last several years, including (i) denial of service attacks, which attempt to interrupt service to clients and customers; (ii) hacking and malicious software installations intended to gain unauthorized access to information systems or to disrupt those systems and/or impact availability or privacy of confidential data, with objectives including, but not limited to, extortion payments or causing reputational damage; (iii) data breaches due to unauthorized access to customer account or other data; and (iv) malicious software attacks on client systems, in attempts to gain unauthorized access to Citi systems or client data under the guise of normal client transactions.

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

Despite the significant resources Citi allocates to implement, maintain, monitor and regularly upgrade its systems and networks with measures such as intrusion detection and prevention systems and firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide sufficient security. Because the techniques used to initiate cyberattacks change frequently or, in some cases, are not recognized until launched or even later, Citi may be unable to implement effective preventive measures or otherwise proactively address these methods. In addition, cyber threats and cyberattack techniques change, develop and evolve rapidly, including from emerging technologies such as AI, cloud computing and quantum computing. Given the frequency and sophistication of cyberattacks, the determination of the severity and potential impact of a cyber incident may not become apparent for a substantial period of time following detection of the incident. Also, while Citi strives to implement measures to reduce the exposure resulting from outsourcing risks, such as performing security control assessments of third-party vendors and limiting third-party access to the least privileged level necessary to perform job functions, these measures cannot prevent all third-party-related cyberattacks or data breaches. In addition, the risk of insider threats may continue to be elevated in the near term due to Citi's recent overall simplification initiatives, including streamlining its global staff functions.

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

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

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

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

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

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

For example, the CECL methodology requires that Citi provide reserves for a current estimate of lifetime expected credit losses for its loan portfolios and other financial assets, as applicable, at the time those assets are originated or acquired. This estimate is adjusted each period for changes in expected lifetime credit losses. Citi's ACL estimate is subject to judgments and depends upon its CECL models and assumptions; forecasted macroeconomic conditions, including, among other things, the U.S. unemployment rate and U.S. inflation-adjusted gross domestic product (real GDP); and the credit indicators, composition and other characteristics of Citi's loan portfolios and other applicable financial assets. These model assumptions and forecasted macroeconomic conditions will change over time, resulting in variability in Citi's ACL and, thus, impact its results of operations and financial condition, as well as regulatory capital due to the CECL phase-in (see the capital return risk factor above).

Moreover, Citi has incurred losses related to its foreign operations that are reported in the CTA components of *Accumulated other comprehensive income (loss) (AOCI)*. In accordance with U.S. GAAP, a sale, substantial liquidation or other deconsolidation event of any foreign operations, such as those related to Citi's remaining divestitures or legacy businesses, would result in reclassification of any foreign CTA component of AOCI related to that foreign operation, including related hedges and taxes, into Citi's earnings. For example, Citi could incur a significant loss on sale due to CTA losses related to any such divestitures (see the capital risk factor above and the emerging markets risk factor below). The majority of these losses would be regulatory capital neutral at the completion of the divestiture.

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

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

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

Citi utilizes a broad and diversified set of risk management and other processes and strategies, including the use of models in analyzing and monitoring the various risks Citi assumes in conducting its activities. For example, Citi uses models across the Company as part of its comprehensive stress testing initiatives. Citi also relies on data to aggregate, assess and manage various risk exposures. Management of these risks and the reliability of the data are made more challenging within a large, global financial institution, such as Citi, particularly due to complex, diverse and rapidly changing financial markets and conditions in which Citi operates. Unexpected losses can result from untimely, inaccurate or incomplete processes and data. In 2020 Citigroup and Citibank entered into Consent Orders with the FRB and OCC that require Citigroup and Citibank to make improvements in various aspects of enterprise-wide risk management, compliance, data quality management related to governance, and internal controls (see the legal and regulatory proceedings risk factor below).

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

Citi could incur significant losses, receive negative regulatory evaluation or examination findings or be subject to additional enforcement actions, and its regulatory capital, capital ratios and ability to return capital could be negatively impacted, if Citi's risk management and other processes, including its ability to manage and aggregate data in a timely and accurate manner, strategies or models are deficient or ineffective. For additional information, see the capital return risk factor above and the heightened regulatory scrutiny and ongoing interpretation of regulatory changes risk factor below. Such deficiencies or ineffectiveness could also result in inaccurate financial, regulatory or risk reporting.

Moreover, Citi's Basel III regulatory capital models, including its credit, market and operational risk models, currently remain subject to ongoing regulatory review and approval, which may result in refinements, modifications or enhancements (required or otherwise) to these models. Citi is required to notify and obtain preapproval from both the OCC and FRB prior to implementing certain risk-weighted asset treatments, as well as certain model changes, resulting in a more challenging environment within which Citi must operate in managing its risk-weighted assets. Modifications or requirements resulting from these ongoing reviews, as well as any future changes or guidance provided by the U.S. banking regulators regarding the U.S. regulatory capital framework applicable to Citi, including, but not limited to, potential revisions to the U.S. Basel III rules (see the capital return risk factor above), have resulted, and could continue to result, in significant changes to Citi's risk-weighted assets. These changes can negatively impact Citi's capital ratios and its ability to meet its regulatory capital requirements.

CREDIT RISKS

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

Citi has credit exposures to consumer, corporate and public sector borrowers and other counterparties in the U.S. and various countries and jurisdictions globally, including end-of-period consumer loans of $393 billion and end-of-period corporate loans of $301 billion at December 31, 2024.

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

Citi is also a member of various central clearing counterparties and could incur financial losses as a result of defaults by other clearing members due to the requirements of clearing members to share losses. Additionally, due to the interconnectedness among financial institutions, concerns about the creditworthiness of or defaults by a financial institution could spread to other financial market participants and result in market-wide losses and disruption. For example, the failure of regional banks and other banking stresses in recent years resulted in market volatility across the financial sector.

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

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

LIQUIDITY RISKS

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

As a large, global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity, sources of funding and costs of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets; changes in fiscal and monetary policies; regulatory requirements, including changes in regulations; negative investor or counterparty perceptions of Citi's creditworthiness; deposit outflows or unfavorable changes in deposit mix; unexpected increases in cash or collateral requirements; credit ratings; and the consequent inability to monetize available liquidity resources. In addition, Citi competes with other banks and financial institutions for both institutional and consumer deposits, which represent Citi's most stable and lowest cost source of long-term funding. The competition for deposits has continued to increase in recent years, including as a result of quantitative tightening by central banks and fixed income alternatives for customer funds.

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

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

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

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

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

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

A ratings downgrade could result from, among other factors, delays or missteps in Citi's transformation efforts, including risk management and internal controls improvements, public statements by Citi's management or regulators, operational risk charges, control failures, substantial failure to meet cost targets, deterioration in Citi's funding structure or liquidity, declines in profitability, significant increases in risk appetite or material reductions in regulatory capitalization levels.

Citi and its subsidiaries may not be able to maintain their current respective ratings and outlooks. Ratings downgrades could negatively impact Citi and its rated subsidiaries' ability to access the capital markets and other sources of funds as well as increase credit spreads and the costs of those funds. A ratings downgrade could also have a negative impact on Citi and its rated subsidiaries' ability to obtain funding and liquidity due to reduced funding capacity and the impact from derivative triggers, which could require Citi and its rated subsidiaries to meet cash obligations and collateral requirements or permit counterparties to terminate certain contracts. In addition, a ratings downgrade could have a negative impact on other funding sources such as secured financing and other margined transactions for which there may be no explicit triggers.

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

COMPLIANCE RISKS

Significantly Heightened Regulatory Expectations and Scrutiny in the U.S. and Globally and Ongoing Interpretation and Implementation of Regulatory and Legislative Requirements and Changes Have Increased Citi's Compliance, Regulatory and Other Risks and Costs.

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

U.S. financial institutions also face increased expectations and scrutiny in the wake of the failures of several regional banks and other banking stresses in 2023. In addition, Citi is continually required to interpret and implement extensive and frequently changing regulatory and legislative requirements in the U.S. and other jurisdictions in which it does business, which may overlap or conflict across jurisdictions, resulting in substantial compliance, regulatory and other risks and costs.

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

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

Examples of regulatory or legislative changes that have resulted in increased compliance risks and costs include (i) the U.S. regulatory capital framework and requirements, which have continued to evolve (see the capital return risk factor above); (ii) various laws relating to the limitation of cross-border data movement and/or collection and use of customer information, including data localization and protection and privacy laws, which also can conflict with or increase compliance complexity with respect to other laws, including anti-money laundering laws; and (iii) the EU's Corporate Sustainability Reporting Directive, which may overlap but also diverge from climate-related disclosure requirements expected to come into effect in other jurisdictions.

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

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

As previously disclosed, the 2020 FRB Consent Order and the 2020 OCC Consent Order require Citigroup and Citibank, respectively, to implement extensive targeted action plans and submit quarterly progress reports on a timely and sufficient basis detailing the results and status of improvements relating principally to various aspects of enterprise-wide risk management, compliance, data quality management related to governance, and internal controls. These improvements will result in continued significant investments by Citi during 2025 and beyond, as an essential part of Citi's broader transformation efforts to enhance its risk, controls, data and finance infrastructure and compliance (see the transformation, simplification and other priorities-related risk factor above).

Additionally, on July 10, 2024, the FRB entered into a Civil Money Penalty Consent Order with Citigroup, and the OCC entered into a Civil Money Penalty Consent Order with Citibank. The OCC and Citibank also entered into an Amendment to the OCC's 2020 Consent Order (the Amendment). The FRB found that Citigroup had ongoing deficiencies related to its data quality management program and had inadequate measures for managing and controlling its data quality risks. The OCC found that Citibank had failed to make sufficient and sustainable progress toward achieving compliance with its 2020 Consent Order.

The Amendment requires Citibank to formalize a process to determine whether sufficient resources are being appropriately allocated toward achieving timely and sustainable compliance with the OCC's 2020 Consent Order, including any requirements on which Citibank is not making sufficient and sustainable progress (such process, the Resource Review Plan). There can be no assurance that the Resource Review Plan and other efforts by Citi to address the deficiencies and resolve the OCC and FRB Consent Orders will occur in a manner satisfactory, in both timing and sufficiency, to the FRB and OCC.

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

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

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

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

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

Moreover, the severity of the remedies sought in legal and regulatory proceedings to which Citi is subject has remained elevated. For example, U.S. and certain non-U.S. governmental entities have increasingly brought criminal actions against, or have sought and obtained criminal guilty pleas or deferred prosecution agreements from, financial institutions and individual employees. These types of actions by U.S. and other governments may, in the future, have significant collateral consequences for Citi, including loss of customers and business, operational loss and the inability to offer certain products or services and/or operate certain businesses. Citi may be required to accept or be subject to similar types of criminal remedies, consent orders, sanctions, substantial fines and penalties, remediation and other financial costs or other requirements in the future, including for matters or practices not yet known to Citi, any of which could materially and negatively affect Citi's businesses, business practices, financial condition or results of operations, require material changes in Citi's operations or cause Citi substantial reputational harm.

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

OTHER RISKS

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

Citi's presence in the emerging markets subjects it to various risks. During 2024, emerging markets revenues accounted for approximately 28% of Citi's total revenues (based, beginning in 2024, on the IMF and FFIEC classifications, which resulted in the exclusion of certain countries that Citi previously classified as emerging markets).

Emerging market risks include, among others, limitations or unavailability of hedges on foreign investments; foreign currency volatility, including devaluations and strength in the U.S. dollar; central bank interest rate and other monetary policies, including the impact of sustained high interest rates in the U.S.; unemployment, recessions or weak or slowing economic growth; elevated inflation and hyperinflation; foreign exchange controls, including an inability to access indirect foreign exchange mechanisms; macroeconomic, geopolitical and domestic political challenges, uncertainties and volatility, including with respect to China, the Russia–Ukraine war and conflicts in the Middle East; cyberattacks; restrictions arising from retaliatory laws and regulations; sanctions or asset freezes; sovereign debt volatility; fluctuations in commodity prices; the effects of potential policy and other changes resulting from the new U.S. administration, including those related to Mexico; the effects of potential policy and other changes resulting from the new Mexican administration and Congress, including judicial reforms; regulatory changes, including potential conflicts among regulations with other jurisdictions where Citi does business; limitations on foreign investment; sociopolitical instability; civil unrest; crime, corruption and fraud; nationalization or loss of licenses; potential criminal charges; closure of branches or subsidiaries; and confiscation of assets; and these risks can be exacerbated in the event of a deterioration in the relationship between the U.S. and an emerging market country.

For example, Citi operates in several countries that have, or have had in the past, strict capital controls, currency controls and/or sanctions, such as Argentina and Russia, that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside of those countries. For instance, Citi may need to record additional translation losses due to currency controls in Argentina. Moreover, Citi may need to record additional reserves for expected losses for its credit exposures based on the transfer risk associated with exposures outside the U.S., driven by safety and soundness considerations under U.S. banking law.

In the event of a loss of control of AO Citibank in Russia, Citi would be required to (i) write off its remaining nominal net investment, (ii) recognize a CTA loss of approximately $1.6 billion through earnings and (iii) recognize a loss of $0.9 billion on intercompany liabilities owed by AO Citibank to other Citi entities outside of Russia. In the sole event of a substantial liquidation, as opposed to a loss of control, Citi would be required to recognize the CTA loss of approximately $1.6 billion through earnings and would evaluate its remaining net investment as circumstances evolve. For additional information about these risks and related potential impacts, see the operational processes and systems and cybersecurity risk factors above.

In addition, political turmoil and instability; geopolitical challenges, tensions and conflicts (including those related to China, the Russia–Ukraine war and the conflicts in the Middle East); terrorism; and other instabilities have occurred in various regions and emerging market countries across the globe, which impact Citi's businesses, results of operations and financial conditions in those countries where Citi operates and have required, and may continue to require, management time and attention and other resources, such as managing the impact of sanctions and their effect on Citi's operations in certain emerging market countries. For additional information, see the macroeconomic challenges and uncertainties risk factor above.

MANAGING GLOBAL RISK

Overview

For Citi, effective risk management is of primary importance to its overall operations. Accordingly, Citi has established an Enterprise Risk Management (ERM) Framework to ensure that all of Citi's risks are managed appropriately and consistently across the Company and at an aggregate, enterprise-wide level. Citi's culture drives a strong risk and control environment, and is at the heart of the ERM Framework, underpinning the way Citi conducts business. The activities that Citi engages in, and the risks those activities generate, must be consistent with Citi's Mission and Value Proposition (see below) and the key Leadership Principles that support it, as well as Citi's risk appetite. As discussed above, Citi also continues its efforts to comply with the 2020 FRB and OCC Consent Orders and the OCC's 2024 Consent Order Amendment, relating principally to various aspects of risk management, compliance, data quality management related to governance, and internal controls (see "Risk Factors—Compliance Risks" above).

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

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

Citi's ERM Framework details the principles used to support effective enterprise-wide risk management across the end-to-end risk management lifecycle. The ERM Framework covers the risk management roles and responsibilities of the Citigroup Board of Directors (the Board), Citi's Executive Management Team and employees across the lines of defense. The underlying pillars of the framework encompass:

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

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

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

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

- *Credit risk* is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations.
- *Liquidity risk* is the risk that Citi will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or financial conditions of Citi. Risk may be exacerbated by the inability of the Company to access funding sources or monetize assets and the composition of liability funding and liquid assets.
- *Market risk (trading and non-trading)*: Market risk of trading portfolios is the risk of economic or trading loss arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables, such as interest rates, equity and commodity prices, foreign exchange rates or credit spreads. Market risk of non-trading portfolios is the impact of adverse changes in market variables such as interest rates, foreign exchange rates, credit spreads and equity prices on Citi's net interest income, economic value of equity or *AOCI*.
- *Operational risk* is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal risk, which is the risk of loss (including litigation costs, settlements and regulatory fines) resulting from Citi's failure to comply with laws, regulations, prudent ethical standards or contractual obligations in any aspect of Citi's business, but excludes strategic and reputation risks (see below).

- *Compliance risk* is the risk to current or projected financial condition and resilience arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards.
- *Reputation risk* is the risk to current or projected financial conditions and resilience from negative opinion held by stakeholders. This risk may impair Citi's competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships.
- *Strategic risk* is the risk of a sustained impact (not episodic impact) to Citi's core strategic objectives as measured by impacts on anticipated earnings, market capitalization or capital, arising from the external factors affecting the Company's operating environment; as well as the risks associated with defining the strategy and executing the strategy, which are identified, measured and managed as part of the Strategic Risk Framework at the Enterprise Level.

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

Citi uses a lines of defense model as a key component of its ERM Framework to manage its risks. As discussed below, the lines of defense model brings together risk-taking, risk oversight and risk assurance under one umbrella and provides an avenue for risk accountability of the first line of defense, a construct for effective challenge by the second line of defense (Independent Risk Management and Independent Compliance Risk Management), and empowers independent risk assurance by the third line of defense (Internal Audit). In addition, the lines of defense model includes organizational units tasked with supporting a strong control environment (enterprise support functions). The first, second and third lines of defense, along with enterprise support functions, have distinct roles and responsibilities and are empowered to perform relevant risk management processes and responsibilities in order to manage Citi's risks in a consistent and effective manner.

CREDIT RISK

Overview

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

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

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

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

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

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

The credit risk associated with Citi's credit exposures is a function of the idiosyncratic creditworthiness of the obligor, as well as the terms and conditions of the specific obligation. Citi assesses the credit risk associated with its credit exposures on a regular basis through its allowance for credit losses (ACL) process, as well as through regular stress testing at the company, business, geography and product levels. These stress-testing processes typically estimate potential incremental credit costs that would occur as a result of either downgrades in the credit quality or defaults of the obligors or counterparties.

LIQUIDITY RISK

Overview

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

Citi's funding and liquidity management objectives are aimed at (i) funding its existing asset base, (ii) growing its core businesses, (iii) maintaining sufficient liquidity, structured appropriately, so that Citi can operate under a variety of adverse circumstances, including potential Company-specific and/or market liquidity events in varying durations and severity, and (iv) satisfying regulatory requirements, including, but not limited to, those related to resolution planning. Citigroup's primary liquidity objectives are established by entity, and in aggregate, across two major categories:

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

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

Citi's primary funding sources include (i) corporate and consumer deposits via Citi's bank subsidiaries, including Citibank, N.A. (Citibank), (ii) long-term debt (primarily senior and subordinated debt) mainly issued by Citigroup Inc., as the parent, and Citibank, and (iii) stockholders' equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured funding transactions.

Citi's funding and liquidity framework, working in concert with overall asset/liability management, helps ensure that there is sufficient liquidity and tenor in the overall liability structure (including funding products) of the Company relative to the liquidity requirements of Citi's assets. This reduces the risk that liabilities will become due before assets mature or are monetized. The Company holds excess liquidity, primarily in the form of high-quality liquid assets (HQLA).

Citi's liquidity is managed centrally by Corporate Treasury, in conjunction with regional and in-country treasurers with oversight provided by Independent Risk Management and various Asset and Liability Committees (ALCOs) at the individual entity, region, country and business levels. Pursuant to this approach, Citi's HQLA are managed with emphasis on asset/liability management and entity-level liquidity adequacy throughout Citi.

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

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

MARKET RISK

Overview

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

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

Market Risk of Trading Portfolios

Trading portfolios include positions resulting from market-making activities, the CVA relating to derivative counterparties and all associated hedges, fair value option loans and hedges of the loan portfolio within capital markets origination. Management of the market risk of Citi's trading portfolio is governed by the Mark-to-Market Risk Policy and the Markets Risk Management Committee.

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

Factor Sensitivities

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

Value at Risk (VaR)

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

Citi uses a single, independently approved Monte Carlo simulation VaR model, which has been designed to capture material risk sensitivities (such as first- and second-order sensitivities of positions to changes in market prices) of various asset classes/risk types (such as interest rate, credit spread, foreign exchange, equity and commodity risks). Citi's VaR includes positions that are measured at fair value.

Citi believes its VaR model is conservatively calibrated to incorporate fat-tail scaling and the greater of short-term (approximately the most recent month) and long-term (18 months for commodities and three years for others) market volatility. As of June 30, 2025, Citi estimates that the conservative features of the VaR calibration contribute an approximate 21% add-on to what would be a VaR estimated under the assumption of normally distributed markets.

CGMHI Quarter-end and Average Trading VaR and Trading and Credit Portfolio VaR

In millions of dollars	June 30, 2025	Six Months 2025 Average	June 30, 2024	Six Months 2024 Average
Interest rate	$ 95	$ 79	$ 71	$ 68
Equity	25	27	39	19
Commodity	27	20	26	18
Foreign exchange	13	15	13	15
Covariance adjustment [1]	(67)	(60)	(80)	(50)
Total trading VAR—all market risk factors, including general and specific risk (excluding credit portfolios) [2]	93	81	69	70
Specific risk-only component [3]	7	9	(1)	4
Total trading VAR—general market risk factors only (excluding credit portfolios)	86	72	70	66
Incremental impact of the credit portfolio [4]	—	1	1	—
Total trading and credit portfolio VAR	$ 93	$ 82	$ 70	$ 70

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

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

	Six Months 2025		Six Months 2024	
In millions of dollars	Low	High	Low	High
Interest rate	$ 64	$ 117	$ 54	$ 88
Equity	19	48	13	42
Commodity	14	27	12	29
Foreign exchange	8	26	8	38
Total trading	$ 67	$ 113	$ 56	$ 87
Total trading and credit portfolio	70	117	58	88

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

VaR Model Review and Validation

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

Material VaR model and assumption changes must be independently validated within Citi's Independent Risk Management organization. All model changes, including those for the VaR model, are validated by the model validation group within Citi's Model Risk Management. In the event of significant model changes, parallel model runs are undertaken prior to implementation. In addition, significant model and assumption changes are subject to the periodic reviews and approval by Citi's U.S. banking regulators.

Stress Testing

Citi performs market risk stress testing 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. Citi's market risk management, after consultations with the businesses, develops both systemic and specific stress scenarios, reviews the output of periodic stress testing exercises and uses the information to assess the ongoing appropriateness of exposure levels and limits. Citi uses two complementary approaches to market risk stress testing across all major risk factors (i.e., equity, foreign exchange, commodity, interest rate and credit spreads): top-down systemic stresses 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 systemic stress scenarios and business-specific stress scenarios at Citi are used in several reports reviewed by senior management and also to calculate internal risk capital for trading market risk, as well as enable the monitoring and managing of Citi's top market risks.

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 two-month horizon. The limited set of positions and market factors whose market value changes are defined over a two-month horizon are those that in management's judgment have historically remained very liquid during financial crises, even as the trading liquidity of most other positions and market factors materially declined.

OPERATIONAL RISK

Overview

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human error or systems errors, or external events. As discussed further below, operational risk includes cybersecurity risk. It also includes legal risk, which is the risk of loss (including litigation costs, settlements and regulatory fines) resulting from the failure of Citi to comply with laws, regulations, prudent ethical standards and contractual obligations in any aspect of its businesses, but excludes strategic and reputation risks. Citi also recognizes the impact of operational risk on the reputation risk associated with Citi's business activities.

Operational risk is inherent in Citi's global business activities, as well as related support functions, and can result in losses. Citi maintains a comprehensive Company-wide risk taxonomy to classify operational risks that it faces using standardized definitions across Citi's Operational Risk Management Framework (see discussion below). This taxonomy also supports regulatory requirements and expectations inclusive of those related to U.S. Basel III, Comprehensive Capital Analysis and Review (CCAR), Heightened Standards for Large Financial Institutions and Dodd-Frank Act Stress Testing (DFAST).

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

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

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

- understanding and assessing the operational risks they are exposed to;
- designing, executing and testing controls that mitigate identified risks;
- establishing key indicators;
- monitoring and reporting whether the operational risk exposures are in or out of their operational risk appetite;
- having processes in place to bring operational risk exposures within acceptable levels;
- periodically estimating and aggregating the operational risks they are exposed to; and
- ensuring that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

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

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

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

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

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

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

Cybersecurity Risk

Overview

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

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

Citi's cyber and information security program is supported by comprehensive governance, including policies, standards and procedures that dictate requirements and best practices around various program aspects, including, but not limited to, third-party risk management, data management, asset management, information security practices, security incident management and regulatory compliance. Citi's Chief Information Security Organization's risks and controls are measured against its Cybersecurity Risk Appetite Statement, which was initially approved by the Risk Management Committee of the Board of Directors and is reapproved annually by Citi's Risk Committee, chaired by Citi's Chief Risk Officer. Citi's Cybersecurity Risk Appetite Statement leverages key risk indicators to establish enterprise risk tolerance and define risk management strategy with respect to cyber and information security. Further, Citi actively participates in financial industry, government and cross-sector knowledge-sharing groups to enhance individual and collective cybersecurity preparedness and resilience.

Cybersecurity Risk Management and Governance

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

Citi's Chief Information Security Office, which is led by Citi's Head of Foundational Services and Chief Information Security Officer (CISO), serves as the first line of defense. This office provides frontline business, operational and technical controls and capabilities to (1) protect against cybersecurity risks, and (2) respond to cyber incidents, including data breaches. Citi manages cybersecurity threats through its state-of-the-art fusion centers, which serve as central commands for monitoring and coordinating responses to cyber threats.

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

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

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

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

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

COMPLIANCE RISK

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

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

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

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

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

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

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

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

As discussed above, Citi is working to address the FRB and OCC Consent Orders and the OCC's 2024 Consent Order Amendment, which include improvements to Citi's CRM Framework and its enterprise-wide application.

REPUTATION RISK

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

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

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

STRATEGIC RISK

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

In this context, external factors affecting Citi's operating environment are the economic environment, geopolitical/political landscape, industry/competitive landscape, environmental, customer/client behavior, regulatory/legislative environment and trends related to investors/shareholders. Material strategic risks that Citi is monitoring include the impacts of adverse changes in inflation and interest rates in the U.S., as well as macroeconomic uncertainties driven by weak global growth, tariffs and geopolitical issues, including the Middle East conflict, the Russia–Ukraine war and U.S.–China tensions, and increased regulatory requirements. In addition to external factors affecting Citi's operating environment, Citi also monitors risks related to the execution of its strategy, with heightened focus on delivering the transformation of its risk and control environment pursuant to the 2020 FRB and OCC Consent Orders and the 2024 Amendment to the OCC's Consent Order.

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

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

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

Climate Risk

Climate change presents near- and long-term risks to Citi and its clients and customers, with the risks expected to increase over time. Climate risk refers to the risk of loss arising from climate change and comprises both physical risk and transition risk.

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

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

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

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

Furthermore, Citi participates in financial industry and regulatory initiatives that inform the measurement and assessment of potential financial risks of climate change, including scenario analysis. Citi also continues to monitor and actively engage with regulators on climate risk and sustainable finance developments.

REPURCHASES OF EQUITY SECURITIES

All large banks, including Citi, are subject to limitations on capital distributions in the event of a breach of any regulatory capital buffers, including the Stress Capital Buffer, with the degree of such restrictions based on the extent to which the buffers are breached. For additional information, see “Risk Factors—Strategic Risks,” above.

The following tables summarize Citi’s common share repurchases for the first and second quarters of 2025:

In thousands, except per share amounts and remaining program dollar value	**Total shares purchased**	**Average price paid per share**	**Total shares purchased as part of publicly announced program (1)**	**Approximate remaining dollar value of shares that may be purchased under the program *(in billions of dollars)***
January 2025				
Open market repurchases (1)	2,685	$ 80.64	2,685	$ 19.8
Employee transactions (2)	—	—	—	—
February 2025				
Open market repurchases (1)	6,195	80.31	8,880	19.3
Employee transactions (2)	—	—	—	—
March 2025				
Open market repurchases (1)	14,587	71.02	23,467	18.3
Employee transactions (2)	—	—	—	—
Total for 1Q25	23,467	$ 74.57	23,467	$ 18.3

In thousands, except per share amounts and remaining program dollar value	**Total shares purchased**	**Average price paid per share**	**Total shares purchased as part of publicly announced program (1)**	**Approximate remaining dollar value of shares that may be purchased under the program *(in billions of dollars)***
April 2025				
Open market repurchases (1)	6,425	$ 65.84	29,892	$ 17.8
Employee transactions (2)	—	—	—	—
May 2025				
Open market repurchases (1)	10,488	73.34	40,380	17.1
Employee transactions (2)	—	—	—	—
June 2025				
Open market repurchases (1)	10,180	79.35	50,560	16.3
Employee transactions (2)	—	—	—	—
Total for 2Q25	27,093	$ 73.82	50,560	$ 16.3

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

(2) During the first and second quarters, pursuant to the Board’s authorization, Citi withheld an insignificant number of shares of common stock, added to treasury stock, related to activity on employee stock programs to satisfy the employee tax requirements.

During the first quarter of 2025, Citi repurchased $1.75 billion of common shares under the $20 billion stock repurchase program. During the second quarter of 2025, Citi repurchased $2.0 billion of common shares under the $20 billion stock repurchase program. For the third quarter of 2025, Citi is targeting at least $4 billion of common share repurchases, subject to market conditions and other factors.

CITIGROUP GLOBAL MARKETS HOLDINGS INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2025 AND DECEMBER 31, 2024
AND FOR THE SIX MONTHS ENDED
JUNE 30, 2025 AND 2024
(UNAUDITED)

CITIGROUP GLOBAL MARKETS HOLDINGS INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Revenues:		
Investment banking	$ 2,116	$ 1,867
Principal transactions	790	1,190
Commissions and fees	949	840
Fiduciary fees	186	167
Other	49	94
Total non-interest revenues	4,090	4,158
Interest income	21,968	23,063
Interest expense	19,289	21,413
Net interest income	2,679	1,650
Total revenues, net of interest expense	6,769	5,808
Operating expenses:		
Compensation and benefits	2,787	2,761
Technology/communication	963	923
Transactional and tax charges	711	727
Premises and equipment	113	126
Professional services	103	102
Restructuring	4	40
Other operating	1,081	1,513
Total operating expenses	5,762	6,192
Income (loss) before income taxes	1,007	(384)
Provision (benefit) for income taxes	(68)	83
Net income (loss)	$ 1,075	$ (467)

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

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

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Net income (loss)	$ 1,075	$ (467)
Add: Other comprehensive income (loss)		
Debt valuation adjustment (DVA), pretax [1]	268	(350)
Benefit plans liability adjustment, pretax	(4)	3
Foreign currency translation adjustment, pretax	746	(234)
Income tax on items reflected in Other comprehensive income	(70)	52
Total other comprehensive income (loss)	940	(529)
Total comprehensive income (loss)	$ 2,015	$ (996)

(1) Reflects the pretax valuation of CGMHI's fair value option liabilities. See "Market Valuation Adjustments" in Note 9.

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

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

In millions of dollars		June 30, 2025 (Unaudited)		December 31, 2024
Assets				
Cash and cash equivalents		$ 17,505		$ 14,254
Cash segregated under federal and other regulations		6,595		5,210
Securities borrowed and purchased under agreements to resell (including $153,019 and $128,119 as of June 30, 2025 and December 31, 2024, respectively, at fair value)		251,159		215,750
Trading account assets (including $254,297 and $191,297 pledged to creditors at June 30, 2025 and December 31, 2024, respectively):				
U.S. Treasury and federal agency securities	112,548		118,234	
Mortgage-backed securities	90,537		64,927	
Equity securities	69,901		41,929	
Foreign government securities	36,687		26,314	
Derivatives	18,331		20,494	
Corporate	22,847		14,278	
Asset-backed securities	2,245		2,309	
Other trading assets	5,724		5,911	
Total trading account assets		358,820		294,396
Brokerage receivables:				
Customers	18,276		17,690	
Brokers, dealers and clearing organizations	34,755		24,693	
Total brokerage receivables		53,031		42,383
Loans to affiliates		99,140		90,647
Other assets (including $6,299 and $7,315 as of June 30, 2025 and December 31, 2024, respectively, at fair value)		22,819		22,861
Total assets		$ 809,069		$ 685,501

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

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

In millions of dollars, except shares		June 30, 2025 (Unaudited)		December 31, 2024
Liabilities				
Short-term borrowings (including $15,055 and $9,793 as of June 30, 2025 and December 31, 2024, respectively, at fair value)		$ 31,509		$ 29,360
Securities loaned and sold under agreements to repurchase (including $190,341 and $49,309 as of June 30, 2025 and December 31, 2024, respectively, at fair value)		344,834		267,934
Trading account liabilities		104,971		89,146
Brokerage payables (including $3,915 and $5,207 as of June 30, 2025 and December 31, 2024, respectively, at fair value)				
Customers	72,409		60,347	
Brokers, dealers and clearing organizations	14,983		9,871	
Total brokerage payables		87,392		70,218
Other liabilities		9,513		9,817
Long-term debt (including $97,678 and $87,695 as of June 30, 2025 and December 31, 2024, respectively, at fair value)		194,532		184,566
Total liabilities		772,751		651,041
Stockholder's equity				
Common stock (par value $.01 per share, 1,000 shares authorized; 1,000 shares issued and outstanding)		—		—
Additional paid-in capital		29,175		29,175
Retained earnings		7,994		7,076
Accumulated other comprehensive income (loss) (AOCI)		(851)		(1,791)
Total stockholder's equity		36,318		34,460
Total liabilities and equity		$ 809,069		$ 685,501

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

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

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Common stock and additional paid-in capital		
Balance, beginning of period	$ 29,175	$ 29,148
Employee benefit plans	—	1
Balance, end of period	29,175	29,149
Retained earnings		
Balance, beginning of period	7,076	8,970
Net income (loss)	1,075	(467)
Dividends	(157)	(21)
Balance, end of period	7,994	8,482
Accumulated other comprehensive income (loss)		
Balance, beginning of period	(1,791)	(934)
Total other comprehensive income (loss)	940	(529)
Balance, end of period	(851)	(1,463)
Total stockholder's equity	$ 36,318	$ 36,168

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

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

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Cash flows from operating activities:		
CGMHI's net income (loss)	$ 1,075	$ (467)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	28	29
Net change in:		
Trading account assets	(64,424)	(32,361)
Trading account liabilities	15,825	(8,053)
Brokerage receivables net of brokerage payables	6,526	(2,088)
Other assets	4,105	(1,535)
Other liabilities	(304)	(873)
Net cash used in operating activities	(37,169)	(45,348)
Cash flows from investing activities:		
Securities borrowed and purchased under agreements to resell	(35,409)	21,609
Loans to affiliates	(8,493)	5,560
Other, net	(33)	(38)
Net cash provided by (used in) investing activities	(43,935)	27,131
Cash flows from financing activities:		
Dividends paid	(157)	(21)
Securities loaned and sold under agreements to repurchase	76,900	14,490
Employee benefit plans	—	1
Issuance of long-term debt	35,962	25,945
Payments of long-term debt	(31,847)	(37,471)
Short-term borrowings, net	4,882	13,266
Net cash provided by financing activities	85,740	16,210
Change in cash and cash segregated under federal and other regulations	4,636	(2,007)
Cash and cash segregated under federal and other regulations at beginning of period	19,464	23,756
Cash and cash segregated under federal and other regulations at end of period	$ 24,100	$ 21,749
Cash and cash equivalents	$ 17,505	$ 13,696
Cash segregated under federal and other regulations	6,595	8,053
Cash and cash segregated under federal and other regulations at end of year	$ 24,100	$ 21,749
Cash paid during the year for interest	$ 19,462	$ 21,649
Change in tenor of long-term debt (1)	$ 2,733	$ 6,370

(1) During the six months ended June 30, 2025 and 2024, the Company changed the tenor of $2.7 billion and $6.4 billion, respectively, in debt with Citicorp from short-term to long-term.

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

1. BASIS OF PRESENTATION, UPDATED ACCOUNTING POLICIES AND ACCOUNTING CHANGES

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 include the accounts of Citigroup Global Markets Holdings Inc. (CGMHI) and its consolidated subsidiaries. CGMHI is a direct wholly owned subsidiary of Citigroup Inc., a Delaware corporation and a financial holding company under the Bank Holding Company Act (Citigroup and its consolidated subsidiaries are referred to herein as "Citigroup" or "Citi").

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected. The accompanying unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes included within CGMHI's 2024 Audited Financial Statements.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), but is not required for interim reporting purposes, has been condensed or omitted.

Management must make estimates and assumptions that affect the Consolidated Financial Statements and the related footnote disclosures. While management uses its best judgment, actual results could differ from those estimates.

As noted above, the Notes to these Consolidated Financial Statements are unaudited.

Throughout these Notes, "CGMHI" and "the Company" refer to Citigroup Global Markets Holdings Inc. and its consolidated subsidiaries.

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

The Company has performed an evaluation of events that have occurred subsequent to June 30, 2025, and through August 29, 2025 (the date of the filing of this report). There have been no material subsequent events that occurred during such period that would require disclosure or recognition on the Consolidated Financial Statements as of June 30, 2025.

ACCOUNTING CHANGES

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

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

The standard is effective for fiscal years beginning after December 15, 2024. The transition method is prospective with the retrospective method permitted. CGMHI plans to adopt the ASU for the year ending December 31, 2025.

See Note 1 to the Consolidated Financial Statements in the Company's 2024 Audited Financial Statements for a discussion of 2024 accounting changes.

FUTURE ACCOUNTING CHANGES

Identifying the Acquirer in a Business Combination

In May 2025, the FASB issued ASU No. 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, intended to clarify the guidance for identifying the accounting acquirer when the legal acquiree is a variable interest entity that meets the definition of a business.

The revised guidance requires entities to consider the factors in Topic 805 when a business combination involving a VIE is effected primarily by exchanging equity interests in which a VIE is acquired.

The ASU will be effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. CGMHI is currently evaluating the impact of the ASU. Adoption of the ASU is not expected to have a material impact on CGMHI's operating results or financial position.

Disaggregation of Income Statement Expenses

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

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

2. OPERATING SEGMENT

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

CGMHI provides corporate, institutional, and public sector clients with a full range of brokerage products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, investment banking and advisory services.

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

CGMHI provides financial services to a range of client segments including affluent, high net worth and ultra-high net worth clients. CGMHI offers a broad range of brokerage and investment advisory products and other services to retail clients.

The Company derived more than 10 percent of its net revenues from Citigroup affiliates for the six months ended June 30, 2025 and 2024. See Note 13 for additional information regarding CGMHI's related party transactions.

The accounting policies of the reportable operating segment are the same as those disclosed in Note 1 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

Performance by Geographic Area

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

The Company defines international activities for purposes of this footnote presentation as business transactions that involve clients that reside outside of North America, and the information presented below is based on managed geography (the booking location that manages the client relationship), which is predominantly the domicile of the client. However, many of the Company's North America operations serve international businesses.

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

	Six Months Ended June 30,	
In millions of dollars	2025	2024
North America (1)	$ 3,367	$ 3,067
International (2)	3,402	2,741
Total CGMHI	$ 6,769	$ 5,808

(1) Primarily reflects the U.S.
(2) International represents the summation of revenues in International businesses.

3. PRINCIPAL TRANSACTIONS

Principal transactions revenue consists of realized and unrealized gains and losses from trading activities. Trading activities include revenues from fixed income, equities, credit and commodities products and foreign exchange transactions that are managed on a portfolio basis and characterized below based on the primary risk managed by each trading desk (as such, the trading desks can be periodically reorganized and thus the risk categories). Not included in the table below is the impact of net interest income related to trading activities, which is an integral part of the profitability of trading activities. Principal transactions include CVA (credit valuation adjustments) and FVA (funding valuation adjustments) on over-the-counter derivatives. These adjustments are discussed further in Note 9.

In certain transactions, CGMHI incurs fees and presents these fees paid to third parties in operating expenses. The following table presents *Principal transactions* revenue:

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Interest rate risks (1)	$ 375	$ 132
Credit products and risks (2)	105	565
Commodity and other risks (3)	202	365
Equity risks (4)	80	125
Foreign exchange risks (5)	28	3
Total principal transactions revenue	$ 790	$ 1,190

(1) Includes revenues from government securities, municipal securities, mortgage securities and other debt instruments. Also includes spot and forward trading of currencies and over-the-counter (OTC) currency options, options on fixed income securities, interest rate swaps, currency swaps, swap options, caps and floors, financial futures, OTC options and forward contracts on fixed income securities.
(2) Includes revenues from corporate debt, mortgage securities, single name and index credit default swaps, and structured credit products.
(3) Primarily includes revenues from crude oil, refined oil products, natural gas and other commodities trades.
(4) Includes revenues from common, preferred and convertible preferred stock, convertible corporate debt, equity-linked notes and exchange-traded and OTC equity options and warrants.
(5) Includes revenues from foreign exchange spot, forward, option and swap contracts, as well as foreign currency translation gains and losses.

4. SECURITIES BORROWED, LOANED AND SUBJECT TO REPURCHASE AGREEMENTS

For additional information on the Company's resale and repurchase agreements and securities borrowing and lending agreements, see Note 6 to the Consolidated Financial Statements in the Company's 2024 Audited Financial Statements.

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

In millions of dollars	June 30, 2025	December 31, 2024
Securities purchased under agreements to resell (including $138,729 and $105,521 as of June 30, 2025 and December 31, 2024, respectively, at fair value)	$ 174,289	$ 137,924
Securities borrowed (including $14,290 and $22,598 as of June 30, 2025 and December 31, 2024, respectively, at fair value)	76,870	77,826
Total (1)	$ 251,159	$ 215,750

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

In millions of dollars	June 30, 2025	December 31, 2024
Securities sold under agreements to repurchase (including $189,271 and $48,560 as of June 30, 2025 and December 31, 2024, respectively, at fair value)	$ 326,968	$ 252,523
Securities loaned (including $1,070 and $749 as of June 30, 2025 and December 31, 2024, respectively, at fair value)	17,866	15,411
Total (1)	$ 344,834	$ 267,934

(1) The above tables do not include securities-for-securities lending transactions of $3.9 billion and $5.2 billion at June 30, 2025 and December 31, 2024, respectively, where the Company acts as lender and receives securities that can be sold or pledged as collateral. In these transactions, the Company recognizes the securities received at fair value within *Other assets* and the obligation to return those securities as a liability within *Brokerage payables*.

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

	As of June 30, 2025				
In millions of dollars	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet (1)	Net amounts of assets included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default(2)(3)	Net amounts (4)
Securities purchased under agreements to resell	$ 460,139	$ 285,850	$ 174,289	$ 172,524	$ 1,765
Securities borrowed	99,747	22,877	76,870	27,697	49,173
Total	$ 559,886	$ 308,727	$ 251,159	$ 200,221	$ 50,938

In millions of dollars	Gross amounts of recognized liabilities	Gross amounts offset on the Consolidated Balance Sheet (1)	Net amounts of liabilities included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default(2)(3)	Net amounts (4)
Securities sold under agreements to repurchase	$ 612,818	$ 285,850	$ 326,968	$ 275,811	$ 51,157
Securities loaned	40,743	22,877	17,866	13,975	3,891
Total	$ 653,561	$ 308,727	$ 344,834	$ 289,786	$ 55,048

In millions of dollars	Gross amounts of recognized assets	Gross amounts offset on the Consolidated Balance Sheet (1)	Net amounts of assets included on the Consolidated Balance Sheet	Amounts not offset on the Consolidated Balance Sheet but eligible for offsetting upon counterparty default (3)	Net amounts (4)
	As of December 31, 2024				
Securities purchased under agreements to resell	$ 442,878	$ 304,954	$ 137,924	$ 136,502	$ 1,422
Securities borrowed	97,153	19,327	77,826	19,085	58,741
Total	$ 540,031	$ 324,281	$ 215,750	$ 155,587	$ 60,163

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

(1) Includes financial instruments subject to enforceable master netting agreements that are permitted to be offset under ASC 210-20-45.

(2) Beginning January 1, 2025, excludes amounts relating to accrued interest. Accrued interest receivable on Securities purchased under agreements to resell (reverse repos) is presented in *Other assets* and accrued interest payable on Securities sold under agreements to repurchase (repos) is presented in *Other liabilities*.

(3) Includes financial instruments subject to enforceable master netting agreements that are not permitted to be offset under ASC 210-20-45, but would be eligible for offsetting to the extent that an event of default has occurred and a legal opinion supporting enforceability of the offsetting right has been obtained.

(4) Remaining exposures continue to be secured by financial collateral, but the Company may not have sought or been able to obtain a legal opinion evidencing enforceability of the offsetting right.

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

In millions of dollars	Open and overnight	Up to 30 Days	31-90 Days	Greater than 90 Days	Total
	As of June 30, 2025				
Securities sold under agreements to repurchase	$ 321,537	$ 155,440	$ 58,212	$ 77,629	$ 612,818
Securities loaned	31,382	215	3,074	6,072	40,743
Total	$ 352,919	$ 155,655	$ 61,286	$ 83,701	$ 653,561

In millions of dollars	Open and overnight	Up to 30 Days	31-90 Days	Greater than 90 Days	Total
	As of December 31, 2024				
Securities sold under agreements to repurchase	$ 292,729	$ 155,445	$ 46,569	$ 62,734	$ 557,477
Securities loaned	25,794	213	3,002	5,729	34,738
Total	$ 318,523	$ 155,658	$ 49,571	$ 68,463	$ 592,215

The following tables present the gross amounts of liabilities associated with repurchase agreements and securities lending agreements by class of underlying collateral:

	As of June 30, 2025		
In millions of dollars	Repurchase agreements	Securities lending agreements	Total
U.S. Treasury and federal agency securities	$ 329,232	$ —	$ 329,232
State and municipal securities	95	12	107
Foreign government securities	132,235	1,155	133,390
Corporate bonds	19,280	937	20,217
Equity securities	29,792	38,223	68,015
Mortgage-backed securities	96,069	24	96,093
Asset-backed securities	5,026	23	5,049
Other trading assets	1,089	369	1,458
Total	$ 612,818	$ 40,743	$ 653,561

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

5. DEBT

For additional information regarding CGMHI’s short-term borrowings and long-term debt, see Note 7 to the Consolidated Financial Statements in CGMHI’s 2024 Audited Financial Statements.

Short-Term Borrowings

In millions of dollars	June 30, 2025	December 31, 2024
Borrowings from affiliates	$ 7,154	$ 5,627
Commercial paper	9,297	13,739
Other short-term borrowings	15,058	9,994
Total	$ 31,509	$ 29,360

Long-Term Debt

In millions of dollars	June 30, 2025	December 31, 2024
Senior debt	$ 170,932	$ 160,941
Subordinated notes with affiliates	23,600	23,625
Total	$ 194,532	$ 184,566

Long-term debt with affiliates totaled $94.7 billion and $95.0 billion at June 30, 2025 and December 31, 2024, respectively.

6. CAPITAL REQUIREMENTS

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

At June 30, 2025, Citigroup Global Markets Inc., a U.S. broker-dealer registered with the SEC that is an indirect wholly owned subsidiary of CGMHI, had net capital, computed in accordance with the SEC's net capital rule, of $20 billion, which exceeded the minimum requirement by $14 billion.

Moreover, Citigroup Global Markets Limited, a broker-dealer registered with the United Kingdom's Prudential Regulation Authority (PRA) that is also an indirect wholly owned subsidiary of CGMHI, had total regulatory capital of $27 billion at June 30, 2025, which exceeded the PRA's minimum regulatory capital requirements.

In addition, certain of CGMHI's other broker-dealer subsidiaries are subject to regulation in the countries in which they do business, including requirements to maintain specified levels of net capital or its equivalent. Citigroup's other principal broker-dealer subsidiaries were in compliance with their regulatory capital requirements at June 30, 2025.

7. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

For additional information regarding CGMHI's use of special purpose entities (SPEs) and variable interest entities (VIEs), see Note 9 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

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

	As of June 30, 2025					
	Total			Maximum exposure to loss in significant unconsolidated VIEs (1)		
In millions of dollars	Total involvement with SPE assets	Consolidated VIE / SPE assets	Significant unconsolidated VIE assets (2)	Debt investments (3)	Derivatives	Total
Mortgage securitizations (4)						
U.S. agency-sponsored	$ 73,426	$ —	$ 73,426	$ 2,498	$ —	$ 2,498
Non-agency-sponsored	32,884	—	32,884	581	—	581
Asset-based financing	3,846	1,894	1,952	85	—	85
Total	$ 110,156	$ 1,894	$ 108,262	$ 3,164	$ —	$ 3,164

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

(1) The definition of maximum exposure to loss is included in the text that follows this table.
(2) A significant unconsolidated VIE is an entity in which the Company has any variable interest or continuing involvement considered to be significant, regardless of the likelihood of loss.
(3) Funded exposures that are included on the Company's June 30, 2025 and December 31, 2024 Consolidated Statement of Financial Condition in *Trading account assets*.

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

The previous tables do not include:

- certain VIEs structured by third parties in which the Company holds securities in inventory, as these investments are made on arm's-length terms;
- certain positions in mortgage- and asset-backed securities held by the Company, which are classified as *Trading account assets,* in which the Company has no other involvement with the related securitization entity deemed to be significant (see Note 9); and
- certain representations and warranties exposures in CGMHI residential mortgage securitizations, in which the original mortgage loan balances are no longer outstanding.

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

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

Mortgage Securitizations

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

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

	Securitized assets		90 days past due		Liquidation losses	
	June 30,	Dec. 31,	June 30,	Dec. 31,	Six Months Ended June 30,	
In millions of dollars	2025	2024	2025	2024	2025	2024
Residential mortgages	$ 590	$ 694	$ —	$ —	$ —	$ —
Commercial and other	1,952	1,491	—	—	—	—
Residential mortgages	$ 2,542	$ 2,185	$ —	$ —	$ —	$ —

Re-securitizations

The Company engages in re-securitization transactions backed by either residential or commercial mortgages in which debt securities are transferred to a VIE in exchange for new beneficial interests. CGMHI did not transfer non-agency (private label) securities to re-securitization entities, nor did CGMHI hold retained interests in such securitizations, during the six months ended June 30, 2025 and 2024.

As of June 30, 2025 and December 31, 2024, CGMHI held no retained interests in private label re-securitization transactions structured by CGMHI.

The Company also re-securitizes U.S. government-agency-guaranteed mortgage-backed (agency) securities. During the six months ended June 30, 2025 and 2024, CGMHI transferred agency securities with a fair value of approximately $13.6 billion and $10.7 billion, respectively, to re-securitization entities.

As of June 30, 2025, the fair value of CGMHI-retained interests in agency re-securitization transactions structured by CGMHI totaled approximately $2.5 billion (including $1.6 billion related to re-securitization transactions executed in 2025), compared to $1.6 billion as of December 31, 2024 (including $977 million related to re-securitization transactions executed in 2024), which is recorded in *Trading account assets*. The original fair values of agency re-securitization transactions in which CGMHI holds a retained interest as of June 30, 2025 and December 31, 2024 were approximately $73.4 billion and $76.8 billion, respectively.

As of June 30, 2025 and December 31, 2024, the Company did not consolidate any private label or agency re-securitization entities.

Asset-Based Financing

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

8. DERIVATIVES

In the ordinary course of business, the Company enters into various types of derivative transactions. All derivatives are recorded in *Trading account assets/Trading account liabilities* on the Consolidated Statement of Financial Condition. For additional information regarding the Company's use of and accounting for derivatives, see Note 10 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

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

In addition, aggregate derivative notional amounts can fluctuate from period to period in the normal course of business based on CGMHI's market share, levels of client activity and other factors.

Derivative Notionals

	Hedging instruments under ASC 815		Trading derivative instruments	
In millions of dollars	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Interest rate contracts				
Swaps	$ —	$ 32	$ 8,318,272	$ 8,445,422
Futures and forwards	—	—	1,296,581	1,250,578
Written options	—	—	545,629	482,647
Purchased options	—	—	532,790	466,811
Total interest rate contracts	—	32	10,693,272	10,645,458
Foreign exchange contracts				
Swaps	—	—	1,073,921	912,517
Futures, forwards and spot	—	—	243,289	174,814
Written options	—	—	110,108	78,119
Purchased options	—	—	110,106	78,257
Total foreign exchange contracts	—	—	1,537,424	1,243,707
Equity contracts				
Swaps	—	—	385,566	325,934
Futures and forwards	—	—	74,777	63,943
Written options	—	—	674,493	440,789
Purchased options	—	—	596,824	376,448
Total equity contracts	—	—	1,731,660	1,207,114
Commodity and other contracts				
Swaps	—	—	61,168	62,284
Futures and forwards	686	2,191	58,826	52,170
Written options	—	—	14,352	9,500
Purchased options	—	—	16,703	11,103
Total commodity and other contracts	686	2,191	151,049	135,057
Credit derivatives (1)				
Protection sold	—	—	996,771	803,590
Protection purchased	—	—	1,015,981	821,584
Total credit derivatives	—	—	2,012,752	1,625,174
Total derivative notionals	$ 686	$ 2,223	$ 16,126,157	$ 14,856,510

(1) Credit derivatives are arrangements designed to allow one party (protection purchaser) to transfer the credit risk of a “reference asset” to another party (protection seller). These arrangements allow a protection seller to assume the credit risk associated with the reference asset without directly purchasing that asset. The Company enters into credit derivative positions for purposes such as risk management, yield enhancement, reduction of credit concentrations and diversification of overall risk, and as a market-maker to facilitate client transactions.

The following table presents the gross and net fair values of the Company’s derivative transactions and the related offsetting amounts as of June 30, 2025 and December 31, 2024. Gross positive fair values are offset against gross negative fair values by counterparty, pursuant to enforceable master netting agreements. Under ASC 815-10-45, payables and receivables in respect of cash collateral received from or paid to a given counterparty pursuant to a credit support annex are included in the offsetting amount if a legal opinion supporting the enforceability of netting and collateral rights has been obtained. GAAP does not permit similar offsetting for security collateral.

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

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

	Derivatives classified in Trading account assets / liabilities (1) (2)			
	June 30, 2025		December 31, 2024	
In millions of dollars	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives instruments designated as ASC 815 hedges	$ —	$ —	$ 3	$ —
Derivatives instruments not designated as ASC 815 hedges:				
Over-the-counter	109,606	106,845	123,486	120,363
Cleared	3,393	4,062	2,281	2,828
Exchange traded	22	10	13	13
Interest rate contracts	113,021	110,917	125,780	123,204
Over-the-counter	22,348	24,511	26,138	28,241
Foreign exchange contracts	22,348	24,511	26,138	28,241
Over-the-counter	32,905	36,570	27,084	25,820
Cleared	—	—	2	52
Exchange traded	37,190	36,725	27,216	27,031
Equity contracts	70,095	73,295	54,302	52,903
Over-the-counter	7,890	10,580	8,365	10,704
Exchange traded	171	358	123	198
Commodity and other contracts	8,061	10,938	8,488	10,902
Over-the-counter	21,702	21,753	18,341	17,726
Cleared	2,688	2,635	1,744	1,700
Credit derivatives	24,390	24,388	20,085	19,426
Total derivatives instruments not designated as ASC 815 hedges	237,915	244,049	234,793	234,676
Total derivatives	237,915	244,049	234,796	234,676
Less: Netting agreements (3)	(211,817)	(211,817)	(206,602)	(206,602)
Less: Netting cash collateral received/paid (4)	(7,767)	(7,869)	(7,700)	(8,331)
Net receivables / payables included on the Consolidated Statement of Financial Condition	$ 18,331	$ 24,363	$ 20,494	$ 19,743
Additional amounts subject to an enforceable master netting agreement, but not offset on the Consolidated Statement of Financial Condition				
Less: Cash collateral received/paid	(10)	(27)	(11)	(54)
Less: Non-cash collateral received/paid	(1,481)	(979)	(694)	(1,016)
Total net receivables/payables	$ 16,840	$ 23,357	$ 19,789	$ 18,673

(1) The derivatives fair values are also presented in Note 9.
(2) Over-the-counter (OTC) derivatives are derivatives executed and settled bilaterally with counterparties without the use of an organized exchange or central clearing house. Cleared derivatives include derivatives executed bilaterally with a counterparty in the OTC market, but then novated to a central clearing house, whereby the central clearing house becomes the counterparty to both of the original counterparties. Exchange-traded derivatives include derivatives executed directly on an organized exchange that provides pre-trade price transparency.
(3) Represents the netting of derivative receivable and payable balances with the same counterparty under enforceable netting agreements.
(4) Represents the netting of cash collateral paid and received by counterparties under enforceable credit support agreements with appropriate legal opinion supporting enforceability of netting. Substantially all netting of cash collateral received and paid is against OTC derivative assets and liabilities, respectively.

For the six months ended June 30, 2025 and 2024, amounts recognized in *Principal transactions* in the Consolidated Statement of Operations include certain derivatives not designated in a qualifying hedging relationship. The Company presents this disclosure by business classification, showing derivative gains and losses related to its trading activities together with gains and losses related to non-derivative instruments within the same trading portfolios, as this represents how these portfolios are risk managed. See Note 3 for further information.

Fair Value Hedges

For additional information regarding CGMHI's fair value hedges, see Notes 1 and 10 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

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

	Gains / (losses) on fair value hedges Six Months Ended June 30,			
	2025		2024	
In millions of dollars	Principal transactions	Net interest income	Principal transactions	Net interest income
Gain (loss) on the hedging derivatives included in assessment of the effectiveness of fair value hedges:				
Interest rate hedges	$ —	$ —	$ —	$ (2)
Commodity hedges	493	—	198	—
Total gain (loss) on the hedging derivatives included in assessment of the effectiveness of fair value hedges	493	—	198	(2)
Gain (loss) on the hedged item in designated and qualifying fair value hedges:				
Interest rate hedges	—	—	—	2
Commodity hedges	(493)	—	(198)	—
Total gain (loss) on the hedged item in designated and qualifying fair value hedges	(493)	—	(198)	2
Net gain on the hedging derivatives excluded from assessment of the effectiveness of fair value hedges:				
Interest rate hedges	—	—	—	—
Commodity hedges [(1)]	66	—	62	—
Total net gain on the hedging derivatives excluded from assessment of the effectiveness of fair value hedges	$ 66	$ —	$ 62	$ —

(1) Amounts related to the forward points (i.e., the spot-forward difference) that are excluded from the assessment of hedge effectiveness and are generally reflected directly in earnings under the mark-to-market approach or recorded in *AOCI* under the amortization approach. The six months ended June 30, 2025 and 2024 includes gains of approximately $27 million and $42 million under the mark-to-market approach, and approximately $39 million and $20 million under the amortization approach, respectively.

Cumulative Basis Adjustment

For additional information regarding CGMHI's cumulative basis adjustment, see Notes 1 and 10 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

The following table presents the carrying amount of CGMHI's hedged assets and liabilities under qualifying fair value hedges at June 30, 2025 and December 31, 2024, along with the cumulative basis adjustments included in the carrying value of those hedged assets and liabilities that would reverse through earnings in future periods.

In millions of dollars

Balance sheet line item in which hedged item is recorded	Carrying amount of hedged asset/ liability	Cumulative fair value hedging adjustment increasing (decreasing) the carrying amount	
		Active	De-designated
As of June 30, 2025			
Trading account assets	$ 639	$ (63)	$ —
Long-term debt	—	—	—
As of December 31, 2024			
Trading account assets	$ 2,300	$ (15)	$ —
Long-term debt	190	3	—

Credit Derivatives

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

		Fair values		Notionals	
In millions of dollars at June 30, 2025		**Receivable**	**Payable**	**Protection purchased**	**Protection sold**
By instrument:					
Credit default swaps and options	$	22,725	22,908	983,728	979,186
Total return swaps and other		1,665	1,480	32,253	17,585
Total by instrument	$	24,390	24,388	1,015,981	996,771
By rating of reference entity:					
Investment grade	$	12,804	12,713	813,139	814,048
Non-investment grade		11,586	11,675	202,842	182,723
Total by rating of reference entity	$	24,390	24,388	1,015,981	996,771
By maturity:					
Within 1 year	$	1,653	2,023	202,045	198,990
From 1 to 5 years		20,762	20,879	756,756	757,904
After 5 years		1,975	1,486	57,180	39,877
Total by maturity	$	24,390	24,388	1,015,981	996,771

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

Credit Risk-Related Contingent Features in Derivatives

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

The fair value (excluding CVA) of all derivative instruments with credit risk-related contingent features that were in a net liability position at June 30, 2025 and December 31, 2024 was $2.9 billion. The Company posted $2.3 billion and $2.2 billion as collateral for this exposure in the normal course of business as of June 30, 2025 and December 31, 2024, respectively.

A downgrade could trigger additional collateral or cash settlement requirements for the Company and certain affiliates. In the event that CGMHI was downgraded a single notch by all three major rating agencies as of June 30, 2025, the Company could be required to post an additional $110 million as either collateral or settlement of the derivative transactions. In addition, the Company could be required to segregate with third-party custodians collateral previously received from existing derivative counterparties in an amount of approximately $1 million upon the single notch downgrade, resulting in aggregate cash obligations and collateral requirements of approximately $111 million.

Derivatives Accompanied by Financial Asset Transfers
For transfers of financial assets accounted for as a sale by the Company, and for which the Company has retained substantially all of the economic exposure to the transferred asset through a total return swap executed with the same counterparty in contemplation of the initial sale (and still outstanding), the asset amounts derecognized and the gross cash proceeds received as of the date of derecognition were $4.5 billion and $5.1 billion as of June 30, 2025 and December 31, 2024, respectively.

At June 30, 2025, the fair value of these previously derecognized assets was $4.1 billion. The fair value of the total return swaps as of June 30, 2025 was $100 million recorded as gross derivative assets and $26 million recorded as gross derivative liabilities. At December 31, 2024, the fair value of these previously derecognized assets was $4.6 billion. The fair value of the total return swaps as of December 31, 2024 was $160 million recorded as gross derivative assets and $25 million recorded as gross derivative liabilities.

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

9. FAIR VALUE MEASUREMENT

For additional information regarding fair value measurement at CGMHI, see Note 12 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

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

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

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

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

Market Valuation Adjustments

The table below summarizes the credit valuation adjustments (CVA) and funding valuation adjustments (FVA) applied to the fair value of derivative instruments (recorded in *Trading account assets* and *Trading account liabilities* on the Consolidated Statement of Financial Condition) at June 30, 2025 and December 31, 2024:

	Credit and funding valuation adjustments contra-liability (contra-asset)	
In millions of dollars	June 30, 2025	December 31, 2024
Counterparty CVA	$ (146)	$ (149)
Asset FVA	(198)	(139)
CGMHI (own credit) CVA	135	138
Liability FVA	62	60
Total CVA and FVA — derivative instruments	$ (147)	$ (90)

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

	Credit/funding/debt valuation adjustments gain (loss)	
	Six Months Ended June 30,	
In millions of dollars	2025	2024
Counterparty CVA	$ (10)	$ (1)
Asset FVA	(28)	4
Own credit CVA	8	(12)
Liability FVA	2	(11)
Total CVA and FVA—derivative instruments	(28)	(20)
DVA related to own FVO liabilities	268	(350)
Total CVA, DVA and FVA	$ 240	$ (370)

Items Measured at Fair Value on a Recurring Basis

The following tables present for each of the fair value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2025 and December 31, 2024. The Company may hedge positions that have been classified in the Level 3 category with other financial instruments (hedging instruments) that may be classified as Level 3, but also with financial instruments classified as Level 1 or Level 2. These hedges are presented gross in the following tables:

Fair Value Levels

In millions of dollars at June 30, 2025	Level 1	Level 2	Level 3	Gross inventory	Netting [1]	Net balance
Assets						
Securities borrowed and purchased under agreements to resell	$ —	$ 438,392	$ 86	$ 438,478	$ (285,459)	$ 153,019
Trading non-derivative assets						
Trading mortgage-backed securities						
U.S. government-sponsored agency guaranteed	—	88,528	544	89,072	—	89,072
Residential	—	577	85	662	—	662
Commercial	—	741	62	803	—	803
Total trading mortgage-backed securities	—	89,846	691	90,537	—	90,537
U.S. Treasury and federal agency securities	109,372	3,175	1	112,548	—	112,548
Foreign government securities	27,882	8,796	9	36,687	—	36,687
Corporate	1,124	21,300	423	22,847	—	22,847
Equity securities	66,654	3,022	225	69,901	—	69,901
Asset-backed securities	—	2,034	211	2,245	—	2,245
Other trading assets [2]	1	5,459	264	5,724	—	5,724
Total trading non-derivative assets	205,033	133,632	1,824	340,489	—	340,489
Trading derivatives						
Interest rate contracts	47	112,148	826	113,021		
Foreign exchange contracts	15	22,156	177	22,348		
Equity contracts	150	68,623	1,322	70,095		
Commodity contracts	—	7,144	917	8,061		
Credit derivatives	—	23,798	592	24,390		
Total trading derivatives—before netting and collateral	212	233,869	3,834	237,915		
Netting agreements					(211,817)	
Netting of cash collateral received					(7,767)	
Total trading derivatives—after netting and collateral	212	233,869	3,834	237,915	(219,584)	18,331
Investments - Non-marketable equity securities	—	—	172	172	—	172
Other financial assets measured on a recurring basis	2,968	2,999	160	6,127	—	6,127
Total assets	$ 208,213	$ 808,892	$ 6,076	$ 1,023,181	$ (505,043)	$ 518,138
Total as a percentage of gross assets [3]	20.3%	79.1%	0.6%			

Table continues on the next page.

Fair Value Levels

In millions of dollars at June 30, 2025	Level 1	Level 2	Level 3	Gross inventory	Netting (1)	Net balance
Liabilities						
Securities loaned and sold under agreements to repurchase	$ 1	$ 325,572	$ 955	$ 326,528	$ (136,187)	$ 190,341
Trading non-derivative liabilities						
Securities sold, not yet purchased	68,675	11,896	37	80,608	—	80,608
Trading derivatives						
Interest rate contracts	17	109,434	1,466	110,917		
Foreign exchange contracts	—	23,411	1,100	24,511		
Equity contracts	127	70,538	2,630	73,295		
Commodity contracts	—	10,304	634	10,938		
Credit derivatives	—	23,685	703	24,388		
Total trading derivatives—before netting and collateral	144	237,372	6,533	244,049		
Netting agreements					(211,817)	
Netting of cash collateral paid					(7,869)	
Total trading derivatives—after netting and collateral	144	237,372	6,533	244,049	(219,686)	24,363
Brokerage payables	3,431	419	65	3,915	—	3,915
Short-term borrowings	—	14,712	343	15,055	—	15,055
Long-term debt	—	83,587	14,091	97,678	—	97,678
Total liabilities	$ 72,251	$ 673,558	$ 22,024	$ 767,833	$ (355,873)	$ 411,960
Total as a percentage of gross liabilities (3)	9.4%	87.7%	2.9%			

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

Fair Value Levels

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

Table continues on the next page.

Fair Value Levels

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

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

Changes in Level 3 Fair Value Category

The following tables present the changes in the Level 3 fair value category for the six months ended June 30, 2025 and 2024. The gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

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

Level 3 Fair Value Rollforward

In millions of dollars	Dec. 31, 2024	Net realized/unrealized gains (losses) incl. in (1) Principal transactions	Other	Transfers into Level 3	Transfers out of Level 3	Purchases	Issuances	Sales	Settlements	June 30, 2025	Unrealized gains (losses) still held (2)
Assets											
Securities borrowed and purchased under agreements to resell	$ 47	$ 24	$ —	$ —	$ —	$ 168	$ —	$ —	$ (153)	$ 86	$ 24
Trading non-derivative assets											
Trading mortgage-backed securities											
U.S. government-sponsored agency guaranteed	300	39	—	242	(210)	454	—	(281)	—	544	29
Residential	67	2	—	37	(60)	106	—	(67)	—	85	(1)
Commercial	35	(4)	—	31	(38)	55	—	(17)	—	62	(3)
Total trading mortgage-backed securities	402	37	—	310	(308)	615	—	(365)	—	691	25
U.S. Treasury and federal agency securities	1	—	—	1	(1)	—	—	—	—	1	—
Foreign government	8	1	—	—	(4)	9	—	(5)	—	9	—
Corporate	359	35	—	100	(134)	411	—	(348)	—	423	89
Equity securities	142	14	—	43	(6)	123	—	(92)	1	225	9
Asset-backed securities	178	(19)	—	39	(40)	173	—	(120)	—	211	(6)
Other trading assets	81	80	—	7	(23)	194	—	(75)	—	264	10
Total trading non-derivative assets	1,171	148	—	500	(516)	1,525	—	(1,005)	1	1,824	127
Investments in non-marketable equity securities	140	—	32	—	—	8	—	(8)	—	172	16
Other financial assets measured on a recurring basis	72	—	27	4	(5)	62	—	—	—	160	7
Liabilities											
Securities loaned and sold under agreements to repurchase	$ 390	$ (2)	$ —	$ —	$ —	$ 1,071	$ —	$ —	$ (508)	$ 955	$ 1
Trading account liabilities											
Securities sold, not yet purchased	28	(10)	—	7	(18)	40	—	—	(30)	37	2
Derivatives, net (3)											
Interest rate contracts	739	260	—	(1)	69	48	1	9	35	640	74
Foreign exchange contracts	1,033	302	—	(16)	221	6	—	—	(19)	923	108
Equity contracts	1,703	(85)	—	47	(330)	(167)	—	20	(50)	1,308	(19)
Commodity contracts	(528)	100	—	89	(24)	35	—	3	242	(283)	140
Credit derivatives	30	(44)	—	6	(18)	58	—	—	(9)	111	(73)
Total derivatives, net (3)	2,977	533	—	125	(82)	(20)	1	32	199	2,699	230
Brokerage payables	—	—	—	2	—	63	—	—	—	65	—
Short-term borrowings	298	32	—	60	(62)	—	616	—	(537)	343	(104)
Long-term debt	13,405	(808)	—	1,134	(1,708)	—	1,912	—	(1,460)	14,091	(740)

(1) Net realized/unrealized gains (losses) are presented as increase (decrease) to Level 3 assets, and as (increase) decrease to Level 3 liabilities.
(2) Represents the amount of total gains or losses for the period, included in earnings (and DVA on fair value option liabilities), attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at June 30, 2025.
(3) Total Level 3 derivative assets and liabilities have been netted in these tables for presentation purposes only.

Level 3 Fair Value Rollforward

In millions of dollars	Dec. 31, 2023	Net realized/unrealized gains (losses) incl. in (1) Principal transactions	Other	Transfers into Level 3	Transfers out of Level 3	Purchases	Issuances	Sales	Settlements	Jun. 30, 2024	Unrealized gains (losses) still held (2)
Assets											
Securities borrowed and purchased under agreements to resell	$ 48	$ 2	$ —	$ —	$ —	$ 45	$ —	$ —	$ (48)	$ 47	$ 2
Trading non-derivative assets											
Trading mortgage-backed securities											
U.S. government-sponsored agency guaranteed	580	(40)	—	284	(285)	433	—	(282)	—	690	(13)
Residential	115	(2)	—	53	(59)	108	—	(124)	—	91	(3)
Commercial	202	15	—	40	(88)	131	—	(134)	—	166	2
Total trading mortgage-backed securities	897	(27)	—	377	(432)	672	—	(540)	—	947	(14)
U.S. Treasury and federal agency securities	8	3	—	—	—	—	—	—	(10)	1	—
Foreign government	41	(2)	—	12	(39)	40	—	(42)	—	10	2
Corporate	603	104	—	57	(347)	496	—	(455)	(15)	443	58
Equity securities	250	10	—	130	(48)	59	—	(178)	—	223	(1)
Asset-backed securities	531	(17)	—	30	(178)	176	—	(298)	—	244	(12)
Other trading assets	222	133	—	11	(146)	20	—	(50)	—	190	55
Total trading non-derivative assets	2,552	204	—	617	(1,190)	1,463	—	(1,563)	(25)	2,058	88
Investments in non-marketable equity securities	250	—	(12)	—	—	14	—	(7)	—	245	8
Other financial assets measured on a recurring basis	64	—	27	—	(135)	5	703	(2)	(543)	119	27
Liabilities											
Securities loaned and sold under agreements to repurchase	$ 390	$ —	$ —	$ —	$ —	$438	$ —	$ —	$(542)	$ 286	$ —
Trading account liabilities											
Securities sold, not yet purchased	28	(6)	—	13	(5)	94	—	—	(108)	28	1
Derivatives, net (3)											
Interest rate contracts	905	24	—	(45)	55	(15)	—	20	(127)	769	(228)
Foreign exchange contracts	783	(226)	—	(38)	(25)	208	—	—	(271)	883	(314)
Equity contracts	1,330	(448)	—	160	(295)	42	—	85	(10)	1,760	(365)
Commodity contracts	(388)	149	—	(38)	19	(11)	—	18	70	(479)	336
Credit derivatives	(17)	(80)	—	17	(20)	(61)	—	—	(5)	(6)	(80)
Total derivatives, net (3)	2,613	(581)	—	56	(266)	163	—	123	(343)	2,927	(651)
Brokerage payables	—	—	—	—	—	—	5	—	(2)	3	—
Short-term borrowings	483	(93)	—	20	(503)	—	211	—	(77)	227	(14)
Long-term debt	22,842	625	—	2,373	(12,906)	—	3,600	—	(2,660)	12,624	80

(1) Net realized/unrealized gains (losses) are presented as increase (decrease) to Level 3 assets, and as (increase) decrease to Level 3 liabilities.
(2) Represents the amount of total gains or losses for the period, included in earnings, attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at June 30, 2024.
(3) Total Level 3 derivative assets and liabilities have been netted in these tables for presentation purposes only.

Level 3 Fair Value Transfers

The following were the significant Level 3 transfers for the period December 31, 2024 to June 30, 2025:

- During the six months ended June 30, 2025, transfers of *Long-term debt* were $1.7 billion from Level 3 to Level 2, and $1.1 billion from Level 2 to Level 3. The transfers were primarily related to certain unobservable inputs becoming less significant to the overall valuation of the instruments in the case of Level 3 to 2 transfers, and more significant in the case of Level 2 to 3.

The following were the significant Level 3 transfers for the period December 31, 2023 to June 30, 2024:

- During the six months ended June 30, 2024, transfers of *Long-term debt* were $12.9 billion from Level 3 to Level 2, and $2.4 billion from Level 2 to Level 3. The Level 3 to Level 2 transfers were primarily the result of enhanced significance testing of unobservable inputs for certain structured debt instruments. The Level 2 to Level 3 transfers were primarily the result of certain unobservable inputs becoming more significant to the overall valuation of these instruments.

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

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

As of June 30, 2025	**Fair Value** [1] *(in millions)*	**Methodology**	**Input**	**Low** [2] [3]	**High** [2] [3]	**Weighted Average** [4]
Assets						
Securities borrowed and purchased under agreements to resell	$ 86	Model-based	Interest rate	3.39 %	4.81 %	3.46 %
			IR normal volatility	0.62 %	4.81 %	2.57 %
			Recovery rate	25.00 %	25.00 %	25.00 %
Mortgage-backed securities	$ 413	Price-based	Price	$ 1.06	$ 148.90	$ 41.07
	278	Yield analysis	Yield	5.04 %	22.56 %	7.66 %
Corporate, foreign government, and other debt securities	$ 377	Model-based	Equity volatility	2.66 %	180.16 %	39.12 %
			IR normal volatility	0.62 %	1.05 %	0.91 %
			Recovery rate	25.00 %	25.00 %	25.00 %
			Equity forward	71.42 %	342.98 %	105.95 %
	296	Price-based	Price	$ —	$ 122.50	$ 79.23
Equity securities [5]	$ 207	Price-based	Price	$ —	$ 15,323.64	$ 355.40
Asset-backed securities	$ 159	Price-based	Price	$ 7.45	$ 228.70	$ 91.83
	52	Yield analysis	Yield	4.60 %	11.75 %	8.22 %
Non-marketable equity	$ 105	Comparables analysis	Illiquidity discount	10.00 %	33.00 %	18.01 %
			EBITDA multiples	16.80x	16.80x	16.80x
	51	Model-based	Discount rate	17.50 %	17.50 %	17.50 %
Derivatives – Gross [6]						
Interest rate contracts (gross)	$ 2,193	Model-based	IR normal volatility	0.49 %	1.16 %	0.86 %
			Equity volatility	0.00 %	279.88 %	18.71 %
Foreign exchange contracts (gross)	$ 1,253	Model-based	IR normal volatility	0.04 %	3.00 %	0.61 %
Equity contracts (gross) [7]	$ 3,875	Model-based	Equity volatility	2.66 %	119.34 %	24.60 %
			Equity forward	71.42 %	342.98 %	106.79 %
			Equity-FX correlation	(75.00) %	70.00 %	(7.84) %
			Equity-IR correlation	(35.19) %	50.00 %	25.92 %
			Equity-Equity correlation	(36.22) %	98.51 %	69.47 %

As of June 30, 2025	**Fair Value** [1] *(in millions)*	**Methodology**	**Input**	**Low** [2] [3]	**High** [2] [3]	**Weighted Average** [4]
Commodity contracts (gross)	$ 1,520	Model-based	Forward price	1.76 %	303.57 %	101.37 %
			Commodity volatility	8.67 %	278.08 %	54.31 %
Credit derivatives (gross)	$ 792	Model-based	Credit spread	4.80 bps	688.17 bps	105.70 bps
			Recovery rate	2.00 %	40.00 %	27.06 %
			Credit spread volatility	35.36 %	115.44 %	94.76 %
			Credit correlation	15.00 %	95.00 %	53.58 %
	503	Price-based	Price	$ 52.78	$ 114.32	$ 95.31
			Upfront points	5.00 %	106.17 %	58.93 %
Structured financing transactions	$ 94	Model-based	Forward price	2.18 %	205.45 %	101.12 %
Liabilities						
Securities loaned and sold under agreements to repurchase	$ 955	Model-based	Interest rate	3.68 %	5.67 %	4.06 %
			IR normal volatility	0.93 %	1.09 %	1.06 %
Securities sold, not yet purchased	$ 21	Price-based	Price	$ —	$ 15,323.64	$ 37.03
	3	Model-based	Equity volatility	28.38 %	66.01 %	45.41 %
Short-term borrowings and long-term debt	$ 14,166	Model-based	IR normal volatility	0.04 %	3.00 %	0.87 %
			Equity volatility	2.66 %	118.70 %	19.61 %
			Equity-IR correlation	(35.19) %	50.00 %	25.92 %
			Equity forward	71.42 %	342.98 %	105.87 %
			Equity-FX correlation	(75.00) %	70.00 %	(9.74) %

As of December 31, 2024	**Fair Value** [1] *(in millions)*	**Methodology**	**Input**	**Low** [2] [3]	**High** [2] [3]	**Weighted Average** [4]
Assets						
Securities borrowed and purchased under agreements to resell	$ 47	Model-based	Interest rate	3.81 %	3.81 %	3.81 %
Mortgage-backed securities	$ 230	Yield analysis	Yield	5.24 %	18.43 %	9.25 %
	172	Price-based	Price	$ 1.00	$ 84.10	$ 19.56
Corporate, foreign government other debt securities	$ 307	Price-based	Price	$ 0.01	$ 221.16	$ 96.94
			Forward price	1.84 %	244.41 %	100.98 %
	137	Model-based	Equity forward	71.78 %	334.29 %	106.57 %
			Equity volatility	0.00 %	145.41 %	19.64 %
Equity securities [5]	$ 129	Price-based	Price	$ —	$ 14,382.07	$ 396.36
Asset-backed securities	$ 131	Price-based	Price	$ 3.46	$ 132.54	$ 74.58
	47	Yield analysis	Yield	5.85 %	12.76 %	8.07 %
Non-marketable equity	$ 73	Comparables analysis	Illiquidity discount	10.00 %	33.00 %	19.01 %
			EBITDA multiples	16.20x	16.20x	16.20x
	45	Model-based	Discount rate	17.50 %	17.50 %	17.50 %
	22	Price-based	Price	$ 0.99	$ 2,960.96	$ 1,766.86
Derivatives – Gross [6]						
Interest rate contracts (gross)	$ 2,072	Model-based	IR normal volatility	0.67 %	15.00 %	1.22 %
			Equity volatility	0.00 %	145.41 %	23.48 %

As of December 31, 2024	**Fair Value** [1] *(in millions)*	**Methodology**	**Input**	**Low** [2][3]	**High** [2][3]	**Weighted Average** [4]
Foreign exchange contracts (gross)	$ 1,464	Model-based	IR normal volatility	0.04 %	20.00 %	1.34 %
			Yield	1.69 %	46.32 %	9.26 %
			IR basis	(7.50) %	64.75 %	1.91 %
Equity contracts (gross) [7]	$ 4,031	Model-based	Equity volatility	0.00 %	145.41 %	27.04 %
			Equity forward	71.78 %	334.29 %	106.30 %
			Equity-FX correlation	(93.33) %	70.00 %	(18.66) %
			Equity-IR correlation	(34.00) %	60.00 %	27.29 %
			Equity-Equity correlation	(36.22) %	99.00 %	72.43 %
			FX volatility	0.00 %	90.69 %	9.15 %
Commodity contracts (gross)	$ 1,351	Model-based	Forward price	1.84 %	244.41 %	117.88 %
			Commodity volatility	7.14 %	285.61 %	38.80 %
Credit derivatives (gross)	$ 718	Model-based	Recovery rate	20.00 %	72.00 %	41.66 %
			Credit spread	8.39 bps	747.27 bps	80.81 bps
			Credit spread volatility	38.14 %	81.44 %	68.50 %
	391	Price-based	Price	$ 41.00	$ 103.36	$ 86.43
			Upfront points	(6.75) %	110.52 %	35.15 %
Structured financing transactions	$ 71	Model-based	Forward price	1.84 %	244.41 %	102.92 %
Liabilities						
Securities loaned and sold under agreements to repurchase	$ 390	Model-based	Interest rate	4.25 %	4.85 %	4.28 %
			IR normal volatility	0.67 %	1.13 %	0.93 %
Securities sold, not yet purchased	$ 28	Price-based	Price	$ —	$ 14,382.07	$ 106.77
Short-term borrowings and long-term debt	$ 13,023	Model-based	IR normal volatility	0.30 %	20.00 %	1.66 %
			Equity volatility	0.00	145.41 %	19.81 %
			Equity-IR correlation	(34.00) %	60.00 %	27.29 %
			Equity-FX correlation	(93.33) %	70.00 %	(21.44) %
			Equity forward	71.78 %	334.29 %	106.62 %
			FX volatility	0.00	90.69 %	9.15 %

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

Estimated Fair Value of Financial Instruments Not Carried at Fair Value

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

	June 30, 2025		Estimated fair value		
In billions of dollars	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Securities borrowed and purchased under agreements to resell	$ 98.1	$ 98.1	$ —	$ 98.1	$ —
Brokerage receivables	53.0	53.0	—	53.0	—
Loans to affiliates	99.1	99.1	—	99.1	—
Other financial assets (1)	33.2	33.2	24.1	9.1	—
Liabilities					
Securities loaned and sold under agreements to repurchase	$ 154.5	$ 154.5	$ —	$ 154.5	$ —
Brokerage payables	83.5	83.5	—	83.5	—
Long-term debt	96.9	96.9	—	92.3	4.6
Other financial liabilities (2)	19.6	19.6	—	19.6	—

	December 31, 2024		Estimated fair value		
In billions of dollars	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Securities borrowed and purchased under agreements to resell	$ 87.6	$ 87.6	$ —	$ 87.6	$ —
Brokerage receivables	42.4	42.4	—	—	42.4
Loans to affiliates	90.6	90.6	—	90.6	—
Other financial assets (1)	28.8	28.8	13.4	6.0	9.4
Liabilities					
Securities loaned and sold under agreements to repurchase	$ 218.6	$ 218.6	$ —	$ 218.6	$ —
Brokerage payables	65.0	65.0	—	—	65.0
Long-term debt	96.9	96.9	—	92.1	4.8
Other financial liabilities (2)	23.3	23.3	—	19.6	3.7

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

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

10. FAIR VALUE ELECTIONS

The Company may elect to report most financial instruments at fair value on an instrument-by-instrument basis with changes in fair value reported in earnings, other than DVA (see below). The election is made upon the initial recognition of an eligible financial asset, financial liability or when certain specified reconsideration events occur. The fair value election may not otherwise be revoked once an election is made. The changes in fair value are recorded in current earnings. Movements in DVA are reported as a component of *AOCI*. Additional discussion regarding other applicable areas in which fair value elections were made is presented in Note 9.

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

	Changes in fair value—gains (losses) Six Months Ended June 30,	
In millions of dollars	**2025**	**2024**
Assets		
Securities borrowed and purchased under agreements to resell	$ 127	$ (60)
Trading account assets	—	9
Other financial assets	57	637
Total assets	$ 184	$ 586
Liabilities		
Securities loaned and sold under agreements to repurchase	$ 13	$ 26
Trading account liabilities	(68)	(268)
Short-term borrowings [(1)]	(96)	(366)
Long-term debt [(1)]	(5,192)	(2,547)
Total liabilities	$ (5,343)	$ (3,155)

(1) Includes DVA that is included in *AOCI*. See Note 9.

Own Debt Valuation Adjustments (DVA)

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

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

The estimated changes in the fair value of these non-derivative liabilities due to such changes in the Company's own credit spread (or instrument-specific credit risk) were a gain of $268 million and a loss of $(350) million for the six months ended June 30, 2025 and 2024, respectively. Changes in fair value resulting from changes in instrument-specific credit risk were estimated by incorporating the Company's current credit spreads observable in the bond market into the relevant valuation technique used to value each liability as described above.

The Fair Value Option for Financial Assets and Financial Liabilities

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

The Company elected the fair value option for certain portfolios of fixed income securities purchased under agreements to resell and fixed income securities sold under agreements to repurchase, securities borrowed, securities loaned and certain uncollateralized short-term borrowings held primarily by broker-dealer entities in the U.S. and the U.K. In each case, the election was made because the related interest rate risk is managed on a portfolio basis, primarily with offsetting derivative instruments that are accounted for at fair value through earnings.

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

Other Financial Assets

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

Certain Debt Liabilities

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

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

In millions of dollars	June 30, 2025	December 31, 2024
Equity linked	$ 49,100	$ 44,920
Interest rate linked	40,670	35,527
Credit linked	4,979	4,672
Commodity linked	2,882	2,497
Foreign exchange linked	47	79
Total	$ 97,678	$ 87,695

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

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

In millions of dollars	June 30, 2025	December 31, 2024
Long-term debt		
Carrying amount reported on the Consolidated Statement of Financial Condition	$ 97,678	$ 87,695
Aggregate unpaid principal balance in excess of (less than) fair value	(2,151)	(1,019)
Short-term borrowings		
Carrying amount reported on the Consolidated Statement of Financial Condition	$ 15,055	$ 9,793
Aggregate unpaid principal balance in excess of (less than) fair value	(162)	(147)

11. GUARANTEES AND COMMITMENTS

For additional information on CGMHI's guarantees and indemnifications included in the disclosures below, as well as its other guarantees and indemnifications excluded from these disclosures, see Note 14 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

Derivative Instruments Considered to Be Guarantees

As of June 30, 2025, the maximum potential amount of future payments on derivative instruments considered to be guarantees was $9.4 billion, including $6.3 billion expiring within one year. As of December 31, 2024, the maximum potential amount of future payments on derivative instruments considered to be guarantees was $9.1 billion, including $4.9 billion expiring within one year. The carrying amount of the liabilities related to these derivative instruments considered to be guarantees was $116 million and $100 million at June 30, 2025 and December 31, 2024, respectively, and is recorded at fair value in *Trading account liabilities*.

Futures and Over-the-Counter Derivatives Clearing

CGMHI provides clearing services on central clearing parties (CCP) for clients that need to clear exchange-traded and over-the-counter (OTC) derivatives contracts with CCPs. As a clearing member, CGMHI is exposed to the risk of non-performance by clients (e.g., failure of a client to post variation margin to the CCP for negative changes in the value of the client's derivative contracts). In the event of nonperformance by a client, CGMHI would move to close out the client's positions. The CCP would typically utilize initial margin posted by the client and held by the CCP, with any remaining shortfalls required to be paid by CGMHI as clearing member. CGMHI generally holds incremental cash or securities margin posted by the client, which would typically be expected to be sufficient to mitigate CGMHI's credit risk in the event that the client fails to perform. The total amount of cash initial margin collected and remitted in this manner was approximately $10.2 billion and $12.6 billion as of June 30, 2025 and December 31, 2024, respectively.

FICC Sponsored Member Repo Program

The Company acts as a sponsoring member of the Government Securities Division of the Fixed Income Clearing Corporation (FICC) to clear eligible resale and repurchase agreements on behalf of its clients that become sponsored members of the FICC. The Company, as sponsoring member, is required to provide a guarantee to the FICC with respect to the prompt payment and performance of its sponsored members. The Company had $153.4 billion and $139.5 billion in guarantees to the Fixed Income Clearing Corporation under the sponsored member repo program as of June 30, 2025 and December 31, 2024, respectively. Because the Company obtains a security interest in the cash or high-quality securities collateral that the clients place with the clearing house, CGMHI expects the risk of loss from this guarantee to be remote.

Margin Loan Indemnifications

CGMHI had margin loan indemnification agreements of $881 million and $875 million as of June 30, 2025 and December 31, 2024, respectively. The commitments to potentially indemnify do not relate to a loan on CGMH's Consolidated Statement of Financial Condition, nor a commitment to extend a loan. The contingencies potentially triggering the obligation to indemnify have not occurred and are not expected to occur. As a result, there are no amounts reflected on the Consolidated Statement of Financial Condition as of June 30, 2025 and December 31, 2024 for potential obligations that could arise from these indemnifications provided by the Company.

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

In the normal course of business, the Company enters into reverse repurchase and securities borrowing agreements, as well as repurchase and securities lending agreements, which settle at a future date. At June 30, 2025 and December 31, 2024, the Company had approximately $133.3 billion and $81.4 billion of unsettled reverse repurchase and securities borrowing agreements, and approximately $153.3 billion and $103.6 billion of unsettled repurchase and securities lending agreements, respectively. See Note 4 for a further discussion of securities purchased under agreements to resell and securities borrowed, and securities sold under agreements to repurchase and securities loaned.

Other Financing Commitments

Other CGMHI financing commitments of $3.0 billion at June 30, 2025 and December 31, 2024 include commitments to enter into collateralized financing transactions.

12. LEASES

The Company's operating leases, where CGMHI is a lessee, include real estate, such as office space and branches, and various types of equipment. These leases may contain renewal and extension options and early termination features; however, these options do not impact the lease term unless the Company is reasonably certain that it will exercise options. These leases have a weighted-average remaining lease term of approximately 12 years as of June 30, 2025.

For additional information regarding CGMHI's leases, see Note 15 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

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

In millions of dollars	June 30, 2025	December 31, 2024
ROU asset	$ 585	$ 547
Lease liability	551	514

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

13. RELATED PARTY TRANSACTIONS

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

Detailed below is a summary of the Company's transactions with other Citigroup affiliates, which are included in the accompanying Consolidated Statement of Operations and Consolidated Statement of Financial Condition. These amounts exclude intra-CGMHI balances that eliminate in consolidation. For additional information regarding the Company's related party transactions, see Note 16 to the Consolidated Financial Statements in CGMHI's 2024 Audited Financial Statements.

STATEMENT OF OPERATIONS ITEMS

	Six Months Ended June 30,	
In millions of dollars	2025	2024
Revenues		
Principal transactions [(1)]	$ 3,869	$ (3,406)
Investment banking	107	143
All other revenues	(50)	(35)
Total non-interest revenues	3,926	(3,298)
Interest revenue	2,903	3,307
Interest expense	3,569	4,502
Net interest income (expense)	(666)	(1,195)
Total revenues, net of interest expense	$ 3,260	$ (4,493)
Operating expenses		
Technology/communication	$ 683	$ 649
Premises and equipment	88	104
All other expenses [(2)]	901	1,227
Total non-interest expenses	$ 1,672	$ 1,980

(1) Principal transactions revenue consists of realized and unrealized gains and losses from trading activities with non-consolidated CGMHI affiliates. Includes gains and losses on derivatives with non-consolidated CGMHI affiliates, but does not include the gains and losses related to any offsetting derivatives executed with third parties external to CGMHI, which are an integral part of trading activities profitability.

(2) Includes expenses from Citigroup affiliates for shared services and charges, as well as fees for the early termination of debt with Citigroup affiliates.

STATEMENT OF FINANCIAL CONDITION ITEMS

In millions of dollars	June 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	$ 8,710	$ 8,250
Cash segregated under federal and other regulations	2,578	2,811
Securities borrowed and purchased under agreements to resell	26,723	19,184
Derivatives	832	1,852
Loans to affiliates	99,140	90,647
Brokerage receivables and other assets	2,047	1,469
Total assets	$ 140,030	$ 124,213
Liabilities		
Short-term borrowings	$ 7,154	$ 5,627
Securities loaned and sold under agreements to repurchase	21,740	26,698
Derivatives	2,227	2,797
Brokerage payables	8,382	9,701
Other liabilities	2,919	2,715
Long-term debt	94,704	95,036
Total liabilities	$ 137,126	$ 142,574

14. CONTINGENCIES

Accounting and Disclosure Framework

ASC 450 governs the disclosure and recognition of loss contingencies, including potential losses from litigation, regulatory, tax and other matters. ASC 450 defines a "loss contingency" as "an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur." It imposes different requirements for the recognition and disclosure of loss contingencies based on the likelihood of occurrence of the contingent future event or events. It distinguishes among degrees of likelihood using the following three terms: "probable," meaning that "the future event or events are likely to occur"; "remote," meaning that "the chance of the future event or events occurring is slight"; and "reasonably possible," meaning that "the chance of the future event or events occurring is more than remote but less than likely." These three terms are used below as defined in ASC 450. In establishing appropriate disclosure and recognition for loss contingencies, management assesses each matter including the role of the relevant Citigroup legal entity. Because specific loss contingency matters may involve multiple Citigroup legal entities and are not solely related to one legal entity, this process requires management to make certain estimates and judgments that affect the Company's Consolidated Financial Statements.

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

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

Litigation, Regulatory, and Other Contingencies

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

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

Department of Justice, the Financial Crimes Enforcement Network of the United States Department of the Treasury, and the Federal Bureau of Investigation relating to Citigroup and its customers.

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

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

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

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

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

These estimates are based on currently available information. As available information changes, the matters for which Citigroup is able to estimate will change, and the estimates themselves will change. In addition, while many estimates presented in financial statements and other financial disclosures involve significant judgment and may be subject to significant uncertainty, estimates of the range of reasonably possible loss arising from litigation, regulatory and tax proceedings are subject to particular uncertainties. For example, at the time of making an estimate, (i) Citigroup may have only preliminary, incomplete or inaccurate information about the facts underlying the claim, (ii) its assumptions about the future rulings of the court, other tribunal or authority on significant issues, or the behavior and incentives of adverse parties, regulators or other authorities, may prove to be wrong and (iii) the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that Citigroup had not accounted for in its estimate because it had deemed such an outcome to be remote. For all of these reasons, the amount of loss in excess of amounts accrued in relation to matters for which an estimate has been made could be substantially higher or lower than the range of loss included in the estimate.

Matters as to Which an Estimate Cannot Be Made. For other matters disclosed below, Citigroup is not currently able to estimate the reasonably possible loss or range of loss. Many of these matters remain in very preliminary stages (even in some cases where a substantial period of time has passed since the commencement of the matter), with few or no substantive legal decisions by the court, tribunal or other authority defining the scope of the claims, the class (if any) or the potentially available damages or other exposure, and fact discovery is still in progress or has not yet begun. In many of these matters, Citigroup has not yet answered the complaint or statement of claim or asserted its defenses, nor has it engaged in any negotiations with the adverse party (whether a regulator, taxing authority or a private party). For all these reasons, Citigroup cannot at this time estimate the reasonably possible loss or range of loss, if any, for these matters.

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

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

Foreign Exchange Matters

In 2019, two applications, captioned MICHAEL O'HIGGINS FX CLASS REPRESENTATIVE LIMITED v. BARCLAYS BANK PLC AND OTHERS and PHILLIP EVANS v. BARCLAYS BANK PLC AND OTHERS, were made to the U.K.'s Competition Appeal Tribunal requesting permission to commence collective proceedings against Citigroup, Citibank, and other defendants. On February 8, 2024, Michael O'Higgins FX Class Representative Limited withdrew its application. The Evans application seeks compensatory damages for losses alleged to have arisen from the actions at issue in the European Commission's foreign exchange spot trading infringement decision (European Commission Decision of May 16, 2019 in Case AT.40135-FOREX (Three Way Banana Split) C(2019) 3631 final). After claimants appealed the U.K. Competition Appeal Tribunal's judgment on certification, the Court of Appeal issued a judgment in November 2023 that the U.K. Competition Appeal Tribunal should not have declined to certify the proceedings. On April 1 and 2, 2025, the U.K. Supreme Court held a hearing on the defendants' appeal of the Court of Appeal's November 9, 2023 decision on certification. Additional information concerning this action is publicly available in court filings under the docket numbers 1329/7/7/19 and 1336/7/7/19 in the U.K. Competition Appeal Tribunal, CA-2022-002002 and CA-2022-002003 in the Court of Appeal, and UKSC 2023/0177 in the U.K. Supreme Court.

In 2019, a putative class action was filed against Citibank and other defendants, captioned J WISBEY & ASSOCIATES PTY LTD v. UBS AG & ORS, in the Federal Court of Australia. Plaintiffs allege that defendants manipulated the foreign exchange markets. Plaintiffs assert claims under antitrust laws and seek compensatory damages and declaratory and injunctive relief. On May 5, 2025, plaintiffs moved for court approval of a settlement with Citibank and other defendants. Additional information concerning this action is publicly available in court filings under the docket number VID567/2019.

In 2019, two motions for certification of class actions filed against Citigroup, Citibank, Citicorp, and other defendants were consolidated, under the caption GERTLER, ET AL. v. DEUTSCHE BANK AG, in the Tel Aviv Central District Court in Israel. Plaintiffs allege that defendants manipulated the foreign exchange markets. In August 2021, Citibank's motion to dismiss plaintiffs' petition for certification was denied. In April 2022, the Supreme Court of Israel denied Citibank's motion for leave to appeal the Central District Court's denial of its motion to dismiss. On February 20, 2024, the parties filed a motion for the Tel Aviv Central District Court to approve a settlement. On September 15, 2024, the parties responded to objections filed in connection with the proposed settlement. On December 26, 2024, the court held a hearing to consider whether to approve the settlement. Additional information concerning this action is publicly available in court filings under the docket number CA 29013-09-18.

On December 13, 2021, a Dutch foundation filed a writ of summons against Citigroup, Citibank, and other defendants, captioned STICHTING FX CLAIMS v. NATWEST MARKETS N.V., ET AL., in the Amsterdam District Court in the Netherlands. Claimant seeks damages on behalf of certain institutional investors for losses alleged to have arisen from the actions at issue in the European Commission's foreign exchange spot trading infringement decision (European Commission Decision of May 16, 2019 in Case AT.40135-FOREX (Three Way Banana Split) C(2019) 3631 final). In March 2023, the court dismissed claims made on behalf of parties located outside the Netherlands and permitted the other claims to go forward. Claimant appealed that decision and in September 2023 and January 2025 filed new writs of summons asserting similar claims on behalf of additional institutional investors. Additional information concerning this action is publicly available in court filings under the case numbers C/13/718639 / HA ZA 22-460 and C/13/743903 / HA ZA 23-1143 in the Amsterdam District Court and under the case number 200.329.379/01 in the Amsterdam Court of Appeal.

Interbank Offered Rates-Related Litigation and Other Matters

In August 2020, individual borrowers and consumers of loans and credit cards filed an action against Citigroup, Citibank, CGMI, and other defendants, captioned MCCARTHY, ET AL. v. INTERCONTINENTAL EXCHANGE, INC., ET AL., in the United States District Court for the Northern District of California. Plaintiffs allege that defendants conspired to fix ICE LIBOR, assert claims under the Sherman Act and the Clayton Act, and seek declaratory relief, injunctive relief, and treble damages. In October 2022, plaintiffs filed an amended complaint. In October 2023, the district court granted defendants' motion to dismiss the amended complaint with prejudice for all claims against Citigroup, Citibank, and CGMI. On December 9, 2024, the United States Court of Appeals for the Ninth Circuit affirmed the district court's ruling in all respects. On December 24, 2024, plaintiffs filed a petition for rehearing *en banc*. On January 22, 2025, the United States Court of Appeals for the Ninth Circuit denied plaintiffs' petition for rehearing en banc. Additional information concerning this action is publicly available in court filings under the docket numbers 20-CV-5832 (N.D. Cal.) (Donato, J.) and 23-3458 (9th Cir.).

Interest Rate and Credit Default Swap Litigation

Beginning in 2015, Citigroup, Citibank, CGMI, CGML and numerous other parties were named as defendants in a number of industry-wide putative class actions related to interest rate swap (IRS) trading. These actions have been consolidated in the United States District Court for the Southern District of New York under the caption IN RE INTEREST RATE SWAPS ANTITRUST LITIGATION. The actions allege that defendants colluded to prevent the development of exchange-like trading for IRS and assert federal and state antitrust claims and claims for unjust enrichment. Also consolidated under the same caption are individual actions filed by swap execution facilities, asserting federal and state antitrust claims, as well as claims for unjust enrichment and tortious interference with business relations. Plaintiffs in these actions seek treble damages, fees, costs, and injunctive relief. Lead plaintiffs in the class action moved for class certification in 2019 and subsequently filed an amended complaint. On December 15, 2023, the court denied plaintiffs' motion for class certification. On July 11, 2024, the district court granted preliminary approval of the parties' settlement of the class action. On October 10, 2024, the district court issued an order granting the motion to approve preliminarily the plans of allocation and preliminarily providing for notice to the settlement class. On July 16, 2025, the district court held a fairness hearing and granted final approval of the settlement of the class action. Additional information concerning these actions is publicly available in court filings under the docket numbers 18-CV-5361 (S.D.N.Y.) (Oetken, J.) and 16-MD-2704 (S.D.N.Y.) (Oetken, J.) and 24-81 (2d Cir.).

Madoff-Related Litigation

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

In February 2022, the SIPA trustee filed an amended complaint against Citibank, Citicorp North America, Inc., and CGML. In April 2022, these Citi entities moved to dismiss the amended complaint, which the bankruptcy court denied. In November 2022, the remaining Citi entities moved to file an interlocutory appeal of the bankruptcy court's decision, which the district court denied on March 14, 2024, and answered the amended complaint. Additional information concerning these actions is publicly available in court filings under the docket numbers 10-5345 (Bankr. S.D.N.Y.) (Beckerman, J.) and 22-9597 (S.D.N.Y.) (Gardephe, J.).

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

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

In May 2023, the liquidators voluntarily dismissed the single pending claim against Citibank (Switzerland) AG and Citivic Nominees Ltd. without prejudice, but the action continued against other defendants. On January 9, 2025, the liquidators voluntarily dismissed the entire action with prejudice, thereby permanently disposing of the single pending claim the liquidators previously voluntarily dismissed without prejudice. The claims previously dismissed by the bankruptcy court against Citibank (Switzerland) AG and Citivic Nominees Ltd. remain subject to the pending consolidated direct appeal in the United States Court of Appeals for the Second Circuit and are unaffected by the liquidators' voluntary dismissals. Additional information is publicly available in court filings under the docket numbers 10-13164, 10-3496, 10-3622, 10-3634, 10-4100, 10-3640, 11-2770, 12-1142, 12-1298 (Bankr. S.D.N.Y.) (Mastando, J.); 19-3911, 19-4267, 19-4396, 19-4484, 19-5106, 19-5135, 19-5109, 21-2997, 21-3243, 21-3526, 21-3529, 21-3530, 21-3998, 21-4307, 21-4498, 21-4496 (S.D.N.Y.) (Broderick, J.); and 22-2101 (consolidated lead appeal), 22-2557, 22-2122, 23-697, 22-2562, 22-2216, 22-2545, 22-2308, 22-2591, 22-2502, 22-2553, 22-2398, 22-2582, 23-965 (consolidated lead appeal), 23-549, 23-572, 23-573, 23-975, 23-982, 23-987 (2d Cir.).

Shareholder Derivative and Securities Litigation

Beginning in October 2020, four derivative actions were filed in the United States District Court for the Southern District of New York, purportedly on behalf of Citigroup (as nominal defendant) against certain of Citigroup's current and former directors. The actions were later consolidated under the case name IN RE CITIGROUP INC. SHAREHOLDER DERIVATIVE LITIGATION. The consolidated complaint asserts claims for breach of fiduciary duty, unjust enrichment, and contribution and indemnification in connection with defendants' alleged failures to implement adequate internal controls. In addition, the consolidated complaint asserts derivative claims for violations of Sections 10(b) and 14(a) of the Securities Exchange Act of 1934 in connection with statements in Citigroup's 2019 and 2020 annual meeting proxy statements. In February 2021, the court stayed the action pending resolution of defendants' motion to dismiss in IN RE CITIGROUP SECURITIES LITIGATION. In April 2023, after defendants' motion to dismiss was granted in IN RE CITIGROUP SECURITIES LITIGATION, the court maintained the stay in this action pending resolution of the securities plaintiffs' motion for leave to amend the complaint and, if leave is granted, any subsequent motion to dismiss. Additional information concerning this action is publicly available in court filings under the docket number 1:20-CV-09438 (S.D.N.Y.) (Preska, J.).

Beginning in December 2020, two derivative actions were filed in the Supreme Court of the State of New York, purportedly on behalf of Citigroup (as nominal defendant) against certain of Citigroup's current and former directors, and certain current and former officers. The actions were later consolidated under the case name IN RE CITIGROUP INC. DERIVATIVE LITIGATION, and the court stayed the action pending resolution of defendants' motion to dismiss in IN RE CITIGROUP SECURITIES LITIGATION. In April 2023, a third related derivative action also filed in the Supreme Court of the State of New York was consolidated for all purposes into this action. That same month, following the dismissal of the securities complaint in IN RE CITIGROUP SECURITIES LITIGATION, the court maintained the stay in this action pending resolution of the securities plaintiffs' motion for leave to amend the complaint and, if leave is granted, any subsequent motion to dismiss. Additional information concerning this action is publicly available in court filings under the docket number 656759/2020 (N.Y. Sup. Ct.) (Schecter, J.).

On August 2, 2022, a shareholder derivative action captioned LIPSHUTZ ET AL. v. COSTELLO ET AL. was filed in the United States District Court for the Eastern District of New York, purportedly on behalf of Citigroup (as nominal defendant) against Citigroup's current directors. The action raises substantially the same claims and allegations as IN RE CITIGROUP INC. SHAREHOLDER DERIVATIVE LITIGATION. The LIPSHUTZ action additionally asserts that plaintiffs made a litigation demand on the Citigroup Board of Directors and that the demand was wrongfully refused. In May 2023, on defendants' motion, the action was transferred to the United States District Court for the Southern District of New York so that it could be litigated along with IN RE CITIGROUP INC. SHAREHOLDER DERIVATIVE LITIGATION and IN RE CITIGROUP SECURITIES LITIGATION. Additional information concerning this action is publicly available in court filings under the docket number 1:23-CV-04058 (S.D.N.Y.) (Preska, J.).

Beginning in October 2020, three putative class action complaints were filed in the United States District Court for the Southern District of New York against Citigroup and certain of its current and former officers, asserting violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 in connection with defendants' alleged misstatements concerning Citigroup's internal controls. The actions were consolidated under the case name IN RE CITIGROUP SECURITIES LITIGATION. The consolidated complaint later added certain of Citigroup's current and former directors as defendants. On March 24, 2023, the court granted defendants' motion to dismiss without prejudice. On May 24, 2023, plaintiffs moved for leave to file a second amended complaint against Citigroup and certain of Citigroup's current or former officers for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on alleged misstatements concerning risk management and internal controls. Additional information concerning this action is publicly available in court filings under the docket number 1:20-CV-09132 (S.D.N.Y.) (Preska, J.).

Sovereign Securities Matters

Regulatory Action: On May 24, 2023, the UK Competition and Markets Authority (CMA) announced that it had provisionally found that Citigroup, CGML, and four other banks unlawfully shared information related to the buying and selling of British pound sterling-denominated government bonds issued by the United Kingdom. The CMA noted that Citigroup and CGML applied for leniency and had reached an agreement to settle with the CMA. On February 21, 2025, the CMA announced resolutions with Citigroup and CGML related to conduct that occurred between 2011 and 2013 and imposed a fine of £17.16 million.

Antitrust and Other Litigation: In 2018, a putative class action was filed against Citigroup, CGMI, Citigroup Financial Products Inc., Citigroup Global Markets Holdings Inc., Banamex, Grupo Banamex, and other banks, captioned IN RE MEXICAN GOVERNMENT BONDS ANTITRUST LITIGATION, in the United States District Court for the Southern District of New York. The complaint alleges that defendants colluded in the Mexican sovereign bond market. In September 2019, the court granted defendants' motion to dismiss. In December 2019, plaintiffs filed an amended complaint against Banamex and other market makers in the Mexican sovereign bond market. Plaintiffs no longer assert any claims against Citigroup or any other U.S. Citi affiliates. The amended complaint alleges a conspiracy to fix prices in the Mexican sovereign bond market, asserts antitrust and unjust enrichment claims, and seeks treble damages, restitution, and injunctive relief. In November 2020, the court granted defendants' motion to dismiss, and the plaintiffs appealed. On February 9, 2024, the United States Court of Appeals for the Second Circuit vacated the dismissal. On June 12, 2024, plaintiffs filed a third amended complaint. On July 29, 2024, certain defendants, including Banamex, filed a motion to dismiss the third amended complaint. On January 15, 2025, the court denied the motion to dismiss. Additional information concerning this action is publicly available in court filings under the docket numbers 18-CV-2830 (S.D.N.Y.) (Oetken, J.) and 22-2039 (2d Cir.).

In February 2021, purchasers of Euro-denominated sovereign debt issued by European central governments added CGMI, CGML, and others as defendants to a putative class action, captioned IN RE EUROPEAN GOVERNMENT BONDS ANTITRUST LITIGATION, in the United States District Court for the Southern District of New York. Plaintiffs allege that defendants engaged in a conspiracy to inflate prices of European government bonds in primary market auctions and to fix the prices of European government bonds in secondary markets. Plaintiffs assert a claim under the Sherman Act and seek treble damages and attorneys' fees. In March 2022, the court granted defendants' motion to dismiss the fourth amended complaint as to certain defendants but denied defendants' motion to dismiss as to other defendants, including CGMI and CGML. In October 2023, plaintiffs filed a fifth amended complaint. On December 9, 2024, the court granted final approval of plaintiffs' settlement of the action with certain defendants, including CGMI and CGML. Additional information concerning this action is publicly available in court filings under the docket number 19-CV-2601 (S.D.N.Y.) (Marrero, J.).

Variable Rate Demand Obligation Litigation

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

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

In September 2021, defendants moved to dismiss the consolidated amended complaint in part. In June 2022, the court granted in part and denied in part defendants' partial motion to dismiss the consolidated amended complaint. In October 2022, plaintiffs filed a motion to certify a class of persons and entities who, from February 2008 to November 2015, paid interest rates on VRDOs with respect to the antitrust claim. Plaintiffs also moved to certify a subclass of individuals who entered into remarketing agreements with the defendants during that same period. On September 21, 2023, the court granted plaintiffs' motion for class certification, certifying both an antitrust class and a breach-of-contract subclass. On October 5, 2023, defendants filed a Rule 23(f) petition seeking leave to appeal the certification ruling. On November 8, 2023, the plaintiffs voluntarily dismissed certain defendants from the case, including Citigroup, Citibank, and CGML. On February 5, 2024, the United States Court of Appeals for the Second Circuit granted defendants' Rule 23(f) petition to appeal the district court's order granting class certification. On April 7, 2025, the United States Court of Appeals for the Second Circuit heard oral argument on defendants' Rule 23(f) appeal from the district court's order granting class certification. Additional information concerning this action is publicly available in court filings under the docket numbers 19-CV-1608 (S.D.N.Y.) (Furman, J.), 23-7328 (2d Cir.), and 24-297 (2d Cir.).

Since April 2018, Citigroup and certain of its affiliates, including Citibank and CGMI, have been named in state court *qui tam* lawsuits in which Edelweiss Fund, LLC alleges that Citi and other financial institutions defrauded certain state and municipal VRDO issuers in connection with resetting VRDO interest rates. Filed under each state's respective false claims act, these actions are pending in state courts in California, Illinois, New Jersey, and New York, and are captioned STATE OF CALIFORNIA EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., STATE OF ILLINOIS EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., STATE OF NEW JERSEY EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., and STATE OF NEW YORK EX REL. EDELWEISS FUND, LLC v. JP MORGAN CHASE & CO., ET AL., respectively. In the Illinois state *qui tam*, the parties entered into a settlement agreement effective February 1, 2024. In the New York state *qui tam*, on April 4, 2025, the court granted in part and denied in part defendants' and plaintiff-relator's cross-motions for summary judgment. Defendants filed notices of appeal on April 9 and 10, 2025. On April 23, 2025, plaintiff-relator filed a motion for leave to reargue defendants' motion for summary judgment, seeking the reinstatement of statutory penalties associated with conduit bonds. On May 15, the Commercial Division granted plaintiff-relator's motion, and on June 6, defendants filed notices of appeal of this reargument decision. In the New Jersey state *qui tam*, on December 27, 2024, the Appellate Division of the New Jersey Superior Court remanded the case to the trial court for the entry of summary judgment in favor of defendants. On January 15, 2025, plaintiff-relator filed a notice of petition for certification of an appeal to the New Jersey Supreme Court. On May 16, 2025, the New Jersey Supreme Court granted plaintiff-relator's petition for certification of the appeal. In the California state *qui tam*, on June 13, 2025, plaintiff-relator and defendants filed cross motions for summary judgment. On July 1, the Superior Court granted defendants' motion for summary adjudication related to claims for liquidity facility fees. Additional information concerning these actions is publicly available in court filings under the docket numbers CGC-14-540777 (Cal. Super. Ct.) (Schulman, J.), 2017 L 000289 (Ill. Cir. Ct.) (Donnelly, J.), L-885-15 (N.J. Super. Ct.) (Hurd, J.), A-001340-23T2 (N.J. Super. Ct. App. Div.), 090285 (N.J. Sup. Ct.), 100559/2014 (N.Y. Sup. Ct.) (Borrok, J.) and 2025-02242 (N.Y. App. Div.).

Settlement Payments

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