

CITI'S COMPENSATION PHILOSOPHY

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

The Compensation, Performance Management and Culture Committee of Citi's Board of Directors (the "Committee") oversees the design and operation of Citi's compensation programs. To assist with this objective, the Committee is advised by its independent consultants and delegates certain tasks to Citi management as appropriate. Citi routinely reviews and revises our compensation programs to reflect changing circumstances. We use such programs as tools to help Citi properly balance risk-taking and risk-mitigating incentives.

Citi's Principal Compensation Objectives

The principal objectives of our compensation program are listed below:

- **Incentivize conduct that aligns with shareholder and other stakeholder interests**
- **Reinforce a business culture based on accountability, achieving excellence and maintaining the highest ethical and control standards through Citi's Leadership Principles**
- **Encourage prudent individual and group decision-making in regards to risk consistent with applicable regulatory guidance and Citi's Mission and Value Proposition Statement**
- **Function as a tool to attract and retain the best talent and to reward talent for engaging in appropriate behaviors that support Citi's corporate goals**
- **Encourage behaviors that are in the best interests of our customers, shareholders and the goals of the organization, including environmental and social principles**
- **Align realized pay with achievement of important risk and control, regulatory, strategic and financial-based objectives**

Shareholder and Other Stakeholder Alignment

- Use a scorecard approach with financial metrics and nonfinancial objectives, including a focus on environmental, social and corporate governance, to link pay to performance to compensate executives and other senior managers.
- Provide meaningful portions of incentive compensation for executives and other senior managers in the form of equity to help to build a culture of ownership and to align employee interests with those of shareholders.

- Defer the delivery of significant portions of equity-based incentive compensation for executives and other senior managers over a number of years to tie compensation earned to the returns of long-term shareholders.
- Require that executive officers maintain an ownership of 75% of the net shares granted through incentive compensation programs for so long as they remain executive officers.
- Require that executive officers hold a substantial amount of Citi stock for at least one year after the end of their service as executive officers.

Ethics, Culture and Leadership Principles

- Develop a culture that supports accountability and an environment that discourages unethical conduct, through appropriate and consistent compensation and employment decisions.
- Embody Citi's Leadership Principles that represent the qualities, behaviors and expectations we all must exhibit to deliver on our mission of enabling growth and economic progress by:
 - We Take Ownership - challenging one another to a higher standard in everything we do
 - We Deliver with Pride - striving for client excellence, controls excellence and operational excellence
 - We Succeed Together - valuing and learning from different perspectives to surpass stakeholder expectations
- Ensure that compensation decisions across our workforce are equitable.
- Communicate throughout the organization that acting with integrity at all times is the foundation of our business and ensure that senior leadership's tone reflects Citi's ethical standards and culture.
- Promote culture and conduct through performance assessments, incentive compensation programs and, where appropriate, disciplinary actions.

Risk Management and Regulatory Guidance

- Design incentives that reward a thoughtful balance of risk and return and penalize undue risk-taking.
- Exercise discretion concerning risk-related compensation outcomes in a disciplined, proportionate and consistent manner.
- Encourage prudent risk-taking by all employees who manage or influence material risks through a combination of design features, including (a) rigorous performance management processes, (b) discretionary compensation funding and individual bonus determination processes that reflect risk-adjusted performance, and (c) deferrals that keep a meaningful portion of incentives at risk for future performance and control outcomes.
- Retrospectively and periodically evaluate incentive compensation program results, recognizing that validation and monitoring may reveal inconsistent application of standards or the inappropriate exercise of discretion, and then make adjustments to in-process and future compensation decisions when necessary.
- Communicate clearly to all employees that poor risk and control management practices and imprudent risk-taking activity will lead to an adverse impact on incentive

compensation, including the loss of incentive compensation and the reduction or elimination of previously awarded incentive compensation.

- Reinforce consistent shared accountability through the organization, starting with the Executive Management Team.
- Involve Citi's Independent Risk Management, Independent Compliance Risk Management and Internal Audit functions in compensation governance and oversight.
- Design incentive compensation programs with the recognition that global regulation of bank incentive compensation is continuously evolving and that Citi's programs must be responsive to these regulations, emerging trends and best practices.
- Where appropriate, develop innovative and industry-leading approaches that reflect regulatory considerations in compensation structures and designs.

Attract, Retain and Reward Talent

- Provide compensation programs that are competitive within global financial services to attract the best talent to successfully execute the company's strategy.
- Differentiate individual compensation to reflect employees' current or prospective contributions, based on both financial and non-financial performance, such as risk and control behaviors, and to reward those employees who demonstrate ingenuity and leadership.
- Clearly and consistently communicate Citi's approach to compensation throughout the year, cascading such communications broadly to employees through key value statements such as Citi's Code of Conduct, Leadership Principles and the statements and actions of senior management and managers generally.

Encourage the Best Behaviors

- Provide for adjustment, cancellation and clawback of incentive compensation in cases of improper risk-taking, misconduct, and material adverse outcomes.
- Compensate employees based on the achievement of goals, embodiment of Citi's Leadership Principles, and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions.
- Exercise discretion in disciplined and predictable ways to enhance the incentive for, and perceived value of, good performance and the certainty of equitable and proportionate consequences of inappropriate conduct.

Align Pay with Performance

- Adjust compensation from year-to-year and over extended periods to reflect market rates as well as overall Citi and individual executive performance, with goals tied to key areas of accountability and factors that each executive influences including:
 - Risk and Controls performance
 - Financial performance
 - Client / Franchise performance
 - Leadership performance