

Citibank N.A. - United Arab Emirates Branches

Financial statements  
*for the year ended 31 December 2025*

These audited financial statements are subject to approval of the Central Bank of U.A.E.

# **Citibank N.A. - United Arab Emirates Branches**

## **Financial statements index**

*31 December 2025*

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KPMG Lower Gulf Limited  
The Offices 5 at One Central  
Level 4, Office No: 04.01  
Sheikh Zayed Road, P.O. Box 3800  
Dubai, United Arab Emirates  
Tel. +971 (4) 4030300, www.kpmg.com/ae

## Independent auditors' report

### To the Head Office of the Citibank N.A. United Arab Emirates Branches

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Citibank N.A. United Arab Emirates Branches ("the Bank"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**Key Audit Matters (Continued)**

**Expected credit losses (ECL) on Loans and advances to customers**

See Note 4(a) and 8 to the Bank's financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The estimation of expected credit losses ("ECL") on Loans and advances to customers involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's estimation of ECL are:</p> <p>Model estimations:</p> <p>The Bank exercises significant judgments and makes a number of assumptions to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD").</p> <p>The effect of these matters is that we determined ECL on Loans and advances to customers as a key audit matter as it involves significant management judgement, estimation uncertainty and use of complex models which could have material impact on the financial statements of the Bank.</p>	<p>We performed the following audit procedures amongst others, on appropriateness of the ECL included in the Bank's financial statements for the year ended 31 December 2025:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the accounting policies adopted by the Bank, taking into account the requirements of the applicable IFRS Accounting Standards and our understanding of the Bank's business.</li> <li>Obtaining an understanding of the ECL accounting estimate including, but not limited to the Bank's control environment relating to the estimate; the process by which the estimate is developed; and the methods, assumptions and data used in its development. We evaluated the design and implementation, and tested the operating effectiveness of the relevant controls including approvals for exceptions to senior regional management approved limits for a sample of facilities originated/renewed during the year.</li> <li>Involving Information Technology ("IT") specialists to test the relevant general IT and application controls over key systems used in the ECL process.</li> <li>Involving Financial Risk Management ("FRM") specialists to assess, for a selection of models, the reasonableness and appropriateness of the methodologies and assumptions applied in key components of ECL models based on their industry knowledge and relevant experience. The procedures performed included, where applicable, challenging key assumptions and judgments relating to significant increase in credit risk ("SICR"), the definition of default, PD, LGD, the use of macro-economic variables, and the probability-weighted outcomes, to evaluate whether the recorded ECL amounts appropriately reflect underlying credit risk and the prevailing macroeconomic conditions.</li> </ul>



**Key Audit Matters (Continued)**

**Expected credit losses (ECL) on Loans and advances to customers**

See Note 4(a) and 8 to the Bank's financial statements.

The key audit matter	How the matter was addressed in our audit
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	<ul style="list-style-type: none"> <li>• Re-performing key aspects of the Bank's SICR determinations for selected samples of Loans and advances to customers by analysing the financial information, assumptions, and judgements applied by the Bank, to determine whether a SICR event was appropriately identified, including the basis for movement between stages.</li> <li>• Performing independent credit assessments for a sample of non-retail customers by evaluating the quantitative and qualitative factors to assess the appropriateness of credit grades, including staging. This included analysing the customer's financial performance, sources of repayment, future cash flows, collateral values and other relevant risk factors. Where applicable, we also inspected the formally documented country coordinating committee approvals for any reported exceptions to country coordinating committee approved risk appetite statement.</li> <li>• Assessing the adequacy of the disclosures made in the Bank's financial statements against the requirements of relevant accounting standards.</li> </ul>
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**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, and the UAE Federal Decree-Law No. (6) of 2025, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Bank's financial reporting process.



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended;
- iii) the Bank has maintained proper books of account;
- iv) as disclosed in note 1 to the financial statements, the Bank has not purchased any shares during the year ended 31 December 2025;
- v) note 23 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, which would materially affect its activities or its financial position as at 31 December 2025; and

Further, as required by Article (140) of the UAE Federal Decree-Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

KPMG Lower Gulf Limited

Richard Ackland  
Registration No.: 1015  
Dubai, United Arab Emirates

Date: **31 MAR 2026**

# Citibank N.A. - United Arab Emirates Branches

## Statement of financial position

for the year ended 31 December 2025

	<i>Note</i>	<b>2025</b> <b>AED'000</b>	2024 AED'000
<b>ASSETS</b>			
Cash and balances with the Central Bank of UAE	6	<b>29,191,401</b>	24,665,486
Due from banks	7	<b>3,013,358</b>	1,985,443
Due from head office and branches abroad	23	<b>835,038</b>	2,293,328
Derivative assets	22	<b>70,362</b>	87,579
Loans and advances to customers	8	<b>12,635,016</b>	11,033,450
Investment securities	9	<b>6,013,766</b>	8,645,839
Property and equipment	10	<b>33,422</b>	49,356
Customer acceptances		<b>143,788</b>	61,904
Other assets	11	<b>530,148</b>	757,709
<b>Total assets</b>		<b>52,466,299</b>	49,580,094
<b>LIABILITIES</b>			
Due to banks	12	<b>59,357</b>	38,268
Customers' deposits	13	<b>34,759,519</b>	34,407,322
Due to head office and branches abroad	23	<b>9,856,886</b>	7,265,015
Derivative liabilities	22	<b>48,212</b>	82,529
Customer acceptances		<b>143,788</b>	61,904
Other liabilities	14	<b>1,217,238</b>	1,382,867
<b>Total liabilities</b>		<b>46,085,000</b>	43,237,905
<b>EQUITY</b>			
Allocated capital	15	<b>1,145,784</b>	1,145,784
Legal reserve	16.1	<b>440,765</b>	331,075
Fair value reserve		<b>(14,373)</b>	(89,467)
Other reserves	16.2	<b>1,797</b>	25,069
Impairment reserve general	4 (a)	<b>75,739</b>	-
Retained earnings		<b>4,731,587</b>	4,929,728
<b>Total equity</b>		<b>6,381,299</b>	6,342,189
<b>Total liabilities and equity</b>		<b>52,466,299</b>	49,580,094

The attached notes 1 to 29 form an integral part of these financial statements.

These financial statements were approved on 31 March 2026 by:

  
\_\_\_\_\_  
Chief Executive Officer

Shamsa Al-Falasi  
Citibank UAE CEO

  
\_\_\_\_\_  
Chief Financial Officer

Tariq Mahmood  
Citibank UAE, Country CFO

The independent auditors' report is set out on page 1-5.

## Citibank N.A. - United Arab Emirates Branches

### Statement of profit or loss

for the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Interest income	24	2,425,025	2,633,791
Interest expense	25	(627,218)	(445,902)
<b>Net interest income</b>		<b>1,797,807</b>	<b>2,187,889</b>
Fees and commission income	17	616,240	447,790
Other operating income	26	672,027	685,291
Net gain on investments		36,378	5,822
<b>Total income</b>		<b>3,122,452</b>	<b>3,326,792</b>
General and administrative expenses	18	(1,648,574)	(1,505,733)
Impairment losses, net	27	(85,300)	(138,434)
<b>Profit for the year before income tax expense</b>		<b>1,388,578</b>	<b>1,682,625</b>
Income tax expense	19	(291,676)	(376,125)
<b>Net profit for the year</b>		<b>1,096,902</b>	<b>1,306,500</b>

The attached notes 1 to 29 form an integral part of these financial statements.

The independent auditors' report is set out on page 1-5.

## Citibank N.A. - United Arab Emirates Branches

### Statement of comprehensive income

for the year ended 31 December 2025

	2025 AED'000	2024 AED'000
<b>Net profit for the year</b>	<b>1,096,902</b>	1,306,500
<b>Other comprehensive income:</b>		
<i>Items that will never be reclassified to profit or loss:</i>		
Re-measurement of post-employment benefits (net of tax)	(1,369)	4,559
Net (reversal)/ charge from Citigroup Inc. - share-based incentives (net of tax)	(21,903)	23,091
	<u>(23,272)</u>	<u>27,650</u>
<i>Items that are or may be reclassified to profit or loss:</i>		
Change in fair value of investments and central bank CDs classified as fair value through other comprehensive income (net of tax)	110,501	9,034
Net amount transferred to profit and loss on debt investments classified as fair value through comprehensive income (net of tax)	(35,407)	(708)
	<u>75,094</u>	<u>8,326</u>
<b>Other comprehensive income for the year (net of tax)</b>	<b>51,822</b>	35,976
<b>Total comprehensive income for the year</b>	<b><u>1,148,724</u></b>	<b><u>1,342,476</u></b>

The attached notes 1 to 29 form an integral part of these financial statements.  
The independent auditors' report is set out on page 1-5.

## Citibank N.A. - United Arab Emirates Branches

### Statement of changes in equity

for the year ended 31 December 2025

	Allocated capital AED'000	Legal reserve AED'000	Fair value reserve AED'000	Other reserves AED'000	Impairment reserve - general AED'000	Retained earnings AED'000	Total AED'000
<b>At 1 January 2024</b>	1,145,784	200,425	(97,793)	(2,581)	-	4,416,245	5,662,080
Total comprehensive income							
Profit for the year		-	-	-	-	1,306,500	1,306,500
Transfer to legal reserve		130,650	-	-	-	(130,650)	-
Other comprehensive income, net of tax		-	8,326	-	-	-	8,326
Share based payment transactions		-	-	23,091	-	-	23,091
Measurement of postemployment benefits		-	-	4,559	-	-	4,559
Repatriation of funds to head office		-	-	-	-	(662,367)	(662,367)
<b>At 31 December 2024</b>	<b>1,145,784</b>	<b>331,075</b>	<b>(89,467)</b>	<b>25,069</b>	<b>-</b>	<b>4,929,728</b>	<b>6,342,189</b>
<b>At 1 January 2025</b>	<b>1,145,784</b>	<b>331,075</b>	<b>(89,467)</b>	<b>25,069</b>	<b>-</b>	<b>4,929,728</b>	<b>6,342,189</b>
Total comprehensive income							
Profit for the year	-	-	-	-	-	1,096,902	1,096,902
Transfer to legal reserve	-	109,690	-	-	-	(109,690)	-
Other Comprehensive income, net of tax	-	-	75,094	-	-	-	75,094
Share based payment transactions	-	-	-	(21,903)	-	-	(21,903)
Measurement of postemployment benefits	-	-	-	(1,369)	-	-	(1,369)
Impairment reserves - general	-	-	-	-	75,739	(75,739)	-
Repatriation of funds to head office	-	-	-	-	-	(1,109,614)	(1,109,614)
<b>At 31 December 2025</b>	<b>1,145,784</b>	<b>440,765</b>	<b>(14,373)</b>	<b>1,797</b>	<b>75,739</b>	<b>4,731,587</b>	<b>6,381,299</b>

The attached notes 1 to 29 form an integral part of these financial statements.

The independent auditors' report is set out on page 1-5.

## Citibank N.A. - United Arab Emirates Branches

### Statement of cash flows

for the year ended 31 December 2025

	2025 AED'000	2024 AED'000
<b>Cash flow from operating activities</b>		
Profit for the year before tax	1,388,578	1,682,626
<i>Adjustment for non-cash items:</i>		
Depreciation	20,421	25,433
Loss on sale of property and equipment	-	500
Net charge on financial assets	(21,847)	(33,658)
(Loss) /gain on derivatives	(17,100)	24,246
Gain /(loss) on investments	54,244	(54,045)
End of service benefit	(20,752)	4,559
<i>Operating cash before changes in operating assets and liabilities</i>	<u>1,403,544</u>	<u>1,649,661</u>
Change in due from banks	(1,055,297)	916,110
Change in certificate of deposit of Central Bank of UAE	(2,819,606)	(5,860,416)
Change in loans and advances to customers	(1,587,218)	(1,823,905)
Change in due to banks	21,089	(87,721)
Change in due to HO and branches abroad	2,591,871	1,972,231
Change in other assets excluding taxation	227,561	115,864
Change in customer deposits	352,197	(2,372,784)
Change in other liabilities excluding taxation	(56,523)	(214,063)
Taxes paid	(314,512)	(337,542)
End of service benefit paid	(13,171)	(14,924)
<i>Net cash used in operating activities</i>	<u>(1,250,065)</u>	<u>(6,057,489)</u>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment- net	(5,480)	(17,354)
Proceeds from disposal of property and equipment	994	9,673
Purchase of investments	(6,432,428)	(29,506,889)
Proceeds from sale of investments	9,010,257	34,685,731
<i>Net cash flows generated from investing activities</i>	<u>2,573,343</u>	<u>5,171,161</u>
<b>Cash flow from financing activities</b>		
Repatriation of profits to Head office	(1,109,614)	(662,368)
<i>Net cash flows used in from financing activities</i>	<u>(1,109,614)</u>	<u>(662,368)</u>
<b>Change in cash and cash equivalents</b>	<b>213,664</b>	<b>(1,548,696)</b>
Cash and cash equivalents at the beginning of the year	7,636,238	9,184,934
<b>Cash and cash equivalents at the end of the year (Note 21)</b>	<u><b>7,849,902</b></u>	<u><b>7,636,238</b></u>

The attached notes 1 to 29 form an integral part of these financial statements.

The independent auditors' report is set out on page 1-5.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 1. Legal status and principal activities

Citibank N.A. – United Arab Emirates Branches (“the Bank”) operates in the United Arab Emirates (“UAE”) through its four branches (2024: four) located in the Emirates of Abu Dhabi, Dubai and Sharjah under a license issued by the Central Bank of UAE (“CBUAE”). The Sharjah Branch has closed all its operations on 1 January 2026.

The principal activities of the Bank include accepting deposits, granting loans and advances, and providing consumer and corporate banking, including treasury activities.

The registered office and the address of the Bank is P.O. Box 749, Dubai, UAE.

The Bank is a branch of Citibank N.A. USA. The ultimate holding company and controlling party of the Bank is Citigroup Inc.

These financials reflect the activities of the Bank in the United Arab Emirates only and exclude all transactions, assets and liabilities of the head office and its other branches elsewhere. Since the capital of the Bank is not publicly traded, no segment analysis has been prepared.

The Bank has not purchased any shares during the year ended 31 December 2025.

### 2. Basis of preparation

#### a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB), and applicable requirements of the United Arab Emirates Laws, including the UAE Federal Decree Law No. 32 of 2021 as amended and the Federal Decree Law No. (6) of 2025.

#### b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies below:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses; and
- liabilities for cash settled share-based payment arrangements are measured at fair value.

#### c) Functional and presentation currency

The financial statements are presented in Arab Emirates Dirhams (“AED”) which is the functional and presentation currency of the Bank. All values are rounded to the nearest thousand Dirhams, except when otherwise indicated.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 2. Basis of preparation (continued)

#### d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions are based on management's best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 3.

#### e) Application of new and revised IFRS applied with no material effect on the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in the financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability.

#### f) New and revised IFRS in issue but not yet effective and not early adopted

The Bank has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

#### New and revised IFRS

#### Effective for annual periods beginning on or after

Amendment to IFRS 9 and IFRS 7 relating to classification and measurement of financial	1 January 2026
Annual improvements to IFRS Accounting Standards	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets from investors	Deferred Indefinitely

Management anticipates that these amendments will be adopted in the financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in the financial Statements.

#### a) Derivative financial instruments

##### *Classification*

The Bank enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as FVTPL – financial assets at fair value through profit and loss.

##### *Initial and subsequent measurement*

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to their initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist. Derivative financial instruments with positive market values (unrealized gains) are included in derivative assets and derivative financial instruments with negative market values (unrealized losses) are included in derivative liabilities.

##### *Gains and losses on subsequent measurement*

The gains or losses from derivative financial instruments are taken to statement of profit or loss.

##### *Fair value derivatives and unquoted securities*

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (such as models) are used to determine fair values, these are tested before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

#### b) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing an item of property and equipment is recognized in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The day-to-day servicing of property and equipment are recognized in profit or loss as incurred. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognized in profit or loss.

Property and equipment are impaired if the carrying amount of the asset or its cash generating unit exceed its recoverable amount. The impairment loss is recognized in profit or loss.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### b) Property and equipment (Continued)

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Computer systems	3 to 5 years
Furniture, equipment and motor vehicles	3 to 15 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

#### c) Provisions

A provision is recognized, if as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### d) Employees' end of service benefits and long-term incentive arrangements

The Bank provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed annually by a qualified actuary using the projected unit credit method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and withdrawal rates.

The actuarial gains / losses arise out of differences between actuarial assumptions and actual experience regarding issues such as salary increase assumptions, mortality and withdrawal probabilities. As per IAS 19, such gains and losses that arise due to re measurement of the net defined benefit liability should be recognized in other comprehensive income.

Further, the Bank contributes to the pension scheme for UAE nationals under the UAE pension and social security law. This is a defined contribution pension plan and the Bank's contributions are charged to profit or loss in the period to which they relate. In respect of this scheme, the Bank has a legal and constructive obligation to pay the contributions as they fall due, and no obligations exist to pay the future benefits.

#### e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and balances with the Central Bank of UAE (including statutory reserve) and amounts due from head office and branches abroad and banks maturing within three months from the date of their initial recognition and with insignificant credit risk.

#### f) Taxation

##### i. Income tax

Income Tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relate to business combination, or item recognized directly in equity or in OCI.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### f) Taxation (Continued)

##### ii. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

##### iii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences.
- Temporary differences related to investments in subsidiaries to the extent that the bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary difference. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the relevant tax benefit will be realized; such reductions are reversed when the probability of the future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### g) Revenue recognition

##### *Interest income and expenses*

Interest income and expense for all interest-bearing financial instruments are recognized in 'interest income' and 'interest expense' in profit or loss on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. When calculating the effective interest rates, the Bank estimates cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest on impaired financial assets is calculated by applying the original effective interest rate of the financial asset to the carrying amount as reduced by any allowance for impairment. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

##### *Fees and commission income and expenses*

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognized over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer benefits from these services over the tenure of the service period. Other fees and commission expense relate mainly to transaction the services are received.

##### *Other operating income*

Other operating income companies gain less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

##### *Offsetting*

Income and expenses are presented on a net basis only when permitted under IFRSs/IASs, or if gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### h) Foreign currencies

Transaction in foreign currency are transacted into functional currency of the bank at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at that reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated onto the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction.

#### i) Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable.

#### j) Share based payments

The Bank participates in the Citigroup Inc. ("Citigroup") share-based incentive plans under which Citigroup delivers shares to the Bank's employees.

The fair value of share-based incentive awards is determined at the time of grant and is expensed over the vesting period, adjusted by an estimate of forfeitures during that period, with a corresponding amount recognized in equity. Subsequent changes in the fair value of all unexercised awards are reviewed annually and any changes in value are recognized in equity.

#### k) Lease

At inception of a contract the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relatively standalone prices. However, for the leases of office premises the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### k) Lease (Continued)

##### As a lessee (Continued)

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank are reasonably certain to exercise, lease payments in an optional renewal period if the Bank are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank are reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in other assets and lease liabilities in other liabilities in the statement of financial position.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### k) Lease (Continued)

##### As a lessee (Continued)

###### *Short-term leases and leases of low-value assets*

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Bank has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e., one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Bank recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

#### l) Financial instruments

##### Recognition and initial measurement

The Bank initially recognizes loans and advances, and deposits on the date on which they originate. All other financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank become a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by- investment basis.

##### Classification and measurement:

From a classification and measurement perspective, all financial assets, except equity instruments and derivatives, are assessed based on the combination of below two points.

- i. the entity's business model for managing the assets (and whether collecting cash flows, selling financial assets, or both are integral to the business model), and
- ii. the instruments' contractual cash flow characteristics (whether the contractual cash flows are solely payments of principal and interest (SPPI)).

##### Financial Assets and Financial Liabilities

###### i. Financial Assets – Derivatives and Equity Instruments

Under IFRS 9, derivatives and in-scope equity instruments are measured at fair value, with changes reflected through the profit and loss account (FVTPL). Exceptions can only apply if the derivative is part of a hedge accounting program.

The Bank measures all equity instruments in scope of IFRS 9 at FVTPL.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

##### Financial Assets and Financial Liabilities (Continued)

#### ii. Financial Assets – Debt Instruments

Under IFRS 9, the following primary classification and measurement categories exist for financial assets- debt instruments:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL)

In addition, IFRS 9 provides special designation options for financial assets-debt instruments that are either measured at 'amortized cost' or 'FVOCI'. An entity has an option to designate such instruments at FVTPL only where this designation eliminates or significantly reduces an accounting mismatch.

The following paragraphs explain the classification criteria for the 3 categories in more detail.

#### – *Amortized Cost*

A financial asset-debt instrument shall be classified and subsequently measured at amortized cost only if both of the following conditions are met:

- a) Business Model test: the financial asset - debt instrument is held in a business which has a business model whose objective is to hold assets in order to collect contractual cash flow; and
- b) SPPI test: the contractual terms of the financial asset-debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

#### – *FVOCI*

A financial asset shall be classified and measured at FVOCI if both of the following conditions are met:

- a) Business Model test: the financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: and
- b) SPPI test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount (SPPI).

#### – *FVTPL*

Any financial instrument that does not fall into either of the above categories shall be classified and measured at fair value through profit and loss. For example, where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL. Moreover, any instrument for which the contractual cash flow characteristics do not comprise solely payments of principal and interest (that is, they fail the SPPI test) must be classified in the FVTPL category.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### i) Financial instruments (Continued)

##### Financial Assets and Financial Liabilities (Continued)

#### ii. Financial Assets – Debt Instruments (Continued)

#### Derecognition

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as FVOCI is not recognized in profit or loss account on derecognition of such securities and is routed directly through equity to retained earnings.

When debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

#### Business Model Assessment

The Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument (i.e., it is not an instrument-by-instrument assessment). This assessment is performed at a higher level of aggregation. The level of aggregation is at a level which is reviewed by key management personnel, enabling them to make strategic decisions for the business. The Bank has more than one business model for managing its financial instruments.

The assessment of the business model requires judgment based on facts and circumstances, considering quantitative factors and qualitative factors. The Bank considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

- a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel.
- b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.
- c. How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flow collected); and
- d. The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

#### Assessment of whether the contractual cash flows are solely payments of principal and interest

If an instrument is held in either a hold to collect or a or hold to collect and sell business model, then an assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal outstanding (SPPI) is required to determine classification. For SPPI, interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. It can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time and a profit margin that is consistent with a basic lending arrangement. Other contractual features that result in cash flows that are not payments of principal and interest result in the instrument being measured at FVTPL.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### i) Financial instruments (Continued)

##### Financial Assets and Financial Liabilities (Continued)

#### ii. Financial Assets – Debt Instruments (Continued)

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that meet the SPPI criteria.

The contractual cash flow test must be performed at initial recognition of the financial asset and, if applicable, as at the date of any subsequent changes to the contractual provisions of the instrument.

#### iii. Financial liabilities

For financial liabilities there are two measurement categories: amortized cost and fair value through profit and loss (including a fair value option category).

The Bank designates financial liabilities at fair value through profit or loss if one of the following exist:

- The liability is managed, and performance evaluated on a fair value basis
- Electing fair value will eliminate or reduce an accounting mismatch; or
- The contract contains one or more embedded derivatives

For financial liabilities designated at fair value through profit or loss, fair value changes are presented as follows:

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability must be recorded in OCI, and
- The remaining amount of the change in the fair value of the liability is recorded in P&L.

Upon early extinguishment (e.g., liability is repurchased before maturity), changes in own credit previously recorded in OCI will not be recycled to P&L. The OCI balance is reclassified directly to retained earnings.

#### iv) Reclassifications

Financial asset classification is determined at initial recognition and reclassifications are expected to be extremely rare. A financial asset can only be reclassified if the business model for managing the financial asset changes. Reclassification of financial liabilities is not permitted. Reclassification of financial instruments designated under FVOCI is also not permitted.

#### Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is recognized, and a new financial asset is recognized at fair value. Impairment test is performed before the modifications.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank shall recalculate the gross amount of the financial asset and shall recognize a modification gain or loss in profit or loss.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### i) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### iv) Reclassifications (Continued)

As the Bank classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of a financial asset's contractual cash flows is not permitted, unless the asset is sufficiently modified that it is derecognized.

#### Financial liabilities

The Bank derecognizes financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

#### v) Impairment

The IFRS 9 impairment standard applies to any debt instruments measured at amortized cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees, including:

- Corporate and commercial loans;
- Deposits with banks;
- Reverse repurchase agreements and securities borrowing transactions;
- Investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- All irrevocable loan commitments that are not measured at FVTPL;
- Trade receivables in the scope of IFRS 15 (Revenue contracts with customers); and
- Any other receivables.

#### Expected credit loss impairment model

The Bank also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS, in the estimation of ECL in respect of Stage 3 exposures.

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

Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition or classified as unlikely to pay, a loss allowance is recognized equal to the credit losses expected to result from defaults expected over the next 12 months. Interest is calculated based on the gross carrying amount of the asset.

Stage 2 – Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognized equal to the full credit losses expected over the remaining life of the asset. Interest is calculated based on the gross carrying amount of the asset.

The credit losses for financial assets in Stage 1 and Stage 2 are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

##### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

##### Expected credit loss impairment model (Continued)

Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognized. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

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

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

The estimation of an expected credit loss (ECL) is required to be unbiased and probability weighted, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

The measurement of an ECL is primarily determined by an assessment of the financial asset's probability of default (PD), loss given default (LGD) and exposure at default (EAD) cash shortfalls are discounted to the reporting date. For a financial asset in Stage 1, the Bank will utilize a 12-month PD, whereas a financial asset within Stage 2 and Stage 3 will utilize a lifetime PD in order to estimate an impairment allowance.

##### *Wholesale Classifiably Managed Exposures*

An impairment allowance will be estimated for Corporate loans utilizing sophisticated models depending on the relative size, quality and complexity of the portfolios.

##### *Delinquency Managed Exposures*

In particular, for Consumer loan portfolios, where the Bank does not have access to detailed historical information and/or loss experience, the Bank will adopt a simplified approach using backstops and other qualitative information specific to each portfolio.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

#### Staging

Financial assets can move in both directions through the Stages of the IFRS 9 impairment model depending on whether the assessment of whether there is a significant increase of credit risk since initial recognition or whether the asset is credit impaired subsequently changes.

In order to determine the ECL reporting stage for an obligation, the Bank will check whether the asset is already impaired (Stage 3) or not (Stage 1 and 2). Stage 2 will be determined by the existence of a significant credit deterioration (or credit improvement) compared with the credit rating at initial recognition. Stage 1 assets do not have significant credit deterioration compared with that at initial recognition. All newly acquired or originated financial assets that are not purchased or originated in credit impaired (POCI) are recognized in Stage 1 initially.

The existence of a (statistically) significant deterioration/improvement is combined with the materiality of the probability of default to determine whether a transfer in stages is required. Further, the Bank will not rebut the presumption that exposures 30 days past due are deemed to have incurred a significant increase in credit risk. Additional quantitative triggers reviews are also performed to assess the staging results and adjust, as necessary, to better reflect the positions which have significantly increased in risk.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 (12- month expected credit losses) and Stage 2 (lifetime expected credit losses), are recorded in profit or loss as an adjustment of the provision for credit losses.

#### Significant increase in credit risk (SICR)

Financial assets will move from Stage 1 to Stage 2 if there has been a significant increase in credit risk relative to initial recognition. The Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. Determining whether there has been a significant increase in credit risk requires significant estimates and judgement.

When making this assessment, the Bank considers the increase in the risk of credit quality deterioration (both in relative terms and absolute terms) over the expected life of the financial asset. A given change in absolute terms of the risk of credit quality deterioration since initial recognition will be more significant for a financial instrument with a lower initial risk of default compared to one with a higher initial risk of default. Internal credit risk rating categories will capture the further qualitative indicators that act as backstops. SICR trigger are incorporated in line with Credit Risk Management Regulation & Standards.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

#### Significant increase in credit risk (SICR) (Continued)

Credit facilities are consequently classified as Stage 2 following Significant Increase in Credit Risk (SICR) that may triggered by the following:

- IFRS 9 model suggests staging downgrade following change in obligor risk rating derived from internal risk rating models impacting probability of default for wholesale obligors. The changes in obligor risk ratings are based on a forward-looking approach over the financial standing of the obligor. IFRS 9 model output on Staging and ECL considers macroeconomic factors and industry specific dynamics or common factors amongst a similar pool of obligors in determination of SICR. For Retail portfolios, stage 2 is pertaining to
- accounts in Bucket 2 and 3 and accounts where SICR criteria basis behavior score, watchlist mechanism, qualitative triggers have got triggered.
- Deferral indicator for wholesale obligors triggered by 3 or more deferrals of instalments due in a rolling 24-months period as outlined in Article 7.7 of Credit Standards.
- Credit exposure with repayments more than 30 Days-Past-Due as outlined in the Article 7.8 of Credit Standards.
- Relevant financial and non-financial SICR criteria for wholesale obligors outlined in Article 7.11 of Credit Standards.
- Instances of repayment moratorium or bullet repayment for non-distressed restructured facilities for wholesale obligors as outlined in Articles 9.32-9.33 of Credit Standards.

#### Expected life

Exposures in Stage 3 cannot move to Stage 2 until all arrears are cleared.

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk, including possible drawdowns and the expected maturity of the financial asset. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management actions.

#### Stage 3 definition of default

As mentioned above, to determine whether an instrument should move to a lifetime ECL, the change in the risk of a default occurring over the expected life of the financial instruments is considered.

The Bank applies a default definition that is consistent with that used for internal credit risk management purposes for the relevant financial instrument and consider quantitative indicators (for example, financial covenants) when appropriate. The default used for this purpose is applied consistently to all financial instruments unless information becomes available that demonstrates another default definition is more appropriate for a particular financial instrument.

A default shall be considered to have occurred in regard to a particular obligor when either or both of the following have taken place as described in the CBUAE Credit Risk Management Standards:

1. There are exposures which are more than 90 days past-due;
2. There is a consideration that the obligor is unlikely to pay its credit obligations in full.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

#### Expected life(Continued)

Write off against Stage 3 facilities are based on reasonable expectation of recoveries and/or expected cash flows based on which partial or full write offs maybe enacted. All stage 3 obligors are to be monitored for their vintage with non performing exposures in excess of 5 years requiring higher level approvals to maintain on books without write off.

#### *Restructured Facilities*

*Distressed restructuring:* A Credit Facility must be regarded as a distressed restructuring if any of its terms are amended in a context of financial difficulty of the Obligor. This includes restructuring that commences or concludes after a Credit Facility becomes Past Due more than 90 days or falls within the unlikeliness to pay status.

Distressed restructuring of Wholesale Obligor are classified SS-NP or worse as the classification is driven by the obligor's financial weakness, increased risk of default and limited financing capability.

*Non-distressed restructuring:* A Credit Facility must be regarded as a non-distressed restructuring if any of its terms are formally amended for commercial or regulatory reasons, including the intention to mitigate future financial difficulties, but excluding situations of financial distress at the time of restructuring. Such type of restructuring includes Credit Facilities for which the contractual obligations and Repayments have been made, without any history of Past Dues on the Credit Facility.

For Retail Risk, all restructured accounts including settlements are permanently classified under Stage 3. No rollback or transitions from Stage 3 to Stage 2 are permissible. Distressed and Non-Distressed Restructuring are determined by the customer's status at the time of restructuring. Customers who are unlikely to pay (ever UTP) or are in bucket 4 or above at the time of restructuring are classified as Distressed Restructuring. All Settlement accounts are classified as Distressed Restructuring.

#### **Curing period**

The Bank continues to monitor such financial instruments for a minimum probationary period as described in CBUAE Credit Risk Management Standards to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL to 12 months ECL.

Stage 3 to Stage 2: Credit Facilities must remain in Stage 3 until all arrears are settled. In addition, for Wholesale Obligor, at least 3 instalments must have been made for monthly Repayment schedule, and at least 1 instalment for any other Repayment schedule of longer intervals.

Stage 2 to Stage 1: For Wholesale Obligor, Credit Facilities must remain in Stage 2 until SICR criteria, as defined in Article 7, are no longer observed. In addition, each financial instrument subject to migration to Stage 2 must be monitored closely and remain in Stage 2 until the following Repayments of principal and/or Interest as per the original applicable Facility agreement have been met. This is referred to as the probation period. After completion of this period, the Facility can return to Stage 1. Interest-only payments are sufficient to migrate back to Stage 1 only if the original Facility agreement provided for a period allowing service of Interest only. The following minimum Repayment frequencies must be applied as from the date of last overdue instalment payment:

- 6 instalments in the case of monthly Repayment (i.e. 6 months),
- 2 instalments in the case of quarterly Repayment (i.e. 6 months),
- 2 instalments in the case of half yearly Repayment (i.e. 12 months),

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

#### Curing period (Continued)

- 2 instalments in the case of yearly Repayment (i.e. 2 years),
- 12 months minimum in the case of any other frequency

For Retail Obligors 12 months of cooling of periods is defined to govern the migrations between Stages for cases where their credit worthiness improves post initial SICR trigger into Stage 2 (12 month Cool off from Stage 2 to Stage 1). Besides that following cool off period applies: (a) Stage 3 to Stage 2 (all arrears must be settled), (b) Unlikely to Pay customers have to serve 12 months in Stage 2 before eligible for movement to Stage 2 (subject to all arrears being cleared).

### Forward Looking Information and multiple economic scenarios

The Bank consider information about past events, current conditions and reasonable and supportable forecasts around future events and economic conditions. The application of forward looking information (FLI) requires significant estimates and judgment.

The Bank has developed models that include multiple economic scenarios that consider the variability and uncertainty in expected losses including factors such as GDP growth rates and unemployment rates, provided by the economists in Citi's Global Country Risk Management (GCRM) department. These estimates are based on portfolio data that reflect the current risk attributes of obligors and debt instruments combined with loss projections derived from the rating migration, PD and loss models built for estimating stress credit losses for wholesale portfolios. As mentioned above, these models have incorporated specifically developed components to make the estimates compliant with IFRS 9. The PD, LGD and Credit Conversion Factor (CCF) models are calibrated to the observed historical patterns of defaults and losses over several years and linked to economic drivers. The model reflects different loss likelihood and loss severity as a function of different economic forecasts. The Bank does not use the best case or worst case scenario but assesses a representative number of scenarios (at least 3 when applying a sophisticated approach and where multiple scenarios are deemed to have a material non-linear impact) and probability weights these scenarios to determine the ECL.

### Presentation of the allowance of ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the asset
- Loan commitments and financial guarantee contracts: as a provision
- Debt instruments measured at FVOCI: as the carrying amount of these financial assets is at fair value and the fact that their credit rating is AA, no loss allowance is recognized in the statement of financial position

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### l) Financial instruments (Continued)

#### Financial Assets and Financial Liabilities (Continued)

#### v) Impairment (Continued)

#### Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Central to the projections of lifetime ECL are the lifetime risk parameters, i.e., probability of default (PD), loss given default (LGD) and exposure at default (EAD).

IFRS 9 requires that the reserve calculation should incorporate forward-looking information in relation to future macroeconomic scenarios. As such, Bank has decided to leverage models developed for stress testing (primarily to support the comprehensive Capital Analysis and Review (“CCAR”) credit models) as the basis for the IFRS-9 implementation, developing certain components as needed to meet the IFRS-9 requirement for the reserve process for international Delinquency managed portfolios.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. (LGD) varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. (LGD) is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month period, where 12-month LGD is the amount of loss expected to be made if the default occurs in the next 12 months.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### m) Key judgments in applying the Bank's accounting policies

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Business model assessment

Classification and measurement of financial assets depends on the results of the “solely payments of principal and interest” and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model or so a prospective change to the classification of those assets.

The following are key estimations that the management has made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Bank's uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements
- Establishing groups of assets with similar credit risk characteristics.

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics according to product. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 3. Material accounting policies (Continued)

##### m) Key judgments in applying the Bank's accounting policies (Continued)

The table below lists the main GDP and unemployment macroeconomic assumptions used in the base, upside and downside scenarios over a 3-year forecast period.

Macro-economics	Optimistic			Base			Pessimistic		
	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP	2.027	2.154	2.204	3.058	3.131	3.212	2.813	3.030	3.130
Unemployment	1.715	1.628	1.807	1.943	1.997	2.035	3.606	3.923	4.052

The assumptions represent the absolute percentage unemployment rates and year-on-year percentage change for GDP.

The scenarios are refreshed on a quarterly basis to include both up to date actual data and to reflect changes in outlook. Given the scope of Bank's business activity, the probability weightings applied in measuring ECL are also reviewed quarterly and are shown below for the current and previous year-ends.

Scenario Probability weight	31 December 2025			31 December 2024		
	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
	11.00%	56.00%	33.00%	9.00%	63.00%	28.00%

##### n) Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when, and only when, the Bank has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

##### o) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### o) Fair value measurement principles (Continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability is measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.

#### *Fair value hierarchy*

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, bank, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable input, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on the quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 3. Material accounting policies (Continued)

#### p) Modification of financial assets and liabilities

##### Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is recognized, and a new financial asset is recognized at fair value. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss. In other cases, it is presented as income.

##### Financial liabilities

The Bank derecognizes financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss.

#### q) Acceptances

Acceptance arises when the Bank is under an obligation to make payments against documents drawn under letters of credit. Acceptance specify the amount of money, the date and the person to which the payment is due.

After acceptance, the instrument becomes an unconditional liability (time draft) of the Bank and is therefore recognized as a financial liability in the statement of financial position with a corresponding contractual right of reimbursement from the customer recognized as a financial asset.

Acceptances have been considered within the scope of IFRS 9 - Financial Instruments and continued to be recognized as a financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset.

#### r) Impairment of non-financial assets

The carrying amounts of the bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management

#### Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

#### *Risk management framework*

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The overall risk management framework relies upon the Bank's internal entity wide standards and covers credit, market, operational and liquidity risks, including undertaking, measuring, monitoring and reporting of risks. It may be noted that:

- These standards are governed by specific policies which are defined and documented.
- Risks are measured using defined methodologies.
- Limits for credit, market and liquidity risks are approved by Risk Management, which is independent of the Business areas.
- Dedicated risk management and control functions are in place for credit (Corporate and Consumer), market, liquidity and operational risks.

Additionally, Risk Management maintains oversight of the regulatory, economic, reputation and legal risks associated with the above-mentioned risk areas.

In order to effectively discharge this responsibility, the Bank has established the Country Coordinating Committee (Management Committee), Risk Oversight Committee (ROC), Credit Review Committee and Business Risk Compliance and Control Committee which are responsible for developing and monitoring risk management policies in their specified areas. These committees comprise key officers, who convene frequently to appraise the Bank's risk profile and various risk related issues.

#### **a) Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from the Bank's loans and advances to customers, amounts due from banks and investment securities. For risk management purposes, credit risk arising on trading investments is managed independently, but reported as a component of market risk exposure.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### a) Credit risk (Continued)

The calculation process, the methodology, and the results for provisions have been reviewed and approved by the Senior Management responsible for the oversight of provisions, including Chief Risk Officer. The classification and provisioning process has been approved by Country Coordinating Committee, as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

The Bank's credit risk management culture is based on the concept that independent risk management works with the business with the goal of taking intelligent risk with shared responsibilities, without forsaking individual accountability. Both business credit officers and independent risk credit officers approve credit, with the covering limit approval by independent risk. Practical objectives are set by business and independent risk management teams in order to reflect their view of the risks and rewards arising from market conditions. Business and independent risk management teams are responsible for adjusting these strategies and budgets to manage through with changing environments. The business is looked at as the institution's first line of risk defense given their unique access and proximity to their clients on a real-time basis. Independent risk management reviews risk profile of the portfolios, including suitability and appropriateness to ensure that the impact of all risk disciplines is understood.

The management of corporate credit risk is grounded in a series of fundamental policies including:

- Implementing the target operating model and processes in order to be compliant with the local regulatory and statutory requirements along with Citigroup global credit policies, in consultation with business units, covering collateral requirements, credit assessment and due diligence, obligor and facility risk rating and reporting, documentary and legal procedures and remedial management.
- Joint business and independent risk management responsibility for managing credit risk;
- Establishment of authorization structure and limits for the approval and renewal of credit facilities in accordance with the local regulatory and global policy requirements.

Analytics used to manage the credit risk of consumer portfolios include the ability to segment portfolios and to be able to review metrics that could include leading indicators such as approval rates, coincidence indicators such as delinquency rates and lagging indicators such as write-off rates. Indicators of performance are compared with both historical performance as well as expected results – where appropriate.

Periodic reviews are conducted by the internal audit team to audit compliance with all aspects of the credit policies governing lending.

#### ***Exposure to credit risk***

The Bank monitors credit risk per class of financial instrument. The table below outlines the identified stages, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement line for each class of financial instrument:

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

*Exposure to credit risk (Continued)*

	2025			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
<b>Corporate Loans</b>				
Grades 1 to 7: Performing	6,859,830	273,893	172	7,133,895
Grades 8 to 10: Non-Performing	-	-	22,051	22,051
<b>Total gross carrying amount corporate loans</b>	<b>6,859,830</b>	<b>273,893</b>	<b>22,223</b>	<b>7,155,946</b>
Balances with Central bank of UAE	29,146,027	-	-	29,146,027
Consumer loans	5,483,702	59,941	130,314	5,673,957
Due from banks	3,014,565	-	-	3,014,565
Due from head office and other branches	835,038	-	-	835,038
Customer acceptances	143,788	-	-	143,788
Investment securities at FVOCI	6,013,766	-	-	6,013,766
Other assets	151,449	-	-	151,449
Loan commitments, financial guarantees and letters of credit	5,785,223	83,266	599	5,869,088
<b>Total gross amount</b>	<b>57,433,388</b>	<b>417,100</b>	<b>153,136</b>	<b>58,003,624</b>
Less: Expected credit loss	(83,829)	(56,463)	(133,881)	(274,173)
Less: Interest in suspense	-	-	(7,260)	(7,260)
<b>Net carrying amount</b>	<b>57,349,559</b>	<b>360,637</b>	<b>11,995</b>	<b>57,722,191</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

	2024			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
<b>Corporate Loans</b>				
Grades 1 to 7: Performing	5,015,255	948,493	188	5,963,936
Grades 8 to 10: Non-Performing	-	-	54,026	54,026
<b>Total gross carrying amount corporate loans</b>	<b>5,015,255</b>	<b>948,493</b>	<b>54,214</b>	<b>6,017,962</b>
Balances with Central bank of UAE	24,626,829	-	-	24,626,829
Consumer loans	5,139,371	111,919	57,199	5,308,489
Due from banks	1,993,622	-	-	1,993,622
Due from head office and other branches	2,293,328	-	-	2,293,328
Customer acceptances	61,904	-	-	61,904
Investment securities at FVOCI	7,729,359	-	-	7,729,359
Other assets	85,400	-	-	85,400
Loan commitments, financial guarantees and letters of credit	4,910,017	96,819	1,109	5,007,945
<b>Total gross amount</b>	<b>51,855,085</b>	<b>1,157,231</b>	<b>112,522</b>	<b>53,124,838</b>
Less: Expected credit loss	(116,589)	(112,516)	(66,915)	(296,020)
Less: Interest in suspense	-	-	(15,843)	(15,843)
<b>Net carrying amount</b>	<b>51,738,496</b>	<b>1,044,715</b>	<b>29,764</b>	<b>52,812,975</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

*Expected credit loss allowance*

A summary of the provision for credit loss and the net movement on financial instruments by category are as follows:

	1 January 2025 AED'000	Net (reversal) during the year AED'000	31 December 2025 AED'000
Due from banks	8,179	(6,972)	1,207
Loans and advances to customers	277,158	(14,347)	262,811
<b>Total on balance sheet</b>	<b>285,337</b>	<b>(21,319)</b>	<b>264,018</b>
Loan commitments, financial guarantees and letters of credit	10,683	(528)	10,155
<b>Total off balance sheet</b>	<b>10,683</b>	<b>(528)</b>	<b>10,155</b>
<b>Total expected credit loss allowance</b>	<b>296,020</b>	<b>(21,847)</b>	<b>274,173</b>
	1 January 2024 AED'000	Net (reversal) during the year AED'000	31 December 2024 AED'000
Due from banks	4,702	3,477	8,179
Loans and advances to customers	313,018	(35,860)	277,158
<b>Total on balance sheet</b>	<b>317,720</b>	<b>(32,383)</b>	<b>285,337</b>
Loan commitments, financial guarantees and letters of credit	11,958	(1,275)	10,683
<b>Total off balance sheet</b>	<b>11,958</b>	<b>(1,275)</b>	<b>10,683</b>
<b>Total expected credit loss allowance</b>	<b>329,678</b>	<b>(33,658)</b>	<b>296,020</b>
		<b>Investment Securities</b>	
		2025 AED'000	2024 AED'000
Carrying amount		6,013,766	7,729,359
<b>Total</b>		<b>6,013,766</b>	<b>7,729,359</b>

ECL for the above has been assessed to be immaterial as all investments in bonds are AA rated. All investments are classified under stage 1 (2024: stage 1).

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### a) Credit risk (Continued)

As per the new credit risk management standards (CRMS) issued by CBUAE (Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024), Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

	2025	2024
	AED'000	AED'000
<b>Non-distributable impairment reserve - General</b>		
Minimum provision for Stage 1 & 2 as per CBUAE requirements	216,031	194,896
Less: Stage 1 and 2 impairment provision taken against income	140,292	229,105
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	<u>75,739</u>	<u>-</u>
<b>Balance of impairment reserve - general as at January 1</b>	-	-
Add: Non-distributable reserve during the year (Impairment reserve general)	75,739	-
<b>Balance of impairment reserve - general as at December 31</b>	<u>75,739</u>	<u>-</u>

#### Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics, such as:

- Instrument type;
- Credit risk grade;
- Collateral type;

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

The Bank uses external benchmark information for portfolios with limited historical data and for low default portfolios where there is no instances of historical default.

The Bank maintains established policies for determining the eligibility of various forms of collateral, including credit protection instruments. For mortgage portfolios, lifetime loss estimates are derived from proxy data, potentially sourced from other jurisdictions. In the context of margin lending, particularly within the MSBF portfolio, a Zero Probability of Default (PD) approach is adopted. This is predicted on the portfolio to be fully secured, supported by robust margin call management and daily Mark-to-Market (MTM) valuations. These practices are integral to ensure the collateral meets minimum operational requirements for effective risk mitigation. The Bank's principal collateral types comprise marketable securities such as bonds, collective investment schemes (funds), cash margins, and other registerable assets including vehicles.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

The collateral is valued periodically ranging from Daily MTM for Margin lending to annually, depending on the type of collateral. Specifically, for mortgaged property, a framework for valuation of mortgaged properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of mortgaged properties and other related activities in relation to the interpretation, monitoring and management of valuation of mortgaged properties.

*Maximum exposure to credit risk before collateral held or other credit enhancements*

	Maximum exposure	
	2025	2024
	AED'000	AED'000
<i>Credit risk exposures relating to on-balance sheet assets are as follows:</i>		
Balance with CBUAE	<b>29,146,027</b>	24,626,829
Due from banks	<b>3,014,565</b>	1,993,622
Due from head office and branches abroad	<b>835,038</b>	2,293,328
Loans and advances to customers	<b>12,829,904</b>	11,326,451
Investment securities at FVOCI	<b>6,013,766</b>	7,729,359
Customer acceptances	<b>143,788</b>	61,904
Other assets	<b>151,449</b>	85,400
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>		
Loan commitments and other off balance sheet items	<b>5,869,088</b>	5,007,945
	<b>58,003,625</b>	53,124,838

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2025 and 2024 without taking account of any collateral held or other credit enhancements attached.

As can be seen above, the most significant exposures arise from loans and advances to customers (including commitments) and amounts due from banks.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

Analysis of collaterals by type is presented in the following table:

	2025 AED'000	2024 AED'000
<b>Individually impaired</b>		
Pledged deposits	500	500
Property	-	-
<b>Gross amount</b>	<b>500</b>	<b>500</b>
<b>Neither past due nor impaired</b>		
Pledged deposits	353,194	284,649
Investment securities	3,394,132	2,542,858
Guarantees	3,079,563	2,967,157
Property	15,830	13,725
<b>Total</b>	<b>6,843,219</b>	<b>5,808,889</b>

##### *Collaterals*

The Bank holds collateral against loans and advances in the form of cash, guarantees, mortgages and liens over properties or other securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are subsequently monitored on a periodic basis. Generally, collateral is not held against investment securities and amounts due from banks, and no such collateral was held at 31 December 2025 or 2024.

##### *Impaired loans and advances*

Impaired loans and advances and non-trading investments are financial assets for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the agreements.

##### *Concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, having same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The tables below set out the concentration of credit risk by sector, geography and currency.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

2025	Loans and advances gross	Investment securities at FVOCI	Cash and balances with the Central Bank of UAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Concentration by sector						
Commercial and business: -						
Agriculture & allied activities	91,818	-	-	-	-	91,818
Mining & quarrying	881,861	-	-	-	-	881,861
Manufacturing	1,741,116	-	-	21,353	-	1,762,469
Electricity & water	8,482	-	-	-	-	8,482
Construction	43,987	-	-	5,469	-	49,456
Real estate	44,072	-	-	-	-	44,072
Trade	1,056,197	-	-	100,765	-	1,156,962
Transport & communication	1,188,949	-	-	-	-	1,188,949
Services	1,223,605	-	-	-	-	1,223,605
<b>Total commercial and business</b>	<b>6,280,087</b>	<b>-</b>	<b>-</b>	<b>127,587</b>	<b>-</b>	<b>6,407,674</b>
Financial institutions	475,260	-	-	16,201	3,849,603	4,341,064
Government and public sector entities	400,600	6,013,766	29,146,027	-	-	35,560,393
Consumer banking	5,673,957	-	-	-	-	5,673,957
<b>Total gross amount</b>	<b>12,829,904</b>	<b>6,013,766</b>	<b>29,146,027</b>	<b>143,788</b>	<b>3,849,603</b>	<b>51,983,088</b>
Less: Allowance for impairment losses	(262,811)	-	-	-	(1,207)	(264,018)
Less: Interest in suspense	(7,260)	-	-	-	-	(7,260)
<b>Total net amount</b>	<b>12,559,833</b>	<b>6,013,766</b>	<b>29,146,027</b>	<b>143,788</b>	<b>3,848,396</b>	<b>51,711,810</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

2025	Loans and advances gross	Investment securities at FVOCI	Cash and balances with the Central Bank of UAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Concentration by location</i>						
UAE	9,679,634	89,935	29,146,027	127,586	1,746,530	40,789,712
GCC	1,114,588	-	-	3,291	345,152	1,463,031
Other Arab countries	78,806	-	-	11,326	21,320	111,452
Asia	341,190	-	-	1,585	931,646	1,274,421
Africa	-	-	-	-	82,532	82,532
USA	670,038	5,923,831	-	-	304,029	6,897,898
Europe	761,055	-	-	-	418,343	1,179,398
Others	184,593	-	-	-	51	184,644
<b>Total Gross amount</b>	<b>12,829,904</b>	<b>6,013,766</b>	<b>29,146,027</b>	<b>143,788</b>	<b>3,849,603</b>	<b>51,983,088</b>
Less: Allowance for impairment losses	(262,811)	-	-	-	(1,207)	(264,018)
Less: Interest in suspense	(7,260)	-	-	-	-	(7,260)
<b>Total Net amount</b>	<b>12,559,833</b>	<b>6,013,766</b>	<b>29,146,027</b>	<b>143,788</b>	<b>3,848,396</b>	<b>51,711,810</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

2024	Loans and advances gross	Investment securities at FVOCI	Cash and balances with the Central Bank of UAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
<i>Concentration by sector</i>	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Commercial and business: -</b>						
Agriculture & allied activities	3	-	-	-	-	3
Mining & quarrying	1,045,851	-	-	-	-	1,045,851
Manufacturing	1,495,936	-	-	9,408	-	1,505,344
Electricity & water	76,118	-	-	-	-	76,118
Construction	34,507	-	-	12,056	-	46,563
Real estate	5	-	-	-	-	5
Trade	1,228,899	-	-	27,902	-	1,258,801
Transport & communication	826,604	-	-	-	-	826,604
Services	519,755	-	-	1,526	-	521,281
<b>Total commercial and business</b>	<b>5,227,678</b>	<b>-</b>	<b>-</b>	<b>50,892</b>	<b>-</b>	<b>5,287,570</b>
Financial institutions	322,087	-	24,626,829	11,012	4,286,950	29,246,878
Government and public sector entities	468,197	7,729,359	-	-	-	8,197,556
Consumer banking	5,308,489	-	-	-	-	5,308,489
Others	-	-	-	-	-	-
<b>Total gross amount</b>	<b>11,326,451</b>	<b>7,729,359</b>	<b>24,626,829</b>	<b>61,904</b>	<b>4,286,950</b>	<b>48,031,493</b>
Less: Allowance for impairment losses	(277,158)	-	-	-	(8,179)	(285,337)
Less: Interest in suspense	(15,843)	-	-	-	-	(15,843)
<b>Total net amount</b>	<b>11,033,450</b>	<b>7,729,359</b>	<b>24,626,829</b>	<b>61,904</b>	<b>4,278,771</b>	<b>47,730,313</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

2024	Loans and advances gross	Investment securities	Cash and balances with the Central Bank of UAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Concentration by location</i>						
UAE	8,866,847	136,460	24,626,829	50,787	845,657	34,526,580
GCC	1,359,608	-	-	5,616	556,179	1,921,403
Other Arab countries	38,468	-	-	5,060	38,762	82,290
Asia	18,043	-	-	-	621,120	639,163
Africa	-	-	-	336	80,571	80,907
USA	19,322	7,592,899	-	-	2,106,882	9,719,103
Europe	477,373	-	-	105	37,779	515,257
Others	546,790	-	-	-	-	546,790
<b>Total Gross amount</b>	<b>11,326,451</b>	<b>7,729,359</b>	<b>24,626,829</b>	<b>61,904</b>	<b>4,286,950</b>	<b>48,031,493</b>
Less: Allowance for impairment losses	(277,158)	-	-	-	(8,179)	(285,337)
Less: Interest in suspense	(15,843)	-	-	-	-	(15,843)
<b>Total gross amount</b>	<b>11,033,450</b>	<b>7,729,359</b>	<b>24,626,829</b>	<b>61,904</b>	<b>4,278,771</b>	<b>47,730,313</b>

The concentrations by location are measured based on the country of domicile of the registered office of the entity.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### a) Credit risk (Continued)

*Concentration of credit risk by currency:*

2025	Loans and advances gross	Investment securities	Certificate of Deposits with CBUAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Concentration by currency</i>						
AED	3,085,414	-	29,144,341	766	269,747	32,500,268
USD	4,823,457	6,013,766	1,686	122,309	2,961,551	13,922,769
Foreign currency	4,921,033	-	-	20,713	618,305	5,560,051
	<b>12,829,904</b>	<b>6,013,766</b>	<b>29,146,027</b>	<b>143,788</b>	<b>3,849,603</b>	<b>51,983,088</b>
2024	Loans and advances gross	Investment securities	Certificate of Deposits with CBUAE	Customer acceptances assets	Due from banks/ head office and branches abroad	Total on balance sheet
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Concentration by currency</i>						
AED	3,455,556	-	24,626,536	7,596	19,444	28,109,132
USD	4,591,039	7,729,359	-	-	-	12,320,398
Foreign currency	3,279,856	-	293	54,308	4,267,506	7,601,963
	<b>11,326,451</b>	<b>7,729,359</b>	<b>24,626,829</b>	<b>61,904</b>	<b>4,286,950</b>	<b>48,031,493</b>

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### b) Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities or other assets as contractually due. Any delays in settlement are rare and are monitored and quantified as part of the Bank's ICAAP framework and Operational Risk Management.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described above. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Bank's Risk Management Department.

#### c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It includes the risk of the inability to fund assets at appropriate maturities and rates and the inability to liquidate assets at reasonable prices and in an appropriate timeframe and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

#### *Management of liquidity risk*

Liquidity risk is managed by the Treasury department in line with the regulatory and internal policies and guidelines.

The Bank's approach to managing liquidity risk is to ensure that it has adequate funding from diversified sources at all times and that it can withstand any major shocks to its liquidity position. Funds are raised using a broad range of instruments including customer deposits, money market instruments and capital. Treasury department monitor the liquidity profile of financial assets and liabilities and the projected cash flows arising from existing and future business. Treasury maintains a portfolio of short-term liquid assets and inter-bank placements to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and abnormal market conditions. The Bank's liquidity policy is set by the Management and is subject to annual review. Adherence to the policies is monitored by Risk Management Department.

The Bank's CCC has been meeting on a regular basis with particular focus on liquidity management. The Bank has proactively considered exploring new options for expanding its liabilities base (changed tenors and currency). The Bank is strengthening its liquidity buffers by timing disbursements to customers along with strict focus on enhancing deposit relationships across all customer segments.

#### *Exposure to liquidity risk*

The key measures used by the Bank for measuring liquidity risk is advances to stable resources, which is a regulatory measure, ratio of net liquid assets, i.e., total assets by maturity against total liabilities by maturity and eligible liquid assets ratio, which requires the bank to hold an amount equivalent to 10% of its total balance sheet liabilities (excluding those included in regulatory capital) in high quality liquid assets.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### c) Liquidity risk (Continued)

The contractual maturity profile of the financial assets and liabilities at 31 December 2025 and 2024 was as follows:

2025	Total	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No fixed maturity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Assets</b>						
Cash and balances with						
Central Bank of UAE	29,191,401	7,524,839	15,827,353	-	-	5,839,209
Due from banks	3,013,358	597,161	2,416,197	-	-	-
Due from head office and branches abroad	835,038	835,038	-	-	-	-
Derivative assets	70,362	43,968	26,394	-	-	-
Loans and advances	12,635,015	7,839,081	2,019,543	875,448	6,789	1,894,154
Investment securities	6,013,766	-	1,393,143	4,460,184	160,439	-
Customer acceptances	143,788	133,513	10,275	-	-	-
Other assets	151,449	151,449	-	-	-	-
<b>Total assets</b>	<b>52,054,177</b>	<b>17,125,049</b>	<b>21,692,905</b>	<b>5,335,632</b>	<b>167,228</b>	<b>7,733,363</b>
<b>Liabilities</b>						
Due to banks	59,357	59,357	-	-	-	-
Customers' deposits	34,759,519	24,312,297	679,517	534	-	9,767,171
Derivative liabilities	48,212	48,212	-	-	-	-
Due to head office and branches abroad	9,856,886	9,856,886	-	-	-	-
Customer acceptances	143,788	133,513	10,275	-	-	-
Other liabilities	34,016	34,016	-	-	-	-
<b>Total liabilities</b>	<b>44,901,778</b>	<b>34,444,281</b>	<b>689,792</b>	<b>534</b>	<b>-</b>	<b>9,767,171</b>
<b>Net on balance sheet liquidity gap 2025</b>		<b>(17,319,232)</b>	<b>21,003,113</b>	<b>5,335,098</b>	<b>167,228</b>	

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### c) Liquidity risk (Continued)

2024	Total	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	No fixed maturity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Assets</b>						
Cash and balances with						
Central Bank of UAE	24,665,486	7,912,704	16,752,782	-	-	-
Due from banks	1,985,443	805,071	1,180,372	-	-	-
Due from head office and branches abroad	2,293,328	2,293,328	-	-	-	-
Derivative assets	87,579	87,579	-	-	-	-
Loans and advances	11,033,450	4,515,255	1,033,585	728,843	2,042,613	2,713,154
Investment securities	8,645,839	1,461,894	3,189,293	3,844,351	150,301	-
Customer acceptances	61,904	51,472	10,432	-	-	-
Other assets	757,709	321,263	133,935	20,369	-	282,142
<b>Total assets</b>	<b>49,530,738</b>	<b>17,448,556</b>	<b>22,300,399</b>	<b>4,593,563</b>	<b>2,192,914</b>	<b>2,995,296</b>
<b>Liabilities</b>						
Due to banks	38,268	38,268	-	-	-	-
Customers' deposits	34,407,322	22,813,086	547,036	8,592	-	11,038,608
Derivative liabilities	82,529	82,529	-	-	-	-
Due to head office and branches abroad	7,265,015	7,265,015	-	-	-	-
Customer acceptances	61,904	51,472	10,432	-	-	-
Other liabilities	1,382,867	575,300	371,318	17,769	-	418,480
<b>Total liabilities</b>	<b>43,237,905</b>	<b>30,825,670</b>	<b>928,786</b>	<b>26,361</b>	<b>-</b>	<b>11,457,088</b>
<b>Net on balance sheet liquidity gap 2024</b>		<b>(13,377,104)</b>	<b>21,371,613</b>	<b>4,567,202</b>	<b>2,192,914</b>	

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### d) Market risk

Market Risk is the sensitivity of the market value of a portfolio to changes in financial asset prices such as: interest rates, foreign exchange rates, equity prices, and commodity prices. Market factors break down trading positions into specific sensitivities of price moves. Market risk arises in accrual portfolios (e.g., interest rate risk), as well as in mark-to-market portfolios.

#### Exposure to market risks – trading portfolios

##### Market Risk Factors

The variable (i.e. a market price or rate, such as a spot FX rate or an interest rate) that can impact the economic valuation of a market position. The primary market risk factors used to form limits include:

- Equity risk, the valuation risk resulting directly or indirectly from stock price changes.
- Interest rate risk, the valuation risk resulting from direct or indirect interest rate changes.
- Currency risk, the valuation risk resulting from direct or indirect currency price changes.
- Commodity risk, the valuation risk resulting from direct or indirect commodity price changes.

Within independent market risk, there is a single set of standards for the measurement of market risk in order to ensure consistency across businesses, stability in methodologies, and transparency of risk. Critical measurement concepts associated with the measurement of market risk are outlined below:

Factor sensitivities

Factor sensitivities are used to measure an instrument's sensitivity to a change in value.

##### *Volatility and correlation*

The volatility of, and correlation between, market factors are used to calculate statistically based portfolio risk measurements, such as VaR.

##### Value at Risk (VaR)

VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, within a defined confidence level, and over a specific time period.

VaR is used to establish internal limits representing the maximum loss that a position might exhibit resulting from a one-day loss measured on a historical basis with a determined confidence level. VaR is also used for external regulatory reporting purposes.

The bank 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.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### d) Market risk (Continued)

The parameters used in a statistical simulation of market risk include:

- The historical ‘look-back’ period was used to calculate historical volatilities and correlations;
- The holding period, i.e., the number of days of changes in market risk factors the portfolio is subjected to; and
- A confidence interval to estimate the potential loss, which for Citi’s risk management purposes, is chosen to be 99%.

#### Limit Framework

Market risk limits are intended to prevent excessive exposure to a single risk factor or group of related risk factors, as well as to constrain the general level of risk-taking for a business.

Excessive concentrations of market risk will in general be controlled through the use of limits on exposures to risk factors.

The limit framework may also include any of the following components:

<b>Position Size / Notional</b>	These can include limits on long, short and net inventory positions, notional limits on contractual positions, and portfolio concentration limits
<b>Loss</b>	These are thresholds on the cumulative decline in the value of a portfolio over a defined time period.
<b>Issuer</b>	This may include limits on the maximum permitted exposure to a single issuer name, as well as portfolio limits on issuer quality concentrations.
<b>Permitted Product List</b>	This is a list of authorized products and activities for each business.

The limit framework is made up of Tier 1, Tier 2, and Tier 3 limits:

<b>Tier 1</b>	These are generally the most significant factor limits for Citi overall, as well as limits on trading exposures in certain larger countries.
<b>Tier 2</b>	These are generally limits set at a product group level or in some cases at a desk, regional or legal entity level.
<b>Tier 3</b>	These are mainly desk-level limits

The Tier 1 and Tier 2 limit framework for all MTM portfolios must be monitored daily by staff that is independent of the business and using exposures reported in, or reconciled to, the independent market risk systems. Risk Reporting will monitor exposures against the Tier 3 limits and report breaches to the business and to Independent Market Risk Management.

Exposure to Interest rate risk – non trading portfolio

The assets, liabilities and capital associated with a Risk-Taking Unit, include:

- Loans at amortized cost (e.g. non-fair value option loans)
- Deposits
- Due from and due to bank.
- Investments at fair value through other comprehensive income (“FVOCI”)

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### d) Market risk (Continued)

Key metrics for managing market risk in accrual portfolios include Interest Rate Exposure.

##### *Interest Rate Exposure*

Interest Rate Exposure measures the potential pre-tax impact on Net Interest Margin over a specified reporting period, for accrual positions, due to defined shifts in appropriate interest rates. Net Interest Margin ("NIM") is the difference between the yield earned on the accrual portfolio assets (including customer loans) and the rate paid on the liabilities (including customer deposits or company borrowings). NIM is affected by changes in the level of interest rates. Interest rate risk is also assessed by measuring the impact of defined movements in interest yield curves on the Bank's net interest income.

It is the responsibility of the Risk-Taking Unit to ensure that the market risk in the accrual portfolio is measured and reported appropriately, that the appropriate asset, liability, and capital positions are included in these measurements, and to document the business-specific assumptions underlying these measurements. The Independent Market Risk Manager provides oversight and governance and must review any business-specific assumptions underlying the measurements of market risk for reasonableness and for consistency with the overall requirements. At a minimum, all Risk-Taking Units have limits and triggers on their accrual portfolio. The Risk Oversight Committee (ROC) and the Country Coordinating Committee (CCC) are responsible for reviewing aggregate country exposure reports, and for highlighting any issues with respect to levels of exposure.

Interest rate risk is also assessed by measuring the impact of defined movements in interest yield curves on the Bank's net interest income. The following impact on the net interest income for the year of an immediate and permanent movement in interest yield curves as at 31 December 2025.

Shift in Yield Curve	2025	2024
	Net interest income	Net interest income
	AED'000	AED'000
+100 b.p.	79,704	59,222
-100 b.p.	(66.114)	(49,080)

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### d) Market risk (Continued)

A summary of the Bank's interest re-pricing rate gap position is as follows:

31 December 2025	Assets & liabilities not bearing interest rate risk AED'000	Less than 3 months AED'000	From 3 months to 1 year AED'000	Over 1 year but less than 5 years AED'000	Over 5 years AED'000	Total AED'000
Cash and balances with Central Bank of UAE	5,888,085	7,475,963	15,827,353	-	-	29,191,401
Due from banks	86,617	510,544	2,416,197	-	-	3,013,358
Due from HO and branches abroad	760,937	74,101	-	-	-	835,038
Derivative assets	70,362	-	-	-	-	70,362
Loans and advances	-	9,733,235	2,019,543	875,448	6,789	12,635,015
Investment securities	-	-	1,393,143	4,460,184	160,439	6,013,766
Customer acceptances	143,788	-	-	-	-	143,788
Other assets	530,148	-	-	-	-	530,148
	<u>7,479,937</u>	<u>17,793,843</u>	<u>21,656,236</u>	<u>5,335,632</u>	<u>167,228</u>	<u>52,432,876</u>
Due to banks	-	59,357	-	-	-	59,357
Customers' deposits	-	34,079,468	679,517	534	-	34,759,519
Derivative liabilities	48,212	-	-	-	-	48,212
Due to HO and branches abroad	1,887,983	7,968,903	-	-	-	9,856,886
Customers acceptances	143,788	-	-	-	-	143,788
Other liabilities	<u>1,217,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,217,238</u>
	<u>3,297,221</u>	<u>42,107,728</u>	<u>679,517</u>	<u>534</u>	<u>-</u>	<u>46,085,000</u>
<b>Interest rate sensitivity gap</b>		<u>(24,313,885)</u>	<u>20,976,719</u>	<u>5,335,098</u>	<u>167,228</u>	

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### d) Market risk (Continued)

31 December 2024	Assets & liabilities not bearing interest rate risk	Less than 3 months	From 3 months to 1 year	Over 1 year but less than 5 years	Over 5 years	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cash and balances with						
Central Bank of UAE	4,281,775	3,630,929	16,752,782	-	-	24,665,486
Due from banks	137,010	668,060	1,180,373	-	-	1,985,443
Due from HO and branches abroad	2,219,727	73,601	-	-	-	2,293,328
Derivative assets	87,579	-	-	-	-	87,579
Loans and advances	-	7,228,409	1,033,585	728,843	2,042,613	11,033,450
Investment securities	-	1,461,894	3,189,293	3,844,351	150,301	8,645,839
Customer acceptances	61,904	-	-	-	-	61,904
Other assets	757,709	-	-	-	-	757,709
	<u>7,545,704</u>	<u>13,062,893</u>	<u>22,156,033</u>	<u>4,573,194</u>	<u>2,192,914</u>	<u>49,530,738</u>
Due to banks	-	38,268	-	-	-	38,268
Customers' deposits	5,011,850	28,839,844	547,036	8,592	-	34,407,322
Derivative liabilities	82,529	-	-	-	-	82,529
Due to HO and branches abroad	139	7,264,876	-	-	-	7,265,015
Customers acceptances	61,904	-	-	-	-	61,904
Other liabilities	1,382,867	-	-	-	-	1,382,867
	<u>6,539,289</u>	<u>36,142,988</u>	<u>547,036</u>	<u>8,592</u>	<u>-</u>	<u>43,237,905</u>
<b>Interest rate sensitivity gap</b>		<u>(23,080,095)</u>	<u>21,608,997</u>	<u>4,564,602</u>	<u>2,192,914</u>	

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 44,953 million (2024: AED 41,985 million) interest bearing assets and AED 44,787 million (2024: AED 36,699 million) interest bearing liabilities with interest re-pricing less than one year, for assessing the impact on net profit. The impact on equity includes the impact on net profit and the interest rate sensitivity on the investments held at fair value through other comprehensive income portfolio. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates, and arises from financial instruments denominated in a foreign currency. The Management has set limits on positions by currency. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits. As at 31 December, the Bank had the following significant net exposures denominated in foreign currencies:

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### d) Market risk (Continued)

	Net spot position AED'000	Forward position AED'000	Net exposure	
			2025 AED'000	2024 AED'000
<b>Currency</b>				
US Dollar	(10,806,853)	11,367,133	560,280	415,587
Great Britain Pound	(534,989)	538,498	3,509	803
Japanese Yen	(119,593)	118,835	(758)	1,988
Euro	272,765	(298,701)	(25,936)	12,399
Swiss Francs	2,215,665	(2,214,504)	1,161	12,893
Saudi Riyals	81,051	(146,361)	(65,310)	28,937
Kuwaiti Dinar	(53,990)	173,723	119,733	(26,925)
Bahraini Dinar	(3,009)	89,321	86,312	16,756
Others	(354,424)	375,886	21,462	(36,535)

As the UAE Dirham and other GCC currencies are pegged to the US Dollar, balances in US Dollar and other GCC currencies are not considered to represent significant currency risk.

##### e) Operational risks

Operational risk is defined by the Basel Committee on Banking Supervision as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition of operational risk includes legal risk - which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of Citi to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Citi business - but excludes strategic and reputation risks (US Basel II Final Rule - Federal Register 2007). Nevertheless, Citi recognizes the impact of operational risk on the reputation risk associated with its business activities. This Policy, and underlying Standards and Procedures, apply to all Operational Risks in the Risk Taxonomy. Effective management of operational risk means bringing or maintaining operational risk exposures within operational risk appetite and adhering to regulatory requirements.

Citibank N.A UAE outlines the Operational Risk Life cycle which includes Identification, Measuring, Monitoring, Controlling, and Reporting in the UAE Risk Management framework. The policy aligns to Citi's Enterprise and Operational Risk Management Frameworks. The Operational Risk Management ("ORM") Policy and ORM Framework (described in the ORM Policy) collectively enables effective management of operational risks across Citi., by amongst other things mitigating operational risk exposures and adhering to regulatory requirements. This Policy and underlying Standards and Procedures, applies to risk taxonomies covered under the Manager's Control Assessment (MCA) Standard which covers Operational and Compliance risk taxonomies.

Citi manages operational risk exposures through a suite of programs designed to manage granular and aggregated risk exposures. The outcomes of programs designed to manage granular risk exposures are consumed by programs designed to manage aggregate risk exposures. Similarly, the programs designed to manage aggregate risk exposures may result in outcomes that impact or are otherwise absorbed by granular risk management programs such as Operational Risk identification, Risk Appetite, Risk and Control Assessments, Operational Loss Capture, Issue Management, Lessons Learned, Scenario Analysis, New Activity Approval and Operational Risk capital planning. Aggregated Operational Risk Assessment programs provide insight into total L0 or L1 operational risk exposures.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 4. Financial risk management (Continued)

#### f) Capital management

##### *Regulatory capital*

The Bank's lead regulator, the Central Bank of UAE, sets and monitors regulatory capital requirements. The Bank's objectives when managing capital are as follows:

- Safeguard the Bank's ability to continue as a going concern and increase returns for shareholders; and
- Comply with regulatory capital requirements set by the Central Bank of UAE.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by Central Bank of the UAE are as follows:

- Minimum Common Equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total Capital Adequacy Ratio (CAR) of 10.5% of RWAs.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%. The Bank has complied with all the externally imposed capital requirements.

Central Bank of UAE has issued guidance on Accounting Provisions and Capital Requirements- Transitional Arrangement dated 22 April 2020. The Prudential Filter allows Banks to add back increase in IFRS 9 ECL provisions, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, translation reserve and retained earnings and IFRS traditional arrangement in line with the Central Bank guideline; and
- Tier 2 capital, which includes fair value reserves relating to unrealized gains/losses on investments classified as FVOCI and derivatives held as cash flow hedges, general provision and subordinated term loans. The following limits have been applied for Tier 2 capital:
  - General provision shall not exceed 1.25% of credit risk weighted assets ("CRWA").

The table below summarizes the composition of regulatory capital of the Bank as per Basel III:

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 4. Financial risk management (Continued)

##### f) Capital management (Continued)

	2025 AED'000	2024 AED'000
<b>Tier 1 capital</b>		
Allocated capital	1,145,784	1,145,784
Legal reserve	440,765	331,075
Other disclosed reserves	(12,577)	(64,398)
Retained earnings	4,731,587	4,929,728
<b>Tier 1 Capital</b>	<b>6,305,559</b>	6,342,189
Upper tier 2 capital		
Collective impairment allowance	140,292	162,413
Tier 2 capital	140,292	162,413
Total capital base (a)	<b>6,445,851</b>	6,504,602
<b>Risk weighted assets (RWA) Pillar 1</b>		
Credit risk	14,402,074	12,993,067
Market risk	269,433	79,067
Operational risk	5,440,110	4,058,095
<b>Risk weighted assets (b)</b>	<b>20,111,617</b>	17,130,229
<b>Capital adequacy ratio (Pillar 1) (c)</b>	<b>32.05%</b>	37.97 %
<b>Tier 1 ratio</b>	<b>31.35%</b>	37.02 %
<b>Capital allocation</b>		

The allocation of capital is generally driven by optimization of the return achieved on the capital allocated. The Bank also internally assesses its capital requirements taking into consideration growth requirements and business plans and quantifies its Regulatory as well a Risk / Economic Capital requirement. The Bank has complied with the capital requirements of the Central Bank of UAE throughout the year. There have been no material changes in the Bank's management of capital during the year.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 5. Financial assets and liabilities

	Financial Assets at FVPL	Financial assets at amortized cost	Financial Assets at FV through OCI	Carrying amount
	AED'000	AED'000	AED'000	AED'000
<b>2025</b>				
<b>Financial Assets</b>				
Cash and balances with Central Bank	-	6,888,084	22,303,317	29,191,401
Due from banks	-	3,013,358	-	3,013,358
Due from head office and branches abroad	-	835,038	-	835,038
Derivative assets	70,362	-	-	70,362
Loans and advances	75,182	12,559,833	-	12,635,015
Investment securities	-	-	6,013,766	6,013,766
Customer acceptances	-	143,788	-	143,788
Other assets	-	151,449	-	151,449
	<u>145,544</u>	<u>23,591,550</u>	<u>28,317,083</u>	<u>52,054,177</u>
<b>Financial Liabilities</b>				
Due to banks	-	59,357	-	59,357
Customers' deposits	-	34,759,519	-	34,759,519
Derivative liabilities	48,212	-	-	48,212
Due to head office and branches abroad	-	9,856,886	-	9,856,886
Customer acceptances	-	143,788	-	143,788
Other liabilities	-	34,016	-	34,016
	<u>48,212</u>	<u>44,853,566</u>	<u>-</u>	<u>44,901,778</u>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 5. Financial assets and liabilities (Continued)

	Financial Assets at FVPL	Financial assets at amortized cost	Financial Assets at FV through OCI	Carrying amount
	AED'000	AED'000	AED'000	AED'000
<b>2024</b>				
<b>Financial Assets</b>				
Cash and balances with Central Bank	-	5,181,775	19,483,711	24,665,486
Due from banks	-	1,985,443	-	1,985,443
Due from head office and branches abroad	-	2,293,328	-	2,293,328
Derivative assets	87,579	-	-	87,579
Loans and advances	-	11,033,450	-	11,033,450
Investment securities	916,480	-	7,729,359	8,645,839
Customer acceptances	-	61,904	-	61,904
Other assets	-	85,400	-	85,400
	<u>1,004,059</u>	<u>20,641,300</u>	<u>27,213,070</u>	<u>48,858,429</u>
<b>Financial Liabilities</b>				
Due to banks	-	38,268	-	38,268
Customers' deposits	-	34,407,322	-	34,407,322
Derivative liabilities	82,529	-	-	82,529
Due to head office and branches abroad	-	7,265,015	-	7,265,015
Customer acceptances	-	61,904	-	61,904
Other liabilities	-	111,137	-	111,137
	<u>82,529</u>	<u>41,883,646</u>	<u>-</u>	<u>41,966,175</u>

#### b) Fair value measurement - Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; are based on the BVAL score which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumption are required to reflect differences between the instruments.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 5. Financial assets and liabilities (Continued)

##### b) Fair value measurement - Fair value hierarchy (Continued)

	Level 1	Level 2	Level 3
2025	AED'000	AED'000	AED'000
<b>Assets</b>			
Investment securities	5,923,831	89,935	-
Certificate of deposit of Central Bank of UAE	-	22,303,317	-
Derivative assets	-	70,362	-
Loan marked as FVTPL	-	-	74,016
	<u>5,923,831</u>	<u>22,463,614</u>	<u>74,016</u>
<b>Liabilities</b>			
Derivative liabilities	-	48,212	-
	-	<u>48,212</u>	-
<b>2024</b>			
<b>Assets</b>			
Investment securities	8,507,554	138,285	-
Certificate of deposit of Central Bank of UAE	-	19,483,711	-
Derivative assets	-	87,579	-
Loan marked as FVTPL	-	-	-
	<u>8,507,554</u>	<u>19,709,575</u>	-
<b>Liabilities</b>			
Derivative liabilities	-	82,529	-
	-	<u>82,529</u>	-

During the year, there were no transfers between Level 1, 2 and 3 of the fair value hierarchy above. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments during the year.

##### c) Financial instruments not measured at fair value

In respect of financial assets and financial liabilities measured at amortized cost the management estimates that carrying values are a reasonable representation of fair values since assets and liabilities are either short-term in nature or in the case of loans and advances and deposits, frequently re-priced. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments during the year.

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 6. Cash and balances with the Central Bank of UAE

	2025 AED'000	2024 AED'000
Cash in hand	45,374	38,657
Reserve with the Central Bank of UAE*	5,839,208	4,242,295
Certificate of deposit of the Central Bank of UAE (Note 6.1)	22,303,317	19,483,711
Current account with the Central Bank of UAE	3,502	823
Overnight deposit facility	1,000,000	900,000
	<b>29,191,401</b>	<b>24,665,486</b>

\*The reserve requirements are kept with the Central Bank of the U.A.E, in UAE Dirhams. These reserves are available for use in the Bank's day to day operations and can be withdrawn without the approval of the Central Bank of UAE. The level of reserve required changes every 14 days in accordance with the requirements of the central bank's directives. The Bank assessed expected credit losses on Certificate of deposit of the Central Bank of UAE in accordance with IFRS 9 and determined that any resulting impairment allowance would be immaterial. Therefore, no expected credit loss provision has been recognized in these financial statements.

### 6.1 The Certificate of deposit of the Central Bank of UAE are classified and measured at FVOCI.

	2025 AED'000	2024 AED'000
Opening balance	19,483,711	13,623,295
Add: Additions during the year	24,120,109	24,934,311
Less: Disposals during the year	(21,283,247)	(19,091,699)
Change in Fair value	(17,256)	17,804
Closing balance	<b>22,303,317</b>	<b>19,483,711</b>

### 7. Due from banks

	2025 AED'000	2024 AED'000
Import finance discounted	2,280,404	1,454,319
Own acceptances discounted	606,920	365,786
Balances with other banks	126,780	161,134
Export finance discounted (without recourse)	461	12,383
	<b>3,014,565</b>	<b>1,993,622</b>
Less: Expected credit loss	(1,207)	(8,179)
	<b>3,013,358</b>	<b>1,985,443</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 8. Loans and advances to customers

The composition of the loans and advances portfolio is as follows:

	2025 AED'000	2024 AED'000
Term loans	6,471,600	5,175,991
Credit card advances	2,251,449	2,696,600
Overdraft	3,814,461	3,147,695
Others	367,578	306,165
	<b>12,905,088</b>	11,326,451
Less: Expected credit loss	(262,812)	(277,158)
Less: Interest in suspense	(7,260)	(15,843)
Net loans and advances to customers	<b>12,635,016</b>	11,033,450

The movements of expected credit loss for loans and advances to customers excluding interest in suspense are as follows:

2025	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
At 1 January	99,408	111,945	65,805	277,158
Net (reversal)/charge of provision for the year (Note 27)	(25,772)	(56,051)	67,477	(14,346)
<b>Balance as at 31 December</b>	<b>73,636</b>	<b>55,894</b>	<b>133,282</b>	<b>262,812</b>
2024	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
At 1 January	99,359	115,537	98,122	313,018
Net charge/(reversal) of provision for the year (Note 27)	49	(3,592)	(32,317)	(35,860)
<b>Balance as at 31 December</b>	<b>99,408</b>	<b>111,945</b>	<b>65,805</b>	<b>277,158</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 9. Investment securities

	2025 AED'000	2024 AED'000
<b>At fair value through OCI</b>		
Government bonds (AA rated)	6,013,766	7,729,359
<b>At fair value through profit or loss</b>		
Government bonds (AA rated)	-	916,480
Total	<u>6,013,766</u>	<u>8,645,839</u>
<i>Movement during the year were as follows:</i>		
	2025 AED'000	2024 AED'000
At 1 January	8,645,839	13,770,635
Additions during the year	6,432,428	29,506,889
Disposed/matured during the year	(9,010,257)	(34,685,730)
Change in fair value of investment	(54,244)	54,045
Total	<u>6,013,766</u>	<u>8,645,839</u>

At 31 December 2025, AED 4.6 billion (2024: AED 3.9 billion) of investment securities are expected to mature more than 12 months after the reporting date.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 10. Property and equipment

	Furniture, equipment and motor vehicles AED'000	Computer systems AED'000	Total AED'000
<b>Cost</b>			
At 1 January 2024	162,690	117,320	280,010
Additions	17,275	79	17,354
Disposals/transfers	(14,893)	(3,057)	(17,950)
<b>At 31 December 2024</b>	<b>165,072</b>	<b>114,342</b>	<b>279,414</b>
At 1 January 2025	<b>165,072</b>	<b>114,342</b>	<b>279,414</b>
Additions	<b>4,865</b>	<b>615</b>	<b>5,480</b>
Disposals/transfers	<b>(3,458)</b>	<b>(1,219)</b>	<b>(4,677)</b>
<b>At 31 December 2025</b>	<b>166,479</b>	<b>113,738</b>	<b>280,217</b>
<b>Accumulated depreciation</b>			
At 1 January 2024	117,908	94,494	212,402
Charge for the year	16,895	9,155	26,050
Disposals/transfer	(5,337)	(3,057)	(8,394)
<b>At 31 December 2024</b>	<b>129,466</b>	<b>100,592</b>	<b>230,058</b>
At 1 January 2025	<b>129,466</b>	<b>100,592</b>	<b>230,058</b>
Charge for the year	<b>15,285</b>	<b>5,136</b>	<b>20,421</b>
Disposals/transfer	<b>(2,913)</b>	<b>(771)</b>	<b>(3,684)</b>
<b>At 31 December 2025</b>	<b>141,838</b>	<b>104,957</b>	<b>246,795</b>
<b>Net book value</b>			
<b>At 31 December 2025</b>	<b>24,641</b>	<b>8,781</b>	<b>33,422</b>
At 31 December 2024	35,606	13,750	49,356

#### 11. Other assets

	2025 AED'000	2024 AED'000
Accrued interest receivable	151,449	85,400
Prepayments and other receivables	292,468	572,844
Right of use asset	8,814	19,502
Deferred tax assets (note 19)	77,417	79,963
	<b>530,148</b>	<b>757,709</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 12. Due to banks

	2025 AED'000	2024 AED'000
Balances with other banks	59,357	38,268
	<u>59,357</u>	<u>38,268</u>

#### 13. Customers deposits

	2025 AED'000	2024 AED'000
Current and demand accounts	26,637,379	25,604,843
Savings accounts	3,866,562	4,544,235
Time deposits	3,975,763	3,919,890
Others	279,815	338,354
	<u>34,759,519</u>	<u>34,407,322</u>

#### 14. Other liabilities

	2025 AED'000	2024 AED'000
Accrued interest payable	34,016	111,137
Employees' terminal benefits	114,435	109,734
Provision for taxation (note 19)	299,946	314,512
Clearing account	318,004	317,662
Other provisions and accruals	430,837	487,320
Lease liability	5,460	16,059
Provision for expected credit loss on financial guarantees, letter of credit and customer acceptance	10,154	10,683
VAT payable	4,386	15,760
	<u>1,217,238</u>	<u>1,382,867</u>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 14. Other liabilities (Continued)

	2025 AED'000	2024 AED'000
<b>Reconciliation of payable to defined benefit plan</b>		
Present value of defined benefit obligation	<u>114,435</u>	<u>109,734</u>
	2025 AED'000	2024 AED'000
Opening net liability	109,734	111,774
Expense during the year	16,503	17,443
Re-measurement of post-employment benefits obligation	1,369	(4,559)
Benefit paid during the year	(13,171)	(14,924)
Closing net liability	<u>114,435</u>	<u>109,734</u>
<b>Charge for the defined benefit plan</b>		
Current service cost	11,104	12,327
Interest cost	5,399	5,117
	<u>16,503</u>	<u>17,444</u>
<b>Actuarial assumption</b>		
Valuation on discount rate	4.80 %	5.30 %
Salary increase rate	<u>4.00 %</u>	<u>4.00 %</u>

#### 15. Allocated capital

In accordance with the UAE Federal Law No (2) of 2015 (as amended) and Articles of Association of the Bank, the allocated capital represents the deposit of AED 1.145 billion. This was contributed by Head Office as assigned capital for the UAE branches.

#### 16.1. Legal reserve

The Article of Association in compliance with the Federal Decree Law No. (32) of 2021 requires a minimum of 10% of annual net profit to be transferred to non-distributable legal and statutory reserve, until such time as this reserve equals 50% of share capital. During the year AED 109.69 million was transferred to legal and statutory reserve (2024: 130.65 million) to meet the minimum legal and statutory reserve requirements. The legal and statutory reserve is not available for distribution except under the circumstances stipulated by the relevant laws.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 16.2. Other reserve

	2025 AED'000	2024 AED'000
Re-measurement of post-employment benefits	15,412	36,163
Net charge from Citigroup Inc. – share based incentives	(13,615)	(11,094)
	<u>1,797</u>	<u>25,069</u>

#### 17. Fees and commission income

	2025 AED'000	2024 AED'000
Commission on sale of third-party investment products	106,761	80,117
Operations fees and service charges	75,804	62,639
Commission on trade finance	55,507	48,659
Geographical revenue attribution (GRA)*	114,885	107,868
Other fees and commission	263,283	148,507
	<u>616,240</u>	<u>447,790</u>

\*Geographic Revenue Attribution (GRA) is the framework for country and legal entity revenue attribution that aligns revenue with effort and resource utilization. It is currently in place for Banking, Services, Wealth, and Markets as it has cross-border revenue interaction. Revenue attribution is limited to legal entities and managed geographies.

#### 18. General and administrative expenses

	2025 AED'000	2024 AED'000
Staff costs	532,187	512,353
Charge outs for intercompany services (non-supervisory) *	873,261	719,769
Other operating expenses	211,648	235,741
Depreciation	20,421	25,433
Value Added Tax	11,057	12,437
	<u>1,648,574</u>	<u>1,505,733</u>

\*Represents costs incurred by the other Citi branches to support Citibank N.A UAE. The other branches provide various services to UAE branches, including finance, human resources, IT, legal, and strategic planning, etc. Costs associated with these cross-functional activities may therefore be regarded as charge outs for intercompany services.

Staff costs include share-based payments as below:

	2025 AED'000	2024 AED'000
Capital Accumulation Program (CAP) expenses	7,720	8,287
	<u>7,720</u>	<u>8,287</u>

# Citibank N.A. - United Arab Emirates Branches

## Notes to the financial statements

for the year ended 31 December 2025

### 18. General and administrative expenses (continued)

The Bank participates in the Citigroup Inc. ("Citigroup") share-based incentive plans under which Citigroup offers share options and/or deferred stock to the Bank's employees. The fair value of share-based incentive awards is determined at the time of grant and is expensed over the vesting period.

At 31 December 2025, total number of employees was 725 (2024:751).

### 19. Taxation

#### Implementation of Corporate Income Tax in UAE

##### Federal Corporate Income Tax Law:

From 1 January 2024, the Bank is subject to the Federal corporate income tax (CIT) regime in accordance with Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law) including related Cabinet Decision, Ministerial Decision and FTA Decision. The Bank will be subject to a 9% Federal CIT rate on taxable income exceeding AED 375,000. As the Bank's accounting year ends on 31 December, the first tax period was 1 January 2024 to 31 December 2024, The Bank therefore, submitted its first CIT return on September 30, 2025, in accordance with the applicable tax laws and within the prescribed statutory deadline.

##### Emirate Level Tax:

From 1 January 2024, as a UAE branch of a foreign bank, the bank will continue to be subject to the respective Emirate Level Tax laws in Dubai and Sharjah at 20% on their annual taxable income with offset of Federal CIT credit, in accordance with Law (1) of 2024 on Taxation Foreign Bank Operating in Dubai and Federal Decree-Law No. (2) of 2023 concerning Tax on Foreign Banks Operating in the Emirate of Sharjah respectively. As the Bank's accounting year ends on 31 December, the first tax period was 1 January 2024 to 31 December 2024 with the first return to be filed on or before 30 September 2025 under new Emirate Level Tax regime. The bank has submitted the tax returns for the Emirates by the due date. It is expected that the Emirate of Abu Dhabi will follow Sharjah and Dubai in announcing new ELT law and allow for the federal tax credit offset.

#### International Tax Reform - Pillar Two model rules

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) has published the Pillar Two Anti-Global Base Erosion Rules ("Globe Rules"), which are designed to address the tax challenges arising from the digitalization of the global economy. The Company is part of a Group that falls within the scope of the Pillar Two legislation, as its consolidated revenue exceeds the €750 million threshold, and it operates in a jurisdiction that has substantively enacted Pillar Two legislation.

The UAE, where the Bank operates, published Federal Decree-Law No. 60 of 2023 on 24 November 2023. This law amends specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, as part of the UAE's commitment to the OECD guidelines. The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules.

On 11 February 2025, the Ministry of Finance of the United Arab Emirates (UAE) released Cabinet Decision No. 142 of 2024 regarding the Imposition of Top-Up Tax on Multinational Enterprises on its website. This decision provides further details on the UAE Domestic Minimum Top-up Tax (UAE DMTT), which will apply to fiscal years starting on or after 1 January 2025. The UAE DMTT aims to ensure that in-scope UAE entities of a multinational enterprise (MNE) meet a 15% effective tax rate (ETR) on profits derived in the UAE. Citibank forms part of Citigroup, an MNE Group that is in scope of the Pillar Two regime. Accordingly, UAE operations of Citibank are considered Constituent Entities for the purposes of the UAE DMTT.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 19. Taxation (Continued)

As Pillar Two legislation becomes effective in the UAE from 1 January 2025, the Bank continues to monitor the developments and will recognise any potential top-up tax from that date in accordance with the IAS 12 Amendments, including consideration of the transitional Country-by-Country (CbC) safe harbour relief.

The purpose of the UAE DMTT is to ensure that the jurisdictional ETR reaches the 15% minimum threshold. Where the jurisdictional ETR is already 15% or higher, no top-up tax is required. The Bank has adopted the mandatory temporary exception under IAS 12 and, accordingly, has not recognised or disclosed deferred tax assets and liabilities arising from Pillar Two income taxes. Based on the forecasts and model designed to calculate the DMTT, no material top-up tax liability is expected to arise in the UAE. The Bank will continue to perform further assess it is in compliance with the regulations.

	2025 AED'000	2024 AED'000
<b>Movement in current tax provision</b>		
Balance at 1 January	314,512	329,255
Tax paid	(314,512)	(337,542)
Current tax expense for the year	299,948	322,799
<b>Balance at 31 December</b>	<u>299,948</u>	<u>314,512</u>
<b>Current tax expense</b>		
Current year	301,858	314,512
Adjustment for prior years	-	8,287
	<u>301,858</u>	<u>322,799</u>
<b>Deferred tax credit</b>		
Origination and reversal of temporary differences	(10,182)	53,326
<b>Total income tax expense</b>	<u>291,676</u>	<u>376,125</u>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 19. Taxation (Continued)

The following is the reconciliation between income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2025 AED'000	2024 AED'000
Accounting profit	1,388,578	1,682,625
Applicable rate	29%	29%
Tax at the applicable rate	402,688	487,962
Adjustments:		
Head office disallowance	-	30,205
Federal tax credit	(147,092)	(155,341)
Adjustments in respect of current income tax of previous years	-	8,287
Utilization of previously unrecognized tax losses	-	3,656
Non-deductible expenses for tax purposes	(10,182)	1,389
Effect of standard exemption	(34)	(33)
Effect of no Emirate level tax on offshore branches	(66,705)	-
Effect of inter-company elimination on Emirate level tax	116,304	-
Non-deductible expenses for tax purposes	(3,303)	-
<b>Tax expense</b>	<b>291,676</b>	<b>376,125</b>
<b>Effective Tax rate</b>	<b>21.01 %</b>	<b>22.35 %</b>

The following is the movement in deferred tax assets during the year:

	At 1 January 2025 AED'000	Charge to profit/(credit) AED'000	Charge to other comprehensive income AED'000	At 31 December 2025 AED'000
Impairment provision on loans and advances to customers	79,963	10,182	(12,728)	77,417
<b>Total</b>	<b>79,963</b>	<b>10,182</b>	<b>(12,728)</b>	<b>77,417</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 19. Taxation (Continued)

	At 1 January 2024 AED'000	Charge to profit/(credit) AED'000	Charge to other comprehensive income AED'000	At 31 December 2024 AED'000
Impairment provision on loans and advances to customers	141,148	(53,326)	(7,859)	79,963
Total	<u>141,148</u>	<u>(53,326)</u>	<u>(7,859)</u>	<u>79,963</u>

#### Uncertain tax position

For the year ended 31 December 2024, the Financial Audit Authority (“FAA”) proposed adjustment in the return for tax assessment in respect of its ongoing tax audit of Citibank N.A. – Dubai Branch. The additional tax liability computed on proposed adjustments relating in respect of Bank’s tax filings for prior periods. The Bank has submitted formal responses to the proposed adjustments, supported by detailed technical analyses and relevant documentation. Based on the proposed adjustments proposed by FAA, additional tax liabilities will arise amounting to AED 28.3 million. As at the reporting date, the tax audit remains ongoing, and the FAA has not issued a final assessment. Based on management’s assessment, supported by advice from external tax advisers, management considers it more likely than not that the Bank’s positions will be sustained upon resolution of the matter, including through the appeals process, if required. Accordingly, management has assessed the uncertainty arising from the tax audit in accordance with applicable IFRS requirements and has determined that no provision is required as at 31 December 2025.

In respect of the year ended 31 December 2025, management does not expect the matters under dispute with the FAA for prior periods to recur, as changes related to the methodologies underlying the disputed items have been incorporated into the current-year tax computation and are supported by appropriate documentation. Notwithstanding the above, based on management’s assessment, in the event of an unfavorable outcome of the appeal relating to the 2024 tax year and if the same methodology were to be applied to the year ended 31 December 2025, the resulting additional tax exposure for 2025 would amount to AED 7.5 million.

#### 20. Contingent liabilities and commitment

At any time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to two years. Expirations are not concentrated in any period.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2025

#### 20. Contingent liabilities and commitment (Continued)

	2025	2024
	AED'000	AED'000
Letters of credit	590,529	328,660
Guarantees	3,157,056	3,187,548
Undrawn loan commitments	2,121,503	1,491,737
<b>Balance at 31 December</b>	<b>5,869,088</b>	<b>5,007,945</b>

#### *Customer acceptance*

Acceptances are recognized on balance sheet with a corresponding liability. Accordingly, there is no off-balance commitment for acceptances.

#### 21. Cash and cash equivalents

	2025	2024
	AED'000	AED'000
Cash and balances with Central Bank of UAE (including reserves)	6,888,084	5,181,776
Due from banks	126,780	161,134
Due from head office and branches abroad	835,038	2,293,328
	<b>7,849,902</b>	<b>7,636,238</b>

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2024

#### 22. Derivatives

31 December 2025	Positive fair market value fair market value AED'000	Negative fair market value fair market value AED'000	Notional Amounts				Total AED'000
			Less than 3 months AED'000	From 3 months to 1 year AED'000	From 1 year to 5 years AED'000	Over 5 years AED'000	
Derivatives held for trading							
Foreign exchange forwards contracts	66,242	43,996	33,568,485	28,350,985	-	-	61,919,470
Foreign exchange options	4,120	4,216	60,070	-	-	-	60,070
<b>Total</b>	<b>70,362</b>	<b>48,212</b>	<b>33,628,555</b>	<b>28,350,985</b>	<b>-</b>	<b>-</b>	<b>61,979,540</b>

31 December 2024	Positive fair market value fair market value AED'000	Negative fair market value fair market value AED'000	Notional Amounts				Total AED'000
			Less than 3 months AED'000	From 3 months to 1 year AED'000	From 1 year to 5 years AED'000	Over 5 years AED'000	
Derivatives held for trading							
Foreign exchange forwards contracts	85,287	80,239	52,823,860	12,571,312	253,540	-	65,648,712
Foreign exchange options	2,292	2,290	114,109	-	-	-	114,109
<b>Total</b>	<b>87,579</b>	<b>82,529</b>	<b>52,937,969</b>	<b>12,571,312</b>	<b>253,540</b>	<b>-</b>	<b>65,762,821</b>

In the ordinary course of business, the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of an underlying financial instrument, reference rate or index. Derivative financial instruments include forwards, futures, swaps and options. Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealized gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Derivatives with positive market values (unrealized gains) are included in derivative assets and derivatives with negative market values (unrealized losses) are included in derivative liabilities in the statement of financial position.

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2024

#### 23. Related party transactions

##### *Related Party*

Parties are considered to be related if one party has the ability to control or influence the other party in making financial or operating decisions.

The Bank enters into transactions with the Head Office and other companies of Citigroup and their related concerns in the ordinary course of business at terms agreed between both parties on arm's length basis.

The year-end balances in respect of related parties are disclosed as due from / to head office and branches abroad.

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Due from head office and branches abroad	<b>835,038</b>	2,293,328
Due to head office and branches abroad	<b>(9,856,886)</b>	(7,265,015)
Derivative assets	<b>55,046</b>	70,867
Derivative liabilities	<b>(34,601)</b>	(63,347)

The statement of profit or loss for the year includes transactions with related parties as follows:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Interest income	<b>4,372</b>	453
Interest expense	<b>(409,411)</b>	(119,646)
Charge outs for intercompany services (non-supervisory)	<b>(874,926)</b>	(603,815)
Geographical revenue attribution (GRA)	<b>151,820</b>	140,996
Net Foreign Exchange and other income	<b>10,927</b>	79,890
Off balance sheet		
- Guarantees	<b>486,425</b>	496,287
- Letters of credit	<b>-</b>	-
Key management personnel		
- Short term benefits	<b>2,504</b>	8,346
- Share based benefits	<b>456</b>	737
- Employee end of service benefits	<b>1,508</b>	1,021
	<b>4,468</b>	10,104

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2024

#### 23. Related party transactions (Continued)

Transactions with key management personnel:

Key management personnel have transacted with the Bank during the year as follows:

	2025		2024	
	AED'000		AED'000	
	Maximum balance	Closing balance	Maximum balance	Closing balance
Loans	-	-	142	86
Credit cards	<b>540</b>	<b>260</b>	545	446

#### 24. Interest income

	2025	2024
	AED'000	AED'000
Placement with banks	<b>234,068</b>	255,047
Loans and advances to customers	<b>1,034,568</b>	951,743
Investments	<b>1,156,389</b>	1,427,001
	<b>2,425,025</b>	2,633,791

#### 25. Interest expense

	2025	2024
	AED'000	AED'000
Customer deposits	<b>215,711</b>	407,361
Borrowings	<b>411,507</b>	38,541
	<b>627,218</b>	445,902

#### 26. Other operating income

	2025	2024
	AED'000	AED'000
Foreign exchange income	<b>673,719</b>	664,587
Other (loss) / gain	<b>(1,692)</b>	20,704
	<b>672,027</b>	685,291

## Citibank N.A. - United Arab Emirates Branches

### Notes to the financial statements

for the year ended 31 December 2024

#### 27. Impairment losses

The charge to profit or loss for impairment losses consists of the following:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Net expected credit loss reversal of provision for loans and advances (Note 8)	<b>(14,346)</b>	(35,860)
Expected credit loss (reversal) / charge for due from banks (Note 7)	<b>(6,972)</b>	3,477
Expected credit loss (reversal) on financial guarantees, letter of credit and customer acceptance (Note 14)	<b>(529)</b>	(1,275)
Loans and advances directly written off, net of recoveries	<b>107,147</b>	172,092
	<b>85,300</b>	138,434

#### 28. Comparative figures

Certain comparative amounts have been reclassified wherever necessary to conform to the current presentation.

#### 29. Subsequent events

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated, resulting in heightened instability and uncertainty in the region, including UAE. The Bank has put in place a continuation of business plan for vital departments to continue to operate with no disruption.

These events are considered non-adjusting subsequent events under IAS-10 "Events after the Reporting Period". The situation is fast evolving, and the effect of the escalations is subject to significant levels of uncertainty. Management is closely monitoring the situation and assessing the potential impact on the Bank's operations, financial position and cash flows. At the date of authorization of these financial statements, the Bank is not able to reliably estimate the financial impact of these events.