CGMFL ULN BASE PROSPECTUS SUPPLEMENT (No.4) dated 2 July 2014

CITIGROUP INC.
(incorporated in Delaware)

and

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.
(incorporated as a corporate partnership limited by shares (société en commandite par actions) under Luxembourg law and registered with the Register of Trade and Companies of Luxembourg under number B169 199)

each an issuer under the
Citi U.S.$30,000,000,000 Global Medium Term Note Programme

Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A only will be unconditionally and irrevocably guaranteed by
CITIGROUP GLOBAL MARKETS LIMITED
(incorporated in England and Wales)

This base prospectus supplement (the **CGMFL ULN Base Prospectus Supplement (No.4)** or this **Supplement**) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended by the Prospectus (Directive 2003/71/EC) Amending Regulations 2012, the **Irish Prospectus Regulations**) and is supplemental to, and must be read in conjunction with, the Underlying Linked Notes Base Prospectus dated 25 September 2013 prepared by Citigroup Inc. and Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**) and Citigroup Global Markets Limited in its capacity as the CGMFL Guarantor (**CGML**), as supplemented by the CGMFL Underlying Linked Notes Base Prospectus Supplement (No.1) dated 11 November 2013 (the **CGMFL ULN Base Prospectus Supplement (No.1)**), the CGMFL Underlying Linked Notes Base Prospectus Supplement (No.2) dated 10 March 2014 (the **CGMFL ULN Base Prospectus Supplement (No.2)**) and the CGMFL Underlying Linked Notes Base Prospectus Supplement (No.3) dated 28 May 2014 (the **CGMFL ULN Base Prospectus Supplement (No.3)**), in each case, prepared by CGMFL and CGML (together, the **CGMFL ULN Base Prospectus**) with respect to the Citi U.S.$30,000,000,000 Global Medium Term Note Programme.

Terms defined in the CGMFL ULN Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Application has been made to the Irish Stock Exchange for the approval of the CGMFL ULN Base Prospectus Supplement (No.4) as a Base Listing Particulars Supplement (the **CGMFL Base Listing Particulars Supplement (No.4)**). Save where expressly provided or the context otherwise requires, where Notes are to be admitted to trading on the Global Exchange Market references herein to "Supplement" and "CGMFL ULN Base Prospectus Supplement (No.4)" shall be construed to be to "Base Listing Particulars Supplement (No.4)" and "CGMFL Base Listing Particulars Supplement (No.4)", respectively.

Each of CGMFL and the CGMFL Guarantor accept responsibility for the information contained in this Supplement. To the best of the knowledge of CGMFL and the CGMFL Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information relating to the CGMFL ULN Base Prospectus

Publication of the Annual Financial Report of Citigroup Global Markets Funding Luxembourg S.C.A.

On 24 June 2014, CGMFL published its audited non-consolidated financial statements for the year ended 31 December 2013 (the **CGMFL 2013 Annual Report**). A copy of the CGMFL 2013 Annual Report and is attached as Annex A hereto.

The following information appears on the page(s) of the CGMFL 2013 Annual Report as set out below:

1. The audited historical non-consolidated financial information of CGMFL in respect of the year ended 31 December 2013:

		Page(s)
A.	Statement of Comprehensive Income	1
B.	Statement of Financial Position	2
C.	Statements of Changes in Equity	3
D,	Cash Flow Statement	4
E.	Notes to Financial Statements	5-31
F.	Report on the financial statements by KPMG Luxembourg S.á.r.l.	A-10 of this Supplement

Any information not listed in the cross-reference list above but included in the CGMFL 2013 Annual Report is additional information given for information purposes only.

Publication of the Annual Financial Report of Citigroup Global Markets Limited

On 27 March 2014, Citigroup Global Markets Limited published its audited consolidated financial statements for the year ended 31 December 2013 (the **CGML 2013 Annual Report**). A copy of the CGML 2013 Annual Report and is attached as Annex B hereto.

The following information appears on the page(s) of the CGML 2013 Annual Report as set out below:

1. The audited historical financial information of CGMFL Guarantor in respect of the year ended 31 December 2013:

		Page(s)
A.	Profit and Loss Account	16
B.	Statement of Total Recognised Gains and Losses	17
C.	Reconciliation of Movements in Shareholder's Funds	17
D.	Balance Sheet	18
E.	Notes to the Financial Statements	19-67
F.	Independent Auditor's Report to the members of CGML	15

Any information not listed in the cross-reference list above but included in the CGML 2013 Annual Report is additional information given for information purposes only.

Amendments to the CGMFL ULN Base Prospectus

Summary

Following publication of the CGMFL 2013 Annual Report and the CGML 2013 Annual Report, the Summary set out in Section A of the CGMFL ULN Base Prospectus shall be amended as set out in Schedule 1 to this Supplement.

Significant change and material adverse change

There has been (i) no significant change in the financial or trading position of CGMFL since 31 December 2013 and (ii) no material adverse change in the financial position, business or prospects of CGMFL since 31 December 2013.

There has been (i) no significant change in the financial or trading position of CGML or CGML and its subsidiaries as a whole since 31 December 2013 and (ii) no material adverse change in the financial position, business or prospects of CGML or CGML and its subsidiaries as a whole since 31 December 2013.*General*

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the CGMFL ULN Base Prospectus since the publication of the CGMFL ULN Base Prospectus Supplement (No.3).

Copies of the CGMFL ULN Base Prospectus (including, for the avoidance of doubt, the CGMFL ULN Base Prospectus Supplement (No.1), the CGMFL ULN Base Prospectus Supplement (No.2) and the CGMFL ULN Base Prospectus Supplement (No.3)), this Supplement and all documents incorporated by reference in the CGMFL ULN Base Prospectus will be available for inspection in electronic form at the specified office of the Fiscal Agent and each of the Paying Agents and on the website specified for each such document in the CGMFL ULN Base Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated into the CGMFL ULN Base Prospectus by this Supplement and (b) any statement in the CGMFL ULN Base Prospectus or otherwise incorporated by reference into the CGMFL ULN Base Prospectus, the statements in (a) above will prevail.

Withdrawal rights

No non-exempt offers of Notes to the public made by CGMFL as Issuer pursuant to the CGMFL ULN Base Prospectus are on-going as of the date hereof, and consequently, no rights of withdrawal arise in accordance with regulation 52 of the Irish Prospectus Regulations following the publication of this CGMFL ULN Base Prospectus Supplement No. 4.

SCHEDULE 1

AMENDMENTS TO THE SUMMARY

The Summary is amended to read as follows:

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for Notes, the Issuer and the Guarantor (where the Issuer is CGMFL). Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities, issuer and guarantor, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

SECTION A – INTRODUCTION AND WARNINGS

Element	Title	
A.1	Introduction	**This summary should be read as an introduction to the Base Prospectus and the applicable Final Terms. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms. Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated. Civil liability in Member States attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the applicable Final Terms, or it does not provide, when read together with the other parts of the Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in the Notes.**
A.2	Consent	[Not Applicable][The Notes may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (a **Non-exempt Offer**).]
		[Non-exempt Offer in [●]: Subject to the conditions set out below, [CGMFL and CGML][Citigroup Inc.] consent(s) to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by [●] [and] [each financial intermediary whose name is published on [CGMFL's][Citigroup Inc.'s] website (www.[●]) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):

Element	Title	
		"*We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the* ***Notes****) described in the Final Terms dated [insert date] (the* ***Final Terms****) published by [Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.] (the* ***Issuer****). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus accordingly."*] (each an **Authorised Offeror** in [*specify Relevant Member State*]). [CGMFL's and CGML's][Citigroup Inc.'s] consent referred to above is given for Non-exempt Offers of Notes during [●] (the [*specify Relevant Member State*] **Offer Period**). The conditions to the consent of [CGMFL and CGML][Citigroup Inc.] [(in addition to the conditions referred to above)] are that such consent: (a) is only valid during the [*specify Relevant Member State*] Offer Period; [and] (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in *[specify Relevant Member State in which the particular Tranche of Notes can be offered]* [and (c) [*specify any other conditions applicable to the Non-exempt Offer of the particular Tranche in the Relevant Member State, as set out in the Final Terms*].] [*replicate section for each Relevant Member State in which a Non-exempt Offer of the Notes is made*] **AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.**

SECTION B – ISSUERS AND GUARANTOR

[TO BE INCLUDED FOR NOTES ISSUED BY CGMFL ONLY:

Element	Title	
B.1	Legal and commercial name of the Issuer	Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**)
B.2	Domicile/ legal form/ legislation/ country of incorporation	CGMFL is a corporate partnership limited by shares (*société en commandite par actions*), incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg. CGMFL is domiciled in Luxembourg.
B.4b	Trend information	Not Applicable. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on CGMFL's prospects for its current financial year.
B.5	Description of the Group	CGMFL is a wholly owned indirect subsidiary of Citigroup Inc. Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, the **Group**). Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (which consists of Regional Consumer Banking in North America, Europe, the Middle East and Africa, Asia and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.
B.9	Profit forecast or estimate	Not Applicable. CGMFL has not made a profit forecast or estimate in this Base Prospectus.
B.10	Audit report qualifications	Not Applicable. There are no qualifications in any audit report on the historical financial information included in the Base Prospectus.
B.12	Selected historical key financial information	The table below sets out a summary of key financial information extracted from CGMFL's Annual Report for the year ended 31 December 2013[1]:

[1] By virtue of the Supplement dated 2 July 2014, the Selected historical key financial information in respect of CGMFL is amended to delete the information at or for the six months ended 30 June 2013 and the insertion of the information at or for the year ended 31 December 2013.

Element	Title			
			At or for the year ended 31 December 2013 (audited)	**At or for the year ended 31 December 2012 (audited)**
			EUR	
		Assets		
		Cash and cash equivalents……………	2,859,092	591,797
		Structured notes purchased.....................	49,705,192	-
		Current income tax assets.......................	3,574	1,575
		Other Assets……………………………	1,530	-
		Total Assets	52,569,388	593,372
		Liabilities		
		Bank loans and overdrafts	2,378,916	99,998
		Structured notes issued...........................	49,705,192	-
		Other liabilities	35,000	-
		Total Liabilities......................................	**52,119,108**	**99,998**
		Equity		
		Share Capital	500,000	500,000
		Retained earnings	(49,720)	(6,626)
		Total Equity	**450,280**	**493,374**
		Total Liabilities And Equity................	**52,569,388**	**593,372**
		Statements of no significant or material adverse change There has been: (i) no significant change in the financial or trading position of CGMFL since 31 December 2013[2] and (ii) no material adverse change in the financial position, business or prospects of CGMFL since 31 December 2013[3].		
B.13	Events impacting the Issuer's solvency	Not Applicable. There are no recent events particular to CGMFL which are to a material extent relevant to the evaluation of CGMFL's solvency, since 31 December 2013[4].		
B.14	Dependence upon other group entities	See Element B.5 Description of the Group and CGMFL's position within the Group. CGMFL is dependent on other members of the Group		
B.15	Principal activities	The principal activity of CGMFL is to grant loans or other forms of funding directly or indirectly in whatever form or means to Citigroup Global Markets Limited, another subsidiary of Citigroup Inc., and any other entities belonging to the Group.		

[2] By virtue of the Supplement dated 2 July 2014, the words "30 June 2013" are deleted and the words "31 December 2013" are substituted therefor.
[3] By virtue of the Supplement dated 2 July 2014, the words "31 December 2012" are deleted and the words "31 December 2013" are substituted therefor.
[4] By virtue of the Supplement dated 2 July 2014, the words "31 December 2012" are deleted and the words "31 December 2013" are substituted therefor.

Element	Title	
B.16	Controlling shareholders	The entire issued share capital of CGMFL is held by Citigroup Global Markets Funding Luxembourg GP S.à.r.l. and Citigroup Global Markets Limited.
B.17	Credit ratings	CGMFL has a long/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC and A/F1 by Fitch, Inc. based on the guarantee of the CGMFL Guarantor. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
B.18	Description of the Guarantee	The Notes issued will be unconditionally and irrevocably guaranteed by CGML pursuant to the CGMFL Deed of Guarantee. The CGMFL Deed of Guarantee constitutes direct, unconditional, unsubordinated and unsecured obligations of CGML and ranks and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of CGML.
B.19	Information about the Guarantor	
B.19/ B.1	Legal and commercial name of the Guarantor	Citigroup Global Markets Limited (**CGML**)
B.19/ B.2	Domicile/legal form/ legislation/ country of incorporation	CGML is a private company limited by shares and incorporated in England under the laws of England and Wales.
B.19/ B.4b	Trend information	The banking environment and markets in which the Group conducts its business will continue to be strongly influenced by developments in the U.S. and global economies, including the results of the European Union sovereign debt crisis and the implementation and rulemaking associated with recent financial reform.
B.19/ B.5	Description of the Group	CGML is a wholly owned indirect subsidiary of Citigroup Inc. Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries See Element B.5 above for a description of the Group.
B.19/ B.9	Profit forecast or estimate	Not Applicable. CGML has not made a profit forecast or estimate in this Base Prospectus.
B.19/	Audit report	Not Applicable. There are no qualifications in any audit report on the historical

Element	Title	
B.10	qualifications	financial information included in the Base Prospectus.
B.19/ B.12	Selected historical key financial information	The table below sets out a summary of key financial information extracted from the audited financial information of CGML for the years ended 31 December 2013 and 31 December 2012[5]:

	At or for the year ended 31 December		
	2013 (audited)	**2012 (audited)**	**2011 (audited)**
	(*in millions of U.S. dollars)*		
Profit and Loss Account Data:			
Gross Profit	2,803	2,767	2,921
Total Income (Commission income and fees + Net dealing income)..................	2,703	2,830	3,217
Operating profit/loss ordinary activities before taxation	(209)	(313)	(338)
Balance Sheet Data:			
Total assets	234,286	256,766	306,503
Debt (Subordinated)	4,200	5,700	10,180
Total Shareholder's funds	12,754	10,119	10,415

Statements of no significant or material adverse change

There has been: (i) no significant change in the financial or trading position of CGML or CGML and its subsidiaries as a whole since 31 December 2013[6] and (ii) no material adverse change in the financial position, business or prospects of CGML or CGML and its subsidiaries as a whole since 31 December 2013[7].

B.19/ B.13	Events impacting the Guarantor's solvency:	Not Applicable. There are no recent events particular to CGML which are to a material extent relevant to the evaluation of CGML's solvency since 31 December 2013[8].
B.19/ B.14	Dependence upon other Group entities	CGML is a subsidiary of Citigroup Global Markets Europe Limited which is a wholly-owned indirect subsidiary of Citigroup Inc. See Element B.5 for CGML's position within the Group. CGML is dependent on other members of the Group.
B.19/ B.15	The Guarantor's Principal activities	CGML is a broker and dealer in fixed income and equity securities and related products in the international capital markets and an underwriter and provider of corporate finance services, operating globally from the UK and through its branches in Western Europe and the Middle East. CGML also markets

[5]By virtue of the Supplement dated 2 July 2014, the Selected historical key financial information in respect of CGML is amended to delete the information at or for the year ended 31 December 2010 and the insertion of the information at or for the year ended 31 December 2013.

[6] By virtue of the Supplement dated 2 July 2014, the words "31 December 2012" are deleted and the words "31 December 2013" are substituted therefor.

[7] By virtue of the Supplement dated 2 July 2014, the words "31 December 2012" are deleted and the words "31 December 2013" are substituted therefor.

[8] By virtue of the Supplement dated 2 July 2014, the words "31 December 2012" are deleted and the words "31 December 2013" are substituted therefor.

Element	Title	
		securities owned by other group undertakings on a commission basis.
B.19/ B.16	Controlling shareholders	CGML is a wholly owned subsidiary of Citigroup Global Markets Europe Limited.
B.19/ B.17	Credit ratings	CGML has a long term/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC and A/F1 by Fitch, Inc. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

[TO BE INCLUDED FOR NOTES ISSUED BY CITIGROUP INC. ONLY:

B.1	Legal and commercial name of the Issuer	Citigroup Inc.
B.2	Domicile/legal form/ legislation/ country of incorporation	Citigroup Inc. was established as a corporation incorporated in Delaware pursuant to the Delaware General Corporation Law.
B.4b	Trend information	The banking environment and markets in which the Group conducts its business will continue to be strongly influenced by developments in the U.S. and global economies, including the results of the European Union sovereign debt crisis and the implementation and rulemaking associated with recent financial reform.
B.5	Description of the Group	Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, the **Group**) Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (which consists of Regional Consumer Banking in North America, Europe, the Middle East and Africa, Asia and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.

B.9	Profit forecast or estimate	Not Applicable. Citigroup Inc. has not made a profit forecast or estimate in this Base Prospectus.
B.10	Audit report qualifications	Not Applicable. There are no qualifications in any audit report on the historical financial information included in the Base Prospectus.
B.12	Selected historical key financial information:	The table below sets out a summary of key financial information extracted from Citigroup Inc.'s Financial Report for the fiscal year ended on 31 December 2013[9]:

	At or for the year ended 31 December	
	2013 (audited)	**2012 (audited)**
	(in millions of U.S. dollars)	
Income Statement Data:		
Total revenues, net of interest expense...........	76,366	69,128
Income from continuing operations	13,630	7,818
Net Income	13,673	7,541
Balance Sheet Data:		
Total assets	1,880,382	1,864,660
Total deposits	968,273	930,560
Long-term debt (including U.S.$26,877 and U.S.$ 29,764 at 31 December 2013 and 2012, respectively, at fair value)	221,116	239,463
Total stockholders' equity..............................	204,339	189,049

The table below sets out a summary of key financial information extracted from Citigroup Inc.'s Quarterly Report for the six months ended 31 March 2014[10].

	At or for the six months ended 31 March	
	2014 (unaudited)	**2013 (unaudited)**
	(in millions of U.S. dollars)	
Income Statement Data:		
Total revenues, net of interest expense...........	20,124	20,248
Income from continuing operations	3,951	3,931
Net Income...	3,943	3,808
	As at 31 March	
	2014 (unaudited)	**2013 (unaudited)**
Balance Sheet Data:		
Total assets	1,894,736	1,881,734
Total deposits	966,263	933,762
Long-term debt..	222,747	234,326
Total stockholders' equity................................	208,462	193,359

[9] The selected historical key financial information of Citigroup Inc. is updated to include key financial information extracted from the Citigroup Inc. Annual Report for the twelve months ended 31 December 2013 which is incorporated by reference into the Base Prospectus by virtue of the Citigroup Inc. Underlying Linked Notes Base Prospectus Supplement (No.2).
[10] The selected historical key financial information of Citigroup Inc. is updated to include key financial information extracted from the Citigroup Inc. Quarterly Report for the three months ended 31 March 2014 which is incorporated by reference into the Base Prospectus by virtue of the Citigroup Inc. Underlying Linked Notes Base Prospectus Supplement (No 3).

		Statements of no significant or material adverse change There has been: (i) no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 March 2014[11] and (ii) no material adverse change in the financial position, business or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2013[12].
B.13	Events impacting the Issuer's solvency	Not Applicable. There are no recent events particular to Citigroup Inc. which are to a material extent relevant to the evaluation of Citigroup Inc.'s solvency since 31 December 2013[13].
B.14	Dependence upon other group entities	See Element B.5 description of Citigroup Inc. and its subsidiaries and Citigroup Inc.'s position within the Group.
B.15	Principal activities	Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services.
B.16	Controlling shareholders	Citigroup Inc. is not aware of any shareholder or group of connected shareholders who directly or indirectly control Citigroup Inc.
B.17	Credit ratings	Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC, Baa2/P-2 by Moody's Investors Service, Inc. and A/F1 by Fitch, Inc. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SECTION C.3 – SECURITIES

Element	**Title**	
C.1	Description of Notes/ISIN	Notes are issued in Series. The Series number is [●]. The Tranche number is [●]. [The Notes are titled Certificates and therefore all references to "Note(s)" and "Noteholder(s)" shall be construed to be to "Certificate(s)" and

[11] The statement "There has been no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 30 June 2013" has been replaced by "There has been no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 March 2014" to reflect the incorporation by reference of the Citigroup Inc. Quarterly Report for the three months ended 31 March 2014 into the Base Prospectus by virtue of the Citigroup Inc. Underlying Linked Notes Base Prospectus Supplement (No 3).

[12] The statement "no material adverse change in the financial position, business or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2012" has been replaced by "no material adverse change in the financial position, business or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2013" to reflect incorporation by reference of the Citigroup Inc. Annual Report for the twelve months ended 31 December 2013 into the Base Prospectus by virtue of the Citigroup Inc. Underlying Linked Notes Base Prospectus Supplement (No.2).

[13] The statement "There are no recent events particular to Citigroup Inc. which are to a material extent relevant to the evaluation of Citigroup Inc.’s solvency since 31 December 2012" has been replaced by "There are no recent events particular to Citigroup Inc. which are to a material extent relevant to the evaluation of Citigroup Inc.’s solvency since 31 December 2013" to reflect the incorporation by reference of the Citigroup Inc. Annual Report for the twelve months ended 31 December 2013 into the Base Prospectus by virtue of the Citigroup Inc. Underlying Linked Notes Base Prospectus Supplement (No.2).

Element	Title	
		"Certificateholder(s)".] The International Securities Identification Number (ISIN) is [●]. [The Common Code is [●].] [The CUSIP/WKN/Valoren is [●].] [The Notes will be consolidated and will form a single Series with [*identify earlier Tranches*] on [●].]
C.2	Currency	The Notes are denominated in [●] and the specified currency for payments in respect of the Notes is [●].
C.5	Restrictions on the free transferability of the Notes	The Notes will be transferable, subject to offering, selling and transfer restrictions with respect to the United States, European Economic Area, United Kingdom, Australia, the Kingdom of Bahrain, Brazil, Chile, Columbia, Costa Rica, Republic of Cyprus, Denmark, Dominican Republic, Dubai International Financial Centre, Ecuador, El Salvador, Finland, France, Guatemala, Honduras, Hong Kong Special Administrative Region, Hungary, Ireland, Israel, Italy, Japan, Kuwait, Mexico, Norway, Oman, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Taiwan, Republic of Turkey and United Arab Emirates and Uruguay and the laws of any jurisdiction in which the Notes are offered or sold.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	The Notes have terms and conditions relating to, among other matters: ***Ranking*** The Notes will constitute unsubordinated and unsecured obligations of the Issuer and rank and will at all times rank *pari passu and* rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. ***Negative pledge and cross default*** The terms of the Notes will not contain a negative pledge provision or a cross-default provision in respect of the Issuer [or the Guarantor]. ***Events of default*** The terms of the Notes will contain, amongst others, the following events of default: (a) default in payment of any principal or interest due in respect of the Notes, continuing for a period of 30 days in the case of interest or 10 days in the case of principal, in each case after the due date; (b) default in the performance, or breach, of any other covenant by the Issuer [or Guarantor], and continuance for a period of 60 days after the date on which written notice is given by the holders of at least 25 per cent, in principal amount of the outstanding Notes specifying such default or breach and requiring it to be remedied; (c) events relating to the winding up or dissolution or similar procedure of the Issuer [or the Guarantor]; and (d) the appointment of a receiver or other similar official or other similar arrangement of the Issuer [or the Guarantor].

Element	Title	
		Taxation Payments in respect of all Notes will be made without withholding or deduction of taxes in Luxembourg where the Issuer is CGMFL or the United Kingdom in the case of the Guarantor, subject in all cases to customary exceptions or the United States where the Issuer is Citigroup Inc., subject to specified exceptions and certain categories of Notes which are not treated as debt for United States federal income tax purposes. ***Meetings*** The terms of the Notes contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.
C.9	Description of the rights attached to the Notes, including nominal interest rate, the date from which interest becomes payable and interest payment dates, description of the underlying (where the rate is not fixed), maturity date, repayment provisions and indication of yield	See Element C.16 and Element C.18 below. [The Notes do not bear or pay any interest] [Indication of yield: [[●]% per annum] [Not Applicable]]
C.10	If the Note has a derivative component in the interest payment, a clear and comprehensive explanation to help investors understand how the value	[See Element C.15 and Element C.18 below.] [Not Applicable. The Notes do not [bear or pay any interest] [have a derivative component in interest payment].]

Element	Title	
	of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	
C.11	Admission to trading	[Application has been made to the [Irish Stock Exchange for the Notes to be admitted to trading on the Irish Stock Exchange]/[●]/[Not Applicable. The Notes are not admitted to trading on any exchange.].
C.15	Description of how the value of the investment is affected by the value of the underlying instrument(s)	[Whether interest is paid [and the amount due] is determined by reference to the performance of the relevant underlying(s).] [Where any interest amount is calculated using the "interim performance interest provisions", the "twin win interim performance interest provisions" or the "reverse interim performance interest provisions", the amount of any such interest is determined by reference to the performance of the relevant underlying(s).] [The Notes have a mandatory early redemption or 'autocall' feature which means that, depending on the performance of the relevant underlying(s), the Notes may be redeemed prior to the maturity date. Whether the Notes are redeemed early is determined by reference to the performance of the relevant underlying(s). Where the mandatory early redemption amount due is calculated using the "performance linked mandatory early redemption provisions", the amount of any such mandatory early redemption amount is determined by reference to the performance of the relevant underlying(s). If the Notes are redeemed early, only the mandatory early redemption amount is payable and no further amount shall be due or assets deliverable] [The redemption amount payable [or the assets deliverable] at maturity depends on the performance of the relevant underlying(s).] [The Notes are dual currency Notes and, therefore, all amounts due under the Notes will be converted from [●] into [●] by reference to the applicable exchange rate.] See also Element C.18 below.
C.16	Maturity date and final reference date	The maturity date is [●]. See the provisions relating to valuation dates in Element C.18 below in relation to the final reference date. ***Early redemption*** See "*Events of default*" in Element C.8 above and "*Disrupted Days, Market Disruption Events and Adjustments*" below for information on early redemption in relation to the Notes.

Element	Title	
		In addition, (a) the Notes may be redeemed early for certain taxation reasons; and (b) if the Issuer determines that performance of its obligations of an issue of Notes [or the Guarantor determines that performance of its obligations under the CGMFL Deed of Guarantee in respect of such Notes] or that any arrangements made to hedge the Issuer's [and/or the Guarantor's] obligations under the Notes [and/or the CGMFL Deed of Guarantee, as the case may be,] has or will become illegal in whole or in part for any reason the Issuer may redeem the Notes early and, if and to the extent permitted by applicable law, will pay, in respect of each Note, an amount equal to the early redemption amount. The **early redemption amount** payable on any early redemption of the Notes will be an amount determined by the Calculation Agent to be the fair market value of the Notes on a day selected by the Issuer (which amount shall include amounts in respect of accrued interest), but adjusted to fully account for losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any hedging and funding arrangements in relation to the Notes, provided that, for the purposes of determining the fair market value of the Notes following an event of default, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.
C.17	Settlement procedure of derivative securities	[The Notes are cash settled Notes] [The Notes may be cash settled or settled by way of physical delivery of certain assets. See Element C.18 below. In the case of physical delivery, the terms and conditions contain provisions, as applicable, relating to events or circumstances affecting the relevant assets to be delivered, including settlement disruption events, circumstances where such assets are not freely tradable and circumstances where it is impossible or impracticable to deliver such assets due to illiquidity in the market for such assets. Such provisions permit the Issuer or the relevant third party intermediary (if any) on its behalf, as applicable, to postpone settlement to Noteholders, to deliver the relevant assets using such other commercially reasonable manner as it may select, to deliver substitute assets instead of the relevant assets or pay a cash redemption amount instead of delivering the relevant assets. The terms and conditions also contain an option that permits the Issuer or the relevant third party intermediary (if any) to vary settlement of the Notes and thereby pay a cash redemption amount instead of delivering the relevant assets]
C.18	Return on derivative securities	**[The Notes do not pay any interest] [The interest amount (if any) due on each interest payment date is determined in accordance with the interest provisions as follows.]** [The interest amount [(if any)] in respect of each calculation amount and an interest payment date will be the interest amount calculated by reference to [the fixed rate note provisions set out below] [floating rate note provisions set out below] [inflation rate note provisions set out below] [the performance-linked interest amount provisions calculated by reference to the [interim performance

Element	Title	
		interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] set out below].] [If, in respect of an interest payment date, (d) an interest barrier event has not occurred, [no amount in respect of interest] [the interest amount determined in accordance with the [fixed rate note provisions set out below] [floating rate note provisions set out below] [inflation rate note provisions set out below] [performance-linked interest amount provisions calculated by reference to the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] set out below] will be paid on such interest payment date; or (e) an interest barrier event has occurred, the [interest amount determined in accordance with the [fixed rate note provisions set out below] [floating rate note provisions set out below] [inflation rate note provisions set out below] [performance-linked interest amount provisions calculated by reference to the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] set out below] will be paid on such interest payment date.] [In addition to the provisions relating to interest as set out above, a non-contingent fixed interest amount of [●] is payable in respect of each calculation amount on [●].] ***Definitions*** *Dates* [An **interest barrier observation date** is [, in respect of an interest payment date, each date or dates specified as such for such interest payment date in the Table below (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below)] [in respect of an interest period and as the "range accrual" provisions apply, each [calendar day] [business day] falling from (and including) the first day of such interest period to (but excluding) the day falling [●] business days immediately preceding the last day of such interest period (the "accrual cut-off date") and in respect of each [calendar day] [business day] falling from (and including) the accrual cut-off date to and (including) the last day of such interest period, the accrual cut-off date shall be an interest barrier observation date for each such day. If, in respect of the or each interest barrier underlying, any such [calendar day] [business day] is [not a scheduled trading day for such interest barrier underlying or is a disrupted day for such interest barrier underlying ("range accrual value what you can observation")] [not a scheduled trading day for any interest barrier underlying or is a

Element	Title	
		disrupted day for any interest barrier underlying ("range accrual move in block observation")], then the interest barrier event observation date for [such interest barrier underlying] [all of the interest barrier underlyings] shall be deemed to be the immediately preceding [calendar day] [business day] that is [a scheduled trading day and not a disrupted day for such interest barrier underlying] [a scheduled trading day and not a disrupted day for every interest barrier underlying]. Therefore, an interest barrier event observation date may be the interest barrier event observation date for more than one [calendar day] [business day].]] An **interest payment date** is each date specified as such in the Table below. [An **interest valuation date** is, in respect of an interest payment date, each date or dates specified as such for such interest payment date in the Table below (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below).] [The **interest strike date(s)** is [[●] [and [●]] [[●] scheduled trading days prior to [●]] [, in respect of interest underlying [●], [●] *(specify for each interest underlying where different interest strike dates apply)*] [each scheduled trading day for the interest underlying which is not a disrupted day for the interest underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below). *(specify for each interest barrier event and relevant performance-linked interest amount where different interest strike date(s) apply)*.] *[Definitions relating to the underlying(s) relevant for interest, the performance of such underlying(s) and levels of such underlying(s)* An **interest underlying** means the or each underlying specified as an underlying for the purpose of the interest provisions in Element C.20 below [The **interim performance underlying(s)** for an interest payment date is, [as ["single underlying observation"]["cliquet"] applies, the interest underlying] [as ["weighted basket observation"]["arithmetic mean underlying return"]["himalaya interim performance – asian observation"] applies [and for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount to be calculated in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], all of the interest underlyings [*insert for "weighted basket observation" only* (as interim performance is determined by reference to the weighted basket of all of the interest underlyings)][*insert for "himalaya interim performance – asian observation":* , subject to any interest underlying being disregarded based on its performance, as described in respect of

Element	Title	
		"interim performance" below]] [as "[best of] [worst of] basket observation" applies [and for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount to be calculated in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], the interest underlying with the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) interim performance for that interest payment date [provided that, the "himalaya interim performance – european observation" provisions apply which means that the interim performance is only calculated once in respect of an interest payment date and once an interest underlying has the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) interim performance for an interest payment date, then it shall not be the interim performance underlying for any subsequent interest payment date]] [as "outperformance observation" applies [and for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount to be calculated in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], outperformance (a) underlying and outperformance (b) underlying (as interim performance is determined by reference to the performance of outperformance (a) underlying less the performance of outperformance (b) underlying)].] [The **interim performance** in respect of an interest payment date shall be determined in accordance with the ["single underlying observation" provisions, meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date – interest strike level}}{\text{interest initial level}}$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim*

Element	Title	
		performance formula applies)] [(if an interest barrier event has occurred)] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if a interest barrier event has not occurred)]].] ["weighted basket observation" [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] provisions, meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each interest underlying for that interest payment date, determined for each such interest underlying as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] $\mathbf{W_n}$ of each interest underlying is [[●]% (therefore the interest underlyings are equally weighted)] [the weighting specified for such interest underlying below (therefore the interest underlyings have

Element	Title	
		predetermined weightings attributed to them): interest underlying — W_n [●] — [●]% [●] — [●]% *(complete for each relevant interest underlying)* [●] — [●]%] [in relation to an interest payment date, as "rainbow weighting" applies, the weighting for each interest underlying as specified below ("rainbow weighting" means in respect of an interest underlying that the weighting of such interest underlying for an interest payment date will depend on such interest underlying's interim performance as compared to the interim performance of the other interest underlyings for that interest payment date]: interest underlying — W_n [interest underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) interim performance for that interest payment date] — [●]% [interest underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) interim performance for that interest payment date] — [●]% *(complete for each relevant interest underlying)* [interest underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) interim performance for that interest payment date] — [●]%] ["[best of] [worst of] basket observation" provisions [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], meaning that the interim performance in respect of an interest underlying and an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula:

Element	Title	
		$$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] ["himalaya interim performance – asian observation" provisions [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below, *(specify as relevant where more than one interim performance formula applies)*] meaning that the performance of each interest underlying is calculated on each interest valuation date relating to that interest payment date, meaning that the interim performance for an interest payment date is, in the determination of the calculation agent, a percentage determined as the arithmetic mean of the underlying performance for the interest underlying having the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) underlying performance for each interest valuation date relating to such interest payment date as determined by the calculation agent provided that once an interest underlying has the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) underlying performance for any interest valuation date relating to that interest payment date, then its underlying performance shall be disregarded in respect of each subsequent interest valuation date relating to that interest payment date (but its underlying performance shall not be disregarded in respect of any interest valuation date relating to any subsequent interest payment date). Each underlying performance shall be determined for each interest valuation date as such interest underlying's interest reference level for that interest valuation date less its interest strike level, all divided by its interest initial level, expressed as a formula:

Element	Title	
		$\frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$ [Each such percentage for each such interest valuation date is subject to [an addition of a performance adjustment percentage of [+/-] [●]%] [and] a [maximum (cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)].] ["outperformance observation" provisions [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance (a) underlying ("outperf A") less the performance of outperformance (b) underlying ("outperf B") determined for each such interest underlying as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $[\text{outperf A} - \text{outperf B}] \times 100$ **outperf A** shall, in respect of an interest payment date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf A in respect of such interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (a) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$

Element	Title	
		[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] provisions below [(if an interest barrier event has occurred)]] [and such decimal is subject to a] [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] ["weighted basket observation" provisions, meaning that the outperf A in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (a) underlying for that interest payment date, determined for each such outperformance (a) underlying as such outperformance (a) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] provisions below [(if an interest barrier event has occurred)]] [and such decimal is subject to a] [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] $\mathbf{W_n}$ of each outperformance (a) underlying is [[●] (therefore the outperformance (a) underlyings are equally weighted)] [the weighting specified for such outperformance (a) underlying

Element	Title	
		below (therefore the outperformance (a) underlyings have predetermined weightings attributed to them)]: outperformance (a) underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance (a) underlying)* [●] — [●]] [in relation to an interest payment date, as "rainbow weighting" applies, the weighting for each outperformance (a) underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance (a) underlying that the outperformance (a) underlying weighting of such outperformance (a) underlying for an interest payment date will depend on such outperformance (a) underlying's outperf A as compared to the outperf A of the other outperformance (a) underlyings]: outperformance (a) underlying — W_n [outperformance (a) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that interest payment date — [●] [outperformance (a) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that interest payment date — [●] *(complete for each relevant outperformance (a) underlying)* [outperformance (a) underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that interest payment date — [●] ["[best of] [worst of] basket observation" provisions, meaning that the outperf A will be the [highest (or equal highest)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (a) underlyings, such performance being determined in respect of an outperformance (a) underlying and an interest payment date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (a) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula:

Element	Title	
		$\frac{\text{interest reference level for such interest payment date – interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such decimal is subject to a] [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] **outperformance (a) underlying** means the or each interest underlying specified as an "outperformance (a) underlying" in Element C.20 below. **outperf B** shall, in respect of an interest payment date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B in respect of such interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (b) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date – interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such decimal is subject to a] [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim*

Element	Title	
		performance formula applies)] [(if an interest barrier event has not occurred)]].] ["weighted basket observation" provisions, meaning that the outperf B in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (b) underlying for that interest payment date, determined for each such outperformance (b) underlying as such outperformance (b) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such decimal is subject to a] [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)].] **W_n** of each outperformance (b) underlying is [[●] (therefore the outperformance (b) underlyings are equally weighted) [the weighting specified for such outperformance (b) underlying below (therefore the outperformance (b) underlyings have predetermined weightings attributed to them)]: outperformance (b) underlying — W_n [●] — [●] [●] — [●] *complete for each relevant outperformance (b) underlying)* [●] — [●] [in relation to an interest payment date, as "rainbow weighting" applies, the weighting specified for each outperformance (b) underlying below shall be as specified below ("rainbow weighting"

Element	Title	

means, in respect of an outperformance (b) underlying, that the weighting of such outperformance (b) underlying for an interest payment date will depend on such outperformance (b) underlying's outperf B as compared to the outperf B of the other outperformance (b) underlyings):

outperformance (b) underlying	W_n
[outperformance (b) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that interest payment date]	[●]
[outperformance (b) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that interest payment date]	[●]
(complete for each relevant outperformance (b) underlying)	
[outperformance (b) underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that interest payment date]	[●]]

["[best of] [worst of] basket observation" provisions, meaning that the outperf B will be the [highest (determined, if equal, by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (b) underlyings, such performance being determined in respect of an outperformance (b) underlying and an interest payment date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (b) underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)] [and such decimal is subject to a] [maximum (cap) of [●]]

Element	Title	
		[minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]].] **outperformance (b) underlying** means the or each interest underlying specified as an "outperformance (b) underlying" in Element C.20 below [“arithmetic mean underlying return” provisions [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the equally weighted sum of the underlying return of each relevant interest underlying for that interest payment date, expressed as a formula: $\sum_{n=1}^{n} \frac{1}{\mathrm{n}} \times \text{underlying return}$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)]] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below (*specify as relevant where more than one interim performance formula applies*)] [(if an interest barrier event has not occurred)].] Where **underlying return** [, which is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)], for each such interest underlying is determined in accordance with the [“single [cap] [floor] [collar]” provisions, meaning that the underlying return for that interest underlying for that interest payment date is

Element	Title	
		[, as the performance of the underlying is only calculated once in respect of that interest payment date, the underlying performance for that interest underlying for that interest payment date being determined as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$ Each such percentage is subject to a [maximum (cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)].] [, as the performance of the underlying is calculated on each interest valuation date relating to that interest payment date, a percentage determined as the arithmetic mean of the underlying performance for that interest underlying for each such interest valuation date, with each underlying performance being determined for each such interest valuation date as such interest underlying's interest reference level for that interest valuation date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$\sum_{t=1}^{t} \frac{1}{\mathrm{t}} \times \frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$$ Each such percentage for each such interest valuation date is subject to a [maximum (cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)].] ["single target" provisions, meaning that the underlying return for that interest underlying for that interest payment date is either: (a) a percentage determined as the underlying performance for that interest underlying for that interest payment date, the underlying performance for that interest underlying for that interest payment date being determined as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}\text{; or}$$ (b) if [the percentage determined in accordance with (a) above is [equal to or less than] [less than] [greater than or equal to] [greater than] [●]% (being the "single target interest threshold percentage")] [an interest barrier event has [not] occurred in respect of that interest underlying], [●]% (being the "single target underlying performance percentage").] ["oasis" provisions, meaning that the underlying return for that interest

Element	Title	
		underlying for that interest payment date is either: (c) a percentage determined as the underlying performance for that interest underlying for that interest payment date, the underlying performance for that interest underlying for that interest payment date being determined for each such interest payment date as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$ or **(d)** in respect of the interest underlyings comprising [the [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) percentages determined in accordance with (c) above, [●]% (the "oasis interest underlying performance percentage")] [the relevant highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage determined in accordance with (c) above as set out for such interest underlying(s) under the heading "oasis interest underlying performance percentage" below: interest underlying — oasis interest underlying performance percentage [interest underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage for that interest payment date] — [●]% [interest underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage for that interest payment date] — [●]% *(complete for each relevant interest underlying)* [the "cliquet" provisions [for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*], meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to,

Element	Title	
		[as "sum of underlying return cliquet" provisions apply, the sum of the underlying returns determined for each of the interest valuation dates relating to that interest payment date[, all minus [●]], expressed as a formula: $\sum_{t=1}^{t} \text{underlying return} \quad [-[\bullet]]$ [as "product of underlying return cliquet" provisions apply, the product of the underlying returns determined for each of the interest valuation dates relating to that interest payment date[, all minus [●]], expressed as a formula: $\prod_{t=1}^{t} \text{underlying return} \quad [-[\bullet]]$ [as "period performance less cliquet return" provisions apply, the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign) of the] period performance of the interest underlying minus the cliquet return (determined as the [product] [sum] of the underlying returns determined for each of the interest valuation dates relating to that interest payment date[minus [●]]), expressed as a formula: $[\text{Abs (}]\text{period performance}[)] - [\prod_{t=1}^{t} \text{underlying return} \quad [-[\bullet]]]\ [\sum_{t=1}^{t} \text{underlying return} \quad -[\bullet]]$ [as "cliquet return less period performance" provisions apply, the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign) of the] cliquet return (determined as the [product] [sum] of the underlying returns determined for each of the interest valuation dates relating to that interest payment date [minus [●]] minus the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign) of the] period performance of the interest underlying), expressed as a formula: $[\prod_{t=1}^{t} \text{underlying return} \quad [-[\bullet]]]\ [\sum_{t=1}^{t} \text{underlying return} \quad -[\bullet]] - [\text{Abs(}]\text{period performance}[)]$ [Such percentage is subject to a [the addition of a performance adjustment percentage of [+/-][●]%] [and] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has occurred)]] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [interest barrier event provisions] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim

Element	Title	
		performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] [(if an interest barrier event has not occurred)]] [and] [a minimum percentage [which is a percentage determined as being [[●] multiplied by] the [highest (or equal highest)] [lowest (or equal lowest)] [positive] integer that is [equal to or greater than] [greater than] [equal to or less than] [less than] the running sum of the cliquet underlying returns calculated for each interest valuation date (such running sum being the sum of each cliquet underlying return from and including the first interest valuation date relating to that interest payment date to and including such interest valuation date)] [of [●] if the running sum of cliquet underlying returns calculated for any interest valuation date (such running sum being the sum of each cliquet underlying return from and including the first interest valuation date relating to that interest payment date to and including such interest valuation date) is [equal to or greater than] [greater than] [equal to or less than] [less than] [●] (**global lock-in floor trigger**)]. [[In addition,] the [product] [sum] of the [underlying returns] [period performance] is subject to [subject to a [maximum percentage (cap) [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar) (*specify for both where relevant*)]] Where **cliquet underlying return** [, which is subject to a [maximum (cap) of [●]] [minimum (floor) of [●] [maximum of [●] and a minimum of [●] (collar)], means in respect of an interest valuation date relating to that interest payment date, an amount expressed as a decimal determined in accordance with the [“cliquet A” provisions, meaning that [such decimal shall be determined as the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] cliquet underlying performance for that interest underlying for such interest valuation date, with such underlying performance being determined for such interest valuation date as such interest underlying’s interest reference level for that interest valuation date less its interest strike level, all divided by its interest initial level, expressed as a formula: $[\text{Abs}]\frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$ [“cliquet B” provisions, meaning that [such decimal shall be determined as: (e) the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] cliquet underlying performance for that interest underlying for such interest valuation date, with such cliquet underlying performance being determined for such interest valuation date as such

Element	Title	

interest underlying's interest reference level for that interest valuation date less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$[\text{Abs}]\,\frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$$

(f) in respect of the decimals being the [●] [highest (which, if equal, will be determined by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] amounts determined in accordance with (e) above [in respect of interest valuation dates(t=[●] [●])], [●] (the "cliquet B [highest] [lowest] return decimal") [and in respect of the decimals being the [●] lowest (determined, if equal, by the calculation agent in accordance with the conditions) amounts determined in accordance with (e) above [in respect of interest valuation dates(t=[●] [●])], [●] (the "cliquet B lowest return decimal")]. *(specify for each where highest and/or lowest assessed in respect of different interest valuation dates relating to that interest payment date)*]

["cliquet C" provisions, meaning that

[such decimal shall be determined as:

(g) the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] cliquet underlying performance for that interest underlying for such interest valuation date, with such cliquet underlying performance being determined for such interest valuation date as such interest underlying's interest reference level for that interest valuation date less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$[\text{Abs}]\,\frac{\text{interest reference level for such interest valuation date} - \text{interest strike level}}{\text{interest initial level}}$$

(h) [●] if either (i) the decimal determined in accordance with (g) above is [greater than] [greater than or equal to] [less than] [less than or equal to] [●] (a "**cliquet interest target lock-in**") or (ii) a cliquet interest target lock-in has occurred in respect of any prior interest valuation date relating to that interest payment date (but, for the avoidance of doubt, not any interest valuation date relating to any prior interest payment date).]

[**period performance** [, which is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)], means in respect of an interest payment date, a decimal determined as [[●] minus the interest reference level for the last interest valuation date relating to the relevant interest payment date

Element	Title	
		(IPD) less interest strike level for the first interest valuation date relating to the relevant interest payment date, all divided by the interest initial level for the first interest valuation date relating to the relevant interest payment date] [[●] multiplied by the interest reference level for the last interest valuation date relating to the relevant interest payment date (IPD) less interest strike level for the first interest valuation date relating to the relevant interest payment date, all divided by the interest initial level for the first interest valuation date relating to the relevant interest payment date] [the interest reference level for the last interest valuation date relating to the relevant interest payment date (IPD) less interest strike level for the first interest valuation date relating to the relevant interest payment date, all divided by the interest initial level for the first interest valuation date relating to the relevant interest payment date], expressed as a formula: $$[[\bullet][-/\times]\frac{\text{final interest reference level for IPD} - \text{first interest strike level for IPD}}{\text{first interest initial level for IPD}}.]$$ [The **interest strike level** for an interest underlying is [, in respect of an interest payment date, the level specified for such interest underlying in the Table below] [the interest initial level of such interest underlying] *(specify for each interest barrier event, if an interest barrier event occurs and if not, and relevant performance-linked interest amount where different interest strike levels apply)*.] [The **interest reference level** means, in respect of an interest valuation date or, as the case may be, interest valuation dates, the related interest payment date and the or each interest underlying: [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "closing level on interest valuation date", being the underlying closing level for such interest underlying for the relevant interest valuation date [converted at the fx on such interest valuation date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "arithmetic average closing level on interest valuation dates", being the arithmetic average underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin

Element	Title	
		win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "lowest closing level on interest valuation dates", being the lowest underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "lowest intra-day level on interest valuation dates", being the lowest underlying level (continuously observed) for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "highest closing level on interest valuation dates", being the highest underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "highest intra-day level on interest valuation dates", being the highest underlying level (continuously observed) for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]].] The **interest initial level** means, in respect of an interest valuation date or, as the case may be, interest valuation dates, the related interest payment date and the or each interest underlying: [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "closing level on interest strike date", being the underlying closing level for such interest underlying for the interest strike date [converted at the fx on the interest strike date]]

Element	Title	
		[[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "closing level on interest re-strike date[IPD][IVD]", being the interest reference level for such interest underlying for [the immediately preceding interest payment date and the related interest valuation date(s) or, if none, the underlying closing level for such interest underlying for the interest strike date [converted at the fx on the interest strike date]] [the immediately preceding interest valuation date relating to that interest payment date or, if none, the interest reference level for such interest underlying for the last occurring interest valuation date relating to the immediately preceding interest payment date or, if there has been no such interest valuation date, the underlying closing level for such interest underlying for the interest strike date [converted at the fx on the interest strike date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "arithmetic average closing level on interest strike dates", being the arithmetic average underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "lowest closing level on interest strike dates", being the lowest underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "lowest intra-day level on interest strike dates", being the lowest underlying level (continuously observed) for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [[for the purpose of determining [if an interest barrier event has

Element	Title	
		occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "highest closing level on interest strike dates", being the highest underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] "highest intra-day level on interest strike dates", being the highest underlying level (continuously observed) for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [[for the purpose of determining [if an interest barrier event has occurred] [and] [the performance-linked interest amount determined in accordance with the [interim performance interest provisions] [twin win interim performance interest provisions] [reverse interim performance interest provisions] below *(specify as relevant where more than one interim performance formula applies)*] the level specified for the or each interest underlying below: interest underlying — interest initial level [●] — [●] *(complete for each relevant interest underlying)*]. [**fx** for an interest underlying is either (a) 1, where such interest underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such interest underlying below: underlying — Fx [●] — [●] [a reciprocal fx rate meaning 1 divided by] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)]] *[Definitions relating to the determination of an interest barrier event* An **interest barrier event** will occur in respect of an interest payment date if, in the determination of the calculation agent,

Element	Title	
		[on the related interest barrier observation date, [the sum of] the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event european closing observation")] [on the related interest barrier observation date, the interim performance of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event european performance observation")] [on each related interest barrier observation date, [the sum of] the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american observation – closing level")] [on each related interest barrier observation date, [the sum of] the underlying level (continuously observed) of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to]

Element	Title	
		[within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american observation – intra-day level")] [on any related interest barrier observation date, [the sum of] the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american one touch observation – closing level")] [on any related interest barrier observation date, [the sum of] the underlying level (continuously observed) of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interest underlying(s)] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american one touch observation – intra-day level")] [on each related interest barrier observation date, [the sum of] the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american performance observation") and, as the interim performance shall be calculated in respect of each interest barrier observation date relating to the relevant interest payment date for the purpose of determining if an interest barrier event has occurred only, then: (i) reference in the definition of interim performance to "interest reference level for such interest payment date" shall be construed to be to the "underlying closing level

Element	Title	
		for the relevant interest underlying on the relevant interest barrier observation date [converted at the fx on such interest barrier observation date]"; and (ii) reference to interim performance being calculated "in respect of an interest payment date" or "for an interest payment date" shall be construed to be to "in respect of or for an interest payment date and the relevant interest barrier event observation date"[; and (iii) the interim performance underlying(s) shall be determined in respect of the relevant interest barrier event observation date]] [and/or, as "interest barrier event lock-in" applies, an interest barrier event has occurred in respect of any prior interest payment date [and, the relevant level or performance used for the purposes of determining that such interest barrier event occurred, [is][has been] [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant lock-in barrier level]. The **interest barrier level** is, in respect of an interest payment date, [the percentage(s) specified [in relation to the relevant interest barrier underlying] for such interest payment date in the Table below] [greater than (or equal to) the percentage specified as the lower interest barrier level (specified for such interest payment date in the Table below) and less than (or equal to) the percentage specified as the upper interest barrier level (specified for such interest payment date in the Table below)]. [The **lock-in barrier level** is, in respect of an interest payment date, [the percentage(s) specified [in relation to the relevant interest barrier underlying] for such interest payment date in the Table below] [greater than (or equal to) the percentage specified as the lower lock-in interest barrier level (specified for such interest payment date in the Table below) and less than (or equal to) the percentage specified as the upper lock-in interest barrier level (specified for such interest payment date in the Table below)].]] *<u>Definitions relating to the determination of the amount of interest due on an interest payment date</u>* [The **interest amount determined in accordance with the fixed rate note provisions**, means that the interest amount in respect of each calculation amount, an interest payment date and if due as provided above, is fixed interest and will be: [as "accrual" is not applicable, the relevant amount specified for such interest payment date in the Table below [plus, as the "lookback notes" provisions apply, the sum of the interest amounts (if any) specified in

Element	Title	
		the Table below in respect of all of the interest payment dates (if any) falling prior to such interest payment date on which an interest barrier event did not occur and, therefore, such interest amounts had not previously been paid] [which, as the "multi-chance" provisions apply, shall depend on the number of interest barrier underlyings for which an interest barrier event occurs, as further detailed in the Table below] [as "accrual" is applicable, an amount calculated on the basis of the relevant day count fraction being [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360] [Eurobond Basis] [1/1] [which shall, as the "range accrual" provisions apply, be multiplied by the applicable accrual rate]. The Notes bear interest from [●] at a rate of [•]% per annum payable [annually] [semi-annually] [quarterly] [monthly] [weekly] in arrears.] [As the "target mandatory early redemption (capped)" provisions apply, the interest amount is subject to a maximum amount (cap). Such cap shall be in respect of the calculation amount an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of the calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [As the "range accrual provisions" apply, the **accrual rate** for an interest period means an amount expressed as a decimal determined by the calculation agent in accordance with the following formula: $$\frac{\text{days accrued}}{\text{days observed}}$$ where: **days accrued** means the number of interest barrier event observation dates in the relevant interest period on which an interest barrier event occurs; and **days observed** means the actual number of [calendar days] [business days] in the relevant interest period.] [The **interest amount determined in accordance with the floating rate note provisions**, means that the interest amount in respect of each calculation amount, an interest payment date and if due as provided above, will be interest calculated on the basis of the relevant day count fraction being [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [1/1] [and, as "ISDA determination" is applicable, on the same basis as the floating rate under a notional interest rate swap transaction in [●] governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. determined by reference to [●] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)]] [and, as "screen rate determination" is applicable, determined by reference to [●] [LIBOR] [EURIBOR] [STIBOR] [NIBOR] [CIBOR] [TIBOR] [HIBOR] [BBSW] [BKBM] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)].

Element	Title	
		[The interest rate is subject to a [maximum rate (cap)] [minimum rate (floor)] [maximum rate and minimum rate (collar)] as set out in the Table below]. [As the "target mandatory early redemption (capped)" provisions apply, the interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] The floating rate will be the rate published [[●] days prior to the first day of the interest period] [on the first day of the interest period] [on the interest valuation date]]. [The **interest amount determined in accordance with the inflation rate note provisions** means that, the Notes are linked to [●] and, if due as provided above, inflation linked interest will be payable in respect of each calculation amount on the relevant interest payment date and will be calculated by the calculation agent by multiplying the calculation amount by the year on-year change in the inflation rate as determined by dividing the inflation index [●] months prior to the relevant interest payment date by the inflation index [●] months prior to the relevant interest payment date and subtracting 1[[as adjusted for a margin of [+[●]] [-[●]]% per annum] multiplied by the relevant day count fraction being [30/360] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1] [[and] multiplied by the relevant interest participation rate (IPR)]. [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] maximum amount and minimum amount (collar)] as set out in the Table below.] [As the "target mandatory early redemption (capped)" provisions apply, such interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [The **interest amount determined in accordance with the interim performance interest provisions**, means that the interest amount in respect of each calculation amount, an interest payment date and if due as provided above, will be payable on the relevant interest payment date and will be determined by the calculation agent to be the product of the calculation amount (CA) and the interim performance of the interim performance underlying(s) for such interest payment date [multiplied by the relevant interest participation rate (IPR)] [multiplied by the relevant fx performance (fx perf)] [all adjusted by the interest adjustment amount], expressed as a formula: $\mathrm{CA} \times \text{relevant interim performance of interim performance underlying(s)}\ [\times \mathrm{IPR}][\times \text{fx perf}][+\text{ adj}]$ [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] [maximum amount and minimum amount (collar)] as set out in the Table below.] [As the "target mandatory early redemption (capped)" provisions apply, such interest amount is subject

Element	Title	
		to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [The **interest adjustment amount** or **adj** is [●] [if an interest barrier event has [not] occurred [and [●] if an interest barrier event has occurred].] [The **interest amount determined in accordance with the twin win interim performance interest provisions**, means that the interest amount in respect of each calculation amount, an interest payment date and if due as provided above, will be payable on the relevant interest payment date and will be determined by the calculation agent to be the product of the calculation amount (CA) and the absolute value (**Abs**) (meaning the positive percentage value of the percentage without regard to its sign) of the interim performance of the interim performance underlying(s) for such interest payment date [multiplied by the relevant interest participation rate (IPR)] [multiplied by the relevant fx performance (fx perf)] [all adjusted by the interest adjustment amount], expressed as a formula: CA×Abs (relevant interim performance of interim performance underlying(s))[×IPR][×fx perf][+adj] [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] [maximum amount and minimum amount (collar)] as set out in the Table below.] [As the "target mandatory early redemption (capped)" provisions apply, such interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [The **interest adjustment amount** or **adj** is [●] [if an interest barrier event has [not] occurred [and [●] if an interest barrier event has occurred].] [The **interest amount determined in accordance with the reverse interim performance interest provisions**, means that the interest amount in respect of each calculation amount, an interest payment date and if due as provided above, will be payable on the relevant interest payment date and will be determined by the calculation agent to be the product of the calculation amount (CA) and [●]% (being the reverse interest percentage of [●]% minus the relevant interim performance of the interim performance underlying(s) for such interest payment date [multiplied by the relevant interest participation rate (IPR)]) [multiplied by the relevant fx performance (fx perf)] [all adjusted by the interest adjustment amount], expressed as a formula: CA×([•]% – relevant interim performance of interim performance underlying(s)[×IPR])[×fx perf][+adj] [If the interest amount determined above is a negative amount, such interest amount shall be deemed to be zero and no interest amount shall be paid. In addition, the interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] [maximum amount and minimum amount (collar)] as set out in the Table below.] [As the

Element	Title	
		"target mandatory early redemption (capped)" provisions apply, such interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [The **interest adjustment amount** or **adj** is [●] [if an interest barrier event has [not] occurred [and [●] if an interest barrier event has occurred].] [**fx performance** or **fx perf** means [the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●]] [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] (fx final) divided by [the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●]] [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] (fx initial).] The **calculation amount** or **CA** is [●]. [The **interest participation rate** or **IPR** is, in respect of an interest payment date, the percentage rate specified for such interest payment date under the heading "IPR" in the Table below.]]

TABLE						
[interest strike level]	**[interest valuation date(s)**	**[lower / upper] interest barrier level (%) [and [lower / upper] lock-in interest barrier level (%)]**	**[interest barrier observation date**	**[interest [amount] [rate]] [cap] [floor] [collar]**	**[IPR (%)]**	**interest payment date**
[[●]] [interest initial level] *(specify for each interest underlying)*	[[●]] [[●] scheduled trading days prior to [●]] [Each scheduled trading day for the interest underlying which is not a disrupted day for the interest	[[●]%] [[●]% and [●]%] [of [the interest initial level of the relevant interest barrier under- lying] [●]] *(specify for each*	[[●]] [[●] scheduled trading days prior to [●]] Each scheduled trading day [for all the interest barrier underlyings] which is not a disrupted day	[●] [(subject to a maximum [amount] [rate] (cap) of [●]] [if an interest barrier event has [not] occurred] [and] [subject to a minimum [amount] [rate] (floor) of [●] [if an interest barrier event has	[●] [if an interest barrier event has [not] occurred] [and [●]% if an interest barrier event has occurred]	[●]

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<td>underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]]

(specify for each interest barrier event and relevant performance-linked interest amount where different interest valuation date(s) apply)</td>
<td>interest barrier underlying and, where interest barrier even lock-in apply, the relevant percentage for the interest barrier level and the lock-in interest barrier level)

[of the sum of interest initial level of each of the relevant interest barrier underlyings]</td>
<td>[for any interest barrier underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]]

[as set out in the definition of interest barrier event observation date above]</td>
<td>[not] occurred] [and subject to a maximum [amount] [rate] (cap) of [●]] [if an interest barrier event has occurred] [and] [subject to a minimum [amount] [rate] (floor) of [●] [if an interest barrier event has occurred)

(specify for each interest amount where different caps, floors and/or collars apply)

[either: (i)] if an interest barrier event has occurred in respect of [●] interest barrier underlying(s) [only] [or less], [●] [or (ii) if an interest barrier event has occurred in respect of [●] [or more] interest barrier underlying(s) [only] [or less], [●]] (specify for the relevant number of interest barrier underlying(s)]</td>
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<td>[The mandatory early redemption amount due on the relevant mandatory early redemption date if a mandatory early redemption event occurs will be determined in accordance with the mandatory early redemption provisions as follows

Mandatory early redemption

[If (and only if), in respect of a mandatory early redemption date, a mandatory early redemption barrier event has occurred and as no "MER upper barrier event" is specified, the Notes will be redeemed on the relevant mandatory early redemption date at an amount for each calculation amount equal to [the amount specified as the MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions</td>
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</table>

		below]. If the Notes are redeemed early, only the relevant mandatory early redemption amount shall be payable and no further amounts shall be paid or assets deliverable.] [If (and only if), in respect of a mandatory early redemption date, a mandatory early redemption barrier event has occurred and as a "MER upper barrier event" is specified, the Notes will be redeemed on the relevant mandatory early redemption date at an amount for each calculation amount determined as (f) if a MER upper barrier event has occurred (meaning that [the mandatory early redemption performance is [equal to] [equal to or greater] [less than] [less than or equal to] than [●]% (being the MER upper barrier percentage)),] [the underlying closing level of the MER barrier underlying(s) on the MER upper barrier event valuation date is [equal to] [equal to or greater] [less than] [less than or equal to] [●]% (being the MER upper barrier percentage)] of the MER strike level for the relevant MER barrier underlying(s)), [the MER amount specified as the upper MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below] in respect of each calculation amount; OR (g) if a MER upper barrier event has not occurred, [the MER amount specified as the lower MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]. If the Notes are redeemed early, only the relevant mandatory early redemption amount shall be payable and no further amounts shall be paid or assets deliverable.] ***Definitions relating to mandatory early redemption:*** <u>*Dates*</u> A **mandatory early redemption barrier observation date** or **MER barrier observation date** is, in respect of a MER date, each date or dates specified as such for such MER date in the Table below (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below). *(Specify for each MER barrier event and relevant performance-linked MER redemption amount (or component thereof) where different MER valuation date(s) apply).* A **mandatory early redemption date** or **MER date** is each date specified as such in the Table below. A **mandatory early redemption valuation date** or **MER valuation date** is, in respect of a MER date, each date or dates specified as such for such MER date in the Table below (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below). The **MER strike date(s)** is [[●] [and [●]] [[●] scheduled trading days prior to [[●]] [, in respect of MER underlying, [●], [●] *(specify for each MER underlying where different MER strike dates apply)*] [each scheduled trading day for the MER underlying which is not a disrupted day for the MER underlying from (and including)

[●] to (but excluding) [●]] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below). (*Specify for each MER barrier event and MER amount where different MER strike dates apply*)

[**MER upper barrier event valuation date** means [[●]] [in respect of a MER date, the date specified for such MER date in the Table below] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below.]

<u>*Definitions relating to the underlying(s) relevant for mandatory early redemption, the performance of such underlying(s) and levels of such underlying(s)*</u>

A **MER underlying** means the or each underlying specified as an underlying for the purpose of the MER provisions in Element C.20 below.

[The **MER performance underlying(s)** for a MER date is

[as "single underlying observation" applies [and for the purpose of determining [if an MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below] (*specify as relevant where more than one MER performance formula applies*)], the MER underlying]

[as "weighted basket observation" applies [and for the purpose of determining [if an MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below] (*specify as relevant where more than one MER performance formula applies*)], all of the MER underlyings (as MER performance is determined by reference to the weighted basket of all of the MER underlyings)]

[as "[best of] [worst of] basket observation" applies [and for the purpose of determining [if an MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below] (*specify as relevant where more than one MER performance formula applies*)] the MER underlying with the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) MER performance for that MER date]

[as "outperformance observation" provisions applies, outperformance (a) underlying and outperformance (b) underlying (as MER performance is determined by reference to the performance of outperformance (a) underlying less the performance of outperformance (b) underlying)].]

The **MER performance** in respect of a MER date shall be determined in accordance with the

["single underlying observation" provisions, meaning that the MER performance in respect of a MER date and the MER underlying is, in the determination of the calculation agent, an amount expressed as a percentage equal to the MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula:

$$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum

		percentage of [●]% (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such percentage is subject to a][maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].] ["weighted basket observation provisions [for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win MER option provisions below] (*specify as relevant where more than one MER performance formula applies*)], meaning that the MER performance in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each MER underlying for that MER date, determined for each such MER underlying as such MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minmum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].] $\mathbf{W_n}$ of each MER underlying is [[●]% (therefore the MER underlyings are equally weighted) [the weighting specified for such MER underlying below (therefore the MER underlyings have predetermined weightings attributed to them)]: MER underlying — W_n [●] — [●]% [●] — [●]% *(complete for each relevant MER underlying)* [●] — [●]%] [in relation to a MER date, as "rainbow weighting" applies, the weighting for each MER underlying shall be as specified below ("rainbow weighting" means in respect of a MER underlying that the weighting of such MER underlying for a MER date will depend on such MER underlying's MER performance as compared to the MER performance of the other MER underlyings for that MER date)]:

		MER underlying	W_n
		[MER underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) MER performance for that MER date]	[●]%
		[MER underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) MER performance for that MER date]	[●]%

(complete for each relevant MER underlying)

[MER underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) MER performance for that MER date]	[●]%]

["[best of] [worst of] basket observation" provisions [for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below (*specify as relevant where more than one MER performance formula applies*)], meaning that the MER performance in respect of A MER underlying and a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to such MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula:

$$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minmum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].]

["outperformance observation" provisions [for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one final performance formula applies)*], meaning that the MER performance in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance (a) underlying ("outperf A") less the performance of outperformance (b) underlying ("outperf B") determined for each such MER underlying as such MER underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula:

$$[\text{outperf A} - \text{outperf B}] \times 100$$

outperf A shall, in respect of a MER date, be determined by the calculation agent in accordance with the

["single underlying observation" provisions, meaning that the outperf A in respect of such MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (a) underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula:

$$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].]

["weighted basket observation" provisions, meaning that the outperf A in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (a) underlying, determined for each such outperformance (a) underlying as such outperformance (a) underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula:

$$\sum_{n=1}^{n} W_n \times \frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)]] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].]

W_n of each outperformance (a) underlying is [[●] (therefore the outperformance (a) underlyings are equally weighted) [the weighting specified for such outperformance (a) underlying below (therefore the outperformance (a) underlyings have predetermined weightings attributed to them):

outperformance (a) underlying	W_n
[●]	[●]

		[●] [●] (*complete for each relevant outperformance (a) underlying*) [●] [●]] [in relation to a MER date, as "rainbow weighting" applies, the weighting for each outperformance (a) underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance (a) underlying that the weighting of such outperformance (a) underlying for a MER date will depend on such outperformance (a) underlying's outperf A as compared to the outperf A of the other outperformance (a) underlyings for that MER date): outperformance (a) underlying — W_n [outperformance (a) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that MER date] — [●] [outperformance (a) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that MER date] — [●] *(complete for each relevant outperformance (a) underlying)* [outperformance (a) underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A for that MER date] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that outperf A will be the [highest (determined, if equal, by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (a) underlyings, such performance being determined in respect of an outperformance (a) underlying and a MER date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (a) underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].]

		outperformance (a) underlying means the or each MER underlying specified as an "outperformance (a) underlying" in Element C.20 below. **outperf B** shall, in respect of a MER date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B in respect of such MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (b) underlying's MER reference level less its MER redemption strike level, all divided by its MER redemption initial level, expressed as a formula: $\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].] ["weighted basket observation" provisions, meaning that the outperf B in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (b) underlying, determined for each such outperformance (b) underlying as such outperformance (b) underlying's MER reference level less its MER redemption strike level, all divided by its MER redemption initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].] **W_n** of each outperformance (b) underlying is [[●] (therefore the outperformance (b) underlyings are equally weighted) [the weighting specified for such outperformance (b) underlying below (therefore the outperformance (b) underlyings have predetermined weightings attributed to them)]: outperformance (b) underlying — W_n [●] — [●]

		[●] [●] (*complete for each relevant outperformance (b) underlying*) [●] [●]] [[in relation to a MER date, as "rainbow weighting" applies, the weighting for each outperformance (b) underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance (b) underlying that the weighting of such outperformance (b) underlying for a MER date will depend on such outperformance (b) underlying's outperf B as compared to the outperf B of the other outperformance (b) underlyings for that MER date]: outperformance (b) underlying — W_n [outperformance (b) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that MER date] — [●] [outperformance (b) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that MER date] — [●] *(complete for each relevant outperformance (b) underlying)* [outperformance (b) underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B for that MER date] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that the outperf B will be the [highest (determined, if equal, by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (b) underlyings, such performance being determined in respect of an outperformance (b) underlying and a MER date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (b) underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [MER barrier event provisions] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below [(if a MER barrier event has not occurred)]].] **outperformance (b) underlying** means the or each MER underlying specified as an

		"outperformance (b) underlying" in Element C.20 below.] The **MER strike level** for an MER underlying is [, in respect of an MER date, the level specified for such MER underlying in the Table below] [the MER initial level of such MER underlying]. The **MER reference level** means, in respect of the or each MER underlying: [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["closing level on MER valuation date", being the underlying closing level for such MER underlying for the relevant MER valuation date [converted at the fx on such MER valuation date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["arithmetic average closing level on MER valuation dates", being the arithmetic average underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["lowest closing level on MER valuation dates", being the lowest underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["lowest intra-day level on MER valuation dates", being the lowest underlying level (continuously observed) for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["highest closing level on MER valuation dates", being the highest underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below (*specify as relevant where more than one MER performance formula applies*)] ["highest intra-day level on MER valuation dates", being the highest underlying level (continuously observed) for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]].

		The **MER initial level** for the or each MER underlying and a MER date: [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["closing level on MER strike date", being the underlying closing level for such MER underlying for the MER strike date [converted at the fx on the MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["closing level on MER re-strike date", being the MER reference level for such MER underlying for the immediately preceding MER date or, if none, the underlying closing level for such MER underlying for the MER strike date [converted at the fx on the MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["arithmetic average closing level on MER strike dates", being the arithmetic average underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one final MER performance formula applies)*] ["lowest closing level on MER strike dates", being the lowest underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["lowest intra-day level on MER strike dates", being the lowest underlying level (continuously observed) for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["highest closing level on MER strike dates", being the highest underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] ["highest intra-day level on MER strike dates", being the highest underlying level (continuously observed) for such

		MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [[for the purpose of determining [if a MER barrier event has occurred] [and] [the performance-linked MER amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below *(specify as relevant where more than one MER performance formula applies)*] [the level specified for the or each MER underlying below: MER underlying MER initial level [●] [●] *(complete for each relevant MER underlying)*]. *(specify for each MER underlying where different MER initial levels apply)* [**fx** for a MER underlying is either (a) 1, where such MER underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such MER underlying below: MER underlying fx [●] [●] [a reciprocal fx rate meaning 1 divided by] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)]] *Definitions relating to the determination of whether the mandatory early redemption amount is due on a mandatory early redemption date* A **mandatory early redemption barrier event** or **MER barrier event** will occur in respect of a MER date if, in the determination of the calculation agent, [on the related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event european closing observation")] [on the related MER barrier observation date, the MER performance of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event european performance observation")] [on each related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)]

[the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than or equal to] [greater than] [within] the relevant MER barrier level ("MER barrier event american observation – closing level")]

[on each related MER barrier observation date, the underlying level (continuously observed) of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american observation – intra-day level")]

[on any related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american one touch observation – closing level")]

[on any related MER barrier observation date, the underlying level (continuously observed) of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american one touch observation – intra-day level ")]

[on the interest payment date scheduled to fall on such MER date, the sum of the aggregate interest amount(s) paid in respect of all the interest payment dates falling prior to such interest payment date and due on that interest payment date is equal to or greater than the target mandatory early redemption threshold being [●] ("target mandatory early redemption")]

[on each related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american performance observation") and, as the MER performance shall be calculated in respect of each MER barrier observation date relating to the relevant MER date for the purpose of determining if an MER barrier event has occurred only, then: (i) reference in the definition of MER performance to "MER reference level for such MER date" shall be construed to be to the "underlying closing level for the relevant MER underlying on the relevant MER barrier observation date [converted at the fx

		on such MER barrier observation date]"; and (ii) reference to MER performance being calculated "in respect of an MER date" or "for an MER date" shall be construed to be to "in respect of or for an MER date and the relevant MER barrier event observation date"[; and (iii) the MER performance underlying(s) shall be determined in respect of the relevant MER barrier event observation date]]. The **MER barrier level** is, in respect of a MER date, [the percentage[(s)] specified for such MER date [and the relevant MER barrier underlying] in the Table below] [greater than (or equal to) the percentage specified as the lower MER barrier level (specified for such MER date in the Table below) and less than (or equal to) the percentage specified as the upper MER barrier level (specified for such MER date in the Table below)]. *Definitions relating to the determination of the mandatory early redemption amount due if a mandatory early redemption barrier event has occurred* [The **performance-linked mandatory early redemption amount determined in accordance with the "put option provisions"** means that the mandatory early redemption amount (MER amount) will be a "put option" amount [determined by the calculation agent to be the product of the calculation amount (CA) and the sum of 100% and the MER performance of the MER performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)] [multiplied by the fx perf] [all adjusted by the adjustment amount] [(which [may] [will] be less than [the calculation amount] [●]), expressed as a formula: $\mathrm{CA} \times ([\bullet]\% + \mathrm{MER\ performance\ of\ MERPU})[\times \mathrm{MERPR}]\ [\times\ \mathrm{fx\ perf}]\ [+\mathrm{adj}]$ [The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.] [The **adjustment amount** or **adj** is [●] [if a MER [upper] barrier event has [not] occurred.] *(specify for each barrier event where different)* [Such MER amount is subject to a [maximum amount (cap) of [●][if a MER [upper] barrier event has [not] occurred] [minimum amount (floor) of [●][if a MER [upper] barrier event has [not] occurred] [maximum amount of [●] and minimum amount of [●] [if a MER [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].].] [The **performance-linked mandatory early redemption amount** determined **in accordance with the "call option provisions"** means that the mandatory early redemption amount will be a "call option" amount [determined by the calculation agent to be the sum of the calculation amount and the product of the calculation amount (CA) and the product of the calculation amount (CA) and the MER performance of the MER performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)] [multiplied by the fx perf] [all adjusted by the adjustment amount], expressed as a formula:

$$CA + (CA \times \text{MER performance of MERPU})[\times \text{MERPR}]\ [\times \text{ fx perf}]\ [+\text{adj}]$$

[The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.] [The **adjustment amount** or **adj** is [●] [if a MER [upper] barrier event has [not] occurred *(specify for each barrier event where different).*]

[Such MER amount is subject to a [maximum amount (cap) of [●]][if a MER [upper] barrier event has [not] occurred [minimum amount (floor) of [●]][if a MER [upper] barrier event has [not] occurred [maximum amount of [●] and minimum amount of [●][if a MER [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].]

[The **performance-linked mandatory early redemption amount determined in accordance with the "call spread-put spread option provisions"** means that the mandatory early redemption amount (MER amount) will be a "call spread–put spread option" amount

[determined by the calculation agent to be (a) the calculation amount (CA) multiplied by (b) the call spread amount [multiplied by the call mandatory early redemption participation rate (MERPR call)] less the put spread amount [multiplied by the put mandatory early redemption participation rate (MERPR put)] [mulitiplied by (c) the global participation rate (**GPR**)] [multiplied by ([c/d)] fx perf] [all adjusted by the adjustment amount], expressed as a formula:

$$CA \times [[\text{Max}([\bullet]\%, \text{Min}([\bullet]\%, \text{MERPerf}))\ [\times \text{ MERPR call}]] - [\text{Min}([\bullet]\%, \text{Max}\ ([\bullet]\%, 100\% + \text{MERPerf}))[\times \text{ MERPR put}]]][\text{x GPR}][+\text{adj}]$$

Each of the **call mandatory early redemption participation rate** or **MERPR call** and the **put mandatory early redemption participation rate** or **MERPR put** is [if a MER [upper] barrier event has [not] occurred (specify for each barrier event where different)].], in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.] [The **global participation rate or GPR** is [●% [if a MER [upper] barrier event has [not] occurred (*specify for each barrier event where different*)].] [the **adjustment amount** or **adj** is [●] [if a MER [upper] barrier event has [not] occurred *(specify for each barrier event where different).*]

[Therefore such MER amount is subject to a maximum amount of [●] and minimum amount of [●] (a collar).]

The **MERPerf** means the mandatory early redemption performance of the mandatory early redemption performance underlying.]

[The **performance-linked mandatory early redemption amount determined in accordance with the "twin win option provisions"** means that the mandatory early redemption amount (MER amount) will be a "twin win option" amount

[determined by the calculation agent to be the product of (a) the calculation amount (CA) and (b) 100% and the absolute value (Abs) (meaning the positive percentage value of the percentage without regard to its sign) of the MER performance of the mandatory early redemption performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)]] [all multiplied by the fx perf] [all adjusted by the adjustment amount], expressed as a formula:

		$CA \times (100\% + \text{Abs [MER performance of MERPU]}) [\times \text{MERPR}] [\times \text{ fx perf}] [+\text{adj}]$ The MER amount is therefore subject to a minimum amount (floor) of [●].] [The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below]. [The adjustment amount or adj is [● [if a MER [upper] barrier event has [not] occurred *(specify for each barrier event where different)*.] **[fx performance** or **fx perf** means [the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●] divided by the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●]] [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] (fx final) [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] (fx initial).] The **calculation amount** or **CA** is [●].

TABLE

[MER strike level]	**MER valuation date(s)**	**[MER upper barrier event valuation date]**	**[lower / upper] MER barrier level (%)**	**MER barrier observation date**	**[MER amount]**	**[MERPR (%)]**	**MER date**
[[●]] [MER initial level] *(specify for each MER underlying) (specify for each MER barrier event, if a MER barrier event occurs and if not, and relevant performance-linked MER amount (or component thereof) where different strike levels apply)*	[[●]] [[● scheduled trading days prior to [[●]] [[Each] [Any] scheduled trading day [for all the MER underlyings which is not a disrupted day [for any MER underlying] from [(and including)] [(but excluding)] [●Each schedule excluding)] [(and including)] [●]]	[●] [[● scheduled trading days prior to [[●]] [Each scheduled trading day for the MER underlying which is not a disrupted day for the MER underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)]	[[●]]% [[●]% and [●]%] [of [the MER initial level of the relevant MER barrier underlying] [●]] *(specify for each MER barrier underlying)*	[[●]] [[● scheduled trading days prior to [[●]] [Each scheduled trading day [for all the MER barrier underlyings] which is not a disrupted day [for any MER barrier underlying] from [(and including)] [(but excluding)] [●MER barrier excluding)] [(and including)] [●]]	[●] [(subject to a maxi-mum amount (cap) of [●]] [and] [subject to a mini-mum amount (floor) of [●])]	[[●]] [[● being MERPR call and [●] being MERPR put] *(specify for each barrier event if different)*	[●]

(*specify for each MER date where relevant)*]

		The redemption amount due [or assets deliverable in relation to physical delivery notes] on the maturity date will be determined in accordance with the redemption provisions as follows ***Redemption***

		[The redemption amount in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below].] [If: (h) a redemption barrier event has not occurred and as no "redemption upper barrier event" is specified, then the Notes will be redeemed on the maturity date at an amount for each calculation amount equal to [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below]; or (i) a redemption barrier event has occurred, [the Notes will be physically settled by delivery of the entitlement in respect of each calculation amount] [then the redemption amount in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below].] [If: (j) a redemption barrier event has not occurred and as a "redemption upper barrier event" is specified, then the Notes will be redeemed on the maturity date at an amount for each calculation amount equal to (i) if a redemption upper barrier event has occurred (meaning that [the final performance of the final performance underlying(s) is [greater than] [equal to or greater than] [less than] [less than or equal to] [●]% (being the redemption upper barrier percentage)),] [the underlying closing level of the [redemption barrier underlying(s)] [the final performance underlying(s)] [redemption underlying(s)] on the redemption upper barrier event valuation date is [greater than] [equal to or greater than] [less than] [less than or equal to] [●]% (being the redemption upper barrier percentage) [of [●] [the redemption strike level for the relevant redemption underlying(s)]], [the redemption amount due where an upper barrier event only has occurred being [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below]; OR (ii) if a redemption upper barrier event has not occurred, the redemption amount due where neither an upper barrier event nor a redemption barrier event has occurred, being [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below]; OR (k) a redemption barrier event has occurred, [the Notes will be physically settled by delivery of the entitlement in respect of each calculation amount] [then the redemption amount due where a redemption barrier event only has occurred in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below].]

[Definitions relating to redemption:

Dates

[[The] **final valuation date[s]** [[is][are] [[●] [[●] scheduled trading days prior to [[●]] [each scheduled trading day [for all the redemption underlyings] which is not a disrupted day [for any of the redemption underlyings] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below) *(specify for each redemption barrier event and relevant performance-linked redemption amount (or component thereof) where different final valuation date(s) apply)*.

[[The] **redemption barrier observation date[s]** [[is][are] [[●] [[●] scheduled trading days prior to [[●]] [each scheduled trading day [for all the redemption underlyings] which is not a disrupted day [for any redemption underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] *(subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below)*].

The **redemption strike date(s)** [[is][are] [[●] [[●] scheduled trading days prior to [[●]] [, in respect of redemption underlying [●], [●] *(specify for each redemption underlying where different redemption strike dates apply)*] [for the purpose of the market timer redemption initial level only,] [each scheduled trading day for the redemption underlying which is not a disrupted day for the redemption underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below) *(specify for each redemption barrier event and relevant performance-linked redemption amount where different redemption strike date(s) apply)*.

[The **market timer redemption strike date[s]** [is/are], for the purpose of the market timer redemption initial level only, [[●] [[●] scheduled trading days prior to [[●]] [●] in respect of redemption underlying [●], [●] *(specify for each redemption underlying where different redemption strike dates apply)*] [each scheduled trading day for the redemption underlying which is not a disrupted day for the redemption underlying from [(and including)] [(but excluding)] [●] to [(and including)] [(but excluding)] [●]] (subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below)].

[The **redemption upper barrier event valuation date[s]** [is][are] [[●]] [[each] any] scheduled trading day [for all the redemption barrier underlyings] which is not a disrupted day [for any redemption barrier underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] *(subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below).*]

Definitions relating to the underlying(s) relevant for redemption, the performance of such underlying(s) and levels of such underlying(s)

A **redemption underlying** means the or each underlying specified as an underlying for the purpose of the redemption provisions in Element C.20 below.

The **final performance underlying(s)** or **(FPU)** is,

> [as ["single underlying observation"] ["cliquet"] applies, the redemption underlying]
>
> [as ["weighted basket observation"] ["arithmetic mean underlying return"]

["himalaya final performance – asian observation"]] applies [and for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below] *(specify as relevant where more than one final performance formula applies)*], all of the redemption underlyings [*insert for "weighted basket observation" only*: (as final performance is determined by reference to the weighted basket of all of the redemption underlyings)] [*Insert for "himalaya interim performance – asian observation":*, subject to any redemption underlying being disregarded based on its performance, as described in respect of "final performance" below]]

[as "[best of] [worst of] observation" applies [and for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below] *(specify as relevant where more than one final performance formula applies)*], the redemption underlying with the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) final performance]

[as "outperformance observation" provisions applies [and for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below] *(specify as relevant where more than one final performance formula applies)*], outperformance (a) underlying and outperformance (b) underlying (as final performance is determined by reference to the performance of outperformance (a) underlying less the performance of outperformance (b) underlying)].

The **final performance** shall be determined in accordance with the:

["single underlying observation" provisions, meaning that the final performance in respect of the redemption underlying is, in the determination of the calculation agent, an amount expressed as a percentage equal to the redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula:

$$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$

[Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such percentage is subject to a][maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].]

		["weighted basket observation" provisions [for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below] *(specify as relevant where more than one final performance formula applies)*], meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each redemption underlying, determined for each such redemption underlying as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $\sum_{n=1}^{n} W_n \times \frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked MER redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such percentage is subject to a][maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] **W_n** of each redemption underlying is [[●]% (therefore the redemption underlyings are equally weighted)] [the weighting specified for such redemption underlying below (therefore the redemption underlyings have predetermined weightings attributed to them)]: redemption underlying — W_n [●] — [●]% [●] — [●]% *(complete for each relevant redemption underlying)* [●] — [●]% [as "rainbow weighting" applies, the weighting for each redemption underlying shall be as specified below ("rainbow weighting" means in respect of a redemption underlying that the weighting of such redemption underlying will depend on such redemption underlying's final performance as compared to the final performance of the other redemption underlyings]: redemption underlying — W_n [redemption underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) final performance] — [●]% [redemption underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) — [●]%

		final performance] *(complete for each relevant redemption underlying)* [redemption underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) final performance] [●]% ["[best of] [worst of] basket observation" provisions [for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*], meaning that the final performance in respect of a redemption underlying is, in the determination of the calculation agent, an amount expressed as a percentage equal to such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such percentage is subject to a][maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] [“himalaya final performance – asian observation” provisions and the performance of each underlying is calculated on each final valuation date, meaning that the final performance is, in the determination of the calculation agent, a percentage determined as the arithmetic mean of the underlying performance for the redemption underlying having the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) underlying performance for each final valuation date as determined by the calculation agent provided that once a redemption underlying has the [highest] [lowest] (determined, if equal, by the calculation agent in accordance with the conditions) underlying performance for a final valuation date, then its underlying performance shall be disregarded in respect of all subsequent final valuation dates[all [+/- [●]%]. Each underlying performance shall be determined for each final valuation date as such redemption underlying’s final reference level for that final valuation date less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level for such redemption valuation date} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Each such percentage for each such final valuation date is subject to a [maximum

		(cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such percentage is subject to a][maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] ["outperformance observation" provisions [for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*], meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance (a) underlying ("outperf A") less the performance of outperformance (b) underlying ("outperf B") determined for each such redemption underlying as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $(\text{outperf A} - \text{outperf B}) \times 100$ **outperf A** shall be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf A is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (a) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] ["weighted basket observation" provisions, meaning that the outperf A is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (a) underlying, determined for each such outperformance

(a) underlying as such outperformance (a) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula:

$$\sum_{n=1}^{n} W_n \times \frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].]

$\mathbf{W_n}$ of each outperformance (a) underlying is [[●]% (therefore the outperformance (a) underlyings are equally weighted) [the weighting specified for such outperformance (a) underlying below (therefore the outperformance (a) underlyings have predetermined weightings attributed to them):

outperformance (a) underlying	W_n
[●]	[●]
[●]	[●]
(*complete for each relevant outperformance (a) underlying*)	
[●]	[●]]

[as "rainbow weighting" applies, the weighting for each outperformance (a) underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance (a) underlying that the weighting of such outperformance (a) underlying will depend on such outperformance (a) underlying's outperf A as compared to the outperf A of the other outperformance (a) underlyings)]:

outperformance (a) underlying	W_n
[outperformance (a) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A	[●]
[outperformance (a) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf A	[●]
(complete for each relevant outperformance (a) underlying)	
[outperformance (a) underlying with lowest (determined, if equal, by the calculation agent	[●]]

			in accordance with the conditions) outperf A] ["[best of] [worst of] basket observation" provisions, meaning that outperf A will be the [highest (determined, if equal, by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (a) underlyings, such performance being determined in respect of an outperformance (a) underlying as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (a) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] **outperformance (a) underlying** means the or each redemption underlying specified as an "outperformance (a) underlying" in Element C.20 below. **outperf B** shall be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance (b) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call

spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].]

["weighted basket observation" provisions, meaning that the outperf B is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance (b) underlying, determined for each such outperformance (b) underlying as such outperformance (b) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula:

$$\sum_{n=1}^{n} W_n \times \frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].]

W_n of each outperformance (b) underlying is [[●] (therefore the outperformance (b) underlyings are equally weighted) [the weighting specified for such outperformance (b) underlying below (therefore the outperformance (b) underlyings have predetermined weightings attributed to them)]:

outperformance (b) underlying	W_n
[●]	[●]
[●]	[●]
(complete for each relevant outperformance (b) underlying)	
[●]	[●]]

[as "rainbow weighting" applies, the weighting for each outperformance (b) underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance (b) underlying that the weighting of such outperformance (b) underlying will depend on such outperformance (b) underlying's outperf B as compared to the outperf B of the other outperformance (b) underlyings):

outperformance (b) underlying	W_n
[outperformance (b) underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B]	[●]
[outperformance (b) underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions)	[●]

		outperf B] *(complete for each relevant outperformance (b) underlying)* [outperformance (b) underlying with lowest (determined, if equal, by the calculation agent in accordance with the conditions) outperf B] [●]] ["[best of] [worst of] basket observation" provisions, meaning that outperf B will be the [highest (determined, if equal, by the calculation agent in accordance with the conditions)] [lowest (determined, if equal, by the calculation agent in accordance with the conditions)] performance of all of the outperformance (b) underlyings, such performance being determined in respect of an outperformance (b) underlying as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance (b) underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such decimal is subject to a][maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].].] **outperformance (b) underlying** means the or each redemption underlying specified as an "outperformance (b) underlying" in Element C.20 below.] [the “arithmetic mean underlying return” provisions [for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*], meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to the equally weighted sum of the underlying return of each relevant redemption underlying, expressed as a formula: $$\sum_{n=1}^{n} \frac{1}{\text{n}} \times \text{underlying return (final)}$$ [Such percentage is subject to [the addition of a performance adjustment percentage of [+/-][●]%] [and] a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum

		percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has occurred)]] [and such percentage is subject to a][maximum (cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below [(if a redemption barrier event has not occurred)]].] Where **underlying return (final)**[, which is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)], for each such redemption underlying is determined in accordance with the ["single [cap] [floor] [collar]" provisions, meaning that the underlying return (final) for a redemption underlying is [, as the performance of a redemption underlying is only calculated once, the underlying performance for that redemption underlying being determined as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ Each such percentage is subject to a [maximum (cap) of [●]%] [minimum (floor) of [●]%] [maximum of [●]% and a minimum of [●]% (collar)].] [, as the performance of a redemption underlying is calculated on each final valuation date, a percentage determined as the arithmetic mean of the underlying performance for that redemption underlying for each such final valuation date, with each underlying performance being determined for each such final valuation date as such redemption underlying's final reference level for that final valuation date less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level for such redemption valuation date} - \text{redemption strike level}}{\text{redemption initial level}}$$ ["single target" provisions, meaning that the underlying return (final) for that redemption underlying is either: (a) a percentage determined as the underlying performance for that redemption underlying, the underlying performance for that redemption underlying being determined as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}; \text{or}$$ (b) if [the percentage determined in accordance with (a) above is [equal to or

less than] [less than] [greater than or equal to] [greater than] [●]% (being the "single target redemption threshold percentage")] [a redemption barrier event has [not] occurred in respect of that redemption underlying], [●]% (being the "single target underlying performance percentage").]

["oasis" provisions, meaning that the underlying return (final) for that redemption underlying is either:

(c) a percentage determined as the underlying performance for that redemption underlying, the underlying performance for that redemption underlying being determined as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula:

$$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}\text{; or}$$

(d) in respect of the redemption underlyings comprising [the [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage determined in accordance with (c) above, [●]% (the "oasis redemption underlying performance percentage")] [the relevant highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage determined in accordance with (c) above as set out for such redemption underlying(s) under the heading "oasis redemption underlying performance percentage" below:

redemption underlying	oasis redemption underlying performance percentage
[redemption underlying with highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage]	[●]%
[redemption underlying with [●] highest (determined, if equal, by the calculation agent in accordance with the conditions) percentage]	[●]%

(complete for each relevant redemption underlying)

[the "cliquet" provisions [for the purpose of determining [if an redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*], meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to:

[as "sum of underlying return cliquet (final)" provisions apply, the sum of the cliquet underlying returns (final) determined for each of the final valuation dates, [all minus [●]] expressed as a formula:

$$\sum_{t=1}^{t} \text{cliquet underlying return (final)} \; [-[\,●\,]\,]$$

[as "product of underlying return cliquet (final)" provisions apply, the product of the cliquet underlying returns (final) determined for each of the final valuation dates, [all minus [●]] expressed as a formula:

$$\prod_{t=1}^{t} \text{cliquet underlying return(final)}[-[\bullet]]$$

as “period performance less cliquet return (final)” provisions apply, the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign) of the] period performance of the redemption underlying minus the cliquet underlying return (final) (determined as the [product] [sum] of the cliquet underlying returns (final) determined for each of the final valuation dates [minus [●]]), expressed as a formula:

$$[\text{Abs(}]\text{period performance}[\text{)}] - [\prod_{t=1}^{t} \text{cliquet underlying return (final)}[-[\bullet]]]\ [\sum_{t=1}^{t} \text{cliquet underlying return(final)}\ [-[\bullet]]]]$$

[as “cliquet return less period performance (final)” provisions apply, the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign) of the] period performance of the redemption underlying minus the cliquet underlying return (final) (determined as the [product] [sum] of the cliquet underlying returns (final) determined for each of the final valuation dates [minus [●]]), expressed as a formula:

$$[\prod_{t=1}^{t} \text{cliquet underlying return(final)}\ [-[\bullet]]]\ [\sum_{t=1}^{t} \text{cliquet underlying return(final)}\ [-[\bullet]]] - [\text{Abs(}]\text{period performance}[\text{)}]$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] [(if an redemption barrier event has occurred)]] [and such percentage is subject to a] [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)] [in respect of the [redemption barrier event provisions] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] [(if an redemption barrier event has not occurred)]] [and] [minimum percentage [which is a percentage determined as being [[●] multiplied by] the [highest (or equal highest)] [lowest (or equal lowest)] [positive] integer that is [equal to or greater than] [greater than] [equal to or less than] [less than] the running sum of the cliquet underlying returns (final) calculated for each final valuation date (such running sum being the sum of each underlying return from and including the first final valuation date to and including such final valuation date)] [of [●] if the running sum of the cliquet underlying returns (final) calculated for any final valuation date (such running sum being the sum of each cliquet underlying return (final) from and including the first final

		valuation date to and including such final valuation date) is [equal to or greater than] [greater than] [equal to or less than] [less than] [●] ("**global lock-in floor trigger**")].] [[In addition,] the [product] [sum] of the [cliquet underlying return (final)] [period performance] is subject to [subject to a [maximum percentage (cap) [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar) *(specify for both where relevant)*] Where **cliquet underlying return (final)** [, which is subject to a [maximum (cap) of [●]] [minimum (floor) of [●] [maximum of [●] and a minimum of [●] (collar)], means in respect of a final valuation date, an amount expressed as a decimal determined in accordance with the ["cliquet A (final)" provisions, meaning that [such decimal shall be determined as the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] underlying performance for that redemption underlying for such final valuation date, with such underlying performance being determined for such final valuation date as such redemption underlying's final reference level for that final valuation date less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $[\text{Abs}]\frac{\text{final reference level for such final valuation date} - \text{redemption strike level}}{\text{redemption initial level}}$ ["cliquet B (final)" provisions, meaning that [such decimal shall be determined as: (i) the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] underlying performance for that redemption underlying for such final valuation date, with such underlying performance being determined for such final valuation date as such redemption underlying's final reference level for that final valuation date less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $[\text{Abs}]\ \frac{\text{final reference level for such final valuation date} - \text{redemption strike level}}{\text{redemption initial level}}$; or (ii) in respect of the decimals being the [●] [highest (which, if equal, will be determined by the calculation agent in accordance with the conditions)] [lowest (which, if equal, will be determined by the calculation agent in accordance with the conditions)] amounts determined in accordance with (a) above [in respect of final valuation dates (t=[●] [●]), [●] (the "cliquet B [highest] [lowest] return decimal") [and in respect of the decimals being the [●] lowest (which, if equal, will be determined by the calculation agent in accordance with the conditions) amounts determined in accordance with (a) above [in respect of final valuation dates (t=[●], [●] (the "cliquet B lowest return decimal")]. (*specify for each where highest and/or lowest assessed in respect of different final valuation dates*)] ["cliquet C (final)" provisions, meaning that

[such decimal shall be determined as:

(e) the [absolute value (**Abs**) (meaning the positive value of the decimal without regard to the sign)] underlying performance for that redemption underlying for such final valuation date, with such underlying performance being determined for such final valuation date as such redemption underlying's final reference level for that final valuation date less its redemption strike level, all divided by its redemption initial level, expressed as a formula:

$$[\text{Abs}]\ \frac{\text{final reference level for such final valuation date} - \text{redemption strike level}}{\text{redemption initial level}}\text{; or}$$

(f) [●] if either (i) the decimal determined in accordance with (e) above is [greater than] [greater than or equal to] [less than] [less than or equal to] [●] (a "cliquet redemption target lock-in") or (ii) a cliquet redemption target lock-in has occurred in respect of any prior final valuation date.]

[**period performance (final)**[, which is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)], means a decimal determined as [[●] minus the final reference level for the last final valuation date less the first redemption strike level for the first final valuation date, all divided by the redemption initial level for the first final valuation date] [[●] multiplied by the final reference level for the last final valuation date less redemption strike level for the first final valuation date, all divided by the redemption initial level for the first final valuation date] [the final reference level for the last final valuation date less the first redemption strike level for the first final valuation date, all divided by the redemption initial level for the first final valuation date, expressed as a formula:

$$[\bullet][-/\times]\ \frac{\text{last final reference level} - \text{first redemption strike level}}{\text{first redemption initial level}}$$

The **redemption strike level** for a redemption underlying is [the redemption initial level of such redemption underlying] [the level specified for such redemption underlying below:

redemption underlying	redemption strike level
[●]	[●]

(complete for each relevant redemption underlying)] *(specify for each redemption barrier event, if a redemption barrier event occurs and if not, and relevant performance-linked redemption amount (or component thereof) where different redemption strike levels apply).*

The **final reference level** means, in respect of a final valuation date or, as the case may be, final valuation dates and the or each redemption underlying:

[[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] "closing level on final valuation date", being the underlying closing level for such redemption underlying on such final valuation date [converted at the fx on the final valuation date]]

		[[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"arithmetic average closing level on final valuation dates", being the arithmetic average underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"lowest closing level on final valuation dates", being the lowest underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"lowest intra-day level on final valuation dates", being the lowest underlying level (continuously observed) for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"highest closing level on final valuation dates", being the highest underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"highest intra-day level on final valuation dates", being the highest underlying level (continuously observed) for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]]. The **redemption initial level** means, in respect of a final valuation date or, as the case may be, final valuation dates and the or each redemption underlying: [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"closing level on redemption strike date", being the underlying closing level for such redemption underlying for the redemption strike date [converted at the fx on the redemption strike date]]

		[[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"arithmetic average closing level on redemption strike dates", being the arithmetic average underlying closing level for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*], "closing level on redemption re-strike date", being the final reference level for such redemption underlying for the immediately preceding final valuation date(s) or, if none, the underlying closing level for such redemption underlying for the redemption strike date [converted at the fx on the redemption strike date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] [and, for the purpose of calculating the performance-linked redemption amount determined in accordance with the "market timer option provisions", the **market timer redemption initial level** is]"lowest closing level on market timer redemption strike dates", being the lowest underlying closing level for such redemption underlying for the relevant market timer redemption strike dates [converted at the fx on each such market timer redemption strike date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] [and, for the purpose of calculating the performance-linked redemption amount determined in accordance with the "market timer option provisions", the **market timer redemption initial level** is]"lowest intra-day level on market timer redemption strike dates", being the lowest underlying level (continuously observed) for such redemption underlying for the relevant market timer redemption strike dates [converted at the fx on each such market timer redemption strike date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*]"highest closing level on redemption strike dates", being the highest underlying closing level for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] [[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option

provisions below *(specify as relevant where more than one final performance formula applies)*]"highest intra-day level on redemption strike dates", being the highest underlying level (continuously observed) for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]]

[[for the purpose of determining [if a redemption barrier event has occurred] [and] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] [market timer] [put call sum] option provisions below *(specify as relevant where more than one final performance formula applies)*] the level specified for the or each redemption underlying below:

redemption underlying	redemption initial level
[●]	[●]

(complete for each relevant redemption underlying)]. *(specify for each redemption underlying where different redemption initial levels apply)*

[**fx** for a redemption underlying is either (a) 1, where such redemption underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such redemption underlying below:

redemption underlying	fx
[●]	[●] [a reciprocal fx rate meaning 1 divided by] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date]] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)]]

[Definitions relating to the determination of the barrier event

A **redemption barrier event** will occur if, in the determination of the calculation agent,

[on the related redemption barrier observation date, the [sum of the] underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event european closing observation").]

[the final performance of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event european performance observation").]

		[on each related redemption barrier observation date, the [sum of the] underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american observation – closing level").] [on each related redemption barrier observation date, the [sum of the] underlying level (continuously observed) of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american observation – intra-day level").] [on any related redemption barrier observation date, the [sum of the] underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american one touch observation – closing level").] [on any related redemption barrier observation date, the [sum of the] underlying level (continuously observed) of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american one touch observation – intra-day level").] [on each related redemption barrier observation date, the [sum of the] underlying closing level of [the redemption underlying(s)] [all redemption underlying(s)] [any redemption underlying(s)] [the final performance underlying[s]] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the relevant final barrier level ("redemption barrier event american performance observation") and, as the final performance shall be calculated in respect of each redemption barrier observation date for the purpose of determining if a redemption barrier event has occurred only, then: (i) reference in the definition of final performance to "final reference level" shall be construed to be to the "underlying closing level for the relevant redemption underlying on the relevant redemption barrier observation date [converted at the fx on such redemption barrier observation date]"; and (ii) reference to "final performance" shall be construed to be to final performance in respect of the relevant redemption barrier observation date"[and (iii) the final performance underlying(s) shall be determined in respect of the relevant redemption barrier observation date].]

[The **final barrier level** is [[●]%] [greater than (or equal to) [●]% and less than (or equal to) [●]%] [of [the redemption initial level of the relevant redemption barrier underlying] [of the sum of the redemption initial level of each of the relevant redemption barrier underlyings] [●]].]

Definitions relating to the determination of the [performance-linked] redemption amount due][, [or] entitlement deliverable in relation to physical delivery notes]

[The **entitlement** means, in respect of each calculation amount, an amount of the final performance underlying(s) determined by the calculation agent by reference to the calculation amount [converted into the currency of the calculation amount if necessary] divided by the redemption initial level of such underlying, expressed as a formula:

$$\frac{\text{calculation amount } [\times \text{fx}]}{\text{redemption initial level of final performance underlying(s)}}]$$

[**fx** for the final performance underlying is either (a) 1, where such final performance underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such underlying below:

final performance underlying	fx
[●]	[●] [a reciprocal fx rate meaning 1 divided by] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)]]

[The **performance-linked redemption amount determined in accordance with the "put option provisions"** means that the redemption amount will be a "put option" amount

[determined by the calculation agent to be the product of the calculation amount (CA) and the sum of [●]% (being the "relevant percentage") and the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)] [multiplied by the fx perf] [all adjusted by the adjustment amount] [(which [may] [will] be less than [the calculation amount] [●]), expressed as a formula:

$$\text{CA} \times ([●]\% + \text{final performance of FPU})[\times \text{FPR}][\times \text{fx perf}][\pm \text{adj}]$$

[The **final participation rate** or **FPR** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].] [The **adjustment amount** or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred (*specify for each barrier event where different*).]

[Such redemption amount is subject to a [maximum amount (cap) of [●] [if a redemption [upper] barrier event has [not] occurred]] [minimum amount (floor) of [●] [if a redemption [upper] barrier event has [not] occurred]] [maximum amount of [●] and minimum amount of [●] (collar)] [if a redemption [upper] barrier event has [not] occurred] *(specify for each barrier event where different)*]

[The **performance-linked redemption amount determined in accordance with the**

"call option provisions" means that the redemption amount will be a "call option" amount

[determined by the calculation agent to be the sum of (a) the calculation amount (CA) and (b) the product of the calculation amount (CA) and the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)] [multiplied by the fx perf] [all adjusted by the adjustment amount], expressed as a formula:

$$\mathrm{CA} + (\mathrm{CA} \times \text{final performance of FPU}[\times \mathrm{FPR}][\times \text{fx perf}])[+\mathrm{adj}]$$

[The **final participation rate** or **FPR** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*.] [The **adjustment amount** or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred (*specify for each barrier event where different*).]

[Such redemption amount is subject to a [maximum amount (cap) of [●] [if a redemption [upper] barrier event has [not] occurred]] [minimum amount (floor) of [●] [if a redemption [upper] barrier event has [not] occurred]] [maximum amount of [●] and minimum amount of [●] (collar)] [if a redemption [upper] barrier event has [not] occurred] *(specify for each barrier event where different)*]]

[The **performance-linked redemption amount determined in accordance with the "call spread – put spread option provisions"** means that the redemption amount will be a "call spread put spread option" amount

[determined by the calculation agent to be (a) the calculation amount (CA) multiplied by (b) the call spread amount [multiplied by the call final participation rate (FPR call)] less the put spread amount [multiplied by the put final participation rate (FPR put)] [multiplied by (c) the global participation rate (GPR)] [multiplied by([c/d]) fx perf] [all adjusted by the adjustment amount], expressed as a formula:

CA × [[Max([●]%, Min([●]%, Final Perf)) [×FPR put]] – [Min([●]%, Max([●]%,100% + FinalPerf))[xGPR] [× FPR call]]][+adj]

[The **call final participation rate** or **FPR call** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].] [The **put final participation rate** or **FPR put** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].] [The **global participation rate** or **GPR** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].] [The **adjustment amount** or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*.]

The **FinalPerf** means the final performance of the final performance underlying.

Therefore such redemption amount is subject to a maximum amount of [●] and minimum amount of [●] (a collar)].]

[The **performance-linked redemption amount determined in accordance with the "twin win option provisions"** means that the redemption amount will be a "twin win" amount

[determined by the calculation agent to be the product of (a) the calculation amount (CA) and (b) [●]% (being the "relevant percentage") and the absolute value (Abs) (meaning the positive percentage value of the percentage without regard to its sign) of the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)] [all multiplied by the fx perf] [all adjusted by the adjustment amount], expressed as a formula:

$$CA \times ([\bullet]\% + \mathrm{Abs}[\text{final performance of FPU } [\times \text{ FPR}]]) \; [\times \text{fx perf}][+\text{adj}]$$

Such redemption amount is therefore subject to a minimum amount (floor) of [●].

[The **final participation rate** or **FPR** is [●]% [if a redemption [upper] barrier event has [not] occurred] *(specify for each barrier event where different)*.] [The **adjustment amount** or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*.]

The **performance-linked redemption amount determined in accordance with the "market timer option provisions"** means that the redemption amount will be an amount

[determined by the calculation agent to be the product of (a) the calculation amount (CA) and (b) 100% plus (i) the product of the final participation rate (FPR) and (ii) the final performance of the final performance underlying(s) (FPU) and (ii) the market timer % [, all multiplied by the fx perf] [[and] all adjusted by the adjustment amount], expressed as a formula:

$$CA \text{ x } (100\% + \text{FPR} \times \text{final performance of FPU } + \text{market timer } \%) \; [\times \text{ fx perf}][+\text{adj}]$$

[The **adjustment amount** or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*.]

The **market timer** % is, in the determination of the calculation agent, an amount expressed as a percentage equal to such redemption underlying's redemption initial level less its market timer redemption initial level, all divided by its redemption initial level, expressed as a formula:

$$\frac{\text{redemption initial level} - \text{market timer redemption initial level}}{\text{redemption initial level}}$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)]. *(specify for each barrier event where different)*]

[The **final participation rate** or **FPR** is [●]% [if a redemption barrier event has [not] occurred *(specify for each barrier event where different)*].]

[The **performance-linked redemption amount determined in accordance with the "put call sum option provisions"** means that the redemption amount will be a "put call sum option" amount

[determined by the calculation agent to be the product of the calculation amount (CA) and the sum of (a) [●]% (being the "relevant percentage") and the capped final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)] and (b) the floored final performance of the final performance underlying(s) (FPU) [, all multiplied by the fx perf] [all adjusted by the adjustment amount], expressed as a formula:

$$CA \times ((([\bullet]\% + \mathrm{Min}[[\bullet]\%, \text{final performance of FPU}])[\times \text{ FPR}]) + \mathrm{Max}([\bullet\%], \text{final performance of FPU}))[\times \text{ fx perf}][+\text{adj}]$$

[The **final participation rate** or **FPR** is [●]% [if a redemption [upper] barrier event has [not] occurred *(specify for each barrier event where different)*].] [The **adjustment amount**

		or **adj** is [●] [if a redemption [upper] barrier event has [not] occurred.] [Such redemption amount is subject to a [maximum amount (cap) of [●] [if a redemption [upper] barrier event has [not] occurred]] [minimum amount (floor) of [●][if a redemption [upper] barrier event has [not] occurred]] [maximum amount of [●] and minimum amount of [●] (collar)] [if a redemption [upper] barrier event has [not] occurred] *(specify for each barrier event where different)*. [**fx performance** or **fx perf** means [the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●]] [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] [(subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below)] (fx final) divided by [the currency exchange rate specified as the underlying(s) being the fx perf in Element C.20 below on [●]] [[a reciprocal fx rate meaning 1 divided by] the currency exchange rate for [●] into [●] published on [●] at [●] time on [●] [divided by the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date (as such fx is a cross-rate)] [(subject to adjustment – see "*Disrupted Days, Market Disruption Events and Adjustments*" below)] (fx initial).] The **calculation amount** or **CA** is [●].] [***Optional redemption***: [The Notes may be redeemed prior to their stated maturity at the option of [the Issuer (either in whole or in part)] [and/or] [the Noteholders]. [The Issuer may elect to redeem all, or some only, of the Notes.] [The optional redemption amount payable in such circumstances is [●] and the optional redemption date(s) [is] [are] [●].] [A Noteholder may elect to redeem any of the Notes held by it.] [The optional redemption amount payable in such circumstances is [●] and the optional redemption date(s) [is] [are] [●].]] ***Disrupted Days, Market Disruption Events and Adjustments*** The terms and conditions of the Notes contain provisions, as applicable, relating to events affecting the relevant underlying(s), modification or cessation of the relevant underlying(s), settlement disruption and market disruption provisions and provisions relating to subsequent corrections of the level of an underlying and details of the consequences of such events. Such provisions may permit the Issuer either to require the calculation agent to determine what adjustments should be made following the occurrence of the relevant event (which may include deferment of any required valuation or the substitution of another underlying and/or, in the case of an increased cost of hedging, adjustments to pass onto Noteholders such increased cost of hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs) and/or, in the case of realisation disruption, payment in the relevant local currency rather than in the relevant specified currency, deduction of or payment by Noteholder(s) of amounts in respect of any applicable taxes, delay of payments or deliveries, determination of relevant exchange rates taking into consideration all available relevant information and/or (where legally permissible) procuring the physical delivery of any underlying(s) in lieu of cash settlement (or *vice versa*) and/or, in the case of

<table>
<tr><td></td><td></td><td colspan="6">mutual fund interests, adjustments to 'monetise' the mutual fund interest affected by the relevant adjustment event and adjust amounts payable under the Notes to account for such monetisation) or to cancel the Notes and to pay an amount equal to the early redemption amount as specified in Element C.16 above.</td></tr>
<tr><td>C.19</td><td>Exercise price/final reference price</td><td colspan="6">See Element C.18 above</td></tr>
<tr><td>C.20</td><td>Underlying</td><td colspan="6">Each underlying specified under the heading "description of underlying" in the Table below which is an underlying for, as specified in such Table for such underlying, [the interest provisions [and/or]] [the mandatory early redemption (MER) provisions [and/or]] [the redemption provisions] set out in Element C.18 above, and is of the classification specified for such underlying in the Table below. Information relating to the underlyings can be obtained from the electronic page specified for such underlying in the Table below and from [other internationally recognised published or electronically displayed sources/section H "Proprietary Index Disclosure" of the Base Prospectus relating to the Programme].</td></tr>
<tr><td colspan="2">Description of underlying</td><td colspan="2">classification</td><td>[underlying for the purpose of the interest provisions</td><td>[underlying for the purpose of the redemption provisions</td><td>[underlying for the purpose of the MER provisions</td><td>Electronic page</td></tr>
<tr><td colspan="2">[●][(which shall be the fx perf)]</td><td colspan="2">[security index] [inflation index] [commodity index] [commodity] [share] [depositary receipt] [exchange traded fund share] [mutual fund] [fx rate] [warrant] [proprietary index] [dividend futures contract] [rate]</td><td>[Yes] [No] [and such interest underlying shall be an outperformance underlying [A] [B]]]</td><td>[Yes] [No] [and such redemption underlying shall be an outperformance underlying [A] [B]]]</td><td>[Yes] [No] [and such MER underlying shall be an outperformance underlying [A] [B]]]</td><td>[●]</td></tr>
<tr><td>C.21</td><td>Indication of the market where the Notes will be</td><td colspan="6">[Application has been made to the [Irish Stock Exchange for the Notes to be admitted to trading on the Irish Stock Exchange]/[●]/[Not Applicable. The Notes are not admitted to trading on any exchange.].</td></tr>
</table>

	traded	

SECTION D – RISKS

Element	**Title**	
D.2	Key risks regarding the Issuers	[Citigroup Inc.][CGMFL] believes that the factors summarised below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and [Citigroup Inc.][CGMFL] is not in a position to express a view on the likelihood of any such contingency occurring. There are certain factors that may affect [CGMFL's/Citigroup Inc.'s] ability to fulfil its obligations under any Notes issued by it [and CGML's ability to fulfil its obligations as guarantor in respect of Notes issued by CGMFL], including that such ability is dependent on the earnings of Citigroup Inc.'s subsidiaries, that Citigroup Inc. may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than fulfil its obligations under the Notes, that Citigroup Inc.'s business may be affected by economic conditions, credit, market and market liquidity risk, by competition, country risk, operational risk, fiscal and monetary policies adopted by relevant regulatory authorities, reputational and legal risks and certain regulatory considerations. [There are certain additional factors that may affect CGMFL's ability to fulfil its obligations under the Notes issued by it, including that such ability is dependent on the group entities to which it on-lends the funds raised through the issue of the Notes performing their obligations in respect of such funding in a timely manner. In addition, such ability and CGML's ability to fulfil its obligations as guarantor in respect of Notes issued by CGMFL is dependent on economic conditions, credit, market and market liquidity risk, by competition, country risk, operational risk, fiscal and monetary policies adopted by relevant regulatory authorities, reputational and legal risks and certain regulatory considerations.]
D.3	Key risks regarding the Notes	Investors should note that the Notes (including Notes that are expressed to redeem at par or above) are subject to the credit risk of [CGMFL and CGML][Citigroup Inc.]. Furthermore, the Notes may be sold, redeemed or repaid early, and if so, the price for which a Note may be sold, redeemed or repaid early may be less than the investor's initial investment. There are other certain factors which are material for the purpose of assessing the risks associated with investing in any issue of Notes, which include, without limitation, (i) risk of disruption to valuations, (ii) adjustment to the conditions, substitution of the relevant underlying(s) and/or early redemption following an adjustment event or an illegality, (iii) postponement of interest payments and/or minimum and/or maximum limits imposed on interest rates, (iv) cancellation or scaling back of public offers or the issue date being deferred, (v) hedging activities of the Issuer and/or any of its affiliates, (vi) conflicts of interest between the Issuer and/or any of its affiliates and holders of Notes, (vii) modification of the terms and conditions of Notes by majority votes binding all holders, (viii) discretions of the Issuer and Calculation Agent being exercised in a manner that affects the value of the Notes or results in early redemption, (ix)

Element	Title	
		change in law, (x) illiquidity of denominations consisting of integral multiples, (xi) payments being subject to withholding or other taxes, (xii) fees and commissions not being taken into account when determining secondary market prices of Notes, (xiii) there being no secondary market, (xiv) exchange rate risk, (xv) market value of Notes being affected by various factors independent of the creditworthiness of [CGMFL and CGML][Citigroup Inc.] such as market conditions, interest and exchange rates and macro-economic and political conditions and (xvi) credit ratings not reflecting all risks. See also Element D.6 below
D.6	Key risks regarding the Notes and risk warning	**INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. [CITIGROUP INC.][CGMFL] DOES NOT REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THE BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING [CITIGROUP INC.][CGMFL].** An investment in Notes may entail significant risks and risks that are not associated with an investment in a debt instrument with a fixed principal amount and which bears interest at either a fixed rate or at a floating rate determined by reference to published interest rate references. The risks include, without limitation, the possibility of significant changes in the prices of the relevant underlying(s). Such risks generally depend on factors over which [CGMFL and CGML][Citigroup Inc.] do[es] not have control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant underlying(s). In recent years, currency exchange rates and prices for various underlying(s) have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of the Notes. The risk of loss as a result of the linkage to the relevant underlying(s) can be substantial.

SECTION E – OFFER

Element	Title	
E.2b	Use of proceeds	[The net proceeds of the issue of the Notes by CGMFL will be used primarily to grant loans or other forms of funding to CGML and any entity belonging to the same group, and may be used to finance CGMFL itself.] [The net proceeds of the issue of the Notes by Citigroup Inc. will be used for general corporate purposes, which may include capital contributions to its subsidiaries and/or the reduction or refinancings of borrowings of Citigroup Inc. or its subsidiaries. Citigroup Inc. expects to incur additional indebtedness in the future.] [*In particular, the proceeds will be used to/for [●]*]
E.3	Terms and conditions of	[Not Applicable. The Notes are not the subject of a Non-exempt Offer][The Notes are the subject of a Non-exempt Offer, the terms and conditions of which

Element	Title	
	the offer	are further detailed as set out below and in the applicable Final Terms. A Non-exempt Offer of the Notes may be made in [●] (the [●] **Offer**) during the period from (and including) [●] to (and including) [●]. [Such period may be [lengthened] [or] [shortened] at the option of the Issuer.] [The Issuer reserves the right to cancel the [●] Offer]. The offer price is [●] per calculation amount. [In addition to any expenses detailed in Element E.7 below, an Authorised Offeror may charge investors under the [●] Offer a [●] [fee] [commission] of [up to] [●] per cent. of the principal amount of the Notes to be purchased by the relevant investor]. The minimum subscription amount is [[●]] [the offer price]. [The Issuer may decline in whole or in part an application for Notes under the [●] Offer.] *(If required, summarise any additional terms and conditions of each relevant Non-Exempt Offer as set out in the section entitled "Terms and Conditions of the Offer" in the applicable Final Terms))*]
E.4	Interests of natural and legal persons involved in the issue/offer	[The Dealer and/or any distributors will be paid [●] as fees in relation to the issue of Notes.][So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer(s)][*A description of any interest that is material to the issue/offer including conflicting interests.*]
E.7	Estimated expenses charged to the investor by the Issuer or an Authorised Offeror	No expenses are being charged to an investor by the Issuer. [[There is no Non-exempt Offer of Notes and therefore no Authorised Offeror] [No expenses are being charged to an investor by an Authorised Offer] [except as follows: *(insert details)*]].

ANNEX A

CGMFL 2013 ANNUAL REPORT

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Registered Number: RCS B 169 199

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2013

(with the Report of the Réviseur d'Entreprises agréé thereon)

31, Z.A. Bourmicht, L-8070 Bertrange
Luxembourg
RCS Luxembourg B 169 199

Management Report for the year ended 31 December 2013

The Management presents its Report and the Financial Statements for the year ended 31 December 2013.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

Citigroup Global Markets Funding Luxembourg S.C.A. ("the Company") was incorporated in the Grand Duchy of Luxembourg on 24 May 2012 as a corporate partnership limited by shares ("société en commandite par actions") for an unlimited period.

The state of affairs of the Company at the closing of the financial year is adequately presented in the Financial Statements, as published herein. The course of business of the Company has been as expected by the Board of Managers. During 2013, the Company commenced its activity as an issuer of structured notes and thereby raising funding for group companies.

2. BUSINESS REVIEW

During the year:

- The Company reports a loss of EUR 43,094 (2012: loss of EUR 6,626);
- 21 new structured notes were issued and 1 series redeemed;
- The Company's issuance programmes were updated, adding the ability to clear notes domestically in Sweden through Euroclear Sweden; and
- There were no credit events that affected the Company.

The first note issued by the Company was in February 2013, when various Citigroup policies and controls were approved. The notes issued were primarily for sale to private banking clients of Citigroup Global Markets Limited ("CGML"), the Company's parent, and affiliates.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The Company has exposure to the following risks from its use of financial instruments. It does not have any externally imposed capital requirements, other than the minimum capital requirements of the Commercial Law in Luxembourg. We also refer to Note 16 of the Financial Statements as at 31 December 2013.

(i) Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit process is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- single centre of control for each credit relationship that coordinates credit activities with that client;

- a minimum two authorised credit officer signature requirement on extensions of credit; one from a sponsoring credit officer in the business and one from a credit officer in independent credit risk management;
- risk rating standards, applicable to every obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

The Company's exposure to credit risk mainly relates to the counterparty risk of its parent, CGML, and other Citigroup entities, in respect of cash and cash equivalents and structured notes purchased as offsetting positions for the structured notes issued by the Company. The structured notes issued and the offsetting positions taken by the Company in relation to the notes are both fully-funded, which means that the Company is not subject to external credit risk outside Citigroup. The structured notes issued by the Company are subject to the credit risk of CGML, as the structured notes issued by the Company are unsecured and stated to be subject to the credit risk of CGML.

(ii) Liquidity Risk

The Company defines liquidity risk as the risk that the Company will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the Company.

The Company effectively does not face significant liquidity risk as all cash flows relating to interest and principal payments on the structured notes issued by the Company are exactly matched by offsetting transactions with CGML, which results in net liquidity exposure of EUR Nil for the Company. As issuer of the structured notes, the Company itself does not make any representation as to investors' ability to sell these notes back to the Company at any time. As such, investors take the risk of the structured notes being illiquid – this is further described in the "Risk Factors" section of the base prospectus under which the Company issues such structured notes.

Management of liquidity risk at CGML is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup and its major operating subsidiaries. Under this policy, there is a single set of standards for the measurement of liquidity risk to seek consistency across businesses, stability in methodologies and transparency of risk.

(iii) Market Risk

Market risk is the risk to earnings or capital from adverse changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors.

The Company does not undertake any intermediation activities for third parties and in particular does not act as broker for either trading securities or entering into derivatives transactions or securities lending operations for third parties such as other financial institutions or investment funds. All activities of the Company are for its own account.

The Company hedges internally within CGML to reduce market risk associated with its transactions. By construction, the market risk of notes issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent. The Company's obligation to pay the redemption amount is hedged through an instrument with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes (see Note 9 of the Financial Statements). Consequently, the Company effectively does not bear any market risk on the notes it issues. Any market risk is faced by CGML, which in turn manages its market risk in accordance with the principals set out in Note 15 of the Financial Statements as at 31 December 2013.

(iv) Country Risk

Country risk is defined by the Company as the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citigroup's franchise or will adversely affect the ability of obligors within that country to honor their obligations to Citigroup. Country risk events may include sovereign defaults, banking defaults or crises, currency crises and/or political events.

The Company effectively does not face significant exposure to country risk. Given the nature of the structured notes issued by the Company, which passes risk in the underlying reference assets to investors, and the Company's corresponding hedge with CGML, the Company has limited exposure to country risk itself (other than country risk associated with the United Kingdom as the domicile of CGML, and any country risk arising in Luxembourg itself).

(v) Operational Risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes, human factors or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in the Company's business activities and, as with other risk types, is managed through an overall Citigroup framework with checks and balances that includes:

- recognised ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Audit and Risk Review.

To monitor, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for assessing and communicating operational risks and the overall effectiveness of the internal control environment across group entities of Citigroup. As part of this framework, Citigroup has established a "Manager's Control Assessment" programme to help manager's self-assess key operational risk and controls and identify and address weaknesses in the design and/or effectiveness of internal controls that mitigate significant operational risks. Manager Control Assessments are in place for all the major business lines and control areas impacting CGML.

In relation to the above-mentioned risks we also refer to Note 15 of the Financial Statements as at 31 December 2013.

4. RESULTS AND DIVIDENDS FOR THE YEAR ENDED 31 December 2013

The results for the year are set out in the Statement of Comprehensive Income of the Financial Statements. No dividends are recommended by the Managers for the year under review.

5. MANAGERS AND THEIR INTERESTS

The Managers who held office on 31 December 2013 did not hold any shares in the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the Company in which the Managers had any interest, at any time during the year.

6. CORPORATE GOVERNANCE STATEMENT

The Company is subject to and complies with the Commercial Law and the Listing Rules of the Irish Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to its own corporate governance requirements; in particular, the Company's parent, CGML, has in place a dedicated management team and governance structure. CGML provides operational and technology services, in line with the global technology model used by its businesses, and relies on shared services provided centrally or by local Citigroup entities.

Financial Reporting Process
The Board of Managers (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for managing the business affairs of the Company with the Articles of Association. The Board of Managers may delegate certain functions to other parties subject to the supervision and direction by the Board of Managers.

The Board of Managers has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process.

The Board of Managers evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board of Managers also examines and evaluates the external auditor's performance, qualifications and independence.

Risk Assessment
The Board of Managers is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board of Managers has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's Financial Statements.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. The Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The Company's activities are in the scope of CGML's internal audit function.

Capital Structure and Share Capital

The subscribed share capital of the Company is two million Euro (EUR 2,000,000) divided into one (1) share with a nominal value of one Euro (EUR 1.-) (action de commandité, the "Unlimited Share") held by Citigroup Global Markets Funding Luxembourg GP S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg (the "Unlimited Shareholder") and one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) shares with a nominal value of one Euro (EUR 1.-) each (actions de commanditaire, the "Limited Shares") held (i) by the Unlimited Shareholder for one (1) Limited Share and (ii) by Citigroup Global Markets Limited ("CGML"), a private limited company, incorporated under the laws of the United Kingdom, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares.

On 24 May 2012, the date of the Company's incorporation, one-quarter (EUR 500,000) of the subscribed share capital was paid up.

All shares confer identical rights in respect of capital, dividends, voting and otherwise.

The Company is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l.. The Board of Managers provides independent management of the Company. The Company is a wholly owned indirect subsidiary of Citigroup Inc.. No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc..

Refer to Note 11 of the Financial Statements as at 31 December 2013.

Powers of Managers

The Board of Managers is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Managers may delegate certain functions to other parties, subject to the supervision and direction by the Managers.

7. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company has entered into arrangements to issue 13 structured notes with a nominal amount of USD 41.5 million and one structured note with a nominal amount of EUR 1.0 million. Five structured notes with a nominal amount of USD 13.2 million have been redeemed subsequent to the year-end.

8. EXPECTED FUTURE DEVELOPMENT

The performance of the Company for 2014 will depend on the size and number of new security issuances that take place during the year; the Company has also been added to Citigroup's warrant issuance programme, which means the Company expects to issue warrants and certificates in the 2nd half of 2014. Similarly, the ability of the Company to issue securities to investors in jurisdictions outside the EU will be sought to allow greater potential for issuance of the Company's securities.

9. AUDIT COMMITTEE

The Company has not established an audit committee. The role of the audit committee is undertaken by the full Board of Managers, which is deemed appropriate given the defined business activities of the Company.

Luxembourg, 24 June 2014

Pervaiz Panjwani
Manager

Laurent Dimanche
Manager

Statement of Board of Managers' responsibilities

The Board of Managers (the "Board") of Citigroup Global Markets Funding Luxembourg S.C.A. (the "Company") is required, in accordance with the applicable reporting principles, to submit Financial Statements each period which give a true and fair view of the state of affairs of the Company.

In preparing the Financial Statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgments and estimates;
- state whether applicable GAAP has been followed; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Board confirms that it has complied with the above requirements in preparing the Financial Statements attached herewith. The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the Financial Statements comply with the applicable Luxembourg laws.

The Board confirms that to the best of its knowledge, the Financial Statements which have been prepared in accordance with the applicable GAAP give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

The Board further confirms, that to the best of its knowledge, the Management Report includes a fair review of the business and important events that have occurred during the financial year and their impact on the Financial Statements, as well as a description of the principal risks and uncertainties of the business.

The Board has a general responsibility for taking such reasonably available steps to safeguard the assets of the Company.

Luxembourg, 24 June 2014

Pervaiz Panjwani	Laurent Dimanche
Manager	Manager

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To the Shareholders of
Citigroup Global Markets Funding Luxembourg S.C.A.
31, Z.A. Bourmicht,
L-8070 Bertrange

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the financial statements

We have audited the accompanying financial statements of Citigroup Global Markets Funding Luxembourg S.C.A., which comprise the statement of financial position as at 31 December 2013, the statements of comprehensive income and of changes in equity, and the cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Citigroup Global Markets Funding Luxembourg S.C.A. as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Managers, is consistent with the financial statements and includes the information required by the law with respect to the corporate governance statement.

Luxembourg, 24 June 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

M. Eichmüller de Souza

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Interest and similar income	4	242,555	-
Interest expense and similar charges	4	(244,462)	-
Net interest income		(1,907)	-
Net fee and commission income	5	1,530	
Net income from financial instruments at fair value through profit or loss	6	-	-
Total operating income		(377)	-
General and administrative expenses	7	(42,717)	(6,626)
Loss before income tax		(43,094)	(6,626)
Income tax expense	8	-	-
Loss for the year/period		(43,094)	(6,626)
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period		(43,094)	(6,626)

The total comprehensive income and expense for the year/period is attributable to the Shareholders of the Company.

The accompanying notes on pages 5 to 31 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	31 December 2013 €	31 December 2012 €	Opening balances as of 24 May 2012 (date of incorporation) €
Assets				
Cash and cash equivalents		2,859,092	591,797	500,000
Structured notes purchased	**9,10**	49,705,192	-	-
Current income tax assets		3,574	1,575	-
Other assets		1,530	-	-
Total assets		52,569,388	593,372	500,000
			-	
Liabilities				
Bank loans and overdrafts		2,378,916	99,998	-
Structured notes issued	**9,10**	49,705,192	-	-
Other liabilities		35,000	-	-
Total liabilities		52,119,108	99,998	-
Equity				
Share capital	**2 (a), 11**	500,000	500,000	500,000
Retained earnings		(49,720)	(6,626)	-
Total equity		450,280	493,374	500,000
Total liabilities and equity		52,569,388	593,372	500,000

The accompanying notes on pages 5 to 31 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Note	Share Capital €	Retained Earnings €	Total €
Balance as at 24 May 2012 (date of incorporation)	**11**	500,000	-	500,000
Total comprehensive income for the period		-	(6,626)	(6,626)
Balance as at 31 December 2012/ 1 January 2013		500,000	(6,626)	493,374
Total comprehensive income for the year		-	(43,094)	(43,094)
Balance as at 31 December 2013		500,000	(49,720)	450,280

The accompanying notes on pages 5 to 31 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

CASH FLOW STATEMENT
for the year ended 31 December 2013

	Note	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Cash flow from/(used in) operating activities			
Loss before tax		(43,094)	(6,626)
Adjustments to reconcile profit before tax to net cash flow from/(used in) operating activities			
Net interest income	**4**	1,907	-
Net (increase)/decrease in operating assets:			
Change in current income tax assets		(1,999)	(1,575)
Change in other assets		(1,530)	-
Net increase/(decrease) in operating liabilities:			
Change in bank loans and overdrafts		2,278,918	99,998
Change in accruals and other liabilities		35,000	-
Interest received		242,555	-
Interest paid		(242,555)	-
Net cash flow from operating activities		2,269,202	91,797
Cash flow from/(used in) investing activities			
Payments from structured notes purchased	**9,10**	(52,692,000)	-
Proceeds from redemption of structured notes purchased		1,163,769	-
Net cash flow (used in)/from investing activities		(51,528,231)	-
Cash flow from/(used in) financing activities			
Proceeds from issuance of structured notes	**9,10**	52,650,026	-
Payments from redemption of structured notes		(1,163,769)	-
Net cash flow from financing activities		51,486,257	-
Effects of exchange rate changes on cash and cash equivalents		40,067	-
Net increase in cash and cash equivalents		2,267,295	91,797
Cash and cash equivalents, beginning of the year / period		591,797	500,000
Cash and cash equivalents, end of the year / period		2,859,092	591,797

The accompanying notes on pages 5 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General

Citigroup Global Markets Funding Luxembourg S.C.A. ("the Company") was incorporated in the Grand Duchy of Luxembourg on 24 May 2012 as a corporate partnership limited by shares ("société en commandite par actions") for an unlimited period.

The registered office of the Company is established at 31 Z.A. Bourmicht, L-8070 Bertrange, the Grand Duchy of Luxembourg. Its registration number is RCS B 169 199.

The Company is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. ("the Manager"). The Board of Managers provides independent management of the Company to enable the Company to realise its objects. The Company is a wholly owned indirect subsidiary of Citigroup Inc. No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc. The Company's registered office is situated at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg.

The primary object of the Company is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

The Company may finance itself in whatever form including, without limitation, through borrowing or through issuance of listed or unlisted notes and other debt or equity instruments, convertible or not (e.g. including but not limited to bonds, notes, loan participation notes, subordinated notes, promissory notes, certificates and warrants) including under stand-alone issues, medium term note and commercial paper programmes.

The Company may also:

- grant security for funds raised, including notes and other debt or equity instruments issued, and for the obligations of the Company; and
- enter into all necessary agreements, including, but not limited to underwriting agreements, marketing agreements, management agreements, advisory agreements, administration agreements and other contracts for services, selling agreements, deposit agreements, fiduciary agreements, hedging agreements, interest and/or currency exchange agreements and other financial derivative agreements, bank and cash administration agreements, liquidity facility agreements, credit insurance agreements and any agreements creating any kind of security interest.

In addition to the foregoing, the Company can perform all legal, commercial, technical and financial investments or operations and, in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

The Company's articles however prohibit it from entering into any transaction which would constitute a regulated activity of the financial sector or require a business licence under Luxembourg law without due authorisation under Luxembourg law.

The Company grants loans and other forms of funding to entities belonging to the same group and therefore competes in any market in which the group has a presence.

The Company is a wholly owned indirect subsidiary of Citigroup Inc.. Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. It services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, "the Group", or "Citigroup").

The Company is included in the consolidated financial statements of Citigroup Global Markets Limited ("CGML") forming the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom and the consolidated accounts are available at that address.

The Company is included in the consolidated financial statements of Citigroup Inc. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at 399 Park Avenue, New York, NY and the consolidated accounts are available at that address.

2. Principal accounting policies

(a) Basis of preparation

The financial statements as of 31 December 2012 have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of financial statements (Lux-GAAP). The Company applies International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) for the year ended 31 December 2013. Therefore, these are the Company's first financial statements prepared in accordance with IFRSs as adopted by the EU and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied to the extent it is relevant to understand of how the transition from Lux-GAAP to IFRSs affected the financial position, financial performance and cash flows of the Company.

The accounting policies set out in Note 2 below have been applied in preparing the financial statements for the year ended 31 December 2013, the comparative information presented in these financial statements for the period from 24 May 2012 (date of incorporation) to 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 24 May 2012 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Lux-GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out below.

In accordance with IFRS 1, the Company shall (amongst other):

- use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements;
- recognise all assets and liabilities whose recognition is required by IFRSs;
- reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRSs;
- apply IFRSs in measuring all recognised assets and liabilities.

Accounting estimates in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date in accordance with previous GAAP.

The accounting policies used by the Company for the recognition and measurement of all its financial assets and liabilities presented in its financial statements as of 31 December 2012 and in its opening IFRS statement of financial position, which are based on Lux-GAAP (in substance, cash and balances with central banks, bank loans and overdrafts, and share capital), are no different to those used by the Company now applying IFRSs as adopted by the EU. Further, there have been no significant accounting estimates that would influence the recognised amounts of cash and balances with central banks, bank loans and overdrafts, and share capital in its financial statements as of 31 December 2012 and in its opening IFRS statement of financial position. Consequently, there are no adjustments that the Company recognises directly in retained earnings (or any other category of equity) at the date of the Company's transition to IFRSs as adopted by the EU.

The Company has presented its first IFRS financial statements including three statements of financial position, two statements of comprehensive income, two cash flow statements and two statements of changes in equity and related notes, including comparative information, where applicable, for all statements presented. As there are no differences in the carrying amount of the items in these financial statements, which would result in differences in the Company's equity reported between Lux-GAAP and IFRS as at 31 December 2013, the Company has abstained from the presentation of reconciliations of its reported equity and total comprehensive income. Differences in the presentation of subscribed, but unpaid share capital between Lux-GAAP and IFRS have been further disclosed in Note 11.

The Company's financial year is the calendar year.

These financial statements are of the individual Company and are prepared on a going concern basis.

2. Principal accounting policies (continued)

(a) Basis of preparation (continued)

These financial statements have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies. This includes financial instruments at fair value through profit or loss that are measured at fair value in the statement of financial position.

The Company's business operations have been initiated in the reporting period with the issuance of 21 structured notes with a nominal amount of USD 69.8 million. One note with a nominal amount of USD 1.0 million has been redeemed in the reporting period. None of the instruments has been admitted to trading in a regulated market within the meaning of Article 4(1), point 14, of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

The financial statements were authorised for issue by the Board of Managers on 24 June 2014.

(b) Future accounting developments

There are a number of accounting standards and interpretations that have been issued by the International Accounting Standards Board (IASB), but that have not yet been adopted by the EU so are not effective for the Company's financial statements as at 31 December 2013. These include:

- The first phase of IFRS 9 'Financial Instruments' covering the requirements for the classification and measurement of financial assets and financial liabilities is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. IFRS 9 does not require the restatement of comparative-period financial statements for the initial application, but instead requires modified disclosures on the effect of transition. As the standard is subject to EU endorsement, the timing of which is uncertain, the Company is unable to provide a date by which it plans to apply the standard.

  The IFRS 9 'Financial Instruments' requirements represent a significant change from existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets; amortised cost or fair value. It also introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss.

- The 'Annual Improvements to IFRSs 2011-2013 Cycle' published in December 2013 provides a vehicle for making non-urgent but necessary amendments to IFRSs. It sets out amendments to IFRSs and the related Bases for Conclusions and guidance made during the IASB's Annual Improvements process. Standards addressed are IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 3 'Business Combinations', IFRS 13 'Fair Value Measurement' and IAS 40 'Investment Property', which are effective on or after 1 July 2014.

The Company is currently assessing the impact of IFRS 9 'Financial Instruments'. All other new or amended standards effective from 1 January 2014 were assessed as not applicable or not significant in relation to the Company's financial statements.

(c) Foreign currencies

These financial statements are presented in Euro ("EUR" or "€"), which is the presentational currency of the Company. All amounts have been rounded to the nearest Euro, except when otherwise indicated. Transactions in foreign currencies are measured in the functional currency of the primary economic environment in which the Company operates.

2. Principal accounting policies (continued)

(c) Foreign currencies (continued)

The functional currency of the Company is Euro. In its assessment of the functional currency, the Board of Managers has used judgement and considered the underlying transactions, events and conditions applicable to the Company as at 31 December 2013.

Whilst the note issuance activity of the Company in 2013 has been entirely in USD, the Board of Managers considers that note issuances may occur in various currencies in the future, including Euro, and that as the Company's equity, tax payments and a majority of its administrative expenses are Euro-denominated, it has determined Euro as the appropriate functional currency.

At the statement of financial position date monetary assets and liabilities are translated at the year-end rates of exchange and translation differences are included in the statement of comprehensive income. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are classified as "held for trading" or "designated at fair value" are translated at the year-end rate of exchange. Any exchange profits and losses on non-monetary items are taken directly to the statement of comprehensive income.

(d) Net interest income

Interest income and expense on financial assets and liabilities are recognised in the statement of comprehensive income using the effective interest rate method. The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

Fair value changes on financial assets and liabilities carried at fair value through profit or loss are presented in net income from financial instruments at fair value through profit or loss in the statement of comprehensive income (see Note 2 (f)). Related interest is treated as part of the fair value up to the structured notes interest payment date, upon which the interest is recorded and accounted for as interest income on the structured notes purchased or interest expense on the structured notes issued.

(e) Net fee and commission income

Net fee and commission income is recognised on a straight-line basis. Fee and commission income relates to intra-group financing (in the form of structured notes purchased) and administrative services for the benefit of CGML, and is calculated at a rate of 1.95 basis points on the nominal amount of the outstanding structured notes the Company purchases.

Fees received in connection with performed services are recognised as income in the period these services are provided.

(f) Net income from financial instruments at fair value through profit or loss

Net income from financial instruments at fair value through profit or loss relates to financial assets and financial liabilities at fair value through profit or loss, and includes all realised and unrealised fair value changes, together with related interest, dividends and foreign exchange differences.

2. Principal accounting policies (continued)

(g) Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

In the normal course of business, the fair value of a derivative on initial recognition is considered to be the transaction price (i.e. the fair value of the consideration given or received). However, in certain circumstances the fair value of an instrument will be evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, including interest rate yield curves, option volatilities and currency rates. When such evidence exists, the Company recognises a trading profit or loss on inception of the derivative. If observable market data are not available, the initial increase in fair value indicated by the valuation model, but based on unobservable inputs, is not recognised immediately in the statement of comprehensive income but is recognised over the life of the transaction on an appropriate basis, or recognised in the statement of comprehensive income when the inputs become observable, or when the transaction matures or is closed out.

The method of recognising the resulting fair value gains or losses depends on whether the derivative is held for trading, or is designated as a hedging instrument. All gains and losses from changes in the fair value of derivatives held for trading are recognised within Net trading income.

Derivatives may be embedded in another contractual arrangement (a “host contract”). The Company accounts for embedded derivatives separately from the host contract when the host contract is not itself carried at fair value through profit or loss, and the characteristics of the embedded derivative are not clearly and closely related to the host contract.

(h) Financial assets and liabilities

Financial instruments designated at fair value

The Company may designate financial instruments at fair value through profit or loss when:

i) this will eliminate or significantly reduce measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
ii) groups of financial assets, financial liabilities or combinations thereof are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to management on that basis.

The fair value designation, once made, is irrevocable. Designated financial instruments are initially recognised at fair value on trade date and subsequently re-measured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in net income from financial instruments at fair value through profit or loss.

Financial liabilities

Financial liabilities are initially measured at fair value net of transactions costs at trade date. Subsequently, they are measured at amortised cost using the effective interest rate method, except for derivative financial liabilities and any financial liabilities designated on initial recognition as at fair value through profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Principal accounting policies (continued)

(i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Where the classification of a financial instrument requires to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and valuation techniques.

The Company uses the following procedures to determine the fair value of financial assets and financial liabilities irrespective of whether they are "held for trading" or have been "designated at fair value" including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Structured notes purchased/ Structured notes issued

Structured notes purchased are offsetting transactions to the Company's notes issued (see below and Note 9) and take the form of fully-funded swaps, which are equivalent to the Company purchasing notes with the same economic exposure from CGML. By construction, the valuation of the structured notes issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent. The Company's obligation to pay the redemption amount is hedged through an instrument with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes.

CGML determines the fair value of its structured liabilities (where performance is linked to interest rates, inflation or currency risks) and hybrid financial instruments (where performance is linked to risks other than interest rates, inflation or currency risks) using derivative valuation methodology based on the nature of the embedded risk profile. The valuation techniques and inputs depend on the type and the nature of the underlying instrument. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, which may include option pricing models and discounted cash flow models which are used within CGML and Citigroup and which are subject to price verification procedures and related internal control procedures governed by Citigroup Pricing and Price Verification Policy and Standards. For the structured notes issued by the Company, typically all significant inputs and significant value drivers are observable in active markets, such as closing prices of shares and commodities, as well as published interest rates.

Derivatives

Derivatives, if entered into by the Company, will generally be executed over-the-counter and so would be valued using internal valuation techniques as no quoted market prices would exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company pays or receives (for example, option premiums paid and received).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign exchange rates, the spot price of the underlying volatility and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable.

2. Principal accounting policies (continued)

Other financial assets and liabilities

Carrying value has been used where it approximates fair value for other assets and other liabilities.

(j) Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the statement of financial position date ("a loss event") and that loss event (or events) has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For loans and advances and for assets held to maturity the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows considering collateral, discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and the amount of the loss is included in the statement of comprehensive income.

When a loan is un-collectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(k) Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from assets has expired or the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

(l) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised.

2. Principal accounting policies (continued)

(l) Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the statement of financial position date. Current and deferred taxes are recognised as income tax benefit or expense in the statement of comprehensive income, except for deferred taxes on unrealised gains or losses on available-for-sale investments, which are recorded as a separate component of other comprehensive income.

(m) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation. This includes where the Company has undrawn loan commitments and a provision is made for expected losses.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than three months, including: cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks and amounts due from other banks.

3. Use of assumptions estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are in relation to valuation of financial instruments.

The Company’s accounting policy for valuation of financial instruments is included in Note 2. The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data. Where this is not possible, management may be required to make estimates. Note 10 further discusses the valuation of financial instruments.

4. Net interest income

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Interest and similar income		
Interest income on structured notes purchased	242,555	-
	242,555	-
Interest expense and similar charges		
Interest expense on structured notes issued	(242,555)	-
Interest expense on bank loans and overdrafts	(1,907)	-
	(244,462)	-
Net interest income	(1,907)	-

5. Net fee and commission income

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Fee and commission income	1,530	-
Fee and commission expense	-	-
	-	-
Net fee and commission income	1,530	-

By providing intra-group financing (in the form of structured notes purchased) and administrative services for the benefit of CGML, the Company earns commission income on structured notes it purchases at a rate of 1.95 basis points, calculated on the nominal amount of the outstanding structured notes it issues.

6. Net income from financial instruments at fair value through profit or loss

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Net result on financial instruments at fair value	40,236	-
Net foreign exchange result	(40,236)	-
	-	-

In 2013, net income from financial instruments at fair value through profit or loss relates to financial assets and financial liabilities designated by the Company as at fair value through profit or loss, and includes all realised and unrealised fair value changes, together with related interest, dividends and foreign exchange differences.

7. General and administrative expenses

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Administrative expenses	42,717	6,626
	42,717	6,626

The Managers made no charge for their services. No emoluments were received or are receivable by any of the Managers in respect of their services to the Company during the period. The details regarding Managers who are also Managers of other group undertakings are disclosed in the financial statements of those companies**.**

Auditors' remuneration

Included within administrative expenses is auditors' remuneration as follows:

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Fees payable for the audit of the financial statements	42,038	6,626
	42,038	6,626

8. Income tax expense

(a) Analysis of tax charge in the year/period

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Loss before tax	(43,094)	(6,626)
Standard rate of corporation tax in Luxembourg of 30.72% / 31.05%	-	-
Tax charge for the year/period	-	-

The Luxembourg corporation tax rate applying to the Company was 30.72% for year ended 31 December 2013 (2012: 31.05%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Income tax expense (continued)

(b) Factors affecting tax charge for the year/period and reconciliation of effective tax rate

	For the year ended 31 December 2013 €	For the period from 24 May 2012 (date of incorporation) to 31 December 2012 €
Loss before tax	(43,094)	(6,626)
Standard rate of corporation tax in Luxembourg of 30.72% / 31.05%	-	-
Tax charge for the year/period	-	-

As at 31 December 2013, the Company had made tax advance payments to the tax authorities amounting to EUR 3.5 thousand (2012: EUR 1.6 thousand).

No deferred tax assets and liabilities have been recognized as at 31 December 2013 (2012: EUR Nil).

9. Financial assets and liabilities designated at fair value through profit or loss

The proceeds of structured notes issued by the Company form a source of senior unsecured funding, which the Company in turn passes on to the Group entity, CGML, as described below.

The notes issued are unsecured obligations of the Company. Holders of the notes are subject to the credit risk of the Company and more particularly that of CGML, the Company's parent and guarantor of the notes. The notes are linked to underlying reference assets, which may be equities, commodities, bonds or indices comprising these assets, among others. The redemption amount and/or coupons payable under the notes are typically subject to the performance of these underlying reference assets. Holders of notes have no right to the underlying assets themselves – they are only a reference and any linkage to them is synthetic. Occasionally notes may be redeemed early.

In order to offset its obligations to pay the redemption proceeds and/or any coupons or other interim amounts under the notes, the Company enters into derivative transactions with its parent, CGML. These offsetting transactions take the form of fully-funded swaps, which are equivalent to the Company purchasing notes with the same economic exposure from CGML. This means that proceeds received by the Company upon issuance of notes are paid to CGML under the offsetting swap on the note issue date. The Company will receive a compensating payment out of the offsetting swap from CGML during the term of the transaction for any payment to be incurred by the Company under the notes it has issued. At maturity (or at an earlier redemption date, if applicable), the Company will redeem the notes with the proceeds it receives under the offsetting swap on the note maturity or redemption date.

The structured notes issued and structured notes purchased are both accounted for as designated at fair value through profit or loss upon initial recognition in order to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring these assets and liabilities or recognising the gains and losses on them on different bases.

10. Financial assets and liabilities

The following tables summarise the carrying value and fair values of the financial assets and financial liabilities and the classification of each class of financial asset and liability:

As at 31 December 2013	Designated at fair value through profit or loss €	Amortised cost €	Total carrying amount €	Fair value €
Assets				
Cash and cash equivalents	-	2,859,092	2,859,092	2,859,092
Structured notes purchased	49,705,192	-	49,705,192	49,705,192
Total financial assets	49,705,192	2,859,092	52,564,284	52,564,284
Current income tax assets	-	-	3,574	3,574
Other assets	-	-	1,530	1,530
Total assets	49,705,192	2,859,092	52,565,814	52,565,814
Liabilities				
Bank loans and overdrafts	-	(2,378,916)	(2,378,916)	(2,378,916)
Structured notes issued	(49,705,192)	-	(49,705,192)	(49,705,192)
Total financial liabilities	(49,705,192)	(2,378,916)	(52,084,108)	(52,084,108)
Other liabilities	-	-	(35,000)	(35,000)
Total liabilities	(49,705,192)	(2,378,916)	(52,119,108)	(52,119,108)

As at 31 December 2012	Designated at fair value through profit or loss €	Amortised cost €	Total carrying amount €	Fair value €
Assets				
Cash and cash equivalents	-	591,797	591,797	591,797
Total financial assets	-	591,797	591,797	591,797
Current income tax assets	-	-	1,575	1,575
Other assets	-	-	-	-
Total assets	-	591,797	593,372	593,372
Liabilities				
Bank loans and overdrafts	-	(99,998)	(99,998)	(99,998)
Total financial liabilities	-	(99,998)	(99,998)	(99,998)
Other liabilities	-	-	-	-
Total liabilities	-	(99,998)	(99,998)	(99,998)

Given the short-term nature and characteristics of cash and cash equivalents and bank loans and overdrafts, the fair value is considered to approximate the carrying value.

The fair values are estimated at a specific date and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of the asset or liability. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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

10. Financial assets and liabilities (continued)

- 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; or other valuation techniques in 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 not based on observable data 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 assumptions are required to reflect differences between the instruments.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. The frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are all factors in determining the liquidity of markets and the relevance of observed prices in those markets.

The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognise transfers into and out of each level as of the end of the reporting period.

When available, the Company generally uses quoted market prices in an active market to calculate the fair value of a financial asset or liability and classifies such items as Level 1. Where a market price is available, the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified as Level 2.

If quoted market prices are not available, fair values are based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus an item may be classified in Level 3 even though there may be significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial assets and liabilities (continued)

The following table shows an analysis of financial assets and liabilities measured by fair value hierarchy:

As at 31 December 2013	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets designated at fair value through profit or loss				
Structured notes purchased	-	49,705,192	-	49,705,192
Total financial assets	-	49,705,192	-	49,705,192
Financial liabilities designated at fair value through profit or loss				
Structured notes issued	-	(49,705,192)	-	(49,705,192)
Total financial liabilities	-	(49,705,192)	-	(49,705,192)

As at 31 December 2012	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets designated at fair value				
Structured notes purchased	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities designated at fair value				
Structured notes issued	-	-	-	-
Total financial liabilities	-	-	-	-

Financial instruments may move between levels in the fair value hierarchy when factors such as liquidity or the observability of input parameters decrease and no longer represent an active market. As conditions around these factors improve, financial instruments may transfer back to the original fair value level.

The fair value represents management's best estimates based on a range of methodologies and assumptions. The carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximate fair value because of the relatively short period of time between their origination and expected realisation. For loans not accounted for at fair value, cash flows are discounted at quoted secondary market rates or estimated market rates if available. Otherwise, current market origination rates for loans with similar terms and risk characteristics are used. Expected credit losses are either embedded in the estimated future cash flows or incorporated as an adjustment to the discount rate used. The value of collateral is also considered. The carrying value has been disclosed as fair value where discounting does not have a material impact on the carrying value of the financial instrument.

10. Financial assets and liabilities (continued)

The table below presents the carrying value and fair value of the Company's financial instruments which are not measured at fair value, and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

			Estimated fair value		
	€		€		
As at 31 December 2013	**Carrying value**	**Estimated fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and cash equivalents	2,859,092	2,859,092	-	2,859,092	-
Liabilities					
Bank loans and overdrafts	2,378,916	2,378,916	-	2,378,916	-

			Estimated fair value		
	€		€		
As at 31 December 2012	**Carrying value**	**Estimated fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash and cash equivalents	591,797	591,797	-	591,797	-
Liabilities					
Bank loans and overdrafts	99,998	99,998	-	99,998	-

11. Share capital and reserves

Share Capital

As at 31 December 2013 and 31 December 2012

	Authorised			Allotted, called-up and fully paid
	Number of shares	**Nominal value €**	**Amount €**	**Amount €**
Unlimited shares	1	1	1	0.25
Limited shares	1,999,999	1	1,999,999	499,999.75
	2,000,000		2,000,000	500,000.00

The capital has been subscribed as follows:	**Number of unlimited shares**	**Number of limited shares**	**Allotted, called-up and fully paid Amount €**
Citigroup Global Markets Funding Luxembourg GP S.à r.l.	1	1	0.50
Citigroup Global Markets Limited	-	1,999,998	499,999.50
	1	1,999,999	500,000.00

All shares confer identical rights in respect of capital, dividends, voting and otherwise.

On 24 May 2012, the date of the Company's incorporation, one-quarter (EUR 500,000) of the subscribed share capital was paid up.

The Managers do not recommend the payment of a dividend.

11. Share capital and reserves (continued)

Explanation of transition to IFRSs

As described in Note 2, these are the Company's first financial statements prepared in accordance with IFRSs. As there are no differences in the carrying amount of the items in the financial statements, and no differences in the Company's equity reported between Lux-GAAP and IFRS as of 31 December 2012 and in its opening IFRS statement of financial position, the Company has abstained from the presentation of reconciliations of its reported equity and total comprehensive income. An effect of the transition to IFRS is a change in the presentation of share capital and reserves of the Company as follows: the Company has presented the subscribed and fully paid-up share capital of EUR 500,000 in the line item “Share capital” in the statement of financial position under IFRS. Under Lux-GAAP, the subscribed, but not fully paid-up share capital of EUR 2,000,000 had been presented in the line item “Subscribed capital”, and the subscribed, but unpaid share capital of EUR 1,500,000 had been presented as “Subscribed capital uncalled” under “Assets” as of 31 December 2012 and in its opening IFRS statement of financial position, as set out below:

	As at 31 December 2012		
	Previous GAAP	**Effect of the transition to IFRS**	**IFRS**
Assets			
Subscribed capital unpaid and uncalled	1,500,000	(1,500,000)	-
Equity			
Share capital*	2,000,000	(1,500,000)	500,000
Retained earnings	(6,626)	-	(6,626)

	As at 24 May 2012 (date of incorporation)		
	Previous GAAP	**Effect of the transition to IFRS**	**IFRS**
Assets			
Subscribed capital unpaid and uncalled	1,500,000	(1,500,000)	-
Equity			
Share capital*	2,000,000	(1,500,000)	500,000

* Under previous GAAP, this caption was titled “Subscribed Capital”.

12. Related party transactions

The Company defines related parties as the Board of Managers, their close family members, parent and fellow subsidiaries and associated companies.

A number of arm's length transactions are entered into with related parties. These include short term loans provided by CGML to enable the Company to meet its short term liquidity requirements, cash and cash equivalent balances deposited with affiliated undertakings, as well as structured notes purchased, which are offsetting transactions to the structured notes issued by the Company, as further described in Note 9. The Company further receives commission income at a rate of 1.95 basis points, calculated on the nominal amount of the outstanding structured notes it purchases (see Note 5). Services provided between related parties are on an arm's length basis. No provisions have been recognised in respect of deposits with related parties or structured notes purchased. The table below summarises balances with related parties. There were no related party transactions with the ultimate parent company, Citigroup Inc..

	As at 31 December 2013		
	Parent undertaking	**Other affiliated undertakings**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	-	2,776,994	2,776,994
Structured notes purchased	49,705,192	-	49,705,192
Other assets	1,530	-	1,530
Liabilities			
Bank loans and overdrafts	-	2,377,015	2,377,015
Statement of comprehensive income			
Interest expense and similar charges	(1,907)	-	(1,907)
Interest and similar income	242,555	-	242,555
Net fee and commission income	1,530	-	1,530

	As at 31 December 2012		
	Parent undertaking	**Other affiliated undertakings**	**Total**
	€	**€**	**€**
Assets			
Cash and cash equivalents	-	499,979	499,979
Liabilities			
Bank loans and overdrafts	99,998	-	99,998
Statement of comprehensive income			
Interest expense and similar charges	-	-	-
Interest and similar income	-	-	-
Net fee and commission income	-	-	-

13. Managers' remuneration

During the current year and prior period no member of the Board of Managers received any remuneration in respect of services provided to the Company.

14. Employee involvement

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

15. Financial instruments and risk management

Risk management

The management of risk within Citigroup is across three dimensions: businesses, regions and critical products. Each of the major business groups has a Business Chief Risk Officer who is the focal point for risk decisions (such as setting risk limits or approving transactions) in the business.

There are also Regional Chief Risk Officers, accountable for the risks in their geographic area and are primary risk contact for the regional business heads and local regulators. In addition, the position of Product Chief Risk Officers exists for those areas of critical importance to Citigroup such as real estate, structured credit products and fundamental credit. The Product Risk Officers are accountable for the risks within their specialty and they focus on problem areas across businesses and regions. The Product Risk Officers serve as a resource to the Chief Risk Officer, as well as to the Business and Regional Chief Risk Officers, to better enable the Business and Regional Chief Risk Officers to focus on the day-to-day management of risks and responsiveness to business flow.

The Citigroup risk organisation also includes a Business Management team to seek to ensure that the risk organisation has the appropriate infrastructure, processes and management reporting. This team, which supports risk management within the Company, includes:

- the risk capital group, which continues to enhance the risk capital model and its consistency across all Citigroup's business activities;
- the risk architecture group, which seeks to ensure Citigroup has integrated systems and common metrics, and thereby allows Citigroup to aggregate and stress exposures across the institution;
- the enterprise risk management group, which focuses on improving the effectiveness of existing controls while increasing accountability and eliminating redundancy; and
- the office of the Strategic Regulatory Relationships and Chief Administrative Officer, which focuses on Citigroup's critical regulatory relationships as well as risk communications.

Market risk

Market risk is the risk to earnings or capital from adverse changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors.

The Company does not undertake any intermediation activities for third parties and in particular does not act as broker for either trading securities or entering into derivatives transactions or securities lending operations for third parties such as other financial institutions or investment funds. All activities of the Company are for its own account.

15. Financial instruments and risk management (continued)

The Company is hedging internally within CGML to reduce market risk associated with its transactions. By construction, the market risk of notes issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent. The Company's obligation to pay the redemption amount is hedged through an instrument with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes (see Note 9). Consequently, the Company effectively does not bear any market risk on the notes it issues. Any market risk is faced by CGML, which in turn manages its market risk in accordance with the principals set out briefly below.

Market risk is measured through a complementary set of tools, including factor sensitivities, Value at Risk (VaR), and stress testing. Each of these is discussed in greater detail below. Each business has its own market risk limit framework, encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

Factor sensitivities
Factor sensitivities are defined as the change in the value of a position for a defined change in a market risk factor (e.g. the change in the value of a Treasury bill for a one basis point change in interest rates). It is the responsibility of each business to seek to ensure that factor sensitivities are calculated and reported for all relevant risks taken within a trading portfolio.

VaR methodology
VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, over a specified holding period and confidence level. The Citigroup standard is a one-day holding period, at a 99 per cent confidence level. This standard is utilised by CGML. The VaR methodology incorporates the factor sensitivities of the trading portfolio and the volatilities and correlations of those factors. The Company's VaR is based on the volatilities of, and correlations between, a wide range of market risk factors, including factors that track the specific issuer risk in debt and equity securities. VaR statistics can be materially different across firms due to differences in portfolio composition, differences in VaR methodologies, and differences in model parameters. Citigroup believes that VaR statistics can be used more effectively as indicators of trends in risk taking within an entity, rather than as a basis for inferring differences in risk taking across entities.

Citigroup and CGML use Monte Carlo simulation, which it believes is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of 180,000 time series, with market factors updated daily and model parameters updated weekly. The conservative features of the VaR calibration contribute an approximate 20% add-on to what would be a VaR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citigroup would thus expect the number of days where trading losses exceed its VaR to be fewer than three exceptions per year. Periods of unstable market conditions could increase the frequency of these exceptions.

VaR limitations
Although extensive back-testing of VaR hypothetical portfolios is performed, with varying concentrations by industry, risk rating and other factors, the VaR measure cannot necessarily provide an indication of the potential size of loss when it occurs. Hence a comprehensive set of factor sensitivity limits and stress tests are used, in addition to VaR limits.

A VaR limit is in place for CGML, to ensure that any excesses are discussed and resolved between risk officers and the business and entity management.

15. Financial instruments and risk management (continued)

Although it provides a valuable guide to risk, VaR should also be viewed in the context of its limitations:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those of an extreme nature;
- the use of a one day holding period assumes that all positions can be liquidated or their risks offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one day holding period may be insufficient to fully liquidate or hedge positions;
- the use of a 99% confidence level, by definition, does not take into account losses that might occur beyond this confidence level;
- VaR is calculated on the basis of exposures outstanding at close of business and therefore does not necessarily reflect intra-day exposures; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Stress Testing

Stress testing is performed on portfolios on a regular basis to estimate the impact of extreme market movements. Stress testing is performed on individual portfolios, as well as on aggregations of portfolios and businesses, as appropriate. It is the responsibility of independent market risk management, in conjunction with the businesses, to develop stress scenarios, review the output of periodic stress testing exercises, and use the information to make judgments as to the on-going suitability of exposure levels and limits.

Each portfolio has its own market risk limit framework encompassing these measures as well as other controls, including permitted product lists and a new product approval process for complex products. These limits may be set at a Citigroup, CGML, or other level, as appropriate.

Currency exposures

The main operating or functional currency of the Company is Euro, as further described in Note 2 (c). Since the Company prepares its financial statements in Euro, the Company's statement of financial position is affected by movements between Euro and other currencies. These net currency exposures are shown in the following table.

	As at 31 December 2013			
€	**USD**	**GBP**	**Others**	**Total**
Euro equivalent	370	837	685	1,892

	As at 31 December 2012			
€	**USD**	**GBP**	**Others**	**Total**
Euro equivalent	-	-	-	-

Transactional currency exposures occur as a result of normal operations and/or cross-border transactions within Citgroup.

Liquidity risk

The Company defines liquidity risk as the risk that the Company will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the Company.

15. Financial instruments and risk management (continued)

Liquidity risk (continued)

The Company effectively does not face significant liquidity risk as all cash flows relating to interest and principal payments on the structured notes issued by the Company are exactly matched by offsetting transactions with CGML, which results in net liquidity exposure of EUR Nil for the Company. As issuer of the structured notes, the Company itself does not make any representation as to investors' ability to sell these notes back to the Company at any time. As such, investors take the risk of the structured notes being illiquid – this is further described in the "Risk Factors" section of the base prospectus under which the Company issues such structured notes.

Management of liquidity risk at CGML is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup and its major operating subsidiaries. Under this policy, there is a single set of standards for the measurement of liquidity risk to seek consistency across businesses, stability in methodologies and transparency of risk.

The forum for liquidity issues at GCML is the UK Asset/Liability Management Committee ("ALCO"). The ALCO reviews the current and prospective funding requirements for the Company, as well as the capital position and statement of financial position.

A liquidity plan is prepared annually and the liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is monitored using various ratios and limits in accordance with the Liquidity Risk Management Policy for Citigroup. The funding and liquidity plan includes analysis of the statement of financial position as well as of the economic and business conditions impacting the major operating subsidiaries in the UK. As part of the funding and liquidity plan, liquidity limits, liquidity ratios and assumptions for periodic stress tests are reviewed and approved.

Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on CGML's statement of financial position and liquidity position, and to identify viable funding alternatives that can be utilised. These scenarios include potential significant changes in key funding sources, market triggers (such as credit rating downgrades), uses of funding, and political and economic conditions, including standard and stressed market conditions as well as firm-specific events. Some tests span liquidity events over a full year while others may cover a more intense shock over a shorter period such as one month. These potential liquidity events can identify potential mismatches between liquidity sources and uses over a variety of time horizons, and liquidity limits are set accordingly. To monitor the liquidity of a unit, these stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily.

Given the range of potential stresses, Citigroup maintains a series of contingency funding plans on a consolidated basis as well as for individual entities, including the Company. The plans specify a wide range of readily available actions under a variety of adverse market conditions or idiosyncratic disruptions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial instruments and risk management (continued)

Liquidity risk (continued)

The following table analyses the Company's assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

As at 31 December 2013	Less than 3 month €	Greater than 3 months and less than 1 year €	Greater than 1 year and less than 5 years €	Greater than 5 years €	Total €
Assets					
Cash and cash equivalents	2,859,092	-	-	-	2,859,092
Structured notes purchased	-	7,270,099	41,644,605	790,488	49,705,192
Other assets	-	5,104	-	-	5,104
Total assets	2,859,092	7,275,203	41,644,605	790,488	52,569,388
Liabilities					
Bank loans and overdrafts	100,192	2,278,724	-	-	2,378,916
Structured notes issued	-	7,270,099	41,644,605	790,488	49,705,192
Other liabilities	-	35,000	-	-	35,000
Total liabilities	100,192	9,583,823	41,644,605	790,488	52,119,108
Net liquidity gap as at 31 December 2013	2,758,899	(2,308,620)	-	-	450,280

As at 31 December 2012	Less than 3 month €	Greater than 3 months and less than 1 year €	Greater than 1 year and less than 5 years €	Greater than 5 years €	Total €
Assets					
Cash and cash equivalents	591,797	-	-	-	591,797
Other assets	-	1,575	-	-	1,575
Total assets	591,797	1,575	-	-	593,372
Liabilities					
Bank loans and overdrafts	99,998	-	-	-	99,998
Total liabilities	99,998	-	-	-	99,998
Net liquidity gap as at 31 December 2012	491,799	1,575	-	-	493,374

15. Financial instruments and risk management (continued)

Credit risk

The Company defines credit risk as the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit process established at CGML is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- single centre of control for each credit relationship that coordinates credit activities with that client;
- a minimum two authorised credit officer signature requirement on extensions of credit; one from a sponsoring credit officer in the business and one from a credit officer in independent credit risk management;
- risk rating standards, applicable to every obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

The Company's exposure to credit risk mainly relates to the counterparty risk of its parent, CGML, and other Citigroup entities, in respect of cash and cash equivalents and structured notes purchased as offsetting positions for the structured notes issued by the Company. The structured notes issued and the offsetting positions taken by the Company in relation to the notes are both fully-funded, which means that the Company is not subject to external credit risk outside Citigroup. The structured notes issued by the Company are subject to the credit risk of CGML, as the structured notes issued by the Company are unsecured and stated to be subject to the credit risk of CGML. The Company's maximum exposure to credit risk as at 31 December 2013 amounts to EUR 52.6 million and relates to related parties (EUR 52.5 million) and external counterparties (EUR 81 thousand) as shown in the following table:

	As at 31 December 2013 (in €)		
Rating (Moody's / S&P / Fitch)	**Ba3 / BB+ / BB+**	**n.r. / n.r. / n.r.***	**Total**
Assets			
Cash and cash equivalents	2,777,414	81,678	2,859,092
Structured notes purchased	49,705,192	-	49,705,192
Total financial assets	52,482,606	81,678	52,564,284

	As at 31 December 2012 (in €)		
Rating (Moody's / S&P / Fitch)	**Baa2 / A- / A**	**n.r. / n.r. / n.r.***	**Total**
Assets			
Cash and cash equivalents	591,797	-	591,797
Total financial assets	591,797	-	591,797

*n.r.: not rated

15. Financial instruments and risk management (continued)

Credit risk (continued)

Credit Quality	As at 31 December 2013 (in €) Neither past due nor impaired	Past due but not impaired	Impaired	Total
Assets				
Cash and cash equivalents	2,859,092	-	-	2,859,092
Structured notes purchased	49,705,192	-	-	49,705,192
Total financial assets	52,564,284	-	-	52,564,284

Credit Quality	As at 31 December 2012 (in €) Neither past due nor impaired	Past due but not impaired	Impaired	Total
Assets				
Cash and cash equivalents	591,797	-	-	591,797
Structured notes purchased	-	-	-	-
Total financial assets	591,797	-	-	591,797

Country risk

Country risk is defined by the Company as the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citigroup's franchise or will adversely affect the ability of obligors within that country to honor their obligations to Citigroup. Country risk events may include sovereign defaults, banking defaults or crises, currency crises and/or political events.

The Company effectively does not face significant exposure to country risk. Given the nature of the structured notes issued by the Company, which passes risk in the underlying reference assets to investors, and the Company's corresponding hedge with CGML, the Company has limited exposure to country risk itself (other than country risk associated with the United Kingdom as the domicile of CGML, and any country risk arising in Luxembourg itself).

Several European countries including Greece, Ireland, Italy, Portugal and Spain have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. As at 31 December 2013 the Company does not have any exposure to these countries (2012: Nil).

Operational risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes, human factors or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in the Company's business activities and, as with other risk types, is managed through an overall Citigroup framework with checks and balances that includes:

- recognised ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Audit and Risk Review.

15. Financial instruments and risk management (continued)

Operational risk (continued)

To monitor, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for assessing and communicating operational risks and the overall effectiveness of the internal control environment across group entities of Citigroup. As part of this framework, Citigroup has established a "Manager's Control Assessment" programme to help managers self-assess key operational risk and controls and identify and address weaknesses in the design and/or effectiveness of internal controls that mitigate significant operational risks. Manager Control Assessments are in place for all the major business lines and control areas impacting CGML.

16. Capital Management

The Company is not subject to any externally imposed capital requirements and is dependent on CGML to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholders' equity. It is the Company's objective to reduce its risk exposure with regards to market, liquidity and credit risk to a minimum by entering into offsetting transactions with CGML to maintain a sufficient capital base to support the development of its business and to meet statutory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

17. Subsequent events

Subsequent to the year-end, the Company has entered into arrangements to issue 13 structured notes with a nominal amount of USD 41.5 million and one structured note with a nominal amount of EUR 1.0 million. Five structured notes with a nominal amount of USD 13.2 million have been redeemed subsequent to the year-end.

ANNEX B

CGML 2013 ANNUAL REPORT

CITIGROUP GLOBAL MARKETS LIMITED

(Registered Number: 01763297)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2013

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2013

The Directors present their Report and the audited financial statements of Citigroup Global Markets Limited (the Company) for the year ended 31 December 2013.

Business environment
The Company is a wholly-owned indirect subsidiary of Citigroup Inc. (Citi) and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA.

Citi conducts its business through two primary operating segments: Citicorp, consisting of its Global Consumer Bank (GCB) and Institutional Clients Group (ICG) businesses; and Citi Holdings, consisting of businesses and portfolios of assets that Citi has determined are not central to its core Citicorp businesses. Clients across Europe, the Middle East and Africa (EMEA) choose Citi for its global footprint, market position, in-country relationships and full range of solutions through its extensive suite of products and services. The region includes a diverse mix of developed and emerging markets, and Citi has a long and deep history in both.

The Company is Citi's international broker-dealer. The Company's business is almost entirely wholesale in nature, falling within the ICG segment of Citi's operations. Within EMEA, Citi's ICG segment has one of the market's largest fixed income, currency, commodity and equity sales and trading platforms, offering clients liquidity and hedging capabilities across the full range of products. The Company is instrumental in offering many of these services not only in EMEA, but also globally. Citi maintains a physical presence in 55 countries in EMEA and also serves clients in a number of other countries where it has no presence. A more detailed description of the Company's activities is set out in the Strategic Report.

Citi operates its businesses across many legal vehicles globally, including the branches and subsidiaries of Citibank N.A and also its broker-dealer network. Bank chain entities are subject to US legislative measures providing protection to deposit taking institutions and their subsidiaries, while non-bank chain entities are not.

There are certain businesses, particularly within the ICG segment, that transact both on broker-dealer and bank chain entities. Customer transactions may be recorded on either set of vehicles, although typically the risks carried by such businesses are centralised in one place. Front-office, support and technology costs may be booked on a legal entity other than the entity in which the associated revenues are recorded There are a number of transfer pricing agreements in place within Citi that move either costs or revenues between different legal vehicles to ensure that the entities are fairly compensated for their involvement in transactions. The Company is a party to a number of these agreements and this is discussed in more detail in the Strategic Report.

Going concern basis
The Financial Statements are prepared on a going concern basis taking into account the Company's existing capital and liquidity strengths and the ultimate reliance on support from the Company's ultimate parent. The Directors acknowledge the risk that extreme circumstances might adversely impact the Company's ability to continue trading and are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. Further information relevant to this assessment is provided in the following sections of these financial statements:

- principal activities, strategic direction and challenges and uncertainties are described in the business review of the Strategic Report;
- a financial summary, including the profit and loss account and balance sheet, is provided in the financial results section on pages 16 to 18; and
- objectives, policies and processes for managing market, credit, liquidity and operational risk, and the Company's approach to capital management and allocation, are described in Note 28 'Financial instruments and risk management'.

Dividends
During the year the Company paid no dividends (2012: $nil).

DIRECTORS' REPORT
for the year ended 31 December 2013

Risk Management
The Company has elected to include information on financial risk management as per Schedule 7.6(1)(a) & (b) of the "Large and Medium-sized Companies and Groups Regulations 2008" in the Strategic Report as the directors consider financial risk management to be of strategic importance to the Company.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors
The Directors who held office during the year ended 31 December 2013 were:

Non-Executive
J P Asquith
D J Challen (Chairman)
S H Dean
D L Taylor

Executive
J Bardrick (appointed 17 September 2013)
J C Cowles
P McCarthy
Z Turek (appointed 10 June 2013)

Directors' indemnity
Throughout the year and at the date of this report the Company is party to a group-wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of section 236 of the Companies Act 2006.

Statement of Directors' responsibilities (continued)

Employee involvement
The Company places a high value on its employees and seeks to promote their involvement in the business wherever possible. It has continued its previous practice of keeping employees informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the performance of the Company and of Citi as a group. Employees are encouraged to present their suggestions and views to the Company through various channels including an employee representative body and the annual Voice of the Employee survey. Qualifying employees participate in performance-based incentive schemes as described in Note 9 'Share-based incentive plans'.

Employment of disabled people
The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers within the Company. Training, career development and promotion of disabled persons are, as far as possible, identical to those available to other employees who are not disabled.

Diversity
At Citi diversity is recognised as one of its key values. Therefore, the Company has made it a priority to foster a culture where the best people want to work, where people are promoted on their merits, where respect for others is demanded and valued and where opportunities to develop are widely available to all – regardless of differences. The Company fosters a workplace with different backgrounds, perspectives and ideas and provides employees with a wide range of experiences and skills to develop to their full potential. Citi's code of conduct prohibits discrimination and harassment.

Environment
The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Political contributions
No political contributions were made during the year (2012: $nil).

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2013

Disclosure of information to auditors
In accordance with section 418, Companies Act 2006 and subject to all the provisions of section 418, it is stated by the Directors who held office at the date of approval of this Directors' Report that

- so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- each Director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors
KPMG Audit plc resigned as auditor on 2 December 2013 pursuant to section 516 of the Companies Act 2006 . The Directors appointed KPMG LLP as auditor of the company in accordance with section 485 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board.

J Robson
Secretary

27 March 2014

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 01763297

CITIGROUP GLOBAL MARKETS LIMITED

STRATEGIC REPORT
for the year ended 31 December 2013

The Directors present the Strategic Report of Citigroup Global Markets Limited (the Company) for the year ended 31 December 2013.

Overview and principal activities

The Company is headquartered in London and operates globally, generating the majority of its business from the Europe, Middle East and Africa (EMEA) region, with the remainder coming from Asia-Pacific, Japan and the Americas.

The Company has twelve branch offices and subsidiaries across EMEA as well as three representative offices in Portugal, Slovakia and the Czech Republic. The Company's branches in Western Europe were established under the 1993 European Union (EU) Investment Services Directive, which has been superseded by the 2005 Markets In Financial Instruments Directive (MiFID). These passported branches are located in France, Ireland, Italy, Spain, Greece, Switzerland and Sweden and the Company has made notifications to the PRA to conduct cross-border MiFID services into all European Economic Area (EEA) states.

The Company is a dealer, market maker and underwriter in equities, fixed income securities and commodities, and provides investment banking services to a wide range of corporate, institutional and government clients. The Company's trading activities, which are part of Citi's Securities & Banking division within the ICG segment, encompass cash, exchange traded and OTC derivative markets. The Company's major counterparties are other banks, investment firms, investment managers, insurers and hedge funds. The Company does not originate securitisations or engage in leveraged finance transactions.

The Company's business areas are managed globally across a number of Citi's legal entities. Each product area has a dedicated global business head, a number of whom are currently based in London.

As the primary investment firm in EMEA, the Company is the main employer of front office staff in Western Europe. The Company also provides some operational and technology services to other Citi entities, in line with the global technology model used by these businesses. The Company relies on shared services provided centrally or by local Citi entities.

The Company has in place a dedicated management team and governance structure to establish a cohesive strategy for all businesses and functions. Critical risk and control functions such as finance, risk management, legal and compliance are all managed centrally to ensure compliance with established policies and standards across the Company, irrespective of business location.

CITIGROUP GLOBAL MARKETS LIMITED

STRATEGIC REPORT
for the year ended 31 December 2013

Business review and financial results

The Company's 2013 results demonstrate steady progress on its execution priorities and strategy despite a continued challenging operating environment. Macroeconomic concerns, both in the United States and Europe, continued to affect customer activity, investment and corporate confidence resulting in reduced market activity. Key drivers included:

- changing expectations regarding tapering of quantitative easing;
- a continued low interest rate environment.

The Company's pre-tax losses for the year to 31 December 2013 were $209 million, compared to losses of $313 million for 2012. Losses after tax were $234 million (2012: loss of $351 million).

As at 04 December 2013 Fitch Ratings issued the Company with an A/F1 issuer default rating and Standard & Poor's rated the Company A/A-1.

Company's performance

	2013 $ Million	2012 $ Million	Change $ Million	Change in $%
Commission income and fees	1,618	1,517	101	7%
Net dealing income	1,085	1,313	(228)	(17%)
Interest receivable	897	1,282	(385)	(30%)
Interest payable	(797)	(1,345)	548	41%
Gross profit	**2,803**	**2,767**	**36**	**1%**
Operating expenses	(3,021)	(3,125)	104	3%
Other income and expenses	9	45	(36)	(81%)
Operating loss ordinary activities before taxation	**(209)**	**(313)**	**104**	**33%**

Gross Profit

Total income, including interest receivable and payable, was $2,803 million, a marginal increase from the previous year reflecting lower interest expense due to improved market conditions relative to 2012 and subordinated loan repayments.

Commission income and fees increased to $1,618 million from $1,517 million. During 2013, client flow recovered across the Company's Rates, Credit and Equities businesses. In addition the Capital Markets Origination business experienced an upswing in activity across both Debt and Equity Capital Markets.

Net dealing income decreased from $1,313 million to $1,085 million, largely driven by spread compression in the Government Bonds business and net CVA charges of $63 million in 2013 versus $13 million in 2012, arising from Citi's improving credit spreads.

A net interest expense of $63 million in 2012 moved to a net interest credit of $100 million in 2013. This was primarily driven by the repayments of subordinated debt: $1,484 million in July 2012, $996 million in October 2012 and $1,500 million in May 2013.

Operating Expenses

The company maintains a disciplined expense management strategy. Management has undertaken active monitoring of expenses coupled with expense reduction exercises, while still taking account of the future plans of the Company.

Despite the Company incurring re-positioning charges of $61 million, operating expenses were down 3% over the period. There was significant focus on the number of personnel employed by the company and average headcount fell by 169 year on year. Total employee compensation expense, including payroll tax and pension expense, fell from $1,819 million to $1,719 million year on year.

Business review and financial results *(continued)*

Operating loss
The company's operating loss before taxation of $209 million included the aforementioned repositioning items which do not reflect the company's core operating performance. Excluding $63 million, CVA losses (2012: $13 million) and the $61 million repositioning charges, the loss before taxation would have been $85 million.

Intercompany Revenues and Expenses
A significant portion of both revenue and expense of the Company originates from transactions with other Citi entities, both globally and regionally. There are three main revenue transfer pricing agreements to which the Company is party:

- trading management fee – fees from other entities for services provided by trading staff employed by the Company;
- investor sales expected value – fees from other entities, where products have been sold by sales people employed by the Company; and
- Investment Banking – allocation of Global Investment Banking revenue, based upon the location of Investment Banking staff.

Further details on the Company's related party revenues can be seen in the other / Corporate section of Note 32 'Segmental Disclosures'.

On the expense side, the costs relating to operations, technology, support functions (including finance, risk, legal and compliance, audit and human resources) and senior management expenses are allocated out to businesses and legal entities based on a number of drivers. The Company both charges and recovers expenses. All of these transfer pricing agreements are reviewed regularly for appropriateness.

Balance Sheet

Company's position at 31 December

	2013 $ Million	2012* $ Million	Change $ Million	Change in %
Fixed assets	271	247	24	10%
Current assets	234,015	256,519	(22,504)	(9%)
Creditors: amounts falling due within one year	217,219	240,761	(23,543)	(10%)
Total assets less current liabilities	**17,067**	**16,004**	**1,062**	**7%**
Creditors: amounts falling due after more than one year	4,360	5,954	(1,594)	(27%)
Provisions for liabilities	56	42	14	34%
Net pension asset	103	111	(8)	(7%)
Net assets	**12,754**	**10,120**	**2,635**	**26%**
Called up share capital	1,500	1,500	(0)	(0%)
Capital reserve	9,989	6,989	3,000	43%
Profit and loss account	1,265	1,630	(365)	(22%)
Shareholder's funds	**12,754**	**10,119**	**2,635**	**26%**

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

Total assets of $234 billion at 31 December 2013 were 9% lower than at 31 December 2012. The majority of this reduction was driven by swap market movements during the year, as the Euro, US Dollar and Pound Sterling yield curves steepened during Quarter 2 and 3 of 2013.

Total liabilities, excluding shareholders' funds, of $222 billion at 31 December 2013 were 13% lower than at 31 December 2012. This is primarily due to a 17% decrease in derivative liabilities which reflects the same drivers as the reduction in derivative assets.

STRATEGIC REPORT
for the year ended 31 December 2013

Business review and financial results *(continued)*

The Company repaid $1,500 million in subordinated debt on 23 May 2013.

Two capital contributions were made to the Company by Citigroup Global Markets Europe Limited (CGMEL) of $1,500 million on 23 May 2013 and $1,500 million on 20 December 2013. These capital contributions were made in order to augment the Company's regulatory capital resources.

Key performance indicators

In addition to the financial results of the Company, senior management considers the monitoring of the following key financial and non-financial items critical to the Company's future: Regulatory Capital; leverage and liquidity, external ratings and future regulatory developments.

Regulatory Capital

	2013 $ Million	2012 $ Million
Tier 1 capital	12,794	10,285
Tier 2 capital	4,086	4,104
Tier 3 capital	(234)	1,273
Deductions	(265)	(218)
Total regulatory capital resources	16,381	15,444

The Company's regulatory capital is held to meet minimum capital standards as set by the PRA.

Tier 1 capital comprises tangible shareholders' funds less certain capital deductions. Management maintains a sufficiently strong and stable capital balance, in excess of the regulatory requirements, and monitors the Company's capital balance to ensure an excess is maintained at all times. Tier 3 capital comprises the current year's unaudited loss.

Throughout the year, the Company's minimum regulatory capital requirements were comfortably met by its available capital resources.

Details surrounding the Company's capital management policies and procedures are detailed in Note 28 'Financial instruments and risk management'.

Liquidity

The Company monitors its liquidity position against the Individual Liquidity Guidance (ILG) set by the PRA. The PRA defines both eligible liquidity pool assets and stress outflows against reported balances.

The Company also monitors its position against the key Basel 3 liquidity metrics, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR is designed to promote short term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid assets to survive an acute stress scenario lasting 30 days. The NSFR has a time horizon of one year and has been developed to promote a sustainable maturity structure of assets and liabilities. The key liquidity metrics used by the company are summarised below:

Stress Test	PRA ILG	Basel 3 LCR	Basel 3 NSFR
Time Horizon	3 months	30 days	1 year
Calculation	Liquid assets to net cash outflows	Liquid assets to net cash outflows	Stable funding resources to stable funding requirements

Throughout the year the Company was in compliance with its ILG requirements.

Risk management – overview

Citigroup, and the Company, believe that effective risk management is of primary importance to its overall operations. Accordingly, Citi's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. Specifically, the activities that the Company engages in, and the risks those activities generate, must be consistent with the underlying commitment to the principles of "Responsible Finance".

"Responsible Finance" means conduct that is transparent, prudent and dependable, and that delivers better outcomes for Citi's clients and society. In order to achieve these principles, Citi establishes and enforces expectations for its risk-taking activities through its risk culture, defined roles and responsibilities (the "Three Lines of Defence"), and through its supporting policies, procedures and processes that enforce these standards.

Risk Culture

The Company's risk management framework is designed to balance business ownership and accountability for risks with well-defined independent risk management oversight and responsibility. The Company applies Citi's global risk management framework, tailored as appropriate for the Company, based on the following principles established by the Chief Risk Officer:

- a defined risk appetite, aligned with business strategy;
- accountability through a common framework to manage risks;
- risk decisions based on transparent, accurate and rigorous analytics;
- a common risk capital model to evaluate risks;
- expertise, stature, authority and independence of risk managers; and
- risk managers empowered to make decisions and escalate issues.

Significant focus has been placed on fostering a risk culture based on a policy of taking intelligent risk with shared responsibility, without forsaking individual accountability:

- taking intelligent risk means that the Company must identify, measure and aggregate risks and it must establish risk tolerances based on a full understanding of concentrations and "tail risk";
- shared responsibility means that all individuals collectively bear responsibility to seek input and leverage knowledge across and within the "Three Lines of Defence"; and
- individual accountability means that all individuals must actively manage risk, identify issues, and make fully informed decisions that take into account all risks to the Company.

Roles and responsibilities:

While the management of risk is the collective responsibility of all employees, Citi, and the Company, assign accountability into three lines of defence:

- first line of defence: The business owns all of its risks, and is responsible for the management of those risks;
- second line of defence: The Company's control functions (e.g., risk, finance, compliance, etc.) establish standards for the management of risks and effectiveness of controls; and
- third line of defence: Citi's internal audit function independently provides assurance, based on a risk-based audit plan that processes are reliable, and governance and controls are effective.

In summary, the Company's risk management framework aims to recognise the range of the Company's global business activities by combining corporate oversight with independent risk management functions within each business. The independent risk managers at the business level are responsible for establishing and implementing risk management policies and practices within their business, for overseeing the risk in their business, and for responding to the needs and issues of their business. This ensures the active management of the principal risks of the Company.

Risk management – overview *(continued)*
Roles and responsibilities (continued)

Since the financial crisis in 2008, both Citigroup and the Company's risk management and internal governance processes have undergone significant improvements on all major fronts, including more rigorous credit assessments and credit review of obligors, heightened controls over business and reporting processes through a formal Management Control Assessment (MCA) process, enhancement of comprehensive entity stress testing. Entity specific risk management and oversight has been put in place and control and governance processes continue to evolve in line with the best practices specific to the Risk space.

In January 2014 a Risk Committee was established, with the aim to assist the Board in fulfilling its responsibility with respect to oversight of the risks the Company faces in managing its credit, market, liquidity, operational and certain other risks and their alignment with the Company's strategy, capital adequacy and the macroeconomic environment and development of a strategy to manage these risks. This was pursued in order to strengthen local risk governance and ensure necessary prioritisation of local risk and regulatory objectives of the Company, at the same time maintaining their alignment with Citi's global risk strategy.

The Company's risk management framework and risk governance processes have been disclosed in Note 28 'Financial instruments and risk management'.

Risk management – principal risks

The Company's principal risks arise from the diverse services provided to its clients and include both financial and non-financial risks. The main risks covered by the Company's risk management framework are market, credit, operational, franchise, liquidity and country concentration risk.

The following principal risks have been identified by management.

Market risk

Market risk encompasses funding and liquidity risk and price risk, each of which arise in the normal course of business of a global financial intermediary such as the Company.

Funding and Liquidity Risk
Adequate liquidity and sources of funding are essential to Citi's businesses. Funding and liquidity risks arise from several factors, many of which Citi cannot control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in Citi's credit ratings and political and economic conditions in certain countries.
Citi's funding and liquidity objectives are to maintain adequate liquidity to (i) fund its existing asset base; (ii) grow its core businesses in Citicorp; (iii) maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short- and long-term periods; and (iv) satisfy regulatory requirements. These primary liquidity objectives are adhered to both at Company level as well as in aggregate at Citigroup level.

Price Risk
Price risk losses arise from fluctuations in the market value of trading and non-trading positions resulting from changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and in their implied volatilities. Through its activity as a broker-dealer with a global reach to clients and a highly dynamic trading activity the Company's trading results are particularly exposed to movements in these market factors.

Each business that uses the Company in client facing transactions is required to establish, with approval from market risk management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles and is within the parameters of Citi's overall risk appetite. These limits are monitored by independent market risk, Citi's country and business Asset and Liability Committees and the Citigroup Asset and Liability Committee. In all cases, the businesses are ultimately responsible for the market risks taken and for remaining within their defined limits.

Risk management – principal risks *(continued)*
Price Risk (continued)

In addition the Company has a defined risk appetite framework which is supplemented by regular stress testing and daily monitoring against the Company's VaR limit with monthly and quarterly reporting to the senior management and the Board of Directors respectively.

Credit and counterparty default risk
Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations.

Credit risk arises from Company's activities in Over-the-Counter derivatives markets and repurchase and reverse repurchase agreements as well as securities borrowing and lending transactions.

Credit risk also arises from settlement and clearing activities, when Company transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category. Credit risk is one of the most significant risks the Company faces as an institution. As a result, Citi has a well established framework in place for managing credit risk across all businesses. This includes a defined risk appetite, credit limits and credit policies, both at the business level as well as at the firm-wide level. Citi's credit risk management also includes processes and policies with respect to problem recognition, including "watch lists," portfolio review, updated risk ratings and classification triggers.

With respect to Citi's settlement and clearing activities, intra-day client usage of lines is closely monitored against limits, as well as against "normal" usage patterns. To the extent a problem develops, Citi typically moves the client to a secured (collateralised) operating model. Generally, Citi's intra-day settlement and clearing lines are uncommitted and cancellable at any time.

To manage concentration of risk within credit risk, Citi has in place a concentration management framework consisting of industry limits, obligor limits and single-name triggers. In addition, as noted under "Managing Global Risk—Risk Aggregation and Stress Testing" above, independent risk management reviews concentration of risk across Citi's regions and businesses to assist in managing this type of risk.

The Company's credit risk is captured in the Company's defined risk appetite framework, which is supplemented by regular stress testing and monitoring of exposures, with monthly and quarterly reporting to the senior management and the Board of Directors respectively.

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors, systems or from external events.

It includes the reputation and franchise risk associated with business practices or market conduct in which Citi is involved.

In recent years there has been an increased focus internally and from the public and regulators with regard to the identification, measurement and management of the operational risk of large financial institutions. This focus was underpinned by the disruptions that the industry witnessed during the recent financial crisis of 2008 as well as a number of public revelations of misconduct within the financial industry. Citi has an established operational risk management framework, which continues to evolve to reflect industry best practice and the external environment.

A key challenge in the area is related to tracking of relevant external events, such as losses incurred by peers through fines and penalties due to non-compliance with regulations, investigations and lawsuits involving large financial institutions and their incorporation where applicable into Citi's internal model for operational risk.

Citi's operational risk is managed through an overall framework designed to balance strong corporate oversight with well defined independent risk management. This framework includes:

- recognised ownership of the risk by the businesses;
- oversight by Citi's independent control functions; and
- independent assessment by Citi's Internal Audit function.

***Operational risk** (continued)*

The goal is to keep operational risk at appropriate levels relative to the characteristics of Citigroup's businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

To anticipate, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for monitoring, assessing and communicating operational risks and the overall effectiveness of the internal control environment across Citigroup. As part of this framework, Citi has established a "Manager's Control Assessment" program to help managers self-assess key operational risks and controls and identify and address weaknesses in the design and/or effectiveness of internal controls that mitigate significant operational risks.

As noted above, each major business segment must implement an operational risk process consistent with the requirements of this framework.

The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- design controls to mitigate identified risks;
- establish key risk and control indicators;
- implement a process for early problem recognition and timely escalation;
- produce a comprehensive operational risk report; and
- ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

As new products and business activities are developed, processes are designed, modified or sourced through alternative means and operational risks are considered.

In addition, Enterprise Risk Management, within Citi's independent risk management, proactively assists the businesses, operations and technology and the other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions, and facilitates the management of operational risk at a Group and Company level.

To enhance its operational risk management the Company has implemented a forward looking scenario analysis to identify and quantify emerging operational risks. This development has been integrated into the operational risk capital calculation for the Company.

Operational risk is part of the Company defined risk appetite framework supplemented with regular reporting and updates to the senior management and the Board of Directors.

Regulatory risk

Regulatory risk is the risk of failing to comply with regulatory requirements, regulatory change or regulators' expectations. Failing to properly manage regulatory risk may result in regulatory sanctions and increased reputational and franchise risk.

Regulatory developments

As the regulatory environment continues to evolve, Citigroup and the Company remain committed to implementing new regulations and to ensuring continuous compliance with forthcoming regulatory requirements. The most significant developments assessed by the Company are:

- Capital Requirements Directive (CRD IV)
- Recovery and Resolution Directive
- Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)
- European Market Infrastructure regulation (EMIR)

Regulatory developments *(continued)*

Implementation of CRD IV

The EU CRD IV legislative package includes the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) as approved by the European Parliament on 16 April 2013 and is directly applicable to banks and financial firms which are prudentially regulated in the United Kingdom. It became effective on 1 January 2014 and has introduced significant quantitative and qualitative changes to capital adequacy and the related governance processes throughout the financial sector in the European Union. The quantitative implications of this include higher capital requirements associated with counterparty credit risk and the introduction of additional capital buffers to cover cyclical and systemic risks as well as capital conservation concerns. A number of these requirements will be introduced on a phased basis between 2014 and 2019. There are also qualitative implications, such as more reliance on higher quality capital and expectations of improved risk management processes. The various Governance Committees are well advanced in assessing the impact of these developments. The Company continues to work on mitigating the capital impact of these changes.

In preparation for the CRD IV implementation the Company received a $1.5 billion capital injection from its parent CGMEL on 20 December 2013 in order to maintain the Company's Total capital adequacy ratio well above the required minimum and internal capital management thresholds.

Recovery and Resolution Directive

There is an increased focus from local regulators on ensuring that subsidiaries and branches of large international financial services companies are adequately capitalised and managed locally, such that in the event of a local market disruption they would be able to sustain their business and cover any losses incurred without an exaggerated reliance on offshore parental financial aid.

The Recovery and Resolution Planning process for the Company is designed to provide transparency and a viable path to resolution. The Company has been identified as a Material Legal Entity in Citigroup's Resolution Plan, which can be found at http://www.federalreserve.gov/bankinforeg/resolution-plans.htm.

Citigroup defines Material Legal Entities as those legal entities, including subsidiaries and foreign offices, with business lines, including associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise value of Citi.

Implementation of the Dodd Frank

The Dodd-Frank Act introduces mandatory disclosure requirements as well as requirements to trade certain types of derivatives via authorised Special Execution Facilities. These requirements, which came into force in October 2013, directly impact the activities carried out by Citibank NA through its London Branch with non-US corporate and institutional clients. In order to accommodate those non-US clients who do not wish to face US persons, where deemed appropriate and in line with Company's risk management objectives, Citi may allow clients to migrate to face the Company. Citi may continue to centralise risk management of certain activity on appropriate legal entities.

To facilitate Citi's overall compliance with the Dodd-Frank Act and its global footprint in trading derivatives, senior management has made the decision to register CGML as a non-US swap dealer with the US Commodities Futures Trading Commission.

EMIR

Similarly to the Dodd-Frank Act in the US, the EMIR regulation introduces mandatory central clearing of transactions with certain counterparties. This will have potential liquidity, expense and capital implications for the Company, with exposures to Central Counterparty Clearing Houses being subject to careful monitoring and management. Final rules for client clearing of OTC derivatives, and the implications of mandatory margin requirements for derivatives not cleared centrally, will continue to be closely monitored. The Company is currently engaged in system developments to ensure implementation readiness once the regulation comes into effect.

Regulatory developments *(continued)*

The Company's financial risk management objectives and policies and the exposure to market, credit, operational, liquidity and country risk are disclosed in Note 28 'Financial instruments and risk management'

Future outlook

The Company's strategy continues to be to take advantage of opportunities for the further development of its business. The Company continues to closely monitor on-going political events affecting the region and its clients. Such uncertainty could have a continued negative impact on investor activity, and thus on the Company's activity levels and results in 2014. In addition, the continuous reforms to the regulatory environment, both in the UK and globally, could impact on future results.

By order of the Board

J Bardrick
Director

27 March 2014

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 01763297

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP GLOBAL MARKETS LIMITED

We have audited the financial statements of Citigroup Global Markets Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express our opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its losses for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

R. Faulkner

Richard Faulkner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

27th March 2014

CITIGROUP GLOBAL MARKETS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Notes	2013 $ Million	2012 $ Million
Commission income and fees	**4**	1,618	1,517
Net dealing income	**6**	1,085	1,313
Interest receivable	**5**	897	1,282
Interest payable	**5**	(797)	(1,345)
Gross profit		2,803	2,767
Operating expenses	**7**	(3,021)	(3,125)
Other finance expense	**8**	(3)	(9)
Other income		12	54
Operating loss ordinary activities before taxation		(209)	(313)
Tax on losses on ordinary activities	**11(a)**	(25)	(38)
Loss for the financial year		(234)	(351)

The accompanying notes on pages 16 to 67 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)
for the year ended 31 December 2013

	Notes	2013 $ Million	2012 $ Million
Loss for the financial year		(234)	(351)
Net movement in STRGL in respect of the pension scheme	**8**	(50)	(75)
Total recognised loss for the financial year		(284)	(426)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the year ended 31 December 2013

	Notes	2013 $ Million	2012 $ Million
Loss for the financial year		(234)	(351)
Capital Contribution	**27**	3,000	284
Share based payment transactions	**9**	(83)	(154)
Other recognised losses relating to the year (net)	**8**	(50)	(75)
Opening shareholder's funds		10,119	10,415
Closing shareholder's funds		12,754	10,119

The accompanying notes on pages 16 to 67 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

BALANCE SHEET
as at 31 December 2013

	Notes	2013 $ Million	2012* $ Million
Fixed assets			
Tangible fixed assets	**12**	221	211
Fixed Asset Investments	**13**	50	36
		271	247
Current assets			
Debtors	**15**	111,623	118,829
Investments	**17**	119,574	134,161
Cash at bank and in hand	**19**	2,805	3,517
Debtors: amounts due after more than one year			
Debtors	**15**	13	12
		234,015	256,519
Creditors: amounts falling due within one year			
Creditors	**21**	217,219	240,762
		217,219	240,762
Net current assets		16,796	15,757
Total assets, less current liabilities		17,067	16,004
Creditors: amounts falling due after more than one year			
Creditors	**21**	160	254
Subordinated loans	**24**	4,200	5,700
		4,360	5,954
Provisions for liabilities	**25**	56	42
Net assets excluding net pension asset		12,651	10,008
Net pension asset	**8**	103	111
Net assets		12,754	10,119
Capital and reserves			
Called up share capital	**26**	1,500	1,500
Capital reserve	**27**	9,989	6,989
Profit and loss account	**27**	1,265	1,630
Shareholder's funds		12,754	10,119

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

The accompanying notes on pages 19 to 67 form an integral part of these financial statements.
The financial statements on pages 16 to 67 were approved by the Directors on 27 March 2014 and were signed on their behalf by:

J Bardrick
Director
Registered Number: 01763297

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the following exceptions:

- derivative and trading financial instruments are measured at fair value; and
- financial instruments designated at fair value through profit or loss are measured at fair value.

The risks and uncertainties faced by the Company are discussed further in the Directors' Report and Strategic Report on pages 1 to 14. The Directors acknowledge and accept the intent and ability of Citigroup to provide support to the Company if required and consequently present these financial statements on a going concern basis. Details on the risks faced by the Company's parent can be found at:
http://www.citigroup.com/citi/investor/data/k13c.pdf?ieNocache=620

The principal accounting policies have been applied consistently throughout the current and preceding year except for the following change in accounting policy:

Change in accounting policy:

During 2013 the Company changed its accounting policy for the recognition and derecognition of regular way purchases or sales of financial assets from trade date accounting to settlement date accounting. FRS 26 allows an accounting policy choice between trade date and settlement date accounting for recording regular way transactions.

Settlement date accounting is considered by the directors to be a more appropriate accounting policy, and will result in a more relevant and reliable presentation over the Company's assets and liabilities on the statement of financial position for the following reasons:

- being a broker-dealer, settlement date accounting results in a more reliable and relevant information about the risks the company is exposed to through executing a high volume of purchase and sale transactions in fixed income and equity securities; and
- it more closely aligns the Company's balance sheet with that of its ultimate parent Citigroup Inc., making it more comparable for users of the Company's financial statements.

Movements in fair value between trade date and settlement date are reflected as they occur, with the movement in fair value taken through profit or loss. Changes have been applied retrospectively resulting in the restatement of prior year financial information.

As a result of the voluntary accounting policy change the following changes have been made to the financial statements as at 31 December 2013:

	2013 Settlement Date $ Million	2013 Trade Date $ Million	Variance $ Million	2012 Restated $ Million	2012 $ Million	Variance $ Million
Fixed assets	271	271	0	247	247	-
Current assets	234,014	246,539	(12,525)	256,519	265,253	(8,734)
Creditors: amounts falling due within one year	217,218	229,743	(12,525)	240,762	249,496	(8,734)
Total assets less current liabilities	**17,067**	**17,067**	**-**	**16,003**	**16,004**	**-**
Net assets	**12,754**	**12,754**	**-**	**10,118**	**10,119**	**-**
Shareholder's funds	**12,754**	**12,754**	**-**	**10,119**	**10,119**	**-**

1. Principal accounting policies (continued)

Forthcoming changes to accounting standards:

The Financial Reporting Council (FRC) revised the financial reporting standards for the United Kingdom and Republic of Ireland. This revision fundamentally reforms financial reporting, replacing almost all extant standards with three Financial Reporting Standards which is effective for periods beginning on or after 1 January 2015.

- FRS 100 "Application of Financial Reporting Requirements" sets out a new financial reporting regime explaining which standards apply to which entity and when an entity can apply the reduced disclosure framework.
- FRS 101 "Reduced Disclosure Framework" sets out the disclosure exemptions for the individual financial statements of subsidiaries, including intermediate parents, and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards (IFRS).
- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" will complete the new reporting standards. The current expected date for issuing is 2013.

The Company is currently assessing the impact of the FRC revision of the financial reporting standards effective 1 January 2015.

Other matters:

The financial statements have been prepared in US Dollars, which is the functional currency of the Company, and any reference to $ in these financial statements refers to US Dollars.

As permitted under section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of CGMEL which prepares annual consolidated financial statements and is incorporated and registered in England and Wales.

Under the wholly owned group exemption of FRS 8, "Related Party Disclosures", the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

The Company has taken the subsidiary undertaking exemption permitted by FRS 1, "Cash Flow Statements", and has not prepared a cash flow statement. The Company's results are included in the consolidated financial statements of Citigroup Inc., the Company's ultimate parent company. Citigroup Inc. makes its financial statements available to the public on an annual basis.

(b) Financial instruments

Trading assets and trading liabilities
Financial instruments that have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking are classified as "held for trading". Financial assets classified as "held for trading" include collateralised financing transactions, government bonds, eurobonds and other corporate bonds, equities, certificates of deposit, commercial paper and derivatives. Financial liabilities classified as "held for trading" include securities sold but not yet purchased, collateralised financing transactions and derivatives.

Trading assets and liabilities are initially recognised at fair value on settlement date and subsequently re-measured at fair value, any changes in fair value between trade date and settlement date is reported in the profit and loss account. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

Derivative contracts
Derivative contracts used in trading activities are recognised at fair value on the date the derivative is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

1. Principal accounting policies (continued)

(b) Financial instruments

Repurchase and resale agreements
Repurchase and resale agreements are treated as collateralised financing transactions. Securities which have been sold with an agreement to repurchase continue to be shown on the balance sheet and the sale proceeds are recorded as a collateralised financing transaction within creditors. Securities acquired in purchase and resale transactions are not recognised in the balance sheet and the purchase is recorded as a collateralised financing transaction within debtors. The difference between the sale price and the repurchase price is recognised over the life of the transaction and is charged or credited to the profit and loss account as interest payable or receivable. Assets and liabilities recognised under collateralised financing transactions are classified as "held for trading" and are recorded at fair value, with changes in fair value recorded in the profit and loss account.

With effect from October 2013, the Company elected to not apply the fair value option to certain prospective collateralised financing transactions. Due to the short term nature of these trades, there is no effect on balance sheet presentation or profit and loss arising from changing the fair value election to an accrual basis.

Financial assets designated at fair value
Financial instruments, other than those held for trading, are classified into fair value through profit and loss when they meet one or more of the criteria set out below, and are so designated by management. The Company may designate financial instruments at fair value when this will:

- eliminate or significantly reduce valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- apply to groups of financial assets thereof that are managed and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to management on that basis; and
- relate to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial instruments are initially recognised at fair value on settlement date and subsequently re-measured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

The Company has elected to apply the fair value option to certain corporate bonds on the basis that such bonds are part of a portfolio that is managed and evaluated on a fair value basis.

Other financial assets
Financial assets other than those which are classified as "held for trading" or "designated at fair value through profit and loss", are classified as loans and receivables. Loans and receivables include trade debtors, including settlement receivables, and are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method.

At each reporting date the Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the debtor or other observable data such as adverse changes in the payment status of debtors, or economic conditions that correlate with defaults of the debtor.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. The Company writes off loans and receivables and fixed asset investments when they are determined to be uncollectible.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Other financial liabilities and subordinated loans
Financial liabilities and subordinated loans are measured at amortised cost using the effective interest rate, except those which are "held for trading", which are held at fair value through the profit and loss account.

Determination of fair value
Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. See Note 14 -'Financial assets and liabilities accounting classifications and fair values' for further details.

Collateral
The Company receives collateral from customers as part of its business activity. Collateral can take the form of cash, securities or other assets. Where cash collateral (client money) is received this is recorded on the balance sheet and, where required by collateral agreements, is held in segregated client cash accounts. The Company does not recognise non-cash collateral on its balance sheet.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities
Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

If the Company enters into a transaction that results in it retaining significantly all of the risks and rewards of a financial asset it will continue to recognise that financial asset and will recognise a financial liability equal to the consideration received under the transaction.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is modified, exchanged, discharged, cancelled or expired.

(c) Physical commodities

Physical commodities are initially recognised at fair value on settlement date and subsequently re-measured at fair value. Realised gains and losses on sales of commodities inventory are included in Net dealing income.

(d) Commission income and fees

Commission revenues and expenses are recognised when the right to consideration has been obtained in exchange for performance.

1. Principal accounting policies (continued)

(e) Interest receivable and payable

Interest income and expense is recognised in the profit and loss account for all financial assets classified as loans and receivables and non-trading financial liabilities, using the effective interest rate method.

Interest arising on financial assets or financial liabilities that are "held for trading" or "designated at fair value" is reported within interest income and expense respectively.

(f) Net dealing income

Net dealing income comprises gains and losses related to trading assets, trading liabilities and financial assets designated at fair value and physical commodities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. The cost of developed software includes directly attributable internal costs and the cost of external consultants. Depreciation is provided at rates calculated to write-off the cost, less the estimated residual value of each asset, on a straight-line basis over its expected economic useful life, as follows:

Premises improvements	-	lesser of the life of the lease or 10 years
Equipment	-	3 to 5 years
Capitalised software	-	5 to 10 years

At each reporting date the Company assesses whether there is any indication that tangible fixed assets are impaired.

(h) Fixed asset investments

Investments in subsidiary undertakings are stated at cost, less any write down for diminution in value regarded as permanent.

Non-subsidiary investments are initially recognised at fair value on settlement date and subsequently re-measured with value changes being recognised in earnings.

(i) Taxation

The charge for taxation is based on the taxable profits/losses for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes except as otherwise provided by FRS 19 on an undiscounted basis.

(j) Pension and other post retirement benefit costs

The Company operates both a defined benefit and defined contribution pension scheme.

The cost of the Company's defined contribution pension scheme is the amount of contributions payable in respect of the year. For defined benefit obligations, the current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. The post-retirement benefit surplus or deficit is included on the balance sheet, net of the related deferred tax. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. These include differences between the expected and actual return on scheme assets and differences which arise from experience and assumption changes.

1. Principal accounting policies (continued)

(j) Pension and other post retirement benefit costs (continued)

Under FRS 17 paragraph 41, Net asset surpluses can only be recognised on the balance sheet if the surplus can be recovered either by a refund to the Company (which must have been agreed at the balance sheet date) or by the reduction of future employer contributions. FRS 17 specifies that the maximum amount that can be recognised in respect of the reduction of future contributions is the present value of the liability expected to arise from future service, net of employee contributions

(k) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than US Dollar that are classified as "held for trading" or "designated at fair value" are translated into US Dollars using the year end spot rate. Non-monetary assets and liabilities, denominated in currencies other than US Dollars that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the profit and loss account as incurred.

(l) Share-based incentive plans

The Company participates in a number of Citigroup Inc. (Citigroup) share-based incentive plans under which Citigroup grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement (SPAPA) the Company makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company applies equity-settled accounting for its share based incentive plans, with separate accounting for its associated obligations to make payments to Citigroup Inc. The Company recognises the fair value of the awards at grant date as compensation expense over the vesting period with a corresponding credit in the equity reserve as a capital contribution from Citigroup Inc. All amounts paid to Citigroup Inc and the associated obligations are recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period.

For Citigroup's share based incentive plans that have a graded vested period each "tranche" of the award is treated as a separate award, where a plan has a cliff vest the award only has a single "tranche". The expense is recognised as follows:

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%		
2 Years (1 Tranche)	50%	50%		
3 Years (3 Tranches)	61%	28%	11%	
3 years (1 Tranche)	33%	33%	33%	
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

Employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

EU Short Term awards are a form of CAP awarded to qualifying staff. The award is accounted for similarly to CAP awards but is delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

(m) Profit sharing plan

In October 2010, the Committee approved awards under the 2010 Key Employee Profit Sharing Plan (KEPSP) which entitled participants to profit-sharing payments if performance measurements between 1 January 2010 and 31 December 2012 were achieved. Participants received an initial payment in 2013 and will be due a further payment that was held back until 2014. This holdback payment may be reduced based on performance during the holdback period (generally, 1 January 2013 to 31 December 2013). Since vesting and performance conditions were satisfied, participants received an initial payment of two-thirds of the product of the cumulative pretax income of Citicorp (as defined in the KEPSP) for the initial performance period and the participant's applicable percentage. These have been accounted for on an accrual basis and the expense recognised in Employee remuneration.

2. Use of assumptions, estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Valuation of financial instruments
The Company's accounting policy for valuation of financial instruments is included in Note 1(b). The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data, where this is not possible management may be required to make estimates. Note 14 'Financial assets and liabilities accounting classifications and fair values' discusses further the valuation of financial instruments.

During 2011, the Company, in line with industry practice, began incorporating overnight indexed swap (OIS) curves as fair value measurement inputs for the valuation of certain collateralised interest-rate related derivatives. The OIS curves reflect the interest rates paid on cash collateral provided against the fair value of these derivatives. The Company believes using relevant OIS curves as inputs to determine fair value measurements provides a more representative reflection of the fair value of these collateralised interest-rate related derivatives. Previously, the Company used the currency of the derivative (for example the US London Interbank Offered Rate curves for US dollar derivatives) as the discount rate for these collateralised interest-rate related derivatives.

From August 2013 the Company incorporated OIS discounting into the valuation of its equity derivative transactions. The OIS rate is based on the currency of the cash flows associated with the derivative.

Pension
The Company's defined benefit schemes are measured on an actuarial basis, with the key assumptions being inflation, discount rate, mortality, and investment returns. Return on assets is an average of expected returns weighted by asset class. Returns on investments in equity are based upon government bond yields with a premium to reflect an additional return expected on equity investments.

Mortality assumptions are based upon the relevant standard industry and national mortality tables. Discount rates are based on specific corporate bond indices which reflect the underlying yield curve of each scheme. Management judgement is required in estimating the rate of future salary growth. All assumptions are unbiased, mutually compatible and based upon market expectations at the reporting date.

Share-based incentive plans
Awards granted through Citigroup's Stock Option Programme are measured by applying an option pricing model, taking into account the terms and conditions of the programme. Analysis of past exercise behaviour, Citigroup's dividend history and historical volatility are inputs to the valuation model. Management judgement is required in estimating the forfeiture rate.

2. Use of assumptions, estimates and judgements (continued)

Credit value adjustment

The Company has a number of financial liabilities that are valued at fair value. Under FRS 26, the Company is required to consider its own credit risk in determining the fair value of such financial liabilities. Management judgement is required in determining the appropriate measure of own credit risk to be included in the valuation model of the financial liability.

Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using appropriate benchmark curves. Given that not all counterparties have the same credit risk as that implied by the relevant discount curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citigroup's own credit risk in the valuation.

Citigroup CVA methodology comprises two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to non-performance risk. This process identifies specific, point-in-time future cash flows that are subject to non-performance risk, rather than using the current recognised net asset or liability as a basis to measure the CVA.

Second, market-based views of default probabilities derived from observed credit spreads of in the credit default swap market are applied to the expected future cash flows determined in step one. Own-credit CVA is determined using Citigroup-specific credit default swap (CDS) spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified facilities where individual analysis is practicable (for example, exposures to monoline counterparties) counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually or, if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realised upon a settlement or termination in the normal course of business. In addition, all or a portion of the CVA may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citigroup or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments.

During 2013 the Company recorded net CVA losses of $63 million (2012: $13 million losses) due to the narrowing of the Company's credit spreads. The total adjustment recorded in the balance sheet at the year-end was $193 million (2012: $256 million).

As at 31 December 2013, the Company has not recognised any valuation adjustments to reflect the cost of funding uncollateralised derivative positions beyond that implied by the relevant yield curve. Citi and the Company, continue to monitor market practices and activity with respect to discounting in derivative valuations.

3. Turnover and results

As permitted by paragraph 4 of Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410), the format of the profit and loss account has been adapted to the circumstances of the Company. Instead of turnover, the Directors have reported commission income and fees, net dealing income and interest income less interest expense in determining the gross profit of the Company.

4. Commission income and fees

Commission income and fees are derived from underwriting activities, marketing securities owned by other group undertakings, trading services provided to other group undertakings and corporate finance fees associated with mergers and acquisitions and other corporate finance advisory activities.

5. Interest receivable and interest payable

	2013 $ Million	2012 $ Million
Interest receivable comprises:		
Interest on current asset investments and collateralised financing transactions at fair value through profit and loss	890	1,274
Interest on debtors and cash assets not at fair value through profit and loss	7	8
	897	1,282
Interest payable comprises:		
Interest on collateral held and collateralised financing transactions at fair value through profit and loss	377	471
Interest on borrowings not at fair value through profit and loss	208	498
Interest on subordinated debt	212	376
	797	1,345

Included within interest receivable is interest received on client money.

6. Gains and losses on financial assets and financial liabilities held at fair value through profit and loss

	2013 $ Million	2012 $ Million
Gains and losses on financial assets and financial liabilities held for trading:		
Net dealing income	1,120	1,335
Interest receivable	890	1,274
Interest payable	(377)	(471)
Gains and losses on financial assets "designated at fair value through profit or loss":		
Net dealing expense	(35)	(21)
	1,598	2,117

7. Operating expenses

	2013 $ Million	2012 $ Million
Operating expenses include:		
Employee remuneration	1,243	1,218
Share-based incentive expense (Note 9)	224	329
Payroll taxes	185	213
Pension costs		
- defined benefit scheme (Note 8)	10	10
- defined contribution scheme	57	49
Depreciation (Note 12)	53	51
Auditor's remuneration:		
Audit of these financial statements	1.25	1.16
Amounts receivable by the company's auditor and its associates in respect of:		
Audit related assurance services	0.65	0.77
Taxation compliance services	0.12	-

The Company employed an average of 3,824 (2012: 3,993) employees during the year.

8. Pension costs

The Citigroup (UK) Pension Plan was established in September 2000 and provides defined contribution benefits to all new hires.

Defined benefit scheme

The Citigroup Global Markets Limited Pension and Life Assurance Scheme (the Scheme) is a funded pension scheme providing benefits on both a defined benefit and defined contribution basis. The Scheme is now closed to new entrants. The assets of the Scheme are held separately from those of the Company, in a trustee administered fund. Employees are not required to contribute to the Scheme, which is contracted out of the State Earnings Related Pension Scheme.

The pension cost in respect of defined benefit obligations is assessed in accordance with the advice of a qualified external actuary using a Projected Unit method with a triennial review. The most recent full actuarial assessment of the liabilities of the scheme was at 5 April 2011. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities.

Expected regular employer contributions to be paid into the scheme during 2014 are $33 million (2013: $34 million). During 2012, contributions to the value of $93 million were paid into the scheme including a funding contribution of $21 million on finalisation of the Citifinancial and AVCO scheme merger into PLAS and $39.8 million arising from the triennial formal valuation of the legacy PLAS plan.

The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities and mortality assumptions. The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The average life expectancy of an individual retiring at age 65 is 24 for males and 24 for females.

8. Pension costs (continued)

The financial assumptions used in calculating the defined benefit scheme liabilities as at 31 December 2013 are as follows:

	2013	2012	2011
Inflation	3.7%	3.3%	3.4%
Rate of general long-term increase in salaries	1.5%	3.3%	3.4%
Rate of increase to pensions in payment			
- Pensions accrued from 1 May 2005	2.5%	2.4%	2.2%
- Pensions accrued prior to 1 May 2005	3.2%	3.0%	2.9%
Discount rate for scheme liabilities	4.5%	4.7%	4.8%

In addition to the assumptions on which the Scheme obligation at the balance sheet date is based, it is also necessary to select expected rates of return on assets. Assumptions that are affected by economic conditions (financial assumptions) are based on market expectations, at the balance sheet date, for the period over which the obligations are settled. The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme as at 31 December 2013.

The expected return and fair value at the reporting date are set out as follows:

	Expected return				Fair value	
	2013	2012	2011	2010	2013	2012
					$ Million	$ Million
Government bonds	3.8%	3.1%	2.8%	4.1%	937	906
Corporate bonds	4.5%	4.3%	4.1%	5.3%	592	569
Insured Pensions	4.5%	4.7%	4.8%	5.3%	1	1
Other	3.6%	2.8%	2.9%	4.2%	13	4
Total market value of assets					1,543	1,480

8. Pension costs (continued)

Analysis of amounts recognised in profit and loss account:

Amounts recognised in profit and loss

	2013 $ Million	2012 $ Million
Current service cost	10	10
Expense recognised in the profit and loss account	10	10

Analysis of other finance expense:

	2013 $ Million	2012 $ Million
Expected return on pension scheme assets	52	45
Interest on pension scheme liabilities	(54)	(54)
Net return	(2)	(9)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):

	2013 $ Million	2012 $ Million
Actual return less expected return on pension scheme assets	(21)	(13)
Experience gains and losses arising on the scheme liabilities	(67)	(30)
Unrecognised surplus in respect of FRS 17 para 41	51	(28)
Impact of foreign exchange	(13)	(4)
Net movement in STRGL in respect of the pension scheme	(50)	(75)
Cumulative amount of losses recognised in STRGL	(515)	(465)

Under FRS 17, any surplus in a Scheme can only be recognised on the balance sheet if the surplus can be recovered either by an agreed refund to the Company or by the reduction of future contributions. As the Scheme is closed to new entrants, the surplus has been calculated as the present value of the service cost expected to arise over the average future working lifetime of the active membership resulting in an unrecognised asset of $115 million (2012: $166 million).

Reconciliation to the balance sheet:

	2013 $ Million	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million
Total market value of assets	1,543	1,480	1,340	903	899
Present value of scheme liabilities	(1,325)	(1,203)	(1,097)	(844)	(870)
Net pension asset excluding unrecognised asset	218	277	243	59	29
Unrecognised asset due to FRS 17 para 41	(115)	(166)	(138)	-	-
Total Present value of service cost over next 10 years	103	111	105	59	29

8. Pension costs (continued)

	2013 $ Million	2012 $ Million
Surplus in scheme at beginning of the year	111	105
Current service cost	(10)	(10)
Contributions	34	93
Other finance expense	(3)	(9)
Actuarial (loss)/gain	(88)	(43)
Foreign exchange adjustment	8	3
Unrecognised asset due to FRS 17 para 41	51	(28)
Surplus in scheme at end of year	103	111

The impact of para 41 limitation in FRS 17:

	2013 $ Million	2012 $ Million
Fair value of scheme assets	1,543	1,480
Defined benefit obligation	(1,325)	(1,203)
Net asset	218	277
Present value of service cost over next 12 years†	(103)	(111)
Unrecognisable surplus in respect of FRS 17 para 41	115	166

The changes to the present value of the defined obligation during the year are as follows:

	2013 $ Million	2012 $ Million
Opening defined benefit obligation	1,203	1,097
Current service cost	10	10
Interest cost	54	54
Actuarial lossess on scheme liabilities	67	30
Net benefits paid out	(38)	(39)
Foreign exchange adjustment	29	51
Closing defined benefit obligation	1,325	1,203

8. Pension costs (continued)

The changes to the fair value of scheme assets during the year are as follows:

	2013 $ Million	2012 $ Million
Opening fair value of scheme assets	1,314	1,202
Expected return on scheme assets	52	45
Actuarial (losses)/gains on scheme assets	(21)	(13)
Contributions by the employer	34	93
Net benefits paid out	(38)	(39)
Unrecognised asset due to FRS 17 para 41	51	(28)
Foreign exchange adjustment	36	54
Closing fair value of scheme assets	1,428	1,314

The actual return on assets is as follows:

	2013 $ Million	2012 $ Million
Expected return on assets	52	45
Actuarial (losses)/gains on scheme assets	(21)	(13)
Actual return on assets	31	32

History of experience gains and losses:

	2013 $ Million	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million
Difference between expected and actual return on scheme assets	(21)	(13)	145	(12)	36
Gains/(losses) on scheme liabilities due to experience	3	37	0	0	(35)
Gains/(losses) on scheme liabilities due to assumptions	(70)	(67)	(58)	23	(122)
Unrecognised surplus in respect of FRS 17 para 41	51	(28)	(138)	0	0
Foreign exchange adjustment	(13)	(4)	1	0	0
Total amount recognised in STRGL	(50)	(75)	(50)	11	(121)

9. Share-based incentive plans

As part of the Company's remuneration programme it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of the shareholders. The award programmes are administered by the Personnel and Compensation Committee of the Citigroup Inc Board of Directors, which is composed entirely of non-employee directors.

In the share award programme Citigroup issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programs during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have been satisfied. Recipients of deferred share awards do not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during

9. Share-based incentive plans (continued)

the vesting period. Once a share award vests the shares become freely transferrable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

Citigroup participated in a 1-for-10 reverse stock split of Citigroup common stock effective after the close of trading on 06 May, 2011. Every ten shares of issued and outstanding Citigroup common stock was automatically combined into one issued and outstanding share of common stock without any change in the par value per share. No fractional shares were issued in connection with the reverse stock split. All numbers within this note have been adjusted for the reverse stock split.

(i) Stock award programme

The Company participates in Citigroup's Capital Accumulation Programme (CAP), under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees.

Generally CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest over a three or four year period beginning on or about the first anniversary of the award date. Except in specific circumstances, continuous employment within Citigroup is generally required for CAP and other stock award programmes to vest.

The programme provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued.

For all stock award programmes, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citigroup common stock. Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citigroup common stock, but cannot vote.

Stock awards granted generally vest 25% per year over four years or 33% per year over 3 years.

As part of remuneration since 2010, the Company entered into an arrangement referred to as an "EU Short Term" award. The award is accounted for similarly to CAP awards but is delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

	2013	2012	2011	2010*
Shares awarded	4,677,014	6,488,348	7,197,950	6,259,496
Weighted average fair market value per share	$44.23	$30.54	$49.96	$35.20

* adjusted for 2011 reserve stock split

(ii) Stock option programme

The Company also participates in a number of Citigroup stock option programmes for its employees. Generally, since January 2005, stock options have been granted only to CAP participants who elect to receive stock options in lieu of restricted or deferred stock awards and to non-employee directors who elect to receive their compensation in the form of a stock option grant.

All stock options are granted on Citigroup common stock with exercise prices equal to the fair market value at the time of grant.

9. Share-based incentive plans (continued)

(ii) Stock option programme (continued)

Since 2009 the Company has made discretionary grants of options to eligible employees pursuant to the broad-based Citigroup Employee Option Grant (CEOG) Programme under the Citigroup Stock Incentive Plan. Under CEOG, the options generally vest equally over three years, the option term is 6 years from the grant date and the shares acquired on exercise are not subject to a sale restriction. To the extent permitted, CEOG options granted to eligible UK employees were granted under an HMRC approved sub-plan with any excess over the applicable individual limit being granted under the global plan, which is not an HMRC approved plan.

Citigroup Inc. closing share price on 31 December 2013 was USD $ 52.10 (2012: USD $ 39.52)

The stock option activity with respect to 2013 and 2012 under Citigroup stock option plans is as follows:

	2013		2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of year	4,887,279	44.00	5,173,123	55.60
Granted	-	-	0	-
Forfeited	(2,393)	244.50	(111,373)	120.00
Exercised	(372,155)	40.80	-	-
Transfers to/from other Citi entities	23,454	135.08	(44,168)	34.60
Expired	(1,167)	543.80	(130,303)	443.00
Outstanding, end of year	4,535,018	44.48	4,887,279	44.00
Exercisable, end of year	4,459,305	44.43	4,728,074	43.83

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2013:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price	Number Exercisable	Weighted average exercise price
			$		$
< $50.00	4,475,634	1.98	42.62	4,399,922	42.51
$50.01 - $399.99	59,383	1.61	186.08	59,383	186.08
$400.00 - $449.99	-	-	-	0	-
≥ $450.00	-	-	-	0	-
	4,535,017	0.00	44.50	4,459,305	44.43

The weighted average share price at the exercise date for options exercised during the year was $43.24 (2012: $NIL).

9. Share-based incentive plans (continued)

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2012:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price $	Number Exercisable	Weighted average exercise price $
< $50.00	4,852,466	2.96	42.48	4,693,262	42.26
$50.00 - $399.90	33,646	2.28	245.99	33,645	245.99
$400.00 - $449.90	-	-	-	-	-
≥ $450.00	1,167	0.04	543.8	1,167	543.80
	4,887,279	2.96	44.00	4,728,074	43.83

Fair value assumptions

Additional valuation and related assumption information for the Citigroup option plans is presented below. Citigroup used a binomial model to value stock options. Volatility has been estimated by taking the historical implied volatility in traded Citigroup options over a recorded 31 month period and adjusting where there are known factors that may affect future volatility.

	2013	2012
Weighted average fair value for options granted during the year	$0.00	$0.00
Weighted average expected life		
Option life	2 years	3 years
Valuation assumptions		
Expected volatility (per annum)	37.23%	42.56%
Risk-free interest rate	0.45%	0.38%
Expected annual dividend yield per share	0.08%	0.13%
Expected annual forfeitures	9.62%	9.62%

9. Share-based incentive plans (continued)

(iii) Profit and loss statement impact

The table below details the profit and loss impact of the share based incentive plans.

	2013 $ million	2012 $ million
Awards granted in 2013		
Stock Awards	157	-
Stock Options	-	-
Awards granted in 2012		
Stock Awards	43	137
Stock Options	-	-
Awards granted in 2011		
Stock Awards	24	80
Stock Options	1	1
Awards granted in 2010		
Stock Awards	(7)	44
Stock Options	-	1
Awards granted in 2009		
Stock Awards	(2)	10
Stock Options	-	5
Awards granted in 2008 or earlier		
Stock Awards	-	3
Stock Options	-	-
Cash accrued	8	48
Total Expense (Note 7)	224	329

	2013 $ million	2012 $ million
Fair value adjustment of intercompany recharges in profit and loss reserve (Note 27)	(83)	(154)
Total carrying amount of equity-settled transaction liability	512	496
Total carrying amount of cash-settled transaction liability	10	21

10. Directors' remuneration

Directors' remuneration in respect of services to the Company was as follows:

	2013 $'000	2012 $'000
Aggregate emoluments	3,564	8,380
Contributions to money purchase pension scheme	76	39
	3,640	8,419

The contributions to the money purchase pension schemes are accruing to five of the Directors (2012: four). Five of the Directors (2012: five) of the Company participate in parent company share and share option plans and, during the year, none of the Directors (2012: none) exercised options.

The remuneration of the highest paid Director was $1,872,397 (2012: $2,586,448) and accrued pension of $3,222 (2012: $nil). The highest paid Director did not (2012: did not) exercise share options during the year.

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment.

11. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2013 $ Million	2012 $ Million
Current tax:		
Overseas current tax	21	29
UK corporation tax	-	-
Adjustment in respect of overseas tax for previous years	5	3
Total current tax (Note 11(b))	26	32
Deferred tax:		
Origination and reversal of timing differences - overseas	(1)	1
Adjustment in respect of deferred tax for earlier years - overseas	-	5
Total deferred tax	(1)	6
Tax charge on ordinary activities	25	38

11. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

	2013 $ Million	2012 $ Million
Loss on ordinary activities before tax	(209)	(313)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(49)	(77)
Effects of:		
Expenses not deductible for tax purposes	20	17
Foreign tax deductions	(5)	(7)
Depreciation in excess of capital allowances	(8)	(5)
Accrued interest paid	(134)	(45)
Other timing differences	6	30
Pensions	(10)	(29)
Overseas tax in respect of European branch operations and dividends received	21	29
Group relief for nil consideration	179	116
Adjustments in relation to previous years	5	3
Current tax charge for year	25	32

(c) Factors that may affect future tax charges:

The Company has not recognised a deferred tax asset of $379 million (2012: $524 million) in relation to carried forward losses and timing differences.

The main rate of corporate tax for the year beginning 1 April 2012 reduced from 26% to 24%. The UK Government has announced that the rate will reduce to 23% from 1 April 2013, to 21% from 1 April 2014 and to 20% from 1 April 2015. While the reduction in corporate tax rate to 23% has already been enacted, the further reduction is expected to be enacted in the 2014 Finance Act. This results in a weighted average rate of 23.25% for 2013 (2012: 24.5%).

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12. Tangible fixed assets

The movement in tangible fixed assets for the year was as follows:

	Equipment and software $ Million	Premises improvements $ Million	Total $ Million
Cost			
At 1 January 2013	347	9	356
Additions	58	10	68
Disposals	(2)	(4)	(6)
At 31 December 2013	403	15	418
Accumulated depreciation			
At 1 January 2013	139	6	145
Charge for the year (Note 7)	53	-	53
Additions	-	3	3
Disposals	(2)	(2)	(4)
At 31 December 2013	190	7	197
Net book value			
At 31 December 2013	213	8	221
At 31 December 2012	208	3	211

13. Fixed asset investments

	Unlisted Investments 2013 $ Million	Unlisted Investments 2012 $ Million
Cost		
At 1 January	36	26
Additions	2	10
Gains recognised in profit and loss account	12	-
At 31 December	50	36

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2013 $'000	2012 $'000
Cost		
At 1 January	3,253	2,470
Additions	15	783
At 31 December	3,268	3,253

Details of principal Group subsidiary undertakings held at 31 December 2013 are as follows:

Name	Country of incorporation	% holding in ordinary share capital
Citigroup South Africa Credit Products (Proprietary) Limited (CSA)	South Africa	100%
CGM (Monaco) SAM	Monaco	100%
Citigroup Global Markets Luxembourg LLC	Luxembourg	100%
Citigroup Global Markets Funding Luxembourg SCA	Luxembourg	100%
Citigroup Global Markets Funding Luxembourg SaRL	Luxembourg	100%

14. Financial assets and liabilities accounting classifications and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

31 December 2013	Held for Trading $ Million	Designated at fair value $ Million	Loans and receivables $ Million	Other amortised cost $ Million	Total carrying amount $ Million	Fair value $ Million
Cash	-	-	2,805	-	2,805	2,805
Current asset investments	40,529	1,397	-	-	41,926	41,926
Derivatives	77,648	-	-	-	77,648	77,648
Collateralised financing transactions	98,874	-	-	-	98,874	98,874
Cash collateral pledged	-	-	4,650	-	4,650	4,650
Trade debtors	-	-	7,930	-	7,930	7,930
Other debtors	-	-	130	-	130	130
Fixed asset investments	-	-	-	50	50	50
	217,051	1,397	15,515	50	234,013	234,013
Bank loans and overdrafts	-	-	-	5,881	5,881	5,881
Collateralised financing transactions	87,474	-	-	-	87,474	87,474
Derivatives	79,999	-	-	-	79,999	79,999
Cash collateral held	-	-	-	7,457	7,457	7,457
Securities sold but not yet purchased	29,429	-	-	-	29,429	29,429
Trade creditors	-	-	-	5,781	5,781	5,781
Other creditors and accruals	-	-	-	1,213	1,213	1,213
Subordinated loans	-	-	-	4,200	4,200	5,003
	196,902	-	-	24,532	221,434	222,237

31 December 2012*	Held for Trading $ Million	Designated at fair value $ Million	Loans and receivables $ Million	Other amortised cost $ Million	Total carrying amount $ Million	Fair value $ Million
Cash	-	-	3,517	-	3,517	3,517
Current asset investments	38,892	3,412	-	-	42,304	42,304
Derivatives	91,857	-	-	-	91,857	91,857
Collateralised financing transactions	100,252	-	-	-	100,252	100,252
Cash collateral pledged	-	-	4,968	-	4,968	4,968
Trade debtors	-	-	13,215	-	13,215	13,215
Other debtors	-	-	92	-	92	92
Fixed asset investments	-	-	-	36	36	36
	231,001	3,412	21,792	36	256,241	256,241
Bank loans and overdrafts	-	-	-	6,405	6,405	6,405
Collateralised financing transactions	89,849	-	-	-	89,849	89,849
Derivatives	96,145	-	-	-	96,145	96,145
Cash collateral held	-	-	-	7,669	7,669	7,669
Securities sold but not yet purchased	29,874	-	-	-	29,874	29,874
Trade creditors	-	-	-	9,769	9,769	9,769
Other creditors and accruals	-	-	-	1,156	1,156	1,156
Subordinated loans	-	-	-	5,700	5,700	6,760
	215,868	-	-	30,700	246,567	247,627

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

14. Financial assets and liabilities accounting classifications and fair values (continued)

The following table shows an analysis of financial assets and liabilities classified as held for trading or designated at fair value level in the hierarchy:

31 December 2013	Level 1 $ Million	Level 2 $ Million	Level 3 $ Million	Total $ Million
Financial assets held for trading				
Current asset investments				
Derivatives	17	74,890	2,741	77,648
Government bonds	20,418	2,463	19	22,901
Eurobonds and other corporate bonds	-	8,345	1,140	9,485
Equities	6,943	507	112	7,561
Physcial Commodities	-	530	-	530
Commercial Paper	-	52	-	52
Collateralised financing transactions	-	98,331	343	98,874
	27,378	185,318	4,355	217,051
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	1,397	-	1,397
	27,378	186,898	4,172	218,448
Financial liabilities held for trading				
Derivatives	7	76,616	3,376	79,999
Collateralised financing transactions	-	87,474	-	87,474
Securities sold but not yet purchased	24,637	4,772	20	29,429
	24,644	168,862	3,396	197,162

31 December 2012*	Level 1 $ Million	Level 2 $ Million	Level 3 $ Million	Total $ Million
Financial assets held for trading				
Current asset investments				
Derivatives	58	88,352	3,447	91,857
Government bonds	19,683	4,103	77	23,864
Eurobonds and other corporate bonds	111	7,678	670	8,459
Equities	4,899	1,612	59	6,570
Collateralised financing transactions	-	100,252	-	100,252
	24,751	201,997	4,253	231,001
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	3,412	-	3,412
	25,433	**205,409**	**4,253**	**234,413**
Financial liabilities held for trading				
Derivatives	30	91,386	4,729	96,145
Collateralised financing transactions	-	89,849	-	89,849
Securities sold but not yet purchased	25,584	4,272	18	29,874
	25,614	**185,507**	**4,747**	**215,868**

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

14. Financial assets and liabilities accounting classifications and fair values (continued)

Given the short term nature and characteristics of trade debtors, other debtors, trade creditors, other creditors and accruals the fair value has been assumed to approximate the carrying value. The fair value of subordinated loans has been calculated using the present value of future estimated cash flows, discounted using a discount rate of 3 month USD OIS plus the Company's credit spread as at 31 December 2013.

The calculation of fair value incorporates the Company's estimate of the fair value of financial assets and financial liabilities. Other entities may use different valuation methods and assumptions in determining fair values, so comparisons of fair values between entities may not be necessarily meaningful.

The Company measures fair values using the following fair value hierarchy that reflects whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

The types of inputs have created the following fair value hierarchy are described below:

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

The Company considers relevant and observable market prices in its valuations where possible. The frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are factors that are driven by the liquidity of markets and the relevance of observed prices in those markets.

The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognise transfers into and out of each level as of the end of the reporting period.

As set out in Note 1(b), when available, the Company generally uses quoted market prices in an active market to calculate the fair value of a financial asset or liability and classifies such items as Level 1. In some cases where a market price is available, the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified as Level 2.

If quoted market prices are not available, fair values are based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

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14. Financial assets and liabilities accounting classifications and fair values (continued)

The Company uses the following procedures to determine the fair value of financial assets and financial liabilities irrespective of whether they are "held for trading" or have been "designated at fair value" including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Derivatives
Exchange-traded derivatives in active markets are generally fair valued using quoted market prices (i.e. exchange) and are therefore classified as Level 1 of the fair value hierarchy.

The majority of derivatives entered into by the Company are executed over the counter and are valued using a combination of external prices and internal valuation techniques, including benchmarking to pricing vendor services. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are industry wide approaches including discounted cash flows, modelling and numerical approaches.

The type of inputs may include interest rate yield curves, credit spreads, foreign exchange rates, volatilities and correlations.

Government bonds, Corporate bonds and Equities
When available, the Company uses quoted market prices to determine the fair value of government bonds and exchange traded equities; such items are typically classified as Level 1 of the fair value hierarchy.

For government bonds, corporate bonds and equities traded over the counter, the Company generally determines fair value utilising internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the bond or loan being valued. Government bonds, corporate bonds and equities and loans priced using such methods are generally classified as Level 2. However, when less liquidity exists for government bonds, corporate bonds or equities, a quoted price is stale or prices from independent sources vary, they are generally classified as Level 3.

The Company discounts future cashflows using appropriate interest rate curves. In the case of collateralised interest rate derivatives and equity derivatives the Company follows the terms in the collateral agreement between it and the counterparty. The agreements generally provide that an Overnight Indexed Swap (OIS) curve is used. The OIS curves reflect the interest rate paid on the collateral against the fair value of these derivatives.

Collateralised financing transactions
No quoted prices exist for such financial instruments and so fair value is determined using a discounted cash-flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. Expected cash flows are discounted using market rates appropriate to the maturity of the instrument as well as the nature and amount of collateral taken or received. Generally, when such instruments are held at fair value, they are classified within Level 2 of the fair value hierarchy as the inputs used in the valuation are readily observable.

The Company values a number of assets and liabilities using valuation techniques that use one or more significant inputs that are not based on observable market data. The Company grades all such assets and liabilities in order to identify those items for which a reasonably possible change in one or more assumptions is likely to have a significant impact on fair value.

Adjustments may be applied to the "base" valuations of financial assets and liabilities calculated using one of the valuation techniques described above, to ensure that the fair value measurement incorporates all factors that market participants would consider when determining fair value. Note that no such adjustments are applied to instruments that are valued using quoted prices for identical instruments in an active market.

NOTES TO THE FINANCIAL STATEMENTS

14. Financial assets and liabilities accounting classifications and fair values (continued)

The movement on Level 3 items for the year was:

2013	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading							
Current asset investments							
Derivatives	3,447	(771)	13	(11)	(551)	614	2,741
Government bonds	77	(23)	113	(143)	-	(5)	19
Eurobonds and other corporate bonds	679	439	1,663	(1,480)	(0)	(159)	1,141
Equities	60	24	42	(37)	(6)	29	111
Collateralised financing transactions	-		292		(391)	442	343
	4,263	(331)	2,123	(1,671)	(949)	920	4,355

Financial liabilities held for trading	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Derivatives	4,729	(222)	145	5	(1,588)	307	3,376
Long Term Debt	-	1			(1)		0
Securities sold but not yet purchased	19	(16)		90	(91)	18	20
	4,748	(237)	145	95	(1,680)	325	3,396

2012*	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading							
Current asset investments							
Derivatives	5,384	(831)	22	(14)	(916)	(198)	3,447
Government bonds	329	3	781	(302)	-	(734)	77
Eurobonds and other corporate bonds	835	(45)	1,079	(1,061)	-	(138)	670
Equities	31	7	19	(23)	-	25	59
	6,579	(866)	1,901	(1,400)	(916)	(1,045)	4,253

Financial liabilities held for trading	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Derivatives	4,957	585	(7)	29	(997)	162	4,729
Long Term Debt	-	(3)	-	-	113	(110)	-
Securities sold but not yet purchased	226	58	-	19	(267)	(17)	19
	5,183	640	(7)	48	(1,151)	35	4,747

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

Issuances are not included within the above tables as they have an immaterial impact on level 3 changes in 2013 and 2012. Included in the Level 3 balance at 31 December 2013 above are intercompany assets of $1,786 million (2012: $1,888 million) and liabilities of $1,704 million (2012: $2,501 million).

14. Financial assets and liabilities accounting classifications and fair values (continued)

Financial instruments may move between levels in the fair value hierarchy when factors such as liquidity or the observability of input parameters change. As conditions around these factors improve, financial instruments may transfer higher up the fair value hierarchy. There were no significant transfers of investments between Level 1 and Level 2 during the years ended 31 December 2013 and 2012.

Valuation process for Level 3 Fair Value Measurements

Price verification procedures and related internal control procedures are governed by the Citigroup Pricing and Price Verification Policy and Standards, which is jointly owned by Finance and Risk Management. Finance has implemented the ICG Securities and Banking Pricing and Price Verification Standards and Procedures to facilitate compliance with this policy.

Transfers in to or out of Level 3 are primarily driven by changes in the availability of independent data for positions where the Company has risk exposure, yet the market is no longer considered to be active. As liquidity and transparency improves, the financial instrument may transfer back to a previous classification level.

The key derivative contributors to the Level 3 financial instrument decrease over 2013 focussed on Credit and Equity Derivatives. Credit was driven by a decrease in inventory over the year, specifically on the Structured Credit business; and Equity was mainly driven by exotic equity derivatives.

Movements across purchases, sales and settlements were driven by asset backed securities across the Securitised Markets business and corporate bonds across the Rates Trading and Credit Markets businesses.

Transfers into Level 3 were driven by Equity Markets, as transparency decreased across exotic derivatives. Transfers out of Level 3 were driven by greater observability around corporate bonds on the Rates Trading business.

During the year, total changes in fair value, representing a gain of $26 million (2012: $1,506 million loss) were recognised in the profit and loss account relating to items where fair value was estimated using a valuation technique that uses one or more significant inputs that were based on unobservable market data. As these valuation techniques are based upon assumptions, changing the assumptions will change the estimate of fair value. The potential impact of using reasonably possible alternative assumptions for the valuation techniques for both observable and unobservable market data has been quantified as approximately $185 million (2012: $251 million). The decrease is mainly driven by the Credit Markets ($26 million) and Rates Trading ($17 million) businesses.

Valuation uncertainty is computed on a quarterly basis across all financial instruments in which one or more of the significant input parameters are unobservable. The methodology used to derive the impact across each product is determined by applying adjustments to the price or significant model input parameters used in the valuation.

The adjustments are typically computed with reference to historical or proxy analysis using third party data. Examples of the approach used to derive sensitivity adjustments are outlined below:

- Equity Markets: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Credit Trading and Securitised Markets: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Commodity Markets: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

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15. Debtors

The following amounts are included in debtors:

	2013 $ Million	2012* $ Million
Amounts due within one year:		
Trade debtors	7,930	13,215
Collateralised financing transactions	98,874	100,252
Cash collateral pledged	4,650	4,968
Physical commodities	-	296
Other debtors	130	92
Prepayments and accrued income	18	6
Corporation tax recoverable	21	0
Amounts due in greater than one year:		
Deferred tax asset (Note 20)	13	12
	111,636	118,841

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

Included within debtors are the following balances due from group undertakings:

	2013 $ Million	2012* $ Million
Amounts due within one year:		
Trade debtors	3,068	4,996
Collateralised financing transactions	24,324	24,844
Cash collateral pledged	776	806
Other debtors	13	13
	28,180	30.659

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

16. Pledged assets

Collateral accepted as security for assets
The fair value of financial assets including government bonds, eurobonds and other corporate bonds, equities, and cash accepted that is permitted to be sold or re-pledged in the absence of default were $124.1 billion (2012: $123.5 billion). The fair value of the collateral accepted that has been re-pledged at 31 December 2013 was $110.4 billion (2012: $112.1 billion). The Company is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

Financial assets pledged to secure liabilities
The total purchased financial assets including government bonds, eurobonds and other corporate bonds, equities and cash that have been pledged as collateral for liabilities at 31 December 2013 were $42.9 billion (2012: $36.9 billion). These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

17. Current asset investments

	2013 $ Million	2012* $ Million
Government bonds	22,901	23,864
Eurobonds and other corporate bonds	10,881	11,866
Equities - listed on a recognised UK exchange	1,440	2,049
- listed elsewhere	6,121	4,521
Physical Commodities	530	-
Certificates of deposit	1	5
Commercial Paper	52	-
Derivatives (Note 18)	77,648	91,857
	119,574	134,161

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

Current asset investments form part of the asset trading portfolio of the Company and comprise marketable securities and other financial assets. The following amounts are included in current asset investments:
Eurobonds and other corporate bonds include $1,397 million (2012: $3,412 million) of bonds that are "designated at fair value" and the remainder are classified as "held for trading".

18. Derivatives

	2013 Fair Value		2012 Fair Value	
	Asset $ Million	Liability $ Million	Asset $ Million	Liability $ Million
Swap agreements, swap options and interest rate cap and floor agreements	60,879	62,556	76,806	79,277
Index and equity options and similar contractual commitments	8,379	9,863	7,732	9,411
Other options and contractual commitments	8,390	7,580	7,319	7,457
	77,648	79,999	91,857	96,145

19. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2013 $ Million	2012 $ Million
Cash at bank held by third parties	2,201	2,131
Cash at bank held by other group undertakings	604	1,386
	2,805	3,517

Included within cash held by third parties is $1,115 million (2012: $1,652 million) that is held on behalf of clients in segregated accounts. Included within cash held by other group undertakings is $142 million (2012: $147 million) on behalf of clients in segregated accounts.

20. Deferred tax asset

The following amounts are included within deferred tax:

	2013 $ Million	2012 $ Million
Short term timing differences	13	12
At 1 January	12	17
Prior year adjustment	-	(5)
Increase during the year	1	-
At 31 December	13	12

Deferred tax is recognised on timing differences arising in the Company's non-UK branch operations. The balance includes amounts arising from share based payments and pensions. In accordance with the Company's accounting policies, as it is more likely than not that there will be suitable taxable profits arising in these operations from which the future reversal of underlying timing differences can be deducted, deferred tax is recognised.

The Company has not recognised a deferred tax asset of $379 million (2012: $524 million) in relation to carried forward losses and timing differences.

21. Creditors

The following amounts are included within creditors.
Included within 'Other creditors and accruals' is the accrual in respect of the bank levy.

	2013 $ Million	2012* $ Million
Amounts falling due within one year:		
Securities sold, but not yet purchased	29,429	29,874
Derivatives (Note 18)	79,999	96,145
Collateralised financing transactions	87,474	89,849
Cash collateral held	7,457	7,669
Bank loans and overdrafts	5,881	6,405
Trade creditors	5,621	9,769
Other creditors and accruals	1,214	902
Payroll taxes	130	149
Corporation tax payable	14	-
	217,219	240,762
Amounts falling due in greater than one year:		
Trade creditors	160	254
	160	254

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

21 Creditors (continued)

Included within creditors are the following balances due to group undertakings:

	2013 $ Million	2012* $ Million
Amounts falling due within one year:		
Collateralised financing transactions	9,124	11,757
Cash collateral held	2,623	2,763
Bank loans and overdrafts	5,591	6,376
Trade creditors	930	1,773
Other creditors and accruals	423	409
	18,691	23,077
Amounts falling due in greater than one year:		
Trade creditors	160	254

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

22. Derecognition of financial assets and financial liabilities

Transferred financial assets that are not derecognised in their entirety

There are certain instances where the Company continues to recognise financial assets that it has transferred.

The Company enters into collateralised financing transactions where it sells or lends debt or equity securities with a concurrent agreement to repurchase them. As significantly all of the risks and rewards of the underlying securities are retained, a collateralised financing liability is recognised and the securities remain on balance sheet.

As at 31 December 2013 the Company recognised $42,931 million of assets (2012: $36,918 million), with an associated $31,789 million of collateralised financing liabilities (2012: $26,391 million).

23. Trading financial assets and liabilities

Any initial gain or loss on financial instruments where valuation is dependent on valuation techniques using unobservable parameters are deferred over the life of the contract or until the instrument is redeemed, transferred or sold or the fair value becomes observable.

The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of the year with a reconciliation of the changes of the balance during the year for those financial assets and liabilities classified as trading.

	2013 $ Million	2012 $ Million
Unamortised balance at 1 January	28	50
Deferral on new transactions	15	4
Recognised in profit and loss during the period:		
- amortisation	(8)	(26)
Unamortised balance at 31 December	35	28

24. Subordinated loans

The subordinated loans form part of the Company's regulatory capital resources held to meet the capital adequacy requirements of the PRA and can only be repaid with their consent.

The following amounts were included within subordinated loans:

	2013 $ Million	2012 $ Million
Amounts falling due between one and five years	-	1,500
Amounts falling due after five years	4,200	4,200
	4,200	5,700

The subordinated loans, on which interest is payable at market rates, are due to other group undertakings.

On 23 May 2013 the Company repaid $1,500 million of subordinated loan borrowings to Citigroup Financial Products Inc.

At 31 December 2013, the Company had in place the following subordinated loan facilities:

Facilities with other group undertakings:	Total facilities available $ Million	Total facilities available $ Million
Facilities expiring between one and five years	5,000	21,500
Facilities expiring after five years	-	-
	5,000	21,500

The $5,000 million facility expiring within one and five years covers the amounts drawn down of $4,200 million which mature after five years.

25. Provisions for liabilities

	Restructuring provision $ Million	Litigation provisions $ Million	Other provisions $ Million	Total $ Million
At 1 January 2013	12	13	17	42
Charge to profits	73	1	14	88
Provisions utilised	(71)	-	(3)	(74)
At 31 December 2013	14	14	28	56

The restructuring provision relates to the provision for the cost of staff redundancies. The full amount is expected to be utilised in 2014. There are no releases anticipated.

We have not disclosed any additional information in respect of the litigation provisions due to its sensitive nature.

Other provisions are held in respect of accounting reconciliation and control procedures as part of the balance sheet substantiation process.

26. Called up share capital

The Company's share capital comprises:

	2013 $ Million	2012 $ Million
Authorised:		
1,644,000,000 ordinary shares of $1 each	1,644	1,644
350,000,000 convertible non-redeemable preference shares of $1 each	-	350
	1,644	1,994
Allotted, called-up and fully paid:		
1,499,626,620 ordinary shares of $1 each	1,500	1,150
350,000,000 convertible non-redeemable preference shares of $1 each	-	350
	1,500	1,500

The convertible non-redeemable preference shares of $1 each carried an entitlement to a fixed non-cumulative preferential dividend of an amount per share per annum determined at the discretion of the Directors and paid on 31 December of each year and in respect of the year ending on such date, or on such date and in respect of such period, as the Directors determined. These convertible non-redeemable preference shares conferred upon the holders the right to convert such shares into fully paid ordinary shares on each quarter end on the basis of $1 nominal of ordinary shares for every $1 nominal of convertible non-redeemable preference shares held. The convertible non-redeemable preference shares did not permit holders to vote at general meetings of the Company unless a dividend declared on those shares had not been paid on the due date. On a return of capital on liquidation or otherwise, the convertible non-redeemable preference shares ranked in priority to the ordinary shares.

On 31 December 2013 the convertible non-redeemable preference shares were converted into ordinary shares in accordance with their terms.

27. Reserves

The Company's reserves comprise:

	Capital reserve $ Million	Profit and loss account $ Million	Total $ Million
At 1 January 2013	6,989	1,630	8,619
Loss for the year	-	(234)	(234)
Net movement in STRGL in respect of pension scheme	-	(50)	(50)
Share based payment transactions	-	(83)	(83)
Dividends	-	0	0
Capital contribution	3,000	0	3,000
At 31 December 2013	9,989	1,265	11,254

The capital reserve includes capital contributions from the parent company, which are distributable.

A capital contribution of $1,500 million was made on 23 May 2013 to the Company by CGMEL. A further capital contribution of $1,500 was made on 20 December 2013 to the Company by CGMEL. The capital contributions were made in order to augment the Company's Tier 1 regulatory capital resources. Further information on CGML's regulatory capital is provided in Note 28.

28. Financial instruments and risk management

Objectives, policies and strategies

Dealing in financial instruments is fundamental to the Company's business. The risks associated with financial instruments are a significant component of the overall risk faced by the Company, particularly in turbulent financial markets.

The Company maintains positions in financial instruments for four principal reasons:

- as a result of the sale or assignment of structured or derivative positions to its clients (usually in the over-the-counter market);
- to satisfy its clients requirements to buy or sell investments;
- as a result of underwriting activities; and
- to economically hedge positions on its books created by the business noted above.

The Company also acts as agent for its customers in the purchase, sale and assignment of securities and derivatives listed on recognised investment exchanges.

The Company's derivative transactions are principally in the equity, interest rate, credit and commodity markets. Most of the counterparties to the Company's derivative transactions are banks and other financial institutions. The risks involved in trading derivatives include market, credit, liquidity and operational risk.

The development of new business is subject to a new product approval process, the purpose of which is to seek to ensure the proactive identification of risks and rewards, including franchise risks, before the Company transacts in new financial instruments or services. This process includes the setting of any limits applicable to the new business.

Market uncertainty places additional importance on the risk management policies and procedures which are outlined below. The Company believes that effective risk management is of primary importance to its overall operations. Accordingly, the Company seeks to maintain a comprehensive risk management process to monitor, evaluate and manage the principal risks it assumes in conducting its activities. These risks include credit, market, liquidity and operational risks. The Citigroup risk management framework, as established by the Chief Risk Officer, is designed to balance business ownership and accountability for risks with well-defined independent risk management oversight and responsibility, to monitor, evaluate and manage the principal risks it assumes in conducting its activities. Citi's risk management framework, tailored as appropriate for the Company, is based on the following principles established by the Chief Risk Officer:

- a defined risk appetite, aligned with business strategy;
- accountability through a common framework to manage risks;
- risk decisions based on transparent, accurate and rigorous analytics;
- a common risk capital model to evaluate risks;
- expertise, stature, authority and independence of Risk Managers; and
- risk managers empowered to make decisions and escalate issues.

The Company's risk management framework aims to recognise the diversity of the Company's global business activities by combining corporate oversight with independent risk management functions within each business. The independent risk managers at the business level are responsible for establishing and implementing risk management policies and practices within their business, for overseeing the risk in their business, and for responding to the needs and issues of their business.

28 Financial instruments and risk management (continued)

Risk management

Citigroup manages risk across three dimensions: businesses, regions and critical products. Each of the major business groups has a Business Chief Risk Officer who is the focal point for risk decisions (such as setting risk limits or approving transactions) in the business.

There are also Regional Chief Risk Officers, accountable for the risks in their geographic area and who are the primary risk contact for the regional business heads and local regulators. In addition, there are Product Chief Risk Officers for those areas of critical importance to Citigroup such as real estate and fundamental credit. The Product Risk Officers are accountable for the risks within their specialities across businesses and regions. The Product Risk Officers serve as a resource to the Chief Risk Officer, as well as to the Business and Regional Chief Risk Officers, to better enable the Business and Regional Chief Risk Officers to focus on the day-to-day management of risks and respond in a timely manner to business needs. Risk management within the Company is overseen by the Regional Risk Manager along with the managers for the different risk types within the region, such as credit risk, market risk, liquidity risk and operational risk.

The Citigroup risk organisation also includes a Business Management team who seek to ensure that the risk organisation has the appropriate infrastructure, processes and management reporting. This team, which supports risk management within the Company, includes the following groups:

- the risk capital group, which continues to enhance the risk capital model and its consistency across all business activities;
- the risk architecture group, which seeks to ensure integrated systems and common metrics, and thereby facilitates aggregation and stress testing of exposures across the institution;
- the enterprise risk management group, which focuses on improving the effectiveness of existing controls while increasing accountability and eliminating redundancy; and
- the office of Strategic Regulatory Relationships and the Chief Administrative Officer, which focuses on critical regulatory relationships as well as risk communications.

The Company leverages Citigroup's risk management model and organisation, with its multi-dimensional risk oversight and its people, processes and systems to ensure robust oversight of entity risks. In addition, the Company has local risk management and controls, to ensure local challenge to risk taking and ensuring that the Citigroup's approach is appropriate for the Company

Risk aggregation and stress testing
The Citigroup Chief Risk Officer, as noted above, is responsible for monitoring and controlling major risk exposures and concentrations across the organisation. This means aggregating risks, within and across businesses, as well as subjecting those risks to alternative stress scenarios in order to assess the potential economic impact they may have on Citigroup. This aggregation is performed at a Company level, as well.

Stress tests are undertaken across Citigroup and the Company which includes mark-to-market, available-for-sale, and amortised cost portfolios. These firm-wide stress reports seek to measure the potential impact to Citigroup, the Company and its component businesses, including the risk of very large movements in a number of key risk factors (e.g. interest rates, credit spreads), as well as the potential impact of a range of historical and hypothetical forward-looking systemic stress scenarios.

Supplementing the stress testing described above, Risk Management, working with input from the businesses and finance, provides periodic updates to senior management and the Board of Directors on significant potential exposures across The Company arising from risk concentrations, financial market participants and other systemic issues. These risk assessments are forward-looking exercises, intended to inform senior management and the Board of Directors about the potential economic impacts to the Company that may occur, directly or indirectly, as a result of hypothetical scenarios, based on judgmental analysis from independent risk managers.

28 Financial instruments and risk management (continued)

The stress testing and risk assessment exercises are a supplement to the standard limit-setting and risk capital exercises described later in this section, as these processes incorporate events in the marketplace and within the Company that impact the firm's view of the form, magnitude, correlation and timing of identified risks that may arise. In addition to enhancing awareness and understanding of potential exposures within the Company, the results of these processes serve as the starting point for risk management and mitigation strategies.

Along with the processes described above, the following sections summarise the processes that were in place during 2013 for managing the Company's major risks.

As summarised in the Strategic Report, Citi has identified the following as the key risks facing the Company.

Market risk

Market risk (and namely the price risk component) is the risk to earnings or capital from adverse changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors.

The independent risk management is tasked to establish an effective risk management process, including defining policies and procedures and appropriate market risk controls and limits taking into account where appropriate business considerations. It is supplemented by appropriate senior Business and Corporate management risk oversight.

Market risk limit structure clearly defines approved risk profiles and follows the principles and parameters of Citigroup's overall risk appetite.

In addition Company has a defined risk appetite framework supplemented by a daily VaR limit and regular stress testing with monthly and quarterly reporting to the senior management and the Boards of Directors respectively..

Management of this process begins with the professionals who work most closely with the Group's customers, products and markets and extends up to the senior executives who manage these businesses with a complimentart aggregation up to the country level. In all cases, the businesses are ultimately responsible for the market risks they take and for remaining within their defined limits.

Market risk is measured through a complementary set of tools, including factor sensitivities, Value at Risk (VaR), and stress testing. Each of these is discussed in greater detail below. Each business has its own market risk limit framework, encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products

Factor sensitivities are defined as the change in the value of a position for a defined change in a market risk factor (e.g. the change in the value of a Treasury bill for a one basis point change in interest rates). It is the responsibility of each business to seek to ensure that factor sensitivities are calculated and reported for all relevant risks taken within a trading portfolio.

VaR methodology
VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, over a specified holding period and confidence level. The VaR methodology developed and applied at Citigroup global level is also used at subsidiary level, including the Company. The Citigroup standard is a one-day holding period, at a 99 per cent confidence level. The VaR methodology incorporates the factor sensitivities of the trading portfolio and the volatilities and correlations of those factors. The Company's VaR is based on the volatilities of, and correlations between, a wide range of market risk factors, including factors that track the specific issuer risk in debt and equity securities. VaR statistics can be materially different across firms due to differences in portfolio composition, differences in VaR methodologies, and differences in model parameters. Citigroup believes that VaR statistics can be used more effectively as indicators of trends in risk taking within a firm, rather than as a basis for inferring differences in risk taking across firms.

28 Financial instruments and risk management (continued)
Market risk (continued)

Citigroup and the Company use Monte Carlo simulation, which they believe is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of 180,000 time series, with market factors updated daily and model parameters updated weekly. The conservative features of the VaR calibration contribute an approximate 20% add-on to what would be a VaR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citigroup would thus expect the number of days where trading losses exceed its VaR to be fewer than three exceptions per year. Periods of unstable market conditions could increase the frequency of these exceptions.

VaR limitations
Although extensive back-testing of VaR hypothetical portfolios is performed, with varying concentrations by industry, risk rating and other factors, the VaR measure cannot necessarily provide an indication of the potential size of loss when it occurs. Hence a varied set of factor sensitivity limits and stress tests are used, in addition to VaR limits.

A VaR limit is in place for the Company, to ensure that any excesses are discussed and resolved between risk officers and the business and entity management.

Although it provides a valuable guide to risk, VaR should also be viewed in the context of its limitations:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those of an extreme nature;
- the use of a one day holding period assumes that all positions can be liquidated or their risks offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one day holding period may be insufficient to fully liquidate or hedge positions;
- the use of a 99% confidence level, by definition, does not take into account losses that might occur beyond this confidence level;
- VaR is calculated on the basis of exposures outstanding at close of business and therefore does not necessarily reflect intra-day exposures; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

As set out above, stress testing is performed on portfolios on a regular basis to estimate the impact of extreme market movements. Stress testing is performed on individual portfolios, as well as on aggregations of portfolios and businesses, as appropriate. It is the responsibility of independent market risk management, in conjunction with the businesses, to develop stress scenarios, review the output of periodic stress testing exercises, and use the information to make judgments as to the on-going suitability of exposure levels and limits.

Each portfolio has its own market risk limit framework encompassing these measures as well as other controls, including permitted product lists and a new product approval process for complex products. These limits may be set at a Citigroup, Company, or other level, as appropriate.

The following table summarises market risk by disclosing the Company's average VaR during the reporting period, together with the VaR as at 31 December:

	2013 $ Million						
	Equity risk	**Interest rate risk**	**Foreign exchange risk**	**Commodity risk**	**Distressed debt**	**Covariance adjustment**	**Overall VaR**
Average	8.7	17.4	4.7	2.5	2.5	0.0	35.8
As at 31 December	6.1	17.3	0.8	0.5	5.5	-	30.1

	2012 $ Million						
	Equity risk	**Interest rate risk**	**Foreign exchange risk**	**Commodity risk**	**Distressed debt**	**Covariance adjustment**	**Overall VaR**
Average	8.5	15.7	1.6	4.1	1.4	0.3	31.6
As at 31 December	14.1	11.2	(0.4)	1.5	3.6	0.1	30.1

28 Financial instruments and risk management (continued)

Liquidity risk

The Company defines Liquidity risk as the risk that the Company will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the Company.

The Company's funding and liquidity objectives aim to maintain liquidity to fund the existing asset base and grow the core business, while at the same time maintaining sufficient excess liquidity, structured appropriately, to continue operating under a wide variety of market conditions, including both short and long-term market disruptions.

The UK forum for liquidity management is the UK Asset/Liability Management Committee (UK ALCO), which includes senior executives from within the Company and is chaired by the Chief Country Officer. This forum is composed of the UK CFO, EMEA CFO, UK legal entity Risk Manager, UK Treasurer, EMEA Regional Treasurer, the Financing Desk Heads and key business representatives. The UK ALCO reviews the current and prospective funding requirements of the Company, as well as its capital position and balance sheet.

A liquidity plan is prepared annually and the liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is monitored using various ratios and limits in accordance with the Liquidity Risk Management Policy for Citigroup. The funding and liquidity plan includes analysis of the balance sheet as well as of the economic and business conditions impacting the major operating subsidiaries in the UK. As part of the funding and liquidity plan, liquidity limits, liquidity ratios and assumptions for periodic stress tests are reviewed and approved.

In order to meet its liquidity stress testing requirements and liquidity ratio hurdles, the Company holds a pool of liquid assets which includes highly liquid government bonds.

Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on the Company's balance sheet and liquidity position, and to identify viable funding alternatives that can be utilised. These scenarios include potential significant changes in key funding sources, market triggers (such as credit rating downgrades), uses of funding, and political and economic conditions, including standard and stressed market conditions as well as firm-specific events. Some tests span liquidity events over a full year while others may cover a more intense shock over a shorter period such as one month. These potential liquidity events can identify potential mismatches between liquidity sources and uses over a variety of time horizons, and liquidity limits are set accordingly. To monitor the liquidity of a unit, these stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily.

Given the range of potential stresses, Citigroup maintains a series of contingency funding plans on a consolidated basis as well as for individual entities, including the Company. The plans specify a wide range of readily available actions under a variety of adverse market conditions or idiosyncratic disruptions.

The following table assigns the Company's assets and liabilities to relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. Note that in managing liquidity risk, management uses certain assumptions based on behavioural characteristics which differ from the contractual maturity dates shown below:

28 Financial instruments and risk management (continued)

	Total	On demand	3 months & less	3 - 12 months	1 – 5 years	More than 5 years
31 December 2013	**$ Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**
Cash	2,805	1,367	1,438	-	-	-
Current asset investments	41,926	41,926	-	-	-	-
Derivatives	77,648	77,648	-	-	-	-
Collateralised financing transactions	98,874	30,715	64,856	1,113	1,078	1,111
Cash collateral pledged	4,650	-	4,650	-	-	-
Trade debtors	7,930	-	7,930	-	-	-
Other debtors	130	-	130	-	-	-
Fixed asset investments	50	-	-	-	-	50
Total financial assets	234,013	151,656	79,004	1,113	1,078	1,161

	Total	On demand	3 months & less	3 - 12 months	1 – 5 years	More than 5 years
	$ Million	**$ Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**
Bank loans and overdrafts	5,881	1,090	617	1,087	3,087	-
Collateralised financing transactions	87,474	23,179	55,111	8,818	366	-
Derivatives	79,999	79,999	-	-	-	-
Cash collateral held	7,457		7,457			
Securities sold but not yet purchased	29,429	-	29,429	-	-	-
Trade creditors	5,781	-	5,621	-	160	-
Other creditors and accruals	1,214	-	1,214	-	-	-
Subordinated loans	4,200	-	-	-	-	4,200
Total financial liabilities	221,435	104,268	99,449	9,905	3,613	4,200
Net liquidity gap	12,578	47,388	(20,445)	(8,792)	(2,535)	(3,039)
Cumulative liquidity gap		47,388	26,944	18,152	15,617	12,578

28 Financial instruments and risk management (continued)

Liquidity risk (continued)

31 December 2012*	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	3,517	578	2,939	-	-	-
Current asset investments	42,304	42,304	-	-	-	-
Derivatives	91,857	91,857	-	-	-	-
Collateralised financing transactions	100,252	26,780	68,457	1,219	2,524	1,272
Cash collateral pledged	4,968	-	4,968	-	-	-
Trade debtors	13,215	-	13,215	-	-	-
Other debtors	92	-	92	-	-	-
Fixed asset investments	36	-	-	-	-	36
Total financial assets	256,240	161,519	89,670	1,219	2,524	1,308

	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Bank loans and overdrafts	6,405	2,009	3,093	-	1,303	-
Collateralised financing transactions	89,849	14,346	65,343	9,636	524	-
Derivatives	96,145	96,145	-	-	-	-
Securities sold but not yet purchased	29,874	-	29,874	-	-	-
Trade creditors	9,768	-	9,514	-	254	-
Other creditors and accruals	1,156	-	1,156	-	-	-
Subordinated loans	5,700	-	-	-	1,500	4,200
Total financial liabilities	238,897	112,500	108,980	9,636	3,581	4,200
Net liquidity gap	17,343	49,019	(19,310)	(8,417)	(1,057)	(2,892)
Cumulative liquidity gap		49,019	29,709	21,292	20,235	17,343

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

The table below assigns the Company's liabilities to relevant maturity groupings based on the remaining contractual future undiscounted cash flows up to maturity. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the liquidity risk based on the contractual maturity as disclosed in the previous table. Derivatives have been excluded from the table because they are not held for settlement over the period of contractual maturity.

31 December 2013	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	5,401	-	43	129	686	4,543
Total financial liabilities	5,401	-	43	129	686	4,543

31 December 2012	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	7,296	-	70	210	2,402	4,614
Total financial liabilities	7,296	-	70	210	2,402	4,614

28 Financial instruments and risk management (continued)

Credit risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Credit risk arises in many of the Company's business activities, including:

- sales and trading;
- derivatives;
- securities transactions;
- settlement; and
- when Citigroup acts as an intermediary on behalf of its clients and other third parties.

The credit process is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- a single centre of control for each credit relationship to coordinate credit activities with that client;
- a requirement for a minimum of two authorised-credit-officer signatures on extensions of credit, one of which must be from a sponsoring credit officer in the business and the other from a credit officer in independent credit risk management;
- consistent risk rating standards, applicable to every Citigroup obligor and facility; consistent standards for credit origination documentation and remedial management; and
- portfolio limits to ensure diversification and maintain risk/capital alignment.

The Company uses derivatives both as an end-user for asset/liability management and in its client businesses. The Company enters into derivatives principally to enable customers to transfer, modify or reduce their credit, equity, interest rate and other market risks. In addition, the Company uses derivatives, and other instruments, as an end user to manage the risks to which the Company is exposed.

The Company's credit exposure on derivatives and foreign exchange contracts is primarily to professional counterparties in the global financial sector, including banks, investment banks, hedge funds, insurance companies and asset management companies.

Wrong-way risk is an aggravated form of concentration risk and arises when there is a strong correlation between the counterparty's probability of default and the mark-to-market value of the underlying transaction. Citigroup uses a range of procedures to monitor and control wrong-way risk, including requiring entities to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines. This is monitored at a Company level. Wrong-way risk is mitigated through the use of enforceable netting agreements and margining.

The Company seeks to restrict its exposure to credit losses by entering into master netting arrangements with most counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. Many of these arrangements also provide for the calling and posting of variation margin or collateral, further reducing the Company's exposures. The internal measurement of exposure on each credit facility takes into account legally enforceable netting and margining arrangements – both in terms of current exposure and in terms of the simulated calculation of potential future exposure.

Credit risk is captured in the Company's defined risk appetite framework, which is supplemented by regular stress testing and monitoring of exposures, with monthly and quarterly reporting to the senior management and the Board of Directors respectively.

NOTES TO THE FINANCIAL STATEMENTS

28 Financial instruments and risk management (continued)

Credit risk (continued)

The following table presents the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements (where such credit enhancements do not meet offsetting requirements).

31 December 2013	Maximum exposure	Offset	Exposure to credit risk (net)
	$ Million	$ Million	$ Million
Cash	2,805	-	2,805
Current asset investments	119,574	(67,170)	52,403
Collateralised financing transactions	98,874	(17,622)	81,252
Cash collateral pledged	4,650	-	4,650
Trade debtors	7,930	-	7,930
Other debtors	130	-	130
Fixed asset investments	50	-	50
	234,013	(84,792)	149,220

31 December 2012*	Maximum exposure	Offset	Exposure to credit risk (net)
	$ Million	$ Million	$ Million
Cash	3,517	-	3,517
Current asset investments	134,161	(89,988)	44,173
Collateralised financing transactions	100,252	(16,713)	83,539
Cash collateral pledged	4,968	-	4,968
Trade debtors	13,215	-	13,215
Other debtors	92	-	92
Fixed asset investments	36	-	36
	256,240	(106,701)	149,538

*In 2013 the Company voluntarily adopted settlement date accounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note 1(a)).

The current asset investments offset amount in the above table relates to exposures where the counterparty has an offsetting derivative exposure with the Company and a master netting agreement is in place. These amounts do not qualify for net presentation for accounting purposes as settlement may not actually be made on a net basis.

The collateralised financing transactions offset adjustment relates to balances arising from repo and reverse repo transactions. The trade debtor offsets arise from unsettled trades. The offsets relate to balances where there is a legally enforceable right of offset in the event of counterparty default and consequently a net exposure for credit risk management purposes. However as there is no intention to settle individual transactions on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. Credit risk exposure is monitored on an asset basis except for positions which are specifically collateralised, normally in the form of cash.

As at 31 December the Company's third party credit exposure (mark to market plus potential future exposure as determined by the Company's internal measure) in relation to collateralised financing transactions and derivatives was distributed as follows (these exposures do not include derivative and collateralised financing transactions with other group undertakings):

28 Financial instruments and risk management (continued)

Credit risk (continued)

Industry	2013	2012
	%	%
Commercial and universal banks	45.6	32.7
Insurance and fund management	16.2	3.5
Brokers and investment banks	5.0	7.7
Other (including Corporates, SPVs and Hedge Funds)	33.2	56.1
	100	100

The credit quality of the Company's financial assets is maintained by adherence to Citigroup policies on the provision of credit to counterparties. The Company monitors the credit ratings of its counterparties with the table below presenting an analysis of the Company's current asset investments and derivative transactions by rating agency designation based on Standard & Poor, Moody's and Fitch ratings as at 31 December:

	Government bonds		Eurobonds and corporate bonds		Derivatives	
	2013	2012	2013	2012	2013	2012
	%	%	%	%	%	%
AAA / AA / A	57.7	72.5	74.7	55.0	76.9	52.6
BBB	36.8	21.5	12.1	18.2	1.8	11.6
BB / B	5.0	4.9	8.8	7.2	0.9	1.4
CCC or below	0.0	-	1.6	1.4	-	-
Unrated	0.5	1.1	2.9	18.2	20.4	34.4
	100.0	100.0	100.0	100.0	100.0	100.0

As discussed above the maximum credit risk is mitigated through the use of collateral, netting arrangements and the use of credit limits. The credit quality table above shows that the majority of the Company's credit exposure is to counterparties which are rated BBB or better.

Country Risk

Country risk is the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citigroup's franchise or will adversely affect the ability of obligors within that country to honour their obligations to Citigroup. Country risk events may include sovereign defaults, banking defaults or crises, currency crises and/or political events.

The information below is based on Citigroup's internal risk management measures. The country designation in Citigroup's risk management systems is based on the country to which the client relationship, taken as a whole, is most directly exposed with regard to economic, financial, socio-political or legal risks. This includes exposure to subsidiaries within the client relationship that are domiciled outside of the country.

Citigroup assesses the risk of loss associated with certain of the country exposures on a regular basis. These analyses take into consideration alternative scenarios that may unfold, as well as specific characteristics of the Company's portfolio, such as transaction structure and collateral. The Company currently believes that the risk of loss associated with the exposures set forth below is likely to be materially lower than the exposure amounts disclosed below and is sized appropriately relative to its operations in these countries

28 Financial instruments and risk management (continued)

Country Risk (continued)

The sovereign entities of all the countries disclosed below, as well as the financial institutions and corporations domiciled in these countries, are important clients both to the Company and to the global Citigroup franchise. Citigroup fully expects to maintain its presence in these markets to service all of its global customers. Hence the Company's exposure in these countries may vary over time, based upon its franchise, client needs and transaction structures.

Several European countries including Greece, Ireland, Italy, Portugal and Spain have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. The table below outlines the Group's exposures to these countries as of 31 December:

2013 **$ Millions**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	1	39	177	-	5	222
Net trading exposure	104	372	1,278	86	2,282	4,122
Net current funded exposure	105	411	1,455	86	2,287	4,344
Net current funded credit exposure:						
Sovereigns	-	-	149	-	-	149
Financial institutions	1	39	24	-	3	67
Corporations	-	-	4	-	2	6
Total net current funded credit exposure	1	39	177	-	5	221

2012 **$ Millions**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	9	2	240	-	(1)	250
Net trading exposure	(39)	42	1,271	70	1,142	2,486
Net current funded exposure	(30)	44	1,511	70	1,141	2,736
Net current funded credit exposure:						
Sovereigns	-	-	200	-	-	200
Financial institutions	1	2	32	-	(2)	33
Corporations	8	-	8	-	1	17
Total net current funded credit exposure	9	2	240	-	(1)	250

The exposures detailed above represent nominal levels of exposure without taking account of the benefit of any collateral, but including the benefits of margin and credit protection. The net trading exposures are marked to market daily, and levels of exposure vary as the positions are maintained consistent with customer needs. As discussed above, the Company's net exposure is significantly lower than shown in this table.

28 Financial instruments and risk management (continued)

Operational risk (unaudited)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct in which Citi is involved. Operational risk is inherent in the Company's global business activities, as well as its internal processes that support those business activities, and can result in losses arising from events related to the following, among others:

- fraud, theft and unauthorised activities;
- employment practices and workplace environment;
- clients, products and business practices;
- physical assets and infrastructure; and
- execution, delivery and process management.

Framework

Citi's global operational risk is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognised ownership of the risk by the businesses;
- oversight by Citi's independent risk management and control functions; and
- independent assessment by Citi's Internal Audit function.

The goal is to keep operational risk at appropriate levels relative to the characteristics of the Group's businesses, the markets in which it operates its capital and liquidity, and the competitive, economic and regulatory environment.

To monitor, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for assessing and communicating operational risks and the overall effectiveness of the internal control environment across Citigroup. As part of this framework, Citi has established a "Manager's Control Assessment" programmeto help managers self-assess key operational risks and controls and identify and address weaknesses in the design and/or effectiveness of internal controls that mitigate significant operational risks. Manager Control Assessments are in place for all the major business lines and control areas impacting the Company.

As noted above, each major business segment must implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- design controls to mitigate identified risks;
- establish key risk and control indicators;
- implement a process for early problem recognition and timely escalation;
- produce a comprehensive operational risk report; and
- ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

As new products and business activities are developed, processes are designed, modified or sourced through alternative means and operational risks are considered.

28 Financial instruments and risk management (continued)

Operational risk (continued)

An Operational Risk Council provides oversight for operational risk across Citigroup. The Council's membership includes senior members of Citi's Franchise Risk and Strategy group and the Chief Risk Officer's organisation covering multiple dimensions of risk management, with representatives of the Business and Regional Chief Risk Officers' organisations. The Council's focus is on identification and mitigation of operational risk and related incidents. The Council works with the business segments and the control functions (e.g., Compliance, Finance, Human Resources and Legal) with the objective of ensuring a transparent, consistent and comprehensive framework for managing operational risk globally.

In addition, Enterprise Risk Management, within Citi's independent risk management, proactively assists the businesses, operations and technology and the other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions, and facilitates the management of operational risk at a Group and Company level.

Operational risk is part of the Company's defined risk appetite framework supplemented with regular reporting and updates to the senior management and the Board of Directors.

Measurement and Basel II

To support advanced capital modelling and management, each business is required to capture relevant operational risk capital information. An enhanced version of the Citigroup risk capital model for operational risk has been developed and implemented across the major business segments. The PRA has approved this model, including the associated capital allocation, for use within the Company as an "Advanced Measurement Approach" under Basel II. It uses a combination of internal and external loss data to support statistical modelling of capital requirement estimates, which are then adjusted to incorporate qualitative aspects of the operational risk and control environment.

To enhance its operational risk management the Company has implemented a forward looking scenario analysis to identify and quantify emerging operational risks. This development has been integrated into the operational risk capital calculation for the Company.

Regulatory risk is the risk of failing to comply with regulatory requirements, regulatory change or regulators' expectations. Failing to properly manage regulatory risk may result in regulatory sanctions and increased reputational and franchise risk.

As the regulatory environment continues to evolve, Citigroup and the Company remain committed to implementing new regulations and to ensuring continuous compliance with forthcoming regulatory requirements. The most significant developments assessed by the Company are:

- Capital Requirements Directive (CRD IV);
- Recovery and Resolution Directive;
- Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act);
- European Market Infrastructure regulation (EMIR).

Implementation of CRD IV

The EU CRD IV legislative package includes the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) as approved by the European Parliament on 16 April 2013 and is directly applicable to banks and financial firms which are prudentially regulated in the United Kingdom. It became effective on 1 January 2014 and has introduced significant quantitative and qualitative changes to capital adequacy and the related governance processes throughout the financial sector in the European Union. The quantitative implications of this include higher capital requirements associated with counterparty credit risk and the introduction of additional capital buffers to cover cyclical and systemic risks as well as capital conservation concerns. A number of these requirements will be introduced on a phased basis between 2014 and 2019. There are also qualitative implications, such as more reliance on higher quality capital and expectations of improved risk management processes.

In preparation for the CRD IV implementation the Company received a $1.5 billion capital injection from its parent Citigroup Global Markets Europe Limited on 20 December 2013 in order to maintain the Company's Total capital adequacy ratio well above the required minimum and internal capital management thresholds.

Recovery and Resolution Directive

There is an increased focus from local regulators on ensuring that subsidiaries and branches of large international financial services companies are adequately capitalised and managed locally, such that in the event of a local market disruption they would be able to sustain their business and cover any losses incurred without an exaggerated reliance on offshore parental financial aid.

The Recovery and Resolution Planning process for the Company is designed to provide transparency and a viable path to resolution. The Company has been identified as a Material Legal Entity in Citigroup's Resolution Plan, which can be found at http://www.federalreserve.gov/bankinforeg/resolution-plans.htm.

Implementation of the Dodd Frank Act in the US

The Dodd-Frank Act introduces mandatory disclosure requirements as well as requirements to trade certain types of derivatives via authorised Special Execution Facilities. These requirements, which came into force in October 2013, directly impact the activities carried out by Citibank NA through its London Branch with non-US corporate and institutional clients. In order to accommodate those non-US clients who do not wish to face US persons, where deemed appropriate and in line with Company's risk management objectives, Citi may allow clients to migrate to face the Company. Citi may continue to centralize risk management of certain activity on appropriate legal entities.

To facilitate Citi's overall compliance with the Dodd-Frank Act and its global footprint in trading derivatives, senior management has made the decision to register CGML as a non-US swap dealer with the US Commodities Futures Trading Commission.

EMIR

Similarly to the Dodd-Frank Act in the US, the EMIR regulation introduces mandatory central clearing of transactions with certain counterparties. This will have potential liquidity, expense and capital implications for the Company, with exposures to Central Counterparty Clearing Houses being subject to careful monitoring and management. Final rules for client clearing of OTC derivatives, and the implications of mandatory margin requirements for derivatives not cleared centrally, will continue to be closely monitored. The Company is currently engaged in system developments to ensure implementation readiness once the regulation comes into effect.

Capital management

The Company's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment.

It is the Company's objective to continue to maintain a strong capital base to support the business and regulatory capital requirements at all times. It is the aim of the Company that the composition and amount of capital will be commensurate with the regulations in force, including the new CRD4.

Capital forecasts are prepared taking into account strategic growth plans, the Internal Capital Adequacy Assessment Process (ICAAP) and the capital plans for each entity. Capital forecasts are updated and reviewed monthly through the UK ALCO and quarterly at the Pillar 2 committee meeting.

The Company maintains an internal capital buffer in excess of the Prudential Regulatory Authority's minimum regulatory capital requirements.

The Company's capital adequacy position is managed and monitored in accordance with the prudential requirements of the PRA, the UK financial services regulator. The Company must at all times meet the applicable minimum capital requirements of the PRA. The Company has established processes and controls to monitor and manage its capital adequacy position, and has remained in compliance with these requirements throughout the year.

Regulatory capital (unaudited)

Under the PRA's minimum capital standards, the Company is required to maintain a prescribed excess of total capital resources over its capital requirements. For this purpose the Company calculates capital requirements for market risk, credit risk, concentration risk and operational risk based upon a number of internal models and recognises a number of credit risk mitigation techniques.

The Company's regulatory capital resources comprise three distinct elements:

- Tier 1 capital, which includes ordinary share capital, retained earnings and capital reserves;
- Tier 2 capital, which includes qualifying long-term subordinated liabilities; and
- Tier 3 capital, which includes qualifying short-term subordinated liabilities.

Various limits are applied to these elements of the capital base. In particular, qualifying long-term subordinated loan capital may not exceed 50 per cent of Tier 1 capital; and qualifying short-term subordinated loan capital may not exceed 250 per cent of Tier 1 capital. Other deductions from capital include illiquid assets and certain other regulatory items.

The Company's policy is to maintain a sufficient capital base in order to retain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised, alongside 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 Company's regulatory capital resources at 31 December were as follows:

	2013 $ Million	2012 $ Million
Tier 1 capital	12,794	10,285
Tier 2 capital	4,086	4,104
Tier 3 capital	(234)	1,273
Deductions	(265)	(218)
Total regulatory capital resources	16,381	15,444

Further details on the Company's Pillar III regulatory capital disclosures can be found at:
http://www.citigroup.com/citi/investor/reg.htm

29. Other commitments

a) Letters of credit

As at 31 December 2013, the Company had $17 million (2012: $35 million) of unsecured letters of credit outstanding from banks to satisfy collateral requirements under securities borrowing agreements and margin requirements.

b) Capital commitments

As at 31 December 2013, the Company had no capital commitments (2012: $nil).

30. Registered charges

The Company has granted to various banks and other entities a number of fixed and floating charges over certain holdings in securities, properties, collateral and monies held by or on behalf of such banks or other entities.

31. Group structure

The Company's immediate parent undertaking is CGMEL, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc, incorporated in the State of Delaware, United States of America.

The audited consolidated financial statements of CGMEL are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The audited consolidated financial statements of Citigroup Inc are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from http://www.citigroup.com/citi/investor/overview.html

32. Segmental analysis

As outlined in the Strategic Report, the Company is Citi's international broker dealer and management reviews its performance by geography; in the same way as Citigroup Inc. report its performance.

It is organised into five regions, Asia Pacific, EMEA, Japan, Latin America and North America.

	Asia Pacific	EMEA	Japan	Latin America	North America	Total Regional	Other / Corp	Total
Revenue by region	**$ Million**	**$Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**	**$ Million**
2013 Revenues	234	1,711	24	(4)	95	2,060	742	2,802
2012 Revenues	130	1,899	37	(22)	69	2,113	654	2,767
Increase (decrease) compared to prior year	104	(188)	(13)	18	26	(53)	88	35
Assets by region	**$ Billion**	**$ Billion**	**$ Billion**	**$ Billion**	**$ Billion**	**$ Billion**	**$ Billion**	**$ Billion**
2013 Assets	7	116	14	3	94	234	-	234
2012 Assets	10	167	16	4	60	257	-	257
Increase (decrease) compared to prior year	(3)	(51)	(2)	(1)	34	(23)	-	(23)

* Other / Corporate items relate to Intercompany Revenues as mentioned in the Strategic Report.