Rates Base Prospectus dated 22 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)

Under the Global Medium Term Note Programme (the "**Programme**") described in this Base Prospectus, each of Citigroup Inc. and Citigroup Global Markets Funding Luxembourg S.C.A. ("**CGMFL**" and, together with Citigroup Inc., the "**Issuers**" and each an "**Issuer**") may from time to time issue Notes, in each case subject to compliance with all relevant laws, regulations and directives. References herein to the Issuer shall be construed as whichever of Citigroup Inc. or CGMFL is the issuer or proposed issuer of the relevant Notes. The aggregate principal amount of securities outstanding under the Programme will not at any time exceed U.S.$30,000,000,000 (or the equivalent in other currencies), subject to any increase or decrease described herein.

The payment of all amounts due in respect of Notes issued by CGMFL will be unconditionally and irrevocably guaranteed by Citigroup Global Markets Limited ("**CGML**") (in such capacity, the "**CGMFL Guarantor**") pursuant to a deed of guarantee dated 26 June 2014 (such deed of guarantee as amended and/or supplemented and/or replaced from time to time, the "**CGMFL Deed of Guarantee**") executed by the CGMFL Guarantor.

Notes issued by Citigroup Inc. will not be guaranteed by any entity.

Each Issuer and the CGMFL Guarantor has a right of substitution as set out in the Terms and Conditions of the Notes set out herein.

Notes may be issued on a continuing basis to Citigroup Global Markets Limited and/or Citigroup Global Markets Inc. and/or any additional dealer appointed under the Programme from time to time by the Issuers (each a "**Dealer**" and together the "**Dealers**") which appointment may be for a specific issue or on an ongoing basis. In relation to each issue of Notes, the Dealer(s) will be specified in the applicable Issue Terms (as defined below). However, each Issuer reserves the right to sell Notes directly on its own behalf to other entities and to offer Notes in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. Notes may also be sold by the Issuer through the Dealer(s), acting as agent of the Issuer.

Pursuant to this Base Prospectus, Notes may be issued whose return (in respect of any interest payable on such Notes) is linked to one or more inflation indices ("**Inflation Rate Notes**") or one or more rates ("**Rate Linked Notes**"), together, "**Underlying Linked Notes**", as more fully described herein.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the relevant Terms and Conditions set out herein, in which event, if the Issuer is Citigroup Inc., a supplement to the Citigroup Inc. Base Prospectus (as defined below) or, if the Issuer is CGMFL, a supplement to the CGMFL Base Prospectus (as defined below), if appropriate, which describes the effect of the agreement reached in relation to such Notes, will be made available.

Each of the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority (the "**Competent Authority**") under Directive 2003/71/EC (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area). The Central Bank only approves the Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. An electronic copy of this Base Prospectus will be published on the Central Bank's website at www.centralbank.ie. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") or which are to be offered to the public in any Member State of the European Economic Area. However, there can be no assurance that such applications will be approved or that, if approved, any such approval will be given within a specified timeframe. Application will be made to the Irish Stock Exchange for the Notes issued during the period of twelve months after the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market. Application may be made for Notes issued by Citigroup Inc. to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and for any Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A. (the "**MoT"**) or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes, as the case may be, or at all. The Central Bank may, at the request of the Issuer, send to a competent authority of another Member State of the European Economic Area (i) a copy of this Base Prospectus, (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive and (iii) if so required by the relevant Member State, a translation of the Summary set out herein.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notes are issued in Series and each Series may comprise one or more Tranches of Notes. Each Tranche is the subject of a Final Terms document (the Final Terms and reference to the "**applicable Final Terms**" shall be construed accordingly) or, in the case of Exempt Notes, a pricing supplement (the "**Pricing Supplement**" and references to the "**applicable Pricing Supplement**" shall be construed accordingly) which, in the case of the Final Terms, completes or, (in the case of Exempt Notes) completes, modifies and/or supplements the General Conditions and the applicable Schedule(s). In the event of any inconsistency between (i) the General Conditions and the applicable Schedule(s) and (ii) the applicable Issue Terms, the applicable Issue Terms (as defined below) shall prevail.

As used herein, "**Issue Terms**" means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes are intended to be admitted to trading on the Irish Stock Exchange's regulated market and are intended to be listed on the Official List of the Irish Stock Exchange and/or listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the Italian Stock Exchange and admitted to trading on the MoT or on any other relevant market organised and managed by Borsa Italiana S.p.A. As specified in the applicable Final Terms, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or the Luxembourg Stock Exchange and/or listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or the Italian Stock Exchange and/or any other regulated market for the purpose of the Markets in Financial Instruments Directive as may be agreed between the Issuer and the relevant Dealer. As specified in the applicable Pricing Supplement, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Global Exchange Market (as defined below) and/or any other stock exchange or market that is not a regulated market for the purpose of the Markets in Financial Instruments Directive as may be agreed between the Issuer and the relevant Dealer.

Application has been made to the Irish Stock Exchange for the approval of the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus as Base Listing Particulars (the "**Citigroup Inc. Base Listing Particulars**" and the "**CGMFL Base Listing Particulars**", respectively, and together, the "**Base Listing Particulars**"). Application will be made to the Irish Stock Exchange for Notes issued during the 12 months from the date of the Base Listing Particulars to be admitted to the Official List and to trading on the global exchange market (the "**Global Exchange Market**") which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive. 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 "**Base Prospectus**", "**Citigroup Inc. Base Prospectus**" and "**CGMFL Base Prospectus**" shall be construed to be to "**Base Listing Particulars**", "**Citigroup Inc. Listing Particulars**" and "**CGMFL Listing Particulars**", respectively.

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the official list or to trading on the Main Securities Market of the Irish Stock Exchange for the purposes of the Prospectus Directive or the Global Exchange Market of the Irish Stock Exchange.

The Issue Terms will specify with respect to the issue of Notes to which it relates, *inter alia*, the specific designation of the Notes, the aggregate principal amount and type of the Notes, the date of issue of the Notes, the issue price, the relevant interest provisions (if any), and the redemption amount of the Notes and, as relevant, the underlying inflation index or rate (each an "**Underlying**") to which the Notes relate and certain other terms relating to the offering and sale of such Notes. The applicable Final Terms completes the Terms and Conditions of the relevant Notes. The applicable Pricing Supplement supplements the Terms and Conditions of the relevant Notes and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions of the relevant Notes, supplement, replace and/or modify such Terms and Conditions. In respect of Notes to be listed on the Irish Stock Exchange, the applicable Issue Terms will be delivered to the Irish Stock Exchange on or before the date of issue of the Notes of that Tranche. The issue price and amount of the Notes of any Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of the issue of such Tranche in accordance with prevailing market conditions.

AN ISSUE OF NOTES MAY BE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. PROSPECTIVE PURCHASERS OF NOTES SHOULD ENSURE THAT THEY UNDERSTAND THE NATURE OF THE RELEVANT NOTES AND THE EXTENT OF THEIR EXPOSURE TO RISKS AND THAT THEY CONSIDER THE SUITABILITY OF THE RELEVANT NOTES AS AN INVESTMENT IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. IT IS THE RESPONSIBILITY OF PROSPECTIVE PURCHASERS TO ENSURE THAT THEY HAVE SUFFICIENT KNOWLEDGE, EXPERIENCE AND PROFESSIONAL ADVICE TO MAKE

THEIR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND OTHER BUSINESS EVALUATION OF THE MERITS AND RISKS OF INVESTING IN THE NOTES AND ARE NOT RELYING ON THE ADVICE OF THE ISSUER, THE CGMFL GUARANTOR OR ANY DEALER IN THIS REGARD. NOTES MAY INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE PRINCIPAL NOT BEING PROTECTED. POTENTIAL INVESTORS MAY SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT IN THE NOTES. SEE "*RISK FACTORS*" SET OUT HEREIN.

The terms and conditions of the Notes will be as set out in "*Terms and Conditions of the Notes*" and in the relevant Schedule(s) thereto.

Subject as provided below in the case of Swedish Notes and Finnish Notes, Notes to be issued hereunder will be in registered form ("**Registered Notes**") and will be represented by registered note certificates ("**Registered Note Certificates**"), one Registered Note Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or the Depository Trust Company ("**DTC**"), as the case may be, will be represented by a global Registered Note Certificate (a **"Global Registered Note Certificate**") registered in the name of a nominee for either Euroclear and Clearstream, Luxembourg or DTC, as the case may be, and the Global Registered Note Certificate will be delivered to the appropriate depositary, common safekeeper or custodian, as the case may be. Interests in a Global Registered Note Certificate will be exchangeable for definitive Registered Note Certificates as described under "*Form of the Notes*" set out herein.

In addition, Notes may be accepted for settlement in Euroclear UK and Ireland ("**CREST**") via the CREST Depository Interest ("**CDI**") mechanism.

Notwithstanding the foregoing, Notes issued in accordance with the Swedish Financial Instruments Accounts Act (*Sw. Lagen (1998:1479) on kontoföring av financiella instrument)* ("**SFIA Act**") ("**Swedish Notes**") will be issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act, all as more fully described in the applicable Issue Terms. No global or registered Swedish Notes will be issued. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB ("**Euroclear Sweden**").

Notwithstanding the foregoing, Notes issued in accordance with the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (*749/2012)*) and with the Finnish Act on the Book-Entry Account (*Fin. laki arvo-osuustileista (827/1991*)) (Finnish Notes) will be issued in uncertificated and dematerialised book entry form in accordance with the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*) and with the Finnish Act on Book-Entry Account (*Fin. laki arvo osuustileista (827/1991)),* all as more fully described in the applicable Issue Terms. No global or registered Notes will be issued. The Finnish Notes will be transferable only in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Finland Ltd ("**Euroclear Finland**").

Neither the Notes nor the CGMFL Deed of Guarantee has been nor will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Notes issued by Citigroup Inc. or CGMFL may be offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S"). Notes issued by Citigroup Inc. may be offered and sold within the United States to "qualified institutional buyers" ("QIBs") in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act ("Rule 144A"). Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) other than, in the case of Notes issued by Citigroup Inc., to QIBs in reliance on Rule 144A. Notes issued by CGMFL, which are guaranteed by the CGMFL Guarantor, will not be offered and sold in the United States or to, or for the account or benefit of, U.S. persons at any time. For a description of certain restrictions on offers, sales and transfers of Notes, see "*Subscription and*

***sale and transfer and selling restrictions*". Any purchaser of Notes that is a registered U.S. investment company should consult its own counsel regarding the applicability of Section 12(d) and Section 17 of the Investment Company Act of 1940 and the rules promulgated thereunder to its purchase of Notes and should reach an independent conclusion with respect to the issues involved in such purchase.**

The Notes and the CGMFL Deed of Guarantee do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

Restrictions on Non-exempt Offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than EUR100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Non-exempt Offer. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes. However, any person making or intending to make a Non-exempt Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Non-exempt Offer of such Notes.

Save as provided above, none of the Issuers, the CGMFL Guarantor and the Dealers have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer, the CGMFL Guarantor or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of such Notes, the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) accept responsibility, in the jurisdictions to which the consent to use the Base Prospectus extends, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person (an "**Investor**") who acquires any Notes in a Non-exempt Offer made by any person to whom the Issuer has given consent to the use of this Base Prospectus (an "**Authorised Offeror**") in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

The Issuer consents to the use of this Base Prospectus in relation to any offer of Notes issued by it for the period of 12 months from the date hereof subject in relation to any offer as provided below.

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

(a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by the relevant Dealer and by:

(i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

(ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer.

(b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive; and

(ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*"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."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the CGMFL Guarantor (where the relevant Issuer is CGMFL) and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer comply with the conditions to the consent referred to under "Common conditions to consent" below and any further requirements relevant to the Non-exempt Offer as specified in the applicable Final Terms.

Any financial intermediary who is an Authorised Offeror falling within (b) above who meets all of the conditions set out in (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (b)(ii) above.

Common Conditions to Consent

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

(i) is only valid during the Offer Period specified in the applicable Final Terms;

(ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, as specified in the applicable Final Terms; and

(iii) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

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 ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. 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. NONE OF THE ISSUER, THE CGMFL GUARANTOR (WHERE THE ISSUER IS CGMFL) AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

CREDIT RATINGS

Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC ("**S&P**"), Baa2/P-2 by Moody's Investors Service, Inc. ("**Moody's**") and A/F1 by Fitch, Inc. ("**Fitch**"). In respect of the Notes where CGMFL is the Issuer, CGMFL has a long term/short term senior debt rating of A/A-1 by S&P and A/F1 by Fitch based on the CGMFL Deed of Guarantee. The rating of a certain Tranche of Notes may be specified in the applicable Issue Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the applicable Issue Terms. See also "*Credit Ratings – Rating Agencies of the Issuers*" in the section "*Risk Factors*" below.

The Notes and the CGMFL Deed of Guarantee constitute unconditional liabilities of the respective issuers. None of the Notes and the CGMFL Deed of Guarantee is insured by the Federal Deposit Insurance Corporation ("**FDIC**").

Arranger of the Programme

Citigroup

Dealers
Citigroup

This Base Prospectus (excluding the CGMFL Base Prospectus (as defined below)) comprises a base prospectus for the purpose of Article 5.4 of the Prospectus Directive in respect of Notes to be issued by Citigroup Inc.

This Base Prospectus (excluding the Citigroup Inc. Base Prospectus (as defined below)) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in respect of Notes to be issued by CGMFL.

RESPONSIBILITY STATEMENT

Citigroup Inc. accepts responsibility for the information contained in (i) this Base Prospectus (excluding the CGMFL Base Prospectus) and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where Citigroup Inc. is the Issuer of such Tranche of Notes. To the best of the knowledge of Citigroup Inc. (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the CGMFL Base Prospectus) is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with "Important Information relating to Non-exempt Offers of Notes" and "Arrangements between Investors and Authorised Offerors" above.

CGMFL accepts responsibility for the information contained in (i) this Base Prospectus (excluding the Citigroup Inc. Base Prospectus) and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where CGMFL is the Issuer of such Tranche of Notes. To the best of the knowledge of CGMFL (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the Citigroup Inc. Base Prospectus) is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with "Important Information relating to Non-exempt Offers of Notes" and "Arrangements between Investors and Authorised Offerors" above.

The CGMFL Guarantor accepts responsibility for the information contained in (i) this Base Prospectus (including the information relating to the CGMFL Deed of Guarantee but excluding the Citigroup Inc. Base Prospectus, the information set out under the heading "*Description of CGMFL*" and the information set out in Elements B.1 to B.18 (inclusive) of the section entitled "*Summary*") and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where CGMFL is the Issuer of such Tranche of Notes. To the best of the knowledge of the CGMFL Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the Citigroup Inc. Base Prospectus, the information set out under the heading "*Description of CGMFL*" and the information set out in Elements B.1 to B.18 (inclusive) of the section entitled "*Summary*") is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with "*Important Information relating to Non-exempt Offers of Notes*" and "*Arrangements between Investors and Authorised Offerors*" above.

Unless otherwise expressly stated in the applicable Pricing Supplement and in relation to Exempt Notes only, any information contained therein relating to the Underlying(s), will only consist of extracts from, or summaries of, and will be based solely on, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Underlying(s). Unless otherwise expressly stated in the applicable Pricing Supplement, and in relation to Exempt Notes only, the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) accept(s) responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) is/are aware and is/are able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlying(s), no facts have been omitted which would render the reproduced information inaccurate or misleading. ***This paragraph should be read in conjunction with the two paragraphs immediately above.***

The Citigroup Inc. Base Prospectus should be read in conjunction with all documents which are incorporated by reference therein (see "Documents Incorporated by Reference for the Citigroup Inc. Base Prospectus"). The Citigroup Inc. Base Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of the Citigroup Inc. Base Prospectus.

The CGMFL Base Prospectus should be read in conjunction with documents which are incorporated by reference therein (see "Documents Incorporated by Reference for the CGMFL Base Prospectus"). The CGMFL Base Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of the CGMFL Base Prospectus.

The Citigroup Inc. base prospectus (the "**Citigroup Inc. Base Prospectus**") will comprise this Base Prospectus with the exception of:

(a) in the "Summary", the information set out in Section B under the heading "TO BE INCLUDED FOR NOTES ISSUED BY CGMFL ONLY";

(b) the information in the section entitled "Documents Incorporated by Reference for the CGMFL Base Prospectus" and all information incorporated therein by reference thereby;

(c) the information in the section entitled "Description of CGMFL";

(d) the information in the section entitled "Description of Citigroup Global Markets Limited";

(e) the information in the section entitled "Report and Audited Financial Statements of CGMFL"; and

(f) the information in the section entitled "Annual Report and Audited Financial Statements of the CGMFL Guarantor".

The CGMFL base prospectus (the "**CGMFL Base Prospectus**") will comprise this Base Prospectus with the exception of:

(a) in the "Summary", the information set out in Section B under the heading "TO BE INCLUDED FOR NOTES ISSUED BY CITIGROUP INC. ONLY";

(b) the information in the section entitled "Documents Incorporated by Reference for the Citigroup Inc. Base Prospectus" and all information incorporated therein by reference thereby; and

(c) the information in the section entitled "Description of Citigroup Inc.".

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or, where applicable, the CGMFL Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer and/or CGMFL Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such

jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Citigroup Inc., CGMFL, the CGMFL Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Issue Terms, no action has been taken by Citigroup Inc., CGMFL, the CGMFL Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, European Economic Area, United Kingdom, Australia, Austria, 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, State of Kuwait, Mexico, Norway, Oman, Panama, Paraguay, Peru, Poland, Portugal, State of Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Switzerland, Taiwan, Republic of Turkey, United Arab Emirates and Uruguay. See "*Subscription and sale and transfer and selling restrictions for Notes*".

The price and principal amount of securities (including any Notes) to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus.

Neither this Base Prospectus nor any financial statements or other information supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by any Issuer, the CGMFL Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each potential purchaser of any Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of any Notes should be based upon such investigation as it deems necessary. Each potential purchaser is authorised to use this Base Prospectus solely for the purpose of considering the purchase of Notes described in this Base Prospectus; any other usage of this Base Prospectus is unauthorised. None of the Dealers (in the case of CGML, in its capacity as Dealer) undertakes to review the financial condition or affairs of any Issuer or the CGMFL Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in any Notes of any information coming to the attention of any of the Dealers.

For convenience, the website addresses of certain third parties have been provided in this Base Prospectus. Except as expressly set forth in this Base Prospectus, no information in such websites should be deemed to be incorporated in, or form a part of, this Base Prospectus and none of the Issuers, the CGMFL Guarantor and any Dealer takes responsibility for the information contained in such websites.

*In connection with any Tranche (as defined in section E.3 below), one or more of the Dealers may act as a stabilising manager (the "**Stabilising Manager(s)**"). The identity of the Stabilising Manager(s), if any, will be disclosed in the applicable Issue Terms.*

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Issue Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "**Euro**" or "**euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended (the "**Treaty**"), references to "**U.S.**" "**dollars**" and "**U.S.$**" are to the currency of the United States of America, references to "**Yen**" are to the currency of Japan and references to "**Sterling**" are to the currency of the United Kingdom.*

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In making an investment decision, investors must rely on their own examination of the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) and the terms of the Notes being offered, including the merits and risks involved. None of the Notes has been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful. The Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the CFTC pursuant to the United States Commodity Exchange Act, as amended.

None of the Issuers, the CGMFL Guarantor and any Dealer makes any representation to any investor in any Notes regarding the legality of its investment under any applicable laws. Any investor in any Notes should be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

U.S. INFORMATION

This Base Prospectus is being submitted in the United States to a limited number of QIBs only for informational use solely in connection with the consideration of the purchase of Notes issued by Citigroup Inc. being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Notes may be offered or sold within the United States only if the applicable Issue Terms specifies that they are being offered in reliance on Rule 144A and then only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Notes is hereby notified that the offer and sale of any Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the CEA.

Each purchaser or holder of Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and sale and transfer and selling restrictions*". Unless otherwise stated, terms used in this "U.S. Information" section have the meanings given to them in "*Form of the Notes*".

Any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Notwithstanding any limitation on disclosure by any party provided for herein, or any other provision of this Base Prospectus and its contents or any associated Issue Terms, and effective from the date of commencement of any discussions concerning any of the transactions contemplated herein (the "**Transactions**"), any party (and each employee, representative, or other agent of any party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this Base Prospectus, any associated Issue Terms, or any offering of Notes thereunder not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of the Transactions is the purported or claimed U.S. federal income tax treatment of the Transactions, and the tax structure of the Transactions is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the Transactions.

AVAILABLE INFORMATION

Citigroup Inc. has undertaken in a deed poll dated 26 June 2013 (the "**Rule 144A Deed Poll**") to furnish, upon the request of a holder of any Notes offered and sold in reliance on Rule 144A or any beneficial interest therein, to such holder or to a prospective purchaser designated by him the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, it is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offer of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This

Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered the Base Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS IN THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of bonds or other debt financing instruments under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank. The Notes are not and will not be traded on the Qatar Exchange.

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SECTION A – 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 the Dealers[, [●], [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): "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

Element	Title	
		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; (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [*specify each 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**")

Element	Title	
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:

	At or for the year ended 31 December 2013 EUR (audited)	**At or for the year ended 31 December 2012 EUR (audited)**
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	-

Element	Title	
		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 and (ii) no material adverse change in the financial position, business or prospects of CGMFL since 31 December 2013.
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.
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.
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 Notes issued will be unconditionally and irrevocably guaranteed by CGML pursuant to the CGMFL Deed of Guarantee. The CGMFL

Element	Title	
	the Guarantee	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 businesses 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/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.19/B.12	Selected historical key financial information	The table below sets out a summary of key financial information extracted from CGML's Financial Report for the fiscal year ended on 31 December 2013:

	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

Element	Title	
		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 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.
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.
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 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

Element	Title	

Element	Title	
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 businesses 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:
		At or for the year ended 31 December
		2013 (audited) **2012 (audited)**
		(*in millions of U.S. dollars*)
		Income Statement Data:

Element	Title			
		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 as of 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 quarter ended 31 March 2014.		
			At or for the three 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
		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
		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 and (ii) no material adverse change in the financial position, business or prospects of Citigroup Inc. or Citigroup		

Element	Title	
		Inc. and its subsidiaries as a whole since 31 December 2013.
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.
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 – 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 "Certificateholder(s)".] The Notes may be Credit Linked Interest Notes, Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Inflation Rate Notes, DIR Inflation Linked Notes, CMS Interest Linked Notes, Range Accrual Notes, Digital Notes, Digital Band Notes, Inverse Floating Rate Notes, Spread Notes, Previous Coupon Linked Notes or any combination of the foregoing. If the applicable Final Terms specify "Switcher Option" to be applicable for the relevant Notes, the Issuer will be able to switch from one interest basis to another as provided therein. The International Securities Identification Number (ISIN) is [●]. The Common Code is [●]. [The [CUSIP/WKN/Valoren] is [●].]
C.2	Currency	The denomination currency and the currency for payments in respect of the Notes is [●].

Element	Title	
C.5	Restrictions on the free transferability of the Notes	The Notes will be transferable, subject to the offering, selling and transfer restrictions with respect to the United States, European Economic Area, United Kingdom, Australia, Austria, 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, State of Kuwait, Mexico, Norway, Oman, Panama, Paraguay, Peru, Poland, Portugal, State of Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Switzerland, Taiwan, Republic of Turkey, 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].
		Taxation Payments in respect of all Notes will be made without withholding or deduction of taxes: (i) in Luxembourg where the Issuer is CGMFL, or in the United Kingdom in case of the Guarantor, subject in all cases to specified exceptions, or (ii) in the United States where the Issuer is Citigroup Inc., subject to specified exceptions. ***Meetings*** The terms of the Notes contain provisions for calling meetings of

Element	Title	
		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	**Interest periods and rates of interest:** Other than Zero Coupon Notes, the length of all interest periods for all Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may (at the option of the Issuer, if specified in the applicable Final Terms) or shall (in the case where "Automatic Change of Interest Basis" applies) have more than one interest basis applicable to different interest periods and/or interest payment dates. Other than Zero Coupon Notes, Notes may have a maximum rate of interest or interest amount (or both), a minimum rate of interest or interest amount (or both). **Interest:** Notes may or may not bear interest. Notes which do not bear interest may be specified in the applicable Final Terms as "**Zero Coupon Notes**", and any early redemption amount payable on Zero Coupon Notes may be equal to an amortised face amount calculated in accordance with the conditions of the Notes. Interest-bearing Notes will either bear interest payable at, or calculated by reference to, one or more of the following: (i) a fixed rate ("**Fixed Rate Notes**"); (ii) a floating rate ("**Floating Rate Notes**"); (iii) a CMS rate, which is a swap rate for swap transactions (or if specified in the applicable Final Terms, the lower of two swap rates, or the difference between two swap rates) ("**CMS Interest Linked Notes**"); (iv) a rate determined by reference to movements in an inflation index ("**Inflation Rate Notes**"); (v) a rate determined by reference to movements in an inflation index and the specific interest payment date to allow interpolation between the two monthly fixings ("**DIR Inflation Linked Notes**"); (vi) a rate (which may be a rate equal, or calculated by reference, to a fixed rate, a floating rate or a CMS rate (as described in paragraph (iii) above) multiplied by an accrual rate, which is determined by reference to the number of days in the relevant interest period on which the accrual condition or both accrual conditions are satisfied. An accrual condition may be satisfied on any relevant day if the relevant reference observation is, as specified in the applicable Final Terms:

Element	Title	
		• greater than or equal to; or • greater than; or • less than or equal to; or • less than, the specified barrier, or if the relevant reference observation is, as specified in the applicable Final Terms: • either greater than or equal to, or greater than, the specified lower range; and • either less than or equal to, or less than, the specified upper range. A reference observation may be specified in the applicable Final Terms as a single reference rate, a basket of two or more reference rates, the difference between two reference rates or the difference between the sums of two sets of reference rates ("**Range Accrual Notes**"); (vii) a rate which will either be: (a) a specified back up rate, or (b) if the specified digital reference rate on the specified determination date is, as specified in the applicable Final Terms: • less than the specified reserve rate; or • less than or equal to the specified reserve rate; or • greater than the specified reserve rate; or • greater than or equal to the specified reserve rate, a specified digital rate, and each of the specified back up rate, specified digital reference rate, specified reserve rate and specified digital rate may be a fixed rate, a floating rate or a CMS rate (which would include a rate determined by reference to the Spread Notes provisions) ("**Digital Notes**"); (viii) a rate (which may be a rate equal, or calculated by reference, to a fixed rate, a floating rate, a CMS rate or a rate equal to one specified rate (which may be a floating rate or a CMS rate) minus another specified rate (which may be a floating rate or a CMS rate)), and plus or minus a margin (if specified) which will be determined for each interest period by reference to within which band of specified fixed rates either: (a) the specified reference rate (which rate may be a floating rate or a CMS rate) determined on the relevant interest determination date for the reference rate falls; or (b) the result of reference rate one (which rate may be a floating rate or a CMS rate) minus reference rate two (which may be a floating rate or a CMS Rate),

Element	Title	
		each as determined on the relevant interest determination date for such rate falls. The rate for an interest period will be equal to the rate specified as the band rate set for the appropriate band within which, in the case of (a), the specified reference rate falls, or in the case of (b), the relevant result of reference rate one minus reference rate two falls ("**Digital Band Notes**"); (ix) a rate which will be equal to a specified fixed rate minus either (i) a reference rate or (ii) one reference rate minus another reference rate (any reference rate may be a floating rate or a CMS rate (which would include a rate determined by reference to the Spread Notes provisions), and plus or minus a margin (if specified) and/or multiplied by an interest participation rate (if specified)) ("**Inverse Floating Rate Notes**"); (x) a rate which is to be determined by reference to any of the following (as specified in the applicable Final Terms): (a) one (1) minus the result of a specified spread rate minus another specified spread rate, or (b) a specified spread rate minus another specified spread rate, or (c) the lesser of: (I) a specified spread rate, plus or minus a spread cap margin (if specified), and (II) the sum of (A) a specified percentage rate per annum and (B) the product of (x) a multiplier, and (y) the difference between two specified spread rates, and, in each case, plus or minus a margin (if specified), and multiplied by an interest participation rate (if specified). A specified spread rate may be (A) one specified reference rate, or (B) the sum of two or more specified reference rates or (C) specified reference rate one minus a specified reference rate two, and in each case, plus or minus a margin (if specified), and multiplied by an interest participation rate (if specified). Each specified reference rate may be determined by reference to the fixed rate note provisions, floating rate note provisions or the CMS rate note provisions ("**Spread Notes**"); (xi) a rate (a "**previous coupon linked interest rate**") determined from a previous coupon reference rate, plus or minus a margin (if specified), and multiplied by an interest participation rate (if specified). The previous coupon reference rate for an interest period is a rate equal to: (a) the interest rate for the immediately preceding interest period and/or preceding interest payment date (such rate, a "**previous coupon**", such period, a "**preceding interest period**" and such payment date, a "**preceding payment date**"), (b) plus or minus a specified rate (if specified) multiplied by an interest participation rate (if specified), and

Element	Title	
		(c) plus or minus another specified rate (if specified) multiplied by an interest participation rate (if specified). A specified rate may be a fixed rate, a floating rate, a CMS rate or any other specified reference rate determined by reference to the terms and conditions of the Notes. The previous coupon for a preceding interest period and/or preceding payment date (as applicable) is the interest rate determined in accordance with the interest basis applicable to such preceding interest period and/or such preceding payment date, which may be the previous coupon linked interest rate (determined for the preceding interest period and/or preceding payment date), or any other interest rate determined in accordance with the applicable interest basis for such preceding interest period and/or such preceding payment date (the "**Previous Coupon Linked Notes**"); (xii) any combination of the foregoing; or (xiii) any combination of the interest rates outlined in (i) to (xi) above in combination with Credit Linked Interest Notes, the Notes shall cease to bear interest from the date of the interest period end date (or if earlier the issue date of the Notes) prior to the date on which a credit event is determined pursuant to the terms and conditions of the Credit Linked Interest Notes (the "**Credit Linked Interest Notes**"). In respect of Notes (other than Fixed Rate Notes), the amount of interest payable on the Notes for an interest period may be zero. Any reference rate (including any specified rate) or interest rate may be subject to an interest participation rate and/or a margin if specified in the applicable Final Terms in relation to such reference rate or interest rate. Any reference rate (including any specified rate), interest rate or interest amount described above may be subject to a minimum or maximum rate, or both, as specified in the applicable Final Terms. [**CREDIT LINKED INTEREST NOTES**: The Notes are interest bearing notes and shall bear interest as specified below. In addition, the Notes are Credit Linked Interest Notes meaning that upon the occurrence of a Credit Event (as set out below) in respect of a Reference Entity (as set out below) the Notes shall cease to bear interest from the date of the interest period end date (or if earlier the issue date of the Notes) prior to the date on which a credit event is determined. The Reference Entity is [ ] *(insert details of the Reference Entity)*. The Credit Event[s] applicable [is][are] as follows: *(insert all Credit Events applicable)* [Bankruptcy- the Reference Entity goes bankrupt] [Failure to Pay - subject to a minimum threshold amount, the Reference Entity fails to pay any amounts due on any of its

Element	Title	
		borrowings (including its bonds or loans) or, where applicable, guarantees] [Governmental Intervention - following an action taken or an announcement made by a Governmental Authority, any of the Reference Entity's borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan)] [Obligation Default- the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are capable of being accelerated] [Obligation Acceleration - the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are accelerated] [Repudiation/Moratorium - (i) the Reference Entity repudiates or rejects, in whole or in part, its obligations in relation to its borrowings or, where applicable, its guarantees, or it declares or imposes a moratorium with respect to its borrowings or, where applicable, guarantees and (ii) thereafter within a certain period it fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, its guarantees, or it restructures any of its borrowings or, where applicable, guarantees in such a way as to adversely affect a creditor.] [Restructuring - following a deterioration of the Reference Entity's creditworthiness, any of its borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan)] [**ZERO COUPON NOTES**: The Notes are Zero Coupon Notes meaning that they do not bear interest and will be issued at the issue price specified in the applicable Final Terms and with the final redemption amount being specified in the applicable Final Terms.] [**AUTOMATIC CHANGE OF INTEREST BASIS**: The Notes have more than one interest basis applicable to different interest periods and/or interest payment dates. The [interest rate] [and] [interest amount] in respect of an [interest period beginning on (and including) an Interest Commencement Date (specified below) and ending on (but excluding) the first succeeding Interest Period End Date after such Interest Commencement Date, and each successive period beginning on (and including) an Interest Period End Date, and ending on (but excluding) the next succeeding Interest Period End Date] / [or in respect of an] [Interest Payment Date] [(as applicable)] (specified below) will be determined in accordance with the interest basis applicable to such [interest period / [or] Interest Payment Date] [(as applicable)] as set forth in the table below in the column entitled "Type of Notes" in the row

Element	Title	
		corresponding to [the Interest Period End Date on which such period ends / [or] such Interest Payment Date].]

Interest Basis Table		
Interest Commencement Date	**[Interest Period End Date(s) / Interest Payment Date(s)]**	**Type of Notes**
[*insert date(s)*] (*repeat as required*)	[*insert date(s)*] (*repeat as required*)	[Fixed Rate Notes / [and] Floating Rate Notes / [and] Inflation Rate Notes / [and] DIR Inflation Linked Notes / [and] CMS Interest Linked Notes / [and] Inverse Floating Rate Notes / [and] Range Accrual Notes / [and] Digital [Band] Notes / [and] Spread Notes / [and] Previous Coupon Linked Notes] (*repeat as required*)]

[**FIXED RATE NOTES**: The Notes are Fixed Rate Notes which means that the Notes [*Insert if "Accrual" is applicable*: bear interest from [ ] [at the fixed rate of [ ] per cent. per annum [plus/minus] [*insert margin (if any)*] [multiplied by [*insert interest participation rate (if any)*]] [in respect of [the/each] interest period(s) ending on (but excluding): [*insert relevant interest period end date(s)*]] [and from [ ] at the fixed rate of [ ] per cent. per annum [plus/minus] [*insert margin (if any)*] [multiplied by [*insert interest participation rate (if any)*]] [in respect of [the/each] interest period(s) ending on (but excluding): [*insert relevant interest period end date(s)*]]. (*repeat as necessary if there are different rates for different periods or tabulate this information by inserting the paragraph and the table below*)]

[*Insert if "Accrual" is not applicable*: pay an interest amount of [*insert amount*] on [*insert relevant interest payment date(s)*] [and a broken amount of [*insert amount*] on [*insert relevant interest payment date(s)*]]. (*repeat as necessary if there are different amounts for different interest payment dates or tabulate this information by inserting the paragraph and the table below*)]

[The Notes are Fixed Rate Notes which means that the Notes [*Insert if "Accrual" is applicable*: bear interest from [ ] at the Specified Fixed Rate [, plus or minus (as specified below) the Margin] [, and multiplied by the Interest Participation Rate] [each] in respect of each Interest Period ending on (but excluding) the Interest Period End Date(s) (as specified below)] / [*Insert if "Accrual" is not applicable*:

Element	Title	
		pay an Interest Amount [or Broken Amount (as applicable)] on each Interest Payment Date (as specified below)].] **[Interest Period End Date(s)] / [Interest Payment Date(s)]** | **[Specified Fixed Rate] / [Interest Amount]** | **[Margin]** | **[Broken Amount] / [Interest Participation Rate]** [*insert date(s)*] (*repeat as required*) | [[*specify*] [per cent. per annum] (*repeat as required*) | +/-[*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) [Interest is payable [annually/semi-annually/quarterly/monthly] in arrears on [ ] [and [ ]] in each [year][month] [from, and including, [●] to and including, [●]]].] The **calculation amount** is [●].] [**FLOATING RATE NOTES/CMS INTEREST LINKED NOTES**:] [The Notes are [Floating Rate Notes/CMS Interest Linked Notes] which means that they bear interest from [ ] at [a] [floating rate[s] calculated by reference to [[ ]-month] [LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR / BBSW (being the Sydney average mid rate for AUD bills of exchange) / BKBM (being the Wellington rate of New Zealand Dollar bills of exchange)]] / [*Insert if "Single CMS Interest Rate" applies*: CMS reference rate calculated by reference to the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years] [[plus/minus] the relevant Margin [specified below/of [*insert margin (if any)*] per cent. per annum]] [multiplied by the relevant Interest Participation Rate [specified below/of [*insert*]]] / [*Insert if "Worse of CMS Interest Rates" or "CMS Spread Interest Rate" applies*: a rate equal to the [lesser of/difference between] (i) the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years (**CMS Reference Rate 1**) [, plus or minus (as specified below) Margin 1] [and] [multiplied by [the Interest Participation Rate 1 [specified below/of [*insert*]], [and/minus] (ii) the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years (**CMS Reference Rate 2**) [, plus or minus (as specified below) Margin 2] [and] [multiplied by [the Interest Participation Rate 2 [specified below/of [*insert*]]] [in respect of [the/each] interest period(s) ending on (but excluding): [*insert relevant interest period end date(s)*]]. (*repeat as necessary if there are different rates for different periods or tabulate this information by inserting the paragraph and the table below*) [The Notes are [Floating Rate Notes/CMS Interest Linked Notes] which means that they bear interest from [ ] at a rate calculated by reference to [the Floating Rate] / [the CMS Reference Rate] / [the [lesser of/difference between] CMS Reference Rate 1 [, plus or minus (as specified below) Margin 1] [and] [(multiplied by the Interest Participation Rate 1)] and CMS Reference Rate 2 [, plus or minus (as specified below) Margin 2] [and] [(multiplied by the Interest Participation Rate 2)]] [*Insert for Floating Interest Rate or "Single*

Element	Title	
		CMS Interest Rate": , plus or minus (as specified below) the Margin] [, and multiplied by the Interest Participation Rate] [each] in respect of each Interest Period ending on the Interest Period End Date(s) (as specified below).]

Interest Period End Date(s)	**[Floating Rate] [CMS Reference Rate] [1] [2]***	**[Floating Rate] [CMS Reference Rate] [1] [2]***		
		[maximum / [and] minimum [interest] rate (Cap / Floor / Collar)]*	**[Margin] [1][2]***	**[Interest Participation Rate] [1] [2]***
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[[ ] per cent. per annum] (*repeat as required*)	[+/-] [*specify*] (*repeat as required*)]	[*specify*] (*repeat as required*)]

**Insert additional columns as required*

Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [ ] [and [ ]] in each [year][month] [from, and including, [●] to and including, [●].]

[The interest rate in respect of the interest period(s) ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum interest rate (cap) [of [●]/(as specified in the table above)]] / [minimum interest rate (floor) [of [●]/(as specified in the table above)]] / [maximum interest rate and minimum interest rate (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*Specify for each interest rate if different for each interest period or tabulate this information as per table above*)

[The [Floating Rate] [CMS Reference Rate] [1] [2] in respect of the interest period(s) ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified above] [is/are] subject to a [maximum rate (cap) [of [●]/specified above]] [minimum rate (floor) of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively] [(each as specified in the table above)]. (*If any reference rate is specified as a floating rate or a CMS rate, specify for each reference rate if different for each interest period or tabulate this information*)]

[The **interest participation rate** or **IPR** in respect of [CMS Reference Rate] [1] for [each/the] interest period ending on the interest period end date(s) falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required for CMS Reference Rate 2 (if applicable) or each Interest Period if different, or tabulate this information as per table above*)]

The **calculation amount** is [●].]

[**INFLATION RATE NOTES**: The Notes are Inflation Rate Notes which means that the Notes are linked to [●]. Interest will be payable 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

Element	Title	
		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]/specified below] multiplied by the relevant day count fraction [[and] [multiplied by the relevant Interest Participation Rate (IPR) specified below]]. Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●]. **Interest Payment Date(s)** | **[maximum / [and] minimum interest amount (Cap / Floor / Collar)]*** | **[Margin]** | **[Interest Participation Rate (IPR)]** [*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*)] | [+/-] [*specify*] (*repeat as required*)] | [*specify*] (*repeat as required*)] **Insert additional columns as required* [The interest amount in respect of the interest payment date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum interest amount (cap) [of [●]/(as specified in the table above)]] / [minimum interest amount (floor) [of [●]/(as specified in the table above)]] / [maximum interest amount and minimum interest amount (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*repeat as required or tabulate this information for each interest payment date if different by inserting the relevant table set out above*) The **calculation amount** is [●]. [The **interest participation rate** or **IPR** in respect of [an/the] interest payment date(s) falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required or tabulate this information for each interest payment date if different*)] [**DIR INFLATION LINKED NOTES**: The Notes are DIR Inflation Linked Notes which means that the Notes are linked to [●]. Interest will be payable on the relevant interest payment date and will be calculated by the calculation agent by multiplying the calculation amount by the DIR index ratio which shall be determined by reference to two specified monthly levels of [●] (the "**Inflation Index**") and the relevant interest payment date minus one and the number of days in the month of such interest payment date to determine an interpolated rate and divided by a specified base figure of the Inflation Index] [as adjusted for a Margin of [+[●]] [-[●]] per cent. per annum] multiplied by the relevant day count fraction [[and] [multiplied by the relevant Interest Participation Rate (**IPR**) specified below]]. Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] and [●] in each [year/month]. [The interest amount in respect of the interest payment date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum

Element	Title	
		interest amount (cap) [of [●]/(as specified in the table above)]] / [minimum interest amount (floor) [of [●]/(as specified in the table above)]] / [maximum interest amount and minimum interest amount (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*repeat as required or tabulate this information for each interest payment date if different by inserting the relevant table set out at "INFLATION RATE NOTES:" above*) The **calculation amount** is [●]. [The **interest participation rate** or **IPR** in respect of [an/the] interest payment date(s) falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required or tabulate this information for each interest payment date if different*)] [**RANGE ACCRUAL NOTES**: The Notes are Range Accrual Notes which means that the relevant day count fraction applicable to an interest period will be multiplied by an accrual rate. The accrual rate in respect of an [interest period] [and] [interest payment date] will be 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: **accrual condition [1]** is satisfied on an interest observation date in the relevant interest period if the reference observation [1] is [*insert if barrier is specified:* [greater than] [less than] [or equal to] the barrier [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends]] [*insert if lower range and upper range are specified:* [greater than] [equal to or greater than] the lower range [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends] and [less than] [equal to or less than] the upper range [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends]]. [**accrual condition 2** is satisfied on an interest observation date in the relevant interest period if the reference observation 2 is [*insert if barrier is specified:* [greater than] [less than] [or equal to] the barrier [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends]] [*insert if lower range and upper range are specified:* [greater than] [equal to or greater than] the lower range [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends] and [less than] [equal to or less than] the upper range [of [●]/specified below and corresponding to the interest period end date (specified below) on which the relevant interest period ends]].] (*insert if "Dual Reference Observation" is applicable*) **days accrued** means the number of interest observation dates in the relevant interest period on which [the accrual condition/both accrual

Element	Title	
		condition 1 and accrual condition 2] [is/are] satisfied. **days observed** means the actual number of [calendar/business] days in the relevant interest period. **interest observation date** shall be: (i) each [calendar/business] day falling from (and including) the first day of an interest period to (but excluding) the [fifth/[*specify other*]] [calendar/business] day immediately preceding the interest period end date falling at the end of such interest period (such day, the **Accrual Cut-Off Date**), and (ii) in respect of each [calendar/business] day falling from (and including) the Accrual Cut-Off Date to but (excluding) the interest period end date falling at the end of such interest period, the Accrual Cut-Off Date shall be deemed to be an "interest observation date" for each such day. **reference observation [1]** [is a reference rate which is [●]] [means reference rate one minus reference rate two] [sum of reference rate ones minus the sum of reference rate twos] [a basket of reference rates, which are [●], [●] [and] [●]] (*insert relevant reference rates which may be a fixed interest rate, a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*). [**reference observation 2** [is a reference rate which is [●]] [means reference rate one minus reference rate two] [sum of reference rate ones minus the sum of reference rate twos] [a basket of reference rates, which are [●], [●] [and] [●]] (*insert relevant reference rates which may be a fixed interest rate, a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*).] (*insert if "Dual Reference Observation" is applicable*) [**reference rate [one[s]]** means [●], [●] [and] [●] (*insert relevant reference rate(s) which may be a fixed interest rate, a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*).] [**reference rate [two[s]]** means [●], [●] [and] [●] (*insert relevant reference rate(s) which may be a fixed interest rate, a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*).] **Interest Period End Date(s)** | **[Interest Rate]* [Reference Observation]*** | **[Barrier] / [Upper Range]** | **[Lower Range]** [*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) **insert additional column for "Interest Rate" and/or "Reference Observation" for each Interest Period if different.* **Interest Period End Date(s) [Interest Rate]*** | **Accrual Condition 1** | **Accrual Condition 2** **[Barrier 1] [Lower Range 1]* [Reference Observation 1]*** | **[Upper Range 1]** | **[Barrier 2] [Lower Range 2]* [Reference Observation 2]*** | **[Upper Range 2]**

Element	Title	
		[*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) **insert additional columns for "Interest Rate", and "Reference Observation 1" and/or "Lower Range 1" under the heading "Accrual Condition 1", and "Reference Observation 2" and/or "Lower Range 2" under the heading "Accrual Condition 2", for each Interest Period if different.* The interest amount in respect of each calculation amount and an interest payment date is an amount calculated on the basis of the interest rate multiplied by the accrual rate multiplied by the relevant day count fraction. The interest amount may be zero. Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [ ] [and [ ] in each [year] [month] [from, and including, [●] to and including, [●]]. The **interest rate** will be determined by reference to the [fixed rate of interest which is [●] per cent. per annum] / [floating rate of interest which is calculated by reference to [[ ]-month] [LIBOR / EURIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR / BBSW (being the Sydney average mid rate for Australian dollar bills of exchange) / BKBM (being the Wellington rate of New Zealand dollar bills of exchange)] / [*Insert if "Single CMS Interest Rate" applies*: CMS reference rate calculated by reference to the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years] [plus/minus] the relevant Margin [specified below/of [*insert margin (if any)*] per cent. per annum] [and] [multiplied by the relevant Interest Participation Rate [specified below/of [*insert*]]] / [*Insert if "Worse of CMS Interest Rates" or "CMS Spread Interest Rate" applies*: the [lesser of/difference between] (i) the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years] (**CMS Reference Rate 1**) [, plus or minus (as specified below) Margin 1 [specified below/of [*insert*]]] [and] [multiplied by [the Interest Participation Rate 1 [specified below/of [*insert*]], [and/minus] (ii) the mid-market swap rate for swap transactions in [*insert currency*] with a maturity of [ ] years] (**CMS Reference Rate 2**) [, plus or minus (as specified below) Margin 2 [specified below/of [*insert*]]] [and] [multiplied by [the Interest Participation Rate 2 [specified below/of [*insert*]].] (*repeat as necessary if there are different rates for different periods or tabulate this information by inserting the paragraph below and the relevant table set out above at "FIXED RATE NOTES:" or "FLOATING RATE NOTES/CMS INTEREST LINKED NOTES:"*) [The Notes are [Fixed Rate Notes/Floating Rate Notes/CMS Interest Linked Notes] which means that they bear interest from [ ] at a rate calculated by reference to the [Specified Fixed Rate [(specified below)/of [*insert*] per cent. per annum]] / [Floating Rate] / [CMS Reference Rate] / [the [lesser of/difference between] CMS Reference Rate 1 [plus or minus (as specified below) Margin 1] [and] [multiplied by the Interest Participation Rate 1] and CMS Reference Rate 2 [plus or minus (as specified below) Margin 2] [and] [multiplied by the Interest Participation Rate 2]] [*Insert for Floating Interest Rate or "Single CMS Interest Rate"*: , plus or minus (as specified below) the Margin] [, and multiplied by the Interest Participation Rate] [each] in respect of each Interest Period ending on

Element	Title	
		the Interest Period End Date(s) (as specified below).] (*insert relevant table set out above at "FIXED RATE NOTES:" or "FLOATING RATE NOTES/CMS INTEREST LINKED NOTES:"*)] [The interest rate in respect of the interest period(s) ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum interest rate (cap) [of [●]/(as specified in the table above)]] / [minimum interest rate (floor) [of [●]/(as specified in the table above)]] / [maximum interest rate and minimum interest rate (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*Specify for each interest period if different or tabulate this information by inserting the relevant table set out above at "FIXED RATE NOTES:" or "FLOATING RATE NOTES/CMS INTEREST LINKED NOTES:"*) [In relation to [reference rate [one[s]] [and] [reference rate [two[s]], [it is/they are] [each] subject to a [maximum rate (cap) [specified below/of [●]] [minimum rate (floor) [specified below/of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively/(each as specified in the table above)] for [each/the] interest period ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below].] **Interest Period End Date(s)** | **[reference rate][one[s]]** | **[reference rate two[s]]*** **[maximum / [and] minimum rate] (Cap / Floor / Collar)]*** | **[maximum / [and] minimum rate] (Cap / Floor / Collar)]*** [*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) **insert additional columns as required* [The interest amount in respect of the interest payment date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum interest amount (cap) [of [●]/(as specified in the table above)]] / [minimum interest amount (floor) [of [●]/(as specified in the table above)]] / [maximum interest amount and minimum interest amount (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*repeat as required or tabulate this information for each interest payment date if different by inserting the relevant table set out at "INFLATION RATE NOTES:" above*) [The **interest participation rate** or **IPR** in respect of [each/the] [interest payment date(s)/interest period ending on the interest period end date(s)] falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required or tabulate this information for each Interest Period if different by inserting the relevant table set out above at "FIXED RATE NOTES:" or "FLOATING RATE NOTES/CMS INTEREST LINKED NOTES:"*)] The **calculation amount** is [●].] [**DIGITAL NOTES**: The Notes are Digital Notes which means that the rate of interest in respect of [an interest period] [the following interest periods [●]] will either be: (i) the back up rate, being [●]; or

Element	Title	
		(ii) if the digital reference rate, being [●] as of [●], is [less than] [less than or equal to] [greater than] [greater than or equal to] the reserve rate, being [●] as of [●], the digital rate, being [●] [, and in respect of the following interest periods [●] will either be (i) the back up rate, being [●] or (ii) if the digital reference rate, being [●] as of [●] is [less than] [less than or equal to] [greater than] [greater than or equal to] the reserve rate, being [●] as of [●], the digital rate being [●] (*Specify relevant interest periods and repeat as necessary if there are different rates for different interest periods*).] [The [back up rate]/[digital reference rate][reserve rate]/[digital rate] will be determined by reference to [●] [and will be subject to a [maximum rate (cap) of [●]] [and] [minimum rate (floor) of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively] for [each/the] interest period ending on the interest period end date(s) falling on: [*insert date(s)*].] (*Specify relevant maximum or minimum rate(s) and repeat as necessary if there are different maximum or minimum rates for different interest periods*) [The interest rate in respect of the interest period(s) ending on the interest period end date(s) falling on: [*insert date(s)*] is subject to a [maximum interest rate (cap) of [●]] / [minimum interest rate (floor) of [●]] / [maximum interest rate and minimum interest rate (collar) of [●] and [●] respectively].] (*Specify relevant maximum or minimum interest rate(s) and repeat as necessary if there are different maximum or minimum interest rates for different interest periods*) Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●]. The **calculation amount** is [●]. The interest amount in respect of each calculation amount and each interest payment date and the relevant interest period is an amount calculated on the basis of the relevant day count fraction.] [**DIGITAL BAND NOTES**: The Notes are Digital Band Notes which means that the rate of interest in respect of [an interest period] [the following interest periods [●]] will be determined by reference to where in the following Bands (specified in the table below) [the reference rate specified below determined on the relevant interest determination date falls] [the result of reference rate one minus reference rate two, in each case as specified below and determined on the relevant interest determination date, falls]. The rate of interest for an interest period will be equal to the rate (which may be a fixed rate, a floating rate, a CMS rate or a rate equal to the relevant Band Rate One minus the relevant Band Rate Two and plus or minus a margin if specified) specified as the "Band Rate" for the appropriate Band (specified in the table below) within which [the relevant specified reference rate falls] [the result of reference rate one minus reference rate two falls].

Element	Title		
		[Reference Rate] [Reference Rate One and Reference Rate Two]	**Interest Determination Date for [Reference Rate] [Reference Rate One and Reference Rate Two]**
		(Specify relevant reference rate (which should include all relevant details such as, if a floating rate, whether it is to be determined by reference to Screen Rate Determination or ISDA Determination, and any margin, interest participation rate, any minimum rate (floor), maximum rate (cap) or maximum rate and minimum rate (collar)) and interest period[s]/interest payment date[s] to which it applies and repeat as necessary if there are different reference rates for different interest periods and/or interest payment dates)	*(Specify relevant interest determination date and interest payment date[s] to which it applies and repeat as necessary)*
		[Reference Rate One] (*Specify relevant reference rate one (which should include all relevant details such as, if a floating rate, whether it is to be determined by reference to Screen Rate Determination or ISDA Determination, and any margin, interest participation rate, any minimum rate (floor), maximum rate (cap) or maximum rate and minimum rate (collar)) and interest period[s]/interest payment date[s] to which it applies and repeat as necessary if there are different reference rate ones for different interest periods and/or interest payment dates)* [Reference Rate Two] (*Specify relevant reference rate two (which should include all relevant details such as, if a floating rate, whether it is to be determined by reference to*	(*Specify relevant interest determination date and interest payment date[s] to which it applies and repeat as necessary*) (*Specify relevant interest determination date and interest payment date[s] to which it applies and repeat as necessary*)

Element	Title			
		Screen Rate Determination or ISDA Determination, and any margin, interest participation rate, any minimum rate (floor), maximum rate (cap) or maximum rate and minimum rate (collar)) and interest period[s]/interest payment date[s] to which it applies and repeat as necessary if there are different reference rate twos for different interest periods and/or interest payment dates)		
		[Details of interest period[s] and/or interest payment date[s]]	**Bands**	**Band Rate**
		(*Specify relevant interest periods and/or interest payment date[s] and repeat as necessary if there are different bands and/or rates for different interest periods and/or interest payment date[s]*)	(i) Band One: [The reference rate] [Reference rate one minus reference rate two] is [less than] [less than or equal to] [●] per cent.:	[The Band Rate is [●] (*specify all relevant details in the same way as for the reference rate*)] [The Band Rate is Band Rate One minus Band Rate Two where Band Rate One is (*specify all relevant details for Band Rate One in the same way as for Reference Rate One*) and Band Rate Two is (*specify all relevant details for Band Rate Two in the same way as for Reference Rate Two*)] [[plus/minus] [●] per cent. per annum].]
			(ii) Band Two: [The Reference rate] [Reference rate one minus reference rate two] is [greater than]	[The Band Rate is [●] (*specify all relevant details in the same way as for the reference rate*)]] [The Band Rate is Band Rate One minus Band Rate Two where Band Rate One is (*specify all relevant details for Band Rate One in the same way as*

Element	Title			
			[greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.:	*for Reference Rate One*) and Band Rate Two is (*specify all relevant details for Band Rate Two in the same way as for Reference Rate Two*)] [[plus/minus] [●] per cent. per annum].]
			[(iii) (*only include Band 3 if applicable*) Band Three: [The Reference rate] [Reference rate one minus reference rate two] is [greater than] [greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.:]	[The Band Rate is [●] (*specify all relevant details in the same way as for the reference rate*)]] [The Band Rate is Band Rate One minus Band Rate Two where Band Rate One is (*specify all relevant details for Band Rate One in the same way as for Reference Rate One*) and Band Rate Two is (*specify all relevant details for Band Rate Two in the same way as for Reference Rate Two*)] [[plus/minus] [●] per cent. per annum].]
			(If there are additional bands and band rates occurring after band 3 but before the last occurring band which shall be as described below repeat (iii) above for such additional bands and band rates but with the relevant bands and band levels [(●)] Band [●][The reference rate] [Reference	[The Band Rate is [●] (*specify all relevant details in the same way as for the reference rate*)] [The Band Rate

Element	Title			
			rate one minus reference rate two] is [greater than] [greater than or equal to] [●] per cent.:	is Band Rate One minus Band Rate Two where Band Rate One is (*specify all relevant details for Band Rate One in the same way as for Reference Rate One*) and Band Rate Two is (*specify all relevant details for Band Rate Two in the same way as for Reference Rate Two*)] [[plus/minus] [●] per cent. per annum].]
		Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●]. The **calculation amount** is [●]. The interest amount in respect of each calculation amount and each interest payment date and the relevant interest period is an amount calculated on the basis of the relevant day count fraction.] [**INVERSE FLOATING RATE NOTES**: The Notes are Inverse Floating Rate Notes which means that the rate of interest in respect of [the/each] interest period(s) ending on: [*insert date(s)*] will be (i) an inverse fixed rate [specified below/of [●] per cent. per annum] minus (ii) the inverse reference rate, [plus/minus] the relevant Margin [of [●] / specified below]] [and] [multiplied by the relevant Interest Participation Rate (IPR) [of [●]/specified below]. The **inverse reference rate** is [a specified rate which is [●]] [specified rate 1 minus specified rate 2]. [**specified rate 1** means [●] (*insert relevant rate which may be a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*).] [**specified rate 2** means [●] (*insert relevant rate which may be a floating interest rate or a CMS rate or a rate determined by Spread Notes provisions*).] [In relation to the interest rate, it is subject to a [maximum interest rate (cap) [specified below/of [●]] [minimum interest rate (floor) [specified below/of [●]] [maximum interest rate and minimum interest rate (collar) [of [●] and [●] respectively/(each as specified in the table below)] for [each/the] interest period ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below].]			

Element	Title	

Interest Period End Date(s)	[maximum / [and] minimum interest rate] (Cap / Floor / Collar)]	[Margin] / [Interest Participation Rate]*	[inverse fixed rate] / [inverse reference rate] / [specified rate 1]* / [specified rate 2]*
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	+/-[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)

* *insert additional columns as required*

[In relation to [the inverse reference rate/the specified rate 1/ [and] the specified rate 2], [it is/they are] subject to a [maximum rate (cap) [specified below/of [●]] [minimum rate (floor) [specified below/of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively/(each as specified in the table below)] for [each/the] interest period ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below].]

Interest Period End Date(s)	[inverse reference rate]	[specified rate 1]	[specified rate 2]
	[maximum / [and] minimum rate] (Cap / Floor / Collar)]*	[maximum / [and] minimum rate] (Cap / Floor / Collar)]*	[maximum / [and] minimum rate] (Cap / Floor / Collar)]*
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)

* *insert additional columns as required*

[Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●].]

The **calculation amount** is [●].

The interest amount in respect of each calculation amount and each interest payment date and the relevant interest period is an amount calculated on the basis of the relevant day count fraction.]

[**SPREAD NOTES**: The Notes are Spread Notes which means that the interest rate in respect of [the/each] interest period(s) ending on: [*insert date(s)*] will be the relevant spread rate [, plus/minus] the relevant Margin [of [ ]/specified below]] [and] [multiplied by the relevant Interest Participation Rate (IPR) [of [●]/specified below]. The relevant spread rate will be [equal to [(i) one minus (ii) the result of] spread rate 1 minus spread rate 2] / [calculated as follows:

$$Min[(\text{Rate X} \pm \text{Spread Cap Margin}); (\text{V\%} + \{\text{Multiplier} \times [\text{Rate Y} - \text{Rate Z}]\})]$$

Min means, when followed by a series of amounts inside brackets, whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

Multiplier means [●].

Element	Title	
		[**Rate X** means spread rate [1/2/3].] [**Rate Y** means spread rate [1/2/3].] [**Rate Z** means spread rate [1/2/3].] [**reference rate one** means [●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate or a CMS rate*).] [**reference rate two** means [●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate or a CMS rate*).] ± **Spread Cap Margin** means [+/-] [*specify*].] **spread rate 1** [is a reference rate which is [●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [means reference rate one minus reference rate two] [sum of the following reference rates: [●] [and] [●] [and] [●] (*insert relevant reference rates which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [, [plus/minus] margin (**Spread Rate 1 Margin**) [of [●]/specified below]] [and] [multiplied by the relevant interest participation rate (**IPR 1**) [of [●]/specified below]]. **spread rate 2** is [is a reference rate which is [●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [means reference rate one minus reference rate two] [sum of the following reference rates: [●] [and] [●] [and] [●] (*insert relevant reference rates which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [, [plus/minus] margin (**Spread Rate 2 Margin**) [of [●]/specified below]] [and] [multiplied by the relevant interest participation rate (**IPR 2**) [of [●]/specified below]]. [**spread rate 3** is [is a reference rate which is [●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [means reference rate one minus reference rate two] [sum of the following reference rates: [●] [and] [●] [and] [●] (*insert relevant reference rates which may be a fixed interest rate, a floating interest rate or a CMS rate*)] [, [plus/minus] margin (**Spread Rate 3 Margin**) [of [●]/specified below]] [and] [multiplied by the relevant interest participation rate (**IPR 3**) [of [●]/specified below]].] [**V%** means [●] per cent. per annum.] [Spread rate 1] [and] [spread rate 2] [and] [spread rate 3] is subject to a [maximum rate (cap) [of [●]/specified below]] [minimum rate (floor) of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively] [(each as specified in the table below)] for [each/the] interest period ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below]. (*Specify for each interest period and each spread rate if different or tabulate this information*)]

Interest Period End Date(s)	**[Spread Rate 1]**		**[Spread Rate 2] [Spread Rate 3]***	
	[Spread Rate 1 Margin]*	**[IPR 1] / [maximum / [and]**	**[Spread Rate 2 Margin]***	**[IPR 2] [IPR 3]* [maximum**

Element	Title	

		minimum rate (Cap / Floor / Collar)]*	[Spread Rate 3 Margin]*	/ [and] minimum rate (Cap / Floor / Collar)]*
[*insert date(s)*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

**insert additional columns for "Spread Rate 3", "Spread Rate 3 Margin" and "IPR 3" and maximum and/or minimum rate, if required.*

Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●].

[The interest rate in respect of the interest period(s) ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below] is subject to a [maximum interest rate (cap) [of [●]/(as specified in the table below)]] / [minimum interest rate (floor) [of [●]/(as specified in the table below)]] / [maximum interest rate and minimum interest rate (collar) [of [●] and [●] respectively] [(each as specified in the table below)].] (*Specify for each interest period if different or tabulate this information as per table above*)

Interest Period End Date(s)	relevant swap rate	[maximum / [and] minimum interest rate] (Cap / Floor / Collar)]*	[Margin]* [Interest Participation Rate]
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[+/-][*specify*] (*repeat as required*)

**insert additional columns as required*

The **calculation amount** is [●].

The interest amount in respect of each calculation amount and each interest payment date and the relevant interest period is an amount calculated on the basis of the relevant day count fraction.]

[**SWITCHER OPTION:** The interest basis may, at the option of the Issuer, be switched from [ ] (*insert interest basis or zero coupon*) to [ ] (*insert new interest basis or zero coupon*), effective from [ ] (*insert date or, if more than one, insert each date*). A conversion amount of [●] per calculation amount will be payable by the Issuer on [ ].

The **calculation amount** is [●].]

[**PREVIOUS COUPON LINKED NOTES**: The Notes are Previous Coupon Linked Notes which means that the interest rate (the **Previous Coupon Linked Interest Rate**) in respect of [the/each] [interest period(s) ending on: [*insert date(s)*] (each a **Previous Coupon Linked Period**)/interest payment date(s) falling on: [*insert date(s)*] (each a **Previous Coupon Linked Payment Date**)] shall be an amount equal to the Previous Coupon Reference Rate[, [plus/minus] the relevant Margin [specified below/of [*insert margin*

Element	Title	
		(if any)]] [and] [multiplied by the relevant Interest Participation Rate [specified below/of [*insert interest participation rate (if any)*]]. (*repeat as necessary if there are margin or interest participation rates for different interest periods or tabulate this information by inserting the paragraph and the table below*) [The Notes are Previous Coupon Linked Notes which means that they bear interest from the Interest Commencement Date for Previous Coupon Linked Notes (specified below) at the Previous Coupon Reference Rate [, plus or minus (as specified below) the Margin] [, and multiplied by the Interest Participation Rate] [each] in respect of each Interest Period ending on (but excluding) the Interest Period End Date(s) (as specified below). **Previous Coupon** means, in respect of each [Previous Coupon Linked Period / Previous Coupon Linked Payment Date], the Previous Coupon Linked Interest Rate in respect of the [interest period/payment date] immediately preceding such [Previous Coupon Linked Period / Previous Coupon Linked Payment Date], provided that if the interest basis applicable to the [interest period/payment date] immediately preceding such [Previous Coupon Linked Period / Previous Coupon Linked Payment Date] is not Previous Coupon Linked Notes, the Previous Coupon shall be the interest rate determined in accordance with the interest basis applicable to such [interest period/payment date] (as set out in the Interest Basis Table above). **Previous Coupon Reference Rate** means, in respect of [the/each] [Previous Coupon Linked Period [ending on the interest period end date(s) [falling on: [*insert date(s)*]/specified below]] (*insert if different for each interest period*)] / Previous Coupon Linked Payment Date [of: [*insert date(s)*] /specified below]] (*insert if different for each interest payment date*)], the Previous Coupon [, [plus/minus] [(i)] Rate 1 [, multiplied by Rate 1 Participation Rate [of [●]/specified below corresponding to such [interest period end date(s) / Previous Coupon Linked Payment Date]]] [[plus/minus] (ii) Rate 2 [multiplied by Rate 2 Participation Rate] [of [●]/specified below corresponding to such [interest period end date(s)/ Previous Coupon Linked Payment Date]]]. (*Repeat for each interest period/interest payment date if the Previous Coupon Reference Rate is different*) [**Rate 1** means [[●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate, a CMS rate, a rate determined from the Spread Notes provisions or other reference rate determined from the above provisions*)/each rate specified below].] [**Rate 2** means [[●] (*insert relevant reference rate which may be a fixed interest rate, a floating interest rate, a CMS rate, a rate determined from the Spread Notes provisions or other reference rate determined from the above provisions*)/each rate specified below].] (*specify for each Rate 1 and Rate 2 (if applicable) the relevant fixed rate note provisions, floating rate note provisions, the CMS rate note provisions and the Spread Note provisions, or other relevant note provisions for the determination of such rate(s)*) [The interest rate in respect of the [Previous Coupon Linked Period

Element	Title	
		[ending on the following interest period end date(s) [of: [*insert date(s)*]/specified below]] / Previous Coupon Linked Payment Date [of: [*insert date(s)*] /specified below]] is subject to a [maximum interest rate (cap) [of [●]/(as specified in the table below)]] / [minimum interest rate (floor) [of [●]/(as specified in the table below)]] / [maximum interest rate and minimum interest rate (collar) [of [●] and [●] respectively] [(each as specified in the table below)].] (*repeat as required or tabulate this information for each interest period if different by inserting the relevant table set out below*) [Rate 1] [and] [Rate 2] is subject to a [maximum rate (cap) [of [●]/specified below]] [minimum rate (floor) of [●]] [maximum rate and minimum rate (collar) [of [●] and [●] respectively/specified below] for [each/the] [Previous Coupon Linked Period [ending on the interest period end date(s) falling on: [*insert date(s)*]/specified below]] / Previous Coupon Linked Payment Date [of: [*insert date(s)*]/specified below].] (*Specify for each interest period and each Rate 1 and Rate 2 if different or tabulate this information*) **Previous Coupon Linked Interest Rate** **[Interest Period End Date(s) / Previous Coupon Linked Payment Date]** | **[maximum / [and] minimum interest rate (Cap / Floor / Collar)]*** | **[Margin] [Rate 1]*** | **[Interest Participation Rate] [Rate 2]*** [*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*) | [+/-] [*specify*] (*repeat as required*)] | [*specify*] (*repeat as required*)] **insert additional columns for "Rate 1" and "Rate 2" for each Interest Period if different* **Previous Coupon Reference Rate** **[Interest Period End Date(s) / Previous Coupon Linked Payment Date]** | **Rate 1** (**[Rate 1 Participation Rate]** | **[maximum / [and] minimum rate (Cap / Floor / Collar)]**) | **Rate 2** (**[Rate 2 Participation Rate]** | **[maximum / [and] minimum rate (Cap / Floor / Collar)]**) [*insert date(s)*] (*repeat as required*) | [*specify*] (*repeat as required*) | [*specify*] (*repeat as required*) | [[*specify*] (*repeat as required*) | [*specify*] (*repeat as required*)] **insert additional columns for maximum and/or minimum rate for Rate 1 and Rate 2, if required.* **Redemption:** The terms under which Notes may be redeemed (including the Maturity Date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes. Subject to any early redemption, purchase and cancellation, the Notes will be redeemed on [●] at [●] per cent. of their nominal amount.

Element	Title	
		[The Notes may, at the Issuer's election, be redeemed early on [●] at [●] per cent. of their nominal amount] [The Notes may, at the election of the holder of such Notes, be redeemed early on [●] at [●] per cent. of their nominal amount.] The Issuer and its subsidiaries may at any time purchase Notes at any price in the open market or otherwise. **Indication of yield:** [Indication of yield: [●] per cent. per annum / Not Applicable] **Early redemption [and adjustments to any underlying]** The Issuer may redeem the Notes prior to the stated maturity date and, if and to the extent permitted by applicable law, will in such circumstances pay, in respect of each Calculation Amount of Notes, an amount equal to the early redemption amount (a) following an Event of Default, (b) for certain taxation reasons and (c) 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. [*Early redemption amount* The early redemption amount in respect of each Calculation Amount of Notes is [*insert if "Fair Market Value" is applicable*: an amount equal to the fair market value of each such Calculation Amount notwithstanding the relevant taxation reasons or illegality resulting in the early redemption) less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements as determined by the Calculation Agent, provided that in the case of an early redemption following an event of default, for the purposes of determining the fair market value, the Issuer will be presumed to be able to perform fully its obligations in respect of the Notes] [*insert if "Principal Amount plus accrued interest" is applicable*: an amount equal to the principal amount plus accrued interest (if any)] [*insert for Zero Coupon Notes and if "Amortised Face Amount" is applicable*: an amount equal to the amortised face amount, being an amount equal to the product of (i) the reference price [of [●]], multiplied by (ii) the sum of one (1), plus the amortisation yield [of [●]], and (iii) further multiplied by the relevant day count fraction] [*insert other amount*].] [In addition, 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), realisation disruption 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

<table>
<tr><th>Element</th><th>Title</th><th></th></tr>
<tr><td></td><td></td><td>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 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 amounts in respect of any applicable taxes, or to cancel the Notes and to pay an amount equal to the early redemption amount.]

[The Notes may, at the Issuer's election, be redeemed early at [●] per cent. of their nominal amount for indexation reasons.]</td></tr>
<tr><td>C.10-</td><td>If the Note has a derivative component in the interest payment, a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.</td><td>[Not Applicable]

[The Notes are interest bearing notes and shall bear interest as specified in the Final Terms and are Credit Linked Interest Notes meaning that they shall cease to bear interest from the date of the interest period end date (or if earlier the issue date of the Notes) prior to the date on which a credit event is determined pursuant to the terms and conditions of the Credit Linked Interest Notes.]

[The Notes are Inflation Rate Notes which means that the Notes are linked to [●]. Interest will be payable 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 cent. per annum]/specified below] multiplied by the relevant day count fraction [[and] [multiplied by the relevant Interest Participation Rate (IPR) specified therein]].

Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] [and [●]] in each [year][month] [from, and including, [●] to and including, [●].

<table>
<tr><th>Interest Payment Date(s)</th><th>[maximum / [and] minimum interest amount (Cap / Floor / Collar)]*</th><th>[Margin]</th><th>[Interest Participation Rate (IPR)]</th></tr>
<tr><td>[insert date(s)] (repeat as required)</td><td>[specify] (repeat as required)</td><td>[+/-] [specify] (repeat as required)]</td><td>[specify] (repeat as required)]</td></tr>
</table>
*Insert additional columns as required

[The interest amount in respect of the interest payment date(s) [falling on: [insert date(s)]/as specified above] is subject to a [maximum interest amount (cap) [of [●]/(as specified in the table above)]] / [minimum interest amount (floor) [of [●]/(as specified in the table above)]] / [maximum interest amount and minimum interest amount (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (repeat as required or tabulate this information for each interest payment date if different by inserting the table above)</td></tr>
</table>

Element	Title	
		The **calculation amount** is [●]. [The **interest participation rate** or **IPR** in respect of [an/the] interest payment date[s] falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required or tabulate this information for each Interest Period if different*)] [The Notes are DIR Inflation Linked Notes which means that the Notes are linked to [●]. Interest will be payable on the relevant interest payment date and will be calculated by the calculation agent by multiplying the calculation amount by the DIR index ratio which shall be determined by reference to two specified monthly levels of [●] (the "**Inflation Index**") and the relevant interest payment date minus one and the number of days in the month of such interest payment date to determine an interpolated rate and divided by a specified base figure of the Inflation Index] [as adjusted for a Margin [of [+[●]] [-[●]] per cent. per annum]/specified below] multiplied by the relevant day count fraction [[and] [multiplied by the relevant Interest Participation Rate (IPR) specified therein]]. Interest will be payable [annually/semi-annually/quarterly/monthly] in arrears on [●] and [●] in each [year/month]. **Interest Payment Date(s)** / **[maximum / [and] minimum interest amount (Cap / Floor / Collar)]*** / **[Margin]** / **[Interest Participation Rate (IPR)]** [*insert date(s)*] (*repeat as required*) / [*specify*] (*repeat as required*)] / [+/-] [*specify*] (*repeat as required*)] / [*specify*] (*repeat as required*)] **Insert additional columns as required* [The interest amount in respect of the interest payment date(s) [falling on: [*insert date(s)*]/specified above] is subject to a [maximum interest amount (cap) [of [●]/(as specified in the table above)]] / [minimum interest amount (floor) [of [●]/(as specified in the table above)]] / [maximum interest amount and minimum interest amount (collar) [of [●] and [●] respectively] [(each as specified in the table above)]].] (*repeat as required or tabulate this information for each interest payment date if different by inserting the table above*) The **calculation amount** is [●]. [The **interest participation rate** or **IPR** in respect of [each/the] interest payment date[s] falling on: [*insert date(s)*], is [*insert details of relevant IPR*]. (*repeat as required or tabulate this information for each Interest Payment Date if different*)] Subject to any early redemption, purchase and cancellation, the Notes will be redeemed on [●] at [●] per cent. of their nominal amount. The Issuer may redeem the Notes prior to the stated maturity date and, if and to the extent permitted by applicable law, will in such circumstances pay, in respect of each Calculation Amount of Notes, an amount equal to the early redemption amount (a) following an Event of Default, (b) for certain taxation reasons and (c) if the Issuer determines that performance of its obligations of an issue of Notes

Element	Title	
		[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. [*Insert "Early redemption amount" from C.9 above*]
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].]

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 and 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 which are expressed to redeem at par) 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

Element	Title	
		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) 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 macroeconomic and political conditions and (xvi) credit ratings not reflecting all risks.] [The ability of the Issuer to convert the interest rate on Notes from one interest basis to another will affect the secondary market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing and to a rate which is lower than other comparable notes (as applicable).]

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 the offer	[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 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*)]].

SECTION B – RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor may become insolvent or otherwise be unable to satisfy their obligations in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor becoming unable to satisfy their obligations in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and, where CGMFL is the Issuer, the CGMFL Guarantor's control. The Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under, or to deliver assets on or in connection with, the Notes.

Each of the risks highlighted below could adversely affect the trading price of the Notes and, as a result, investors could lose some or all of their investment.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under this Base Prospectus are also described below.

Prospective investors must read the detailed information set out elsewhere in this Base Prospectus including any documents incorporated by reference herein and reach their own views prior to making any investment decision.

RISKS RELATING TO CITIGROUP INC., CGMFL AND THE CGMFL GUARANTOR

Set out below are certain risk factors which could have a material adverse effect on the business, operations, financial condition or prospects of one or more of Citigroup Inc., CGMFL and/or the CGMFL Guarantor and cause one or more of Citigroup Inc.'s, CGMFL's and or the CGMFL Guarantor future results to be materially different from expected results. Citigroup Inc.'s, CGMFL's and/or the CGMFL Guarantor results could also be affected by competition and other factors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties Citigroup Inc.'s, CGMFL's and the CGMFL Guarantor's, businesses face. Each of Citigroup Inc., CGMFL and the CGMFL Guarantor has described only those risks relating to its operations that it considers to be material. There may be additional risks that Citigroup Inc., CGMFL and the CGMFL Guarantor currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's and, where the Issuer is CGMFL, the CGMFL Guarantor's solvency risk.

The ability of each of Citigroup Inc., CGMFL and the CGMFL Guarantor to fulfil its obligations under the Notes issued by Citigroup Inc. or CGMFL, as the case may be, is dependent on the earnings of Citigroup Inc.'s subsidiaries.

Citigroup Inc. is a holding company that does not engage in any material amount of business activities that generate revenues. Citigroup Inc. services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory authorities. Its subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends. If such subsidiaries did not realise sufficient earnings to satisfy applicable regulatory requirements, or if such requirements were changed to further restrict the ability of such subsidiaries to pay dividends to Citigroup Inc., Citigroup Inc.'s ability to fulfil its obligations under the Notes issued by it may be adversely affected.

In addition, the ability of CGMFL to fulfil its obligations under any Notes issued by it (which Notes will not have the benefit of any guarantee of Citigroup Inc. but will have the benefit of a guarantee of the CGMFL Guarantor which is an indirect subsidiary of Citigroup Inc.) will be dependent on the group entities to which it on-lends the funds raised through the issue of such Notes performing their obligations in respect of such funding in a timely manner. Accordingly, investors in these Notes should

consider the risk factors applicable to Citigroup Inc. and its subsidiaries as set out elsewhere in the Base Prospectus Risk Factors.

Under U.S. banking law, Citigroup Inc. may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than to fulfil its obligations under the Notes.

Under longstanding policy of The Board of Governors of the U.S. Federal Reserve System, a bank holding company (such as Citigroup Inc.) is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, Citigroup Inc. may be required to commit resources (in the form of investments or loans) to its subsidiary banks in amounts or at times that could adversely affect its ability to also fulfil its obligations under the Notes.

A reduction of the Issuer's and/or, where the Issuer is CGMFL, the CGMFL Guarantor's ratings may reduce the market value and liquidity of the relevant Notes).

Each rating agency may reduce or withdraw its ratings of an Issuer and/or the CGMFL Guarantor at any time in the future if, in its judgment, circumstances warrant a change. No rating agency is obligated to maintain its ratings at their current levels. If a rating agency reduces or withdraws its rating of an Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor, the liquidity and market value of the Notes) of the Issuer are likely to be adversely affected.

Credit Ratings - Rating Agencies of the Issuers and the CGMFL Guarantor

S&P is not established in the European Union and has not applied for registration under the CRA Regulation. The S&P ratings have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. Standard & Poor's Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. As such, Standard & Poor's Credit Market Services Europe Ltd. is included in the list of credit rating agencies published by the European Securities Market Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. may be used in the European Union by the relevant market participants.

Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. The Moody's ratings have been endorsed by Moody's Investors Service Ltd. in accordance with the CRA Regulation. Moody's Investors Service Ltd. is established in the European Union and registered under the CRA Regulation. As such, Moody's Investors Service Ltd. is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Moody's Investors Service Ltd. may be used in the European Union by the relevant market participants.

Fitch is not established in the European Union and has not applied for registration under the CRA Regulation. The Fitch ratings have been endorsed by Fitch Ratings Limited in accordance with the CRA Regulation. Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Limited is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Fitch Ratings Limited may be used in the European Union by the relevant market participants.

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. In respect of the Notes where CGMFL is the Issuer, CGMFL has a long term/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC based on the CGMFL Deed of Guarantee. The rating of a certain Tranche of Notes may be specified in the applicable Issue Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) will be disclosed in the applicable Issue Terms.

Risks relating to regulatory actions under a recovery and resolution regime, including 'bail-in'

The EU Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") was published in the EU Official Journal on 12 June 2014. The BRRD is to be implemented with effect in all European Member States by 1 January 2015, with the exception of the bail-in powers which must be implemented by 1 January 2016. The aim of the BRRD is to provide national supervisory authorities with tools and powers pre-emptively to address potential banking crises in order to safeguard financial stability and minimise taxpayers' exposure to losses.

Under the BRRD, a national supervisory authority is empowered to employ one or more resolution tools in relation to certain institutions, including investment firms (such as CGML) where the authority determines that the institution is failing or likely to fail; it is not reasonably likely that any other action can be taken to avoid the failure of the institution; and the resolution action is in the public interest.

The resolution tools available to the national supervisory authority under the BRRD include a statutory 'write-down and conversion power' - the so-called 'bail-in' tool. The 'bail-in' tool would give the relevant national supervisory authority the ability to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of the surviving group entity, if any. In addition, under the BRRD, the national supervisory authority will have the power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant institution and/or impose a temporary suspension of payments. Other resolution tools include (i) sale of the relevant institution or the whole or part of its business; (ii) transfer all or part of the business of the relevant institution to a 'bridge bank'; and (iii) transfer the impaired or problem assets of the relevant institution to an asset management vehicle.

In the UK, the Banking Act 2009 (the "**Banking Act**") already provides for a recovery and resolution regime to allow the Bank of England (or, in certain circumstances, UK HM Treasury) powers to resolve failing (or near failing) banks (and, pursuant to recent amendments to the Banking Act, eventually other UK entities such as investment firms), including for the introduction of a bail-in tool. The resolution powers and tools under the BRRD overlap in part with those under the Banking Act and the transposition of the BRRD into national law will increase the extent of such alignment.

The circumstances in which a national supervisory authority would exercise its powers and apply the resolution tools – in particular, the bail-in power - are uncertain. If these powers were to be exercised (or if there was a suggestion that they could be exercised) in respect of CGML, such exercise would likely have a material adverse effect on the value of the Notes, including a potential loss of some or all of the investment.

Reform of LIBOR and EURIBOR and proposed regulation of other "benchmarks"

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted.

Key international proposals for reform of "benchmarks" include (i) IOSCO's *Principles for Oil Price Reporting Agencies* (October 2012) and *Principles for Financial Market Benchmarks* (July 2013), (ii) ESMA-EBA's *Principles for the benchmark-setting process* (June 2013) and (iii) the European Commission's *proposed regulation on indices used as "benchmarks" in certain financial instruments, financial contracts and investment funds* (September 2013) (the "**Proposed Benchmark Regulation**").

The Proposed Benchmark Regulation, if passed in its current form, would apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of

"benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Proposed Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including "proprietary" indices or strategies) where referenced in listed financial instruments, financial contracts and investment funds.

It is presently unclear whether the Proposed Benchmark Regulation will be passed in its current form (including its broad scope) and, if so, when it would be effective. However, if so enacted, it could have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

- an index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, terminated or otherwise impacted; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Proposed Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes including Calculation Agent determination of the rate or level in its discretion.

More broadly, any of the international, national or other proposals for reform or general increased regulatory scrutiny of "benchmarks" could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". By way of example, The London Silver Market Fixing Ltd has announced that it intends to wind down the administration of the London Silver Fixing in August 2014. The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" may result in an adjustment to the terms and conditions of the Notes or other consequences, depending on the specific provisions of the relevant terms and conditions applicable to the Notes.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks". For example, there are ongoing global investigations into the setting of foreign exchange rate "benchmarks", which may result in further regulation around the setting of foreign exchange rates. Further, in June 2014 the UK HM Treasury announced a review in relation to the way in which way wholesale financial markets operate. As part of this review new legislation may be introduced deeming foreign exchange, fixed income and certain commodity markets to be "regulated benchmarks" in the UK.

Any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other "benchmark" as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

The following risk factors have been extracted from the "Risk Factors" section of the Annual Report on Form 10-K filed by Citigroup Inc. with the SEC on 3 March 2014 for the fiscal year ended 31 December 2013 incorporated by reference in this Base Prospectus and reproduced without material amendment and references therein to "Citigroup" and "Citi" are to "Citigroup Inc. and its Consolidated Subsidiaries" and other terms used but not defined therein are as defined in such Annual Report.

REGULATORY RISKS

Citi Faces Ongoing Significant Regulatory Changes and Uncertainties in the U.S. and Non-U.S. Jurisdictions in Which It Operates That Negatively Impact the Management of Its Businesses, Increase Its Compliance Risks and Costs and Could Adversely Affect Its Results of Operations.

Citi continues to be subject to a significant number of regulatory changes and uncertainties both in the U.S. and the non-U.S. jurisdictions in which it operates. These changes and uncertainties emanate not only from financial crisis related reforms, including continued implementation of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("**Dodd-Frank Act**") in the U.S., but also reform proposals by national financial authorities and international standard setting bodies (such as the Financial Stability Board) as well as individual jurisdictions. The complexities and uncertainties arising from the volume of regulatory changes or proposals, across numerous regulatory bodies and jurisdictions, is further compounded by what appears to be an accelerating urgency to complete reforms and, in some cases, to do so in a manner that is the most advantageous or protectionist to the proposing jurisdiction.

The complete scope and form of a number of regulatory initiatives are still being finalized and, even when finalized, will likely require significant interpretation and guidance. Moreover, the heightened regulatory environment has resulted not only in a tendency toward more regulation, but also in some cases toward the most prescriptive regulation as regulatory agencies have often taken a restrictive approach to rulemaking, interpretive guidance, approvals and their general ongoing supervisory or prudential authority. In addition, even when U.S. and international regulatory initiatives overlap, in many instances they have not been undertaken on a coordinated basis and areas of divergence have developed with respect to the scope, interpretation, timing, structure or approach, leading to additional, inconsistent or even conflicting regulations.

Ongoing regulatory changes and uncertainties make Citi's business planning difficult and could require Citi to change its business models or even its organizational structure, all of which could ultimately negatively impact Citi's strategy and results of operations as well as realization of its deferred tax assets ("**DTAs**"). For example, regulators have proposed applying limits to certain concentrations of risk, such as through single counterparty credit limits, and implementation of such limits could require Citi to restructure client or counterparty relationships and could result in the potential loss of clients. Further, certain regulatory requirements could require Citi to create new subsidiaries in non-U.S. jurisdictions instead of its current branches, create subsidiaries to conduct particular businesses or operations (so-called "**subsidiarization**"), or impose additional capital or other requirements on branches in certain jurisdictions. This could, among other things, negatively impact Citi's global capital and liquidity management and overall cost structure. Unless and until there is sufficient regulatory certainty, Citi's business planning and/or proposed pricing for affected businesses necessarily include assumptions based on possible or proposed rules, requirements or outcomes, any of which could impede Citi's ability to conduct its businesses effectively or comply with final requirements in a timely manner.

Business planning is further complicated by management's continual need to review and evaluate the impact on Citi's businesses of ongoing rule proposals, final rules and implementation guidance from numerous regulatory bodies worldwide, within compressed timeframes. In some cases, management's implementation of a regulatory requirement and assessment of its impact is occurring simultaneously with legal challenges or legislative action to modify or repeal final rules, thus increasing management uncertainty. Moreover, recent regulatory guidance has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third party vendor relationships, thus increasing the scope of management involvement and decreasing the efficiency otherwise resulting from these relationships. Citi must also spend significant time and resources managing the increased compliance risks and costs associated with ongoing global regulatory reforms. Citi has established various financial targets for 2015, including efficiency and returns targets, as well as ongoing expense reduction initiatives. Ongoing regulatory changes and uncertainties require management to continually manage Citi's expenses and potentially reallocate resources, including potentially away from ongoing business investment initiatives.

Given the significant number of regulatory reform initiatives and continued uncertainty, it is not possible to determine the ultimate impact to Citi's overall strategy, competitiveness and results of operations or, in many cases, its individual businesses.

Despite the Issuance of Final U.S. Basel III Rules, There Continues to Be Significant Uncertainty Regarding the Numerous Aspects of the Regulatory Capital Requirements Applicable to Citi and the Ultimate Impact of These Requirements on Citi's Businesses, Products and Results of Operations.

Although the U.S. banking agencies issued final Basel III rules applicable to Citigroup and its depository institution subsidiaries, including Citibank, N.A., during 2013, there continues to be significant uncertainty regarding numerous aspects of these and other regulatory capital requirements applicable to Citi and, as a result, the ultimate impact of these requirements on Citi.

Citi's estimated Basel III ratios and related components are based on its current interpretation, expectations and understanding of the final U.S. Basel III rules and are subject to, among other things, ongoing regulatory review, regulatory approval of Citi's credit, market and operational Basel III risk models (as well as its market risk models under Basel II.5), additional refinements, modifications or enhancements (whether required or otherwise) to Citi's models, and further implementation guidance in the U.S. Any modifications or requirements resulting from these ongoing reviews or the continued implementation of Basel III in the U.S. could result in changes in Citi's risk-weighted assets or other elements involved in the calculation of Citi's Basel III ratios, which could negatively impact Citi's capital ratios and its ability to achieve its capital requirements as it projects or as required. Further, because operational risk is measured based not only upon Citi's historical loss experience but also upon ongoing events in the banking industry generally, Citi's level of operational risk-weighted assets could remain elevated for the foreseeable future, despite Citi's continuing efforts to reduce its risk-weighted assets and exposures.

In addition, subsequent to the issuance of the final U.S. Basel III rules, the U.S. banking agencies proposed to amend the final U.S. Basel III rules to require the largest U.S. bank holding companies and their insured depository institution subsidiaries, including Citi and Citibank, N.A., to effectively maintain minimum Supplementary Leverage ratios ("**SLRs**") of 5 per cent. and 6 per cent., respectively, compared to the minimum 3 per cent. required under the final U.S. and Basel Committee Basel III rules. If adopted as proposed, the SLR, which was initially intended only to supplement the risk-based capital ratios, may become the binding regulatory capital constraint facing Citi and Citibank, N.A. In addition, when combined with the expected U.S. Tier 1 Common Capital "global systemically important bank" ("**G-SIB**") surcharge and other capital requirements, Citi and Citibank, N.A. could be subject to higher capital requirements than many of their U.S. and non-U.S. competitors, leading to a potential competitive disadvantage and negative impact on Citi's businesses and results of operations.

Various proposals relating to the future liquidity standards or funding requirements applicable to U.S. financial institutions further contribute to the uncertainty regarding the future capital requirements applicable to Citi. For example, the proposed U.S. Basel III Liquidity Coverage ratio ("**LCR**") rules would require Citi to hold additional high-quality liquid assets; however, this requirement would also serve to increase the denominator of the SLR and, as a result, increase the amount of Tier 1 Capital required to be held by Citi to meet the minimum SLR requirements. The Federal Reserve Board has also indicated it is considering proposals relating to the use of short-term wholesale funding by U.S. financial institutions, particularly securities financing transactions ("**SFTs**"), which could include a capital surcharge based on the institution's reliance on such funding, and/or increased capital requirements applicable to SFT matched books.

As a result of these and other uncertainties arising from the ongoing implementation of Basel III and other current or potential capital requirements on a global basis, Citi's capital planning and management remains challenging. It is also not possible to determine what the overall impact of these extensive regulatory capital changes will be on Citi's competitive position (among both domestic and international peers), businesses, product offerings or results of operations.

For additional information on the Basel III Rules and other capital and liquidity standards developments and requirements referenced above, see "*Liquidity Risks*" below.

The Impact to Citi's Derivatives Businesses and Results of Operations Resulting from the Ongoing Implementation of Derivatives Regulation in the U.S. and Globally Remains Uncertain.

The ongoing implementation of derivatives regulations in the U.S. under the Dodd-Frank Act as well as in non-U.S. jurisdictions has impacted, and will continue to substantially impact, the derivatives markets by, among other things: (i) requiring extensive regulatory and public price reporting of derivatives transactions; (ii) requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities; (iii) requiring the collection and segregation of collateral for most uncleared derivatives (margin requirements); and (iv) significantly broadening limits on the size of positions that may be maintained in specified derivatives. These market structure reforms have and will likely continue to make trading in many derivatives products more costly, may significantly reduce the liquidity of certain derivatives markets and could diminish customer demand for covered derivatives. However, given the early stage of implementation of these U.S. and global reforms, including the additional rulemaking that may be or is required to occur and the ongoing significant interpretive issues across jurisdictions, the ultimate impact to Citi's results of operations in its derivatives businesses remains uncertain.

For example, in October 2013, certain CFTC rules relating to trading on a swap execution facility ("**SEF**") became effective. As a result, certain non-U.S. trading platforms that do not want to register with the CFTC as a SEF are prohibiting firms with U.S. contacts, such as Citi, from trading on their non- U.S. platforms. This has resulted in some bifurcated client activity in the swaps marketplace, which could negatively impact Citi by reducing its access to non-U.S. platform client activity. Also in October 2013, the CFTC's mandatory clearing requirements for the overseas branches of Citibank, N.A. became effective, and certain of Citi's non-U.S. clients have ceased to clear their swaps with Citi given the mandatory requirement. More broadly, under the CFTC's cross-border guidance, overseas clients who transact their derivatives business with overseas branches of U.S. banks, including Citi, could be subject to additional U.S. registration and derivatives requirements, and these clients have expressed an unwillingness to continue to deal with overseas branches of U.S. banks as a result. These and similar issues could disproportionately impact Citi given its global footprint.

Further, the European Union continues to finalize its European Market Infrastructure Regulation which would require, among other things, information on all European derivatives transactions be reported to trade repositories and certain counterparties to clear "standardized" derivatives contracts through central counterparties. Regulators in Asia also continue to finalize their derivatives reforms which, to date, have taken a different approach as compared to the EU or the U.S. Most of these non-U.S. reforms will take effect after the reforms in the U.S. and, as a result, it is uncertain to what extent the non-U.S. reforms will impose different, additional or even inconsistent requirements on Citi's derivatives activities.

The Dodd-Frank Act also contains a so-called "push-out" provision that, to date, has generally been interpreted to prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives. The ultimate scope of this provision and its potential consequences are not certain as rulemaking has not yet been completed. While this push-out provision was to be effective July 2013, U.S. regulators were permitted to grant up to an initial two-year transition period to affected depository institutions, and in June 2013, Citi, like other U.S. depository institutions, received approval for an initial two-year transition period for Citibank, N.A., its primary insured depository institution.

Citi currently conducts a substantial portion of its derivatives-dealing activities within and outside the U.S. through Citibank, N.A. The costs of revising customer relationships and modifying the organizational structure of Citi's businesses or the subsidiaries engaged in these businesses, and the reaction of Citi's clients to the potential bifurcation of their derivatives portfolios between Citibank, N.A. and another Citi affiliate for pushed-out derivatives, remain unknown. To the extent that certain of Citi's competitors already conduct these derivatives activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any required restructuring. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision remains unclear, and it is possible that Citi could lose market share in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

While the implementation and effectiveness of individual derivatives reforms may not in every case be significant, the cumulative impact of these reforms is uncertain and could be material to Citi's results of operations and competitiveness in these businesses.

In addition, numerous aspects of the new derivatives regime require extensive compliance systems and processes to be put in place and maintained, including electronic recordkeeping, real-time public transaction reporting and external business conduct requirements (e.g., required swap counterparty disclosures). These requirements have necessitated the installation of extensive technological, operational and compliance infrastructure, and Citi's failure to effectively maintain such systems could subject it to increased compliance costs and regulatory and reputational risks. Moreover, these new derivatives related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients. To the extent that Citi's connectivity, product offerings or services for clients in these businesses is deficient, this could negatively impact Citi's competitiveness and results of operations in these businesses.

It Is Uncertain What Impact the Restrictions on Proprietary Trading Activities under the Volcker Rule Will Have on Citi's Global Market-Making Businesses and Results of Operations, and Implementation of the Fina Rules Subjects Citi to Compliance Risks and Costs.

The "Volcker Rule" provisions of the Dodd-Frank Act are intended in part to prohibit the proprietary trading activities of institutions such as Citi. On 10 December 2013, the five regulatory agencies required to adopt rules to implement the Volcker Rule adopted a final rule. Although the rules implementing the Volcker Rule have been finalized, and the conformance period has been extended to July 2015, the final rules will require extensive regulatory interpretation and supervisory oversight, including coordination of this interpretive guidance and oversight among the five regulatory agencies implementing the rules.

As a result, the degree to which Citi's market-making activities will be permitted to continue in their current form, and the potential impact to Citi's results of operations from these businesses, remains uncertain. In addition, the final rules and restrictions imposed will affect Citi's trading activities globally and, thus, will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to all of their activities outside of the U.S., further increasing the uncertainty of the impact to Citi's results of operations.

While the final rules contain exceptions for market-making, underwriting, risk-mitigating hedging, and certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking", it remains unclear how these exceptions will be interpreted and administered. Absent further regulatory guidance, Citi is required to make certain assumptions as to the degree to which Citi's activities in these areas will be permitted to continue in their current form. If these assumptions are not accurate, Citi could be subject to increased compliance risks and costs. Moreover, the final rules require an extensive compliance regime for the "permitted" activities under the Volcker Rule, including documentation of historical trading activities with clients, regulatory reporting, recordkeeping and similar requirements, with certain of these requirements effective in July 2014. If Citi's implementation of this compliance regime is not consistent with regulatory expectations, this could further increase its compliance risks and costs.

As in other areas of ongoing regulatory reform, alternative proposals for the regulation of proprietary trading are developing in non-U.S. jurisdictions, leading to overlapping or potentially conflicting regimes. For example, in the EU, the "**Liikanen Report**" on bank structural reform has been reflected in the recent European Commission proposal (the so-called "**Barnier Proposal**"), which would prohibit proprietary trading by in-scope credit institutions and banking groups, such as certain of Citi's EU branches, and potentially require the mandatory separation of certain trading activities into a trading entity legally, economically and operationally separate from the legal entity holding the banking activities of a firm.

It is likely that, given Citi's worldwide operations, some form of these or other proposals for the regulation of proprietary trading will eventually be applicable to a portion of Citi's operations. While the Volcker Rule and these non-U.S. proposals are intended to address similar concerns— separating the perceived risks of proprietary trading and certain other investment banking activities in order not to

affect more traditional banking and retail activities— they would do so under different structures, which could result in inconsistent regulatory regimes and additional compliance risks and costs for Citi in light of its global activities.

Requirements in the U.S. and Non-U.S. Jurisdictions to Facilitate the Future Orderly Resolution of Large Financial Institutions Could Require Citi to Restructure or Reorganize Its Businesses or Change Its Capital or Funding Structure in Ways That Could Negatively Impact Its Operations or Strategy.

Title I of the Dodd-Frank Act requires Citi to prepare and submit annually a plan for the orderly resolution of Citigroup (the bank holding company) and its significant legal entities under the U.S. Bankruptcy Code or other applicable insolvency law in the event of future material financial distress or failure. Citi is also required to prepare and submit an annual resolution plan for its primary insured depository institution subsidiary, Citibank, N.A., and to demonstrate how Citibank is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and interdependencies, among other things, and require substantial effort, time and cost across all of Citi's businesses and geographies. These resolution plans are subject to review by the Federal Reserve Board and the FDIC. Citi submitted its resolution plan for 2013, including the resolution plan for Citibank, N.A., in September 2013.

If the Federal Reserve Board and the FDIC both determine that Citi's resolution plan is not "credible" (which, although not defined, is generally believed to mean the regulators do not believe the plan is feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption), and Citi does not remedy the identified deficiencies in the plan within the required time period, Citi could be required to restructure or reorganize businesses, legal entities, operational systems and/or intra-company transactions in ways that could negatively impact its operations and strategy, or be subject to restrictions on growth. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations.

In addition, other jurisdictions, such as the U.K., have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are or are expected to be different from the U.S. requirements and from each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes required by Citi's regulators in the U.S.

Title II of the Dodd-Frank Act grants the FDIC the authority, under certain circumstances, to resolve systemically important financial institutions, including Citi. In connection with this authority, in December 2013, the FDIC released a notice describing its preferred single point of entry strategy for resolving systemically important financial institutions. In furtherance of this strategy, the Federal Reserve Board has indicated that it expects to propose minimum levels of unsecured long-term debt required for bank holding companies, as well as guidelines defining the terms or composition of qualifying debt instruments, to ensure that adequate resources are available at the holding company to resolve a systemically important financial institution if necessary. To the extent that these future requirements differ from Citi's current funding profile, Citi may need to increase its aggregate long-term debt levels and/or alter the composition and terms of its debt, which could lead to increased costs of funds and have a negative impact on its net interest revenue, among other potential impacts. Additionally, if any final rules require compliance on an accelerated timeline, the resulting increased issuance volume may further increase Citi's cost of funds. Furthermore, Citi could be at a competitive disadvantage versus financial institutions that are not subject to such minimum debt requirements, such as non-regulated financial intermediaries, smaller financial institutions and entities in jurisdictions with less onerous or no such requirements.

Additional Regulations with Respect to Securitizations Will Impose Additional Costs and May Prevent Citi from Performing Certain Roles in Securitizations.

Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization

vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd-Frank Act contains a number of provisions that affect securitizations. These provisions, which in some cases will require multi-regulatory agency implementation and will largely be applicable across asset classes, include a prohibition on securitization participants engaging in transactions that would involve material conflict of interest with investors in the securitization and, in certain transactions, a retention requirement by securitizers of an unhedged exposure to at least 5 per cent. of the economic risk of the securitized assets. Regulations implementing these provisions have been proposed but in many cases have not yet been adopted. The SEC also has proposed additional extensive regulation of both publicly and privately offered securitization transactions through revisions to the registration, disclosure and reporting requirements for asset-backed securities and other structured finance products. Moreover, the final U.S. Basel III capital rules will increase the capital required to be held by Citi against various exposures to securitizations.

The cumulative effect of these extensive regulatory changes, as well as other potential future regulatory changes, cannot currently be assessed. It is likely, however, that these various measures will increase the costs or decrease the attractiveness of executing certain securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations and make it impractical for Citi to execute certain types of securitization transactions it previously executed. As a result, these effects could impair Citi's ability to continue to earn income from these transactions or could hinder Citi's ability to use such transactions to hedge risks, reduce exposures or reduce assets with adverse risk-weighting in its businesses, and those consequences could affect the conduct of these businesses. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could adversely impact any future recovery of these sectors of the securitization markets and, thus, the opportunities for Citi to participate in securitization transactions in such sectors.

MARKET AND ECONOMIC RISKS

The Continued Uncertainty Relating to the Sustainability and Pace of Economic Recovery in the U.S. and Globally, Including in the Emerging Markets, Could Have a Negative Impact on Citi's Businesses and Results of Operations. Moreover, Any Significant Global Economic Downturn or Disruption, Including a Significant Decline in Global Trade Volumes, Could Materially and Adversely Impact Citi's Businesses, Results of Operations and Financial Condition.

Citi's businesses have been, and could continue to be, negatively impacted by the uncertainty surrounding the sustainability and pace of economic recovery in the U.S., as well as globally. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities to spur economic growth or otherwise, including by maintaining or increasing interest rates, can also impact Citi's businesses and results of operations. For example, changing expectations regarding the Federal Reserve Board's tapering of quantitative easing has impacted market and customer activity as well as trading volumes which has negatively impacted the results of operations for Securities and Banking , and could continue to do so in the future.

Additionally, given its global focus, Citi could be disproportionately impacted as compared to its competitors by any impact of government or regulatory policies or economic conditions in the international and/or emerging markets (which Citi generally defines as the markets in Asia (other than Japan, Australia and New Zealand), the Middle East, Africa and central and eastern European countries in EMEA and the markets in Latin America). Countries such as India, Singapore, Hong Kong, Brazil and China, each of which are part of Citi's emerging markets strategy, have recently experienced uncertainty over the potential impact of further tapering by the Federal Reserve Board and/or the extent of future economic growth. Actual or perceived impacts or a slowdown in growth in these and other emerging markets could negatively impact Citi's businesses and results of operations. Further, if a particular country's economic situation were to deteriorate below a certain level, U.S. regulators could impose mandatory loan loss and other reserve requirements on Citi, which could negatively impact its earnings, perhaps significantly.

Moreover, if a severe global economic downturn or other major economic disruption were to occur, including a significant decline in global trade volumes, Citi would likely experience substantial loan

and other losses and be required to significantly increase its loan loss reserves, among other impacts. A global trade disruption that results in a permanently reduced level of trade volumes and increased costs of global trade, whether as a result of a prolonged "trade war" or some other reason, could significantly impact trade financing activities, certain trade dependent economies (such as the emerging markets in Asia), and certain industries heavily dependent on trade, among other things. Given Citi's global strategy and focus on the emerging markets, such a downturn and decrease in global trade volumes could materially and adversely impact Citi's businesses, results of operation and financial condition, particularly as compared to its competitors. This could include, among other things, the potential that a portion of any such losses would not be tax benefitted, given the current environment.

Concerns About the Level of U.S. Government Debt and a Downgrade (or a Further Downgrade) of the U.S. Government Credit Rating Could Negatively Impact Citi's Businesses, Results of Operations, Capital, Funding and Liquidity.

Concerns about the overall level of U.S. government debt and/or a U.S. government default, as well as uncertainty relating to actions that may or may not be taken to address these and related issues, have adversely affected, and could continue to adversely affect, U.S. and global financial markets, economic conditions and Citi's businesses and results of operations.

The credit rating agencies have also expressed concerns about these issues and have taken actions to downgrade and/or place the long-term sovereign credit rating of the U.S. government on negative outlook. A future downgrade (or further downgrade) of U.S. debt obligations or U.S. government-related obligations, or concerns that such a downgrade might occur, could negatively impact Citi's ability to obtain funding collateralized by such obligations and the pricing of such funding, as well as the pricing or availability of Citi's funding as a U.S. financial institution, among other impacts. Any further downgrade could also have a negative impact on U.S. and global financial markets and economic conditions generally and, as a result, could have a negative impact on Citi's businesses, results of operations, capital, funding and liquidity.

Citi's Extensive Global Network Subjects It to Various International and Emerging Markets Risks as well as Increased Compliance and Regulatory Risks and Costs.

During 2013, international revenues accounted for approximately 59 per cent. of Citi's total revenues. In addition, revenues from the emerging markets accounted for approximately 41 per cent. of Citi's total revenues in 2013.

Citi's extensive global network subjects it to a number of risks associated with international and emerging markets, including, among others, sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, socio-political instability, fraud, nationalization, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries, such as Argentina and Venezuela, with strict foreign exchange controls that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In such cases, Citi could be exposed to a risk of loss in the event that the local currency devalues as compared to the U.S. dollar. There have also been instances of political turmoil and other instability in some of the countries in which Citi operates, including in certain countries in the Middle East and Africa, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. Similar incidents in the future could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Citi's extensive global operations also increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets, including facilitating cross-border transactions on behalf of its clients, subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act. These risks can be more acute in less developed markets and thus require substantial investment in compliance infrastructure or could result in a reduction in certain of Citi's business activities. In addition, any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its reputation. Citi also provides a wide range of financial products

and services to the U.S. and other governments, to multi-national corporations and other businesses, and to prominent individuals and families around the world. The actions of these clients involving the use of Citi products or services could result in an adverse impact on Citi, including adverse regulatory and reputational impact.

There Continues to Be Uncertainty Relating to Ongoing Economic and Fiscal Issues in the Eurozone, Including the Potential Outcomes That Could Occur and the Impact Those Outcomes Could Have on Citi's Businesses, Results of Operations or Financial Condition.

Several European countries, including Greece, Ireland, Italy, Portugal and Spain ("**GIIPS**"), have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. Concerns have been raised, both within the European Monetary Union ("**EMU**") as well as internationally, as to the financial, political and legal effectiveness of measures taken to date, the ability of these countries to adhere to any required austerity, reform or similar measures and the potential impact of these measures on economic growth or recession, as well as deflation, in the region.

There have also been concerns that these issues could lead to a partial or complete break-up of the EMU. The exit of one or more member countries from the EMU could result in certain obligations relating to the exiting country being redenominated from the Euro to a new country currency. Redenomination could be accompanied by immediate revaluation of the new currency as compared to the Euro and the U.S. dollar, the extent of which would depend on the particular facts and circumstances. Any such redenomination/revaluation could cause significant legal and other uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and could lead to complex, lengthy litigation. Redenomination/revaluation could also be accompanied by the imposition of exchange and/or capital controls, required functional currency changes and "deposit flight".

These ongoing uncertainties have caused, and could in the future cause, disruptions in the global financial markets and concerns regarding potential impacts to the global economy generally, particularly if sovereign debt defaults, significant bank failures or defaults and/or a partial or complete break-up of the EMU were to occur. These ongoing issues, or a worsening of these issues, could negatively impact Citi's businesses, results of operations and financial condition, particularly given its global footprint and strategy, both directly through its own exposures as well as indirectly. For example, Citi has previously experienced widening of its credit spreads and thus increased costs of funding due to concerns about its Eurozone exposure. In addition, U.S. regulators could impose mandatory loan loss and other reserve requirements on U.S. financial institutions, including Citi, if a particular country's economic situation deteriorates below a certain level, which could negatively impact Citi's earnings, perhaps significantly.

LIQUIDITY RISKS

There Continues to Be Significant Uncertainty Regarding the Future Quantitative Liquidity Requirements Applicable to Citi and the Ultimate Impact of These Requirements on Citi's Liquidity Planning, Management and Funding.

In 2010, the Basel Committee introduced an international framework for new Basel III quantitative liquidity requirements, including a Liquidity Coverage Ratio ("**LCR**") and a Net Stable Funding Ratio ("**NSFR**") and, in January 2013, the Basel Committee adopted final Basel III LCR rules.

In October 2013, the U.S. banking agencies proposed rules with respect to the U.S. Basel III LCR. The proposed U.S. Basel III LCR is more stringent than the final Basel III LCR in several areas, including a (i) narrower definition of "high-quality liquid assets" ("**HQLA**"), particularly with respect to investment grade credit, (ii) potentially more severe standard for calculating net cash outflows under the LCR and (iii) shorter timeline for implementation (full compliance with the U.S. Basel III LCR by January 2017, versus January 2019 for the Basel III LCR). With respect to the computation of net cash outflows, the U.S. Basel III LCR proposal prescribes more conservative outflow assumptions for certain types of funding sources (in particular, for deposits) as compared to the final Basel III LCR rules. The U.S. Basel III LCR proposal would also require covered firms, including Citi and Citibank, N.A., to adopt a daily net cash flow calculation (the dollar amount on the day within a 30-day stress period that has the

highest amount of net cumulative cash outflows) as opposed to the Basel Committee cumulative calculation at the end of the 30-day period. Covered firms would also be required to use the most conservative assumptions regarding when an inflow or outflow would occur (i.e., for instruments or transactions with no or variable maturity dates, the earliest possible date for outflows (e.g., day one) and the latest possible date for inflows (e.g., day 30)).

There continues to be significant uncertainty across the industry regarding the interpretation and implementation of the net cash outflows provisions of the U.S. Basel III LCR proposal. Depending on how these interpretive and other issues are resolved, Citi's Basel III LCR under the proposed U.S. rules could decrease, perhaps significantly, as compared to Citi's estimated Basel III LCR under the final Basel III rules. The implementation of the proposed U.S. Basel III LCR could also impact the way Citi manages its liquidity position, including the composition of its liquid assets and its liabilities, as well as require it to implement and maintain extensive compliance policies, procedures and systems to determine the composition and amount of HQLA on a daily basis.

Regarding the Basel III NSFR, in January 2014, the Basel Committee issued a revised framework for the calculation of a financial institution's NSFR. This framework remains subject to comment and is expected to be followed by a proposal by the U.S. banking agencies to implement the Basel III NSFR in the U.S. In addition to the LCR and NSFR, the Federal Reserve Board has indicated it is considering various initiatives to limit short-term funding risks, including further increases in the liquidity requirements applicable to securities financing transactions ("**SFTs"**), such as requiring larger liquidity buffers for firms with large amounts of SFTs, and/or mandatory margin or haircut requirements on SFTs.

As a result, there is significant uncertainty regarding the calculation, scope, implementation and timing of Citi's future liquidity standards and requirements, and the ultimate impact of these requirements on Citi, its liquidity planning, management and funding. While uncertain, Citi could be required to increase the level of its deposits and debt funding, which could increase its Consolidated Balance Sheet and negatively impact its net interest revenue. Moreover, similar to the U.S. Basel III LCR proposal, to the extent other jurisdictions propose or adopt quantitative liquidity requirements that differ from the Basel Committee's or the U.S. requirements, Citi could be at a competitive disadvantage because of its global footprint or could be required to meet different minimum liquidity standards in some or all of the jurisdictions in which it operates.

For a discussion of the potential negative impacts to Citi's ability to meet its regulatory capital requirements as a result of certain of these liquidity proposals, see "*Regulatory Risks*" above.

The Maintenance of Adequate Liquidity and Funding Depends on Numerous Factors, Including Those Outside of Citi's Control, Such as Market Disruptions and Increases in Citi's Credit Spreads.

As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets, governmental fiscal and monetary policies, or negative investor perceptions of Citi's creditworthiness. Market perception of sovereign default risks can also lead to inefficient money markets and capital markets, which could further impact Citi's availability and cost of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the credit and capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors and factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to and cost of funding.

As a holding company, Citi relies on dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citi's subsidiaries are subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments. Limitations on the payments that Citi receives from its subsidiaries could also impact its liquidity.

The Credit Rating Agencies Continuously Review the Ratings of Citi and Certain of Its Subsidiaries, and Reductions in Citi's or Its More Significant Subsidiaries' Credit Ratings Could Have a Negative Impact on Citi's Funding and Liquidity Due to Reduced Funding Capacity and Increased Funding Costs, Including Derivatives Triggers That Could Require Cash Obligations or Collateral Requirements.

The credit rating agencies, such as Fitch, Moody's and S&P, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi's and its more significant subsidiaries' long-term/senior debt and short-term/ commercial paper, as applicable, are based on a number of factors, including standalone financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and assumptions, the rating agencies' "government support uplift" assumptions, and conditions affecting the financial services industry and markets generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. A ratings downgrade by Fitch, Moody's or S&P could negatively impact Citi's ability to access the capital markets and other sources of funds as well as the costs of those funds, and its ability to maintain certain deposits. A ratings downgrade could also have a negative impact on Citi's funding and liquidity due to reduced funding capacity, including derivative triggers, which could take the form of cash obligations and collateral requirements. In addition, a ratings downgrade could also have a negative impact on other funding sources, such as secured financing and other margined transactions for which there are no explicit triggers, as well as on contractual provisions which contain minimum ratings thresholds in order for Citi to hold third-party funds.

Moreover, credit ratings downgrades can have impacts which may not be currently known to Citi or which are not possible to quantify. For example, some entities may have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. In addition, certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain contracts or market instruments with Citi in response to ratings downgrades. Changes in customer and counterparty behaviour could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses.

LEGAL RISKS

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Investigations, and Inquiries That Could Result in Substantial Losses. These Matters Are Often Highly Complex and Slow to Develop, and Results Are Difficult to Predict or Estimate.

At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. These proceedings, examinations, investigations and inquiries could result, individually or collectively, in substantial losses.

In the wake of the financial crisis of 2007-2009, the frequency with which such proceedings, investigations and inquiries are initiated, and the severity of the remedies sought (and in some cases obtained), have increased substantially, and the global judicial, regulatory and political environment has generally become more hostile to large financial institutions such as Citi. Many of the proceedings, investigations and inquiries involving Citi relating to events before or during the financial crisis have not yet been resolved, and additional proceedings, investigations and inquiries relating to such events may still be commenced. In addition, heightened expectations of the financial services industry by regulators and other enforcement authorities have led to renewed scrutiny of long-standing industry practices, and this heightened scrutiny could lead to more regulatory or other enforcement proceedings.

The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of Citi's operations and the increasing aggressiveness of the regulatory environment worldwide, also means that a single event may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions. For example, Citi is currently subject to extensive legal and regulatory inquiries, actions and investigations relating to its historical mortgage-related activities, including claims regarding the accuracy of offering documents for residential mortgage-backed securities and alleged breaches of representation and warranties relating to the sale of mortgage loans or the placement of mortgage loans into securitization trusts. Citi is also subject to extensive legal and regulatory inquiries, actions and investigations relating to, among other things, Citi's contribution to, or trading in products linked to, rates or benchmarks. These rates and benchmarks may relate to interest rates (such as the London Inter-Bank Offered Rate ("**LIBOR**") or ISDAFIX), foreign exchange rates (such as the WM/Reuters fix), or other prices. Like other banks with operations in the U.S., Citi is also subject to continuing oversight by the OCC and other bank regulators, and inquiries and investigations by other governmental and regulatory authorities, with respect to its anti-money laundering program. Other institutions subject to similar or the same inquiries, actions or investigations as those above have incurred substantial liability in relation to their activities in these areas, including in a few cases criminal convictions or deferred prosecution agreements respecting corporate entities as well as substantial fines and penalties.

Moreover, regulatory changes resulting from the Dodd-Frank Act and other recent regulatory changes - such as the limitations on federal pre-emption in the consumer arena, the creation of the Consumer Financial Protection Bureau with its own examination and enforcement authority and enhanced consumer protections globally, as well as the "whistle-blower" provisions of the Dodd-Frank Act - could further increase the number of legal and regulatory proceedings against Citi. In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct cannot always be deterred or prevented and could subject Citi to additional liability or losses.

These matters have resulted in, and will likely continue to result in, significant time, expense and diversion of management's attention. In addition, they may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, business practices, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories. The outcome of such proceedings is difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued.

BUSINESS AND OPERATIONAL RISKS

Citi's Results of Operations Could Be Negatively Impacted as Its Revolving Home Equity Lines of Credit Begin to "Reset."

As of 31 December 2013, Citi's home equity loan portfolio of approximately $31.6 billion included approximately $18.9 billion of home equity lines of credit that were still within their revolving period and had not commenced amortization, or "reset" (Revolving HELOCs). Of these Revolving HELOCs, approximately 72 per cent. will commence amortization during the period of 2015-2017.

Before commencing amortization, Revolving HELOC borrowers are required to pay only interest on their loans.

Upon amortization, these borrowers will be required to pay both interest, typically at a variable rate, and principal that amortizes over 20 years, rather than the typical 30-year amortization. As a result, Citi's customers with Revolving HELOCs that reset could experience "payment shock" due to the higher required payments on the loans. Increases in interest rates could further increase these payments, given the variable nature of the interest rates on these loans post-reset.

Based on the limited number of Citi's Revolving HELOCs that have reset as of 31 December 2013, Citi has experienced a higher 30+ days past due delinquency rate on its amortizing home equity loans as compared to its total outstanding home equity loan portfolio (amortizing and non-amortizing). These resets have generally occurred during a period of declining interest rates, which Citi believes has likely reduced the overall payment shock to borrowers. While Citi continues to review its options, increasing interest rates, stricter lending criteria and borrower loan-to-value positions could limit Citi's ability to reduce or mitigate this reset risk going forward. Accordingly, as these loans begin to reset, Citi could experience higher delinquency rates and increased loan loss reserves and net credit losses in future periods, which could be significant and would negatively impact its results of operations.

Citi's Ability to Return Capital to Shareholders Substantially Depends on the CCAR Process and the Results of Required Regulatory Stress Tests.

In addition to Board of Directors' approval, any decision by Citi to return capital to shareholders, whether through an increase in its common stock dividend or through a share repurchase program, substantially depends on regulatory approval, including through the annual Comprehensive Capital Analysis and Review (**"CCAR")** process required by the Federal Reserve Board and the supervisory stress tests required under the Dodd-Frank Act. Restrictions on Citi's ability to return capital to shareholders as a result of these processes has negatively impacted market perceptions of Citi, and could do so in the future.

Citi's ability to accurately predict or explain to stakeholders the outcome of the CCAR process, and thus address any such market perceptions, may be complicated by the Federal Reserve Board's evolving criteria employed in its overall aggregate assessment of Citi. The Federal Reserve Board's assessment of Citi is conducted not only by using the Board's proprietary stress test models, but also a number of qualitative factors, including a detailed assessment of Citi's "capital adequacy process," as defined by the Federal Reserve Board. The Federal Reserve Board has stated that it expects leading capital adequacy practices will continue to evolve and will likely be determined by the Federal Reserve Board each year as a result of the Board's cross-firm review of capital plan submissions.

Similarly, the Federal Reserve Board has indicated that, as part of its stated goal to continually evolve its annual stress testing requirements, several parameters of the annual stress testing process may be altered from time to time, including the severity of the stress test scenario, Federal Reserve Board modeling of Citi's balance sheet and the addition of components deemed important by the Federal Reserve Board (e.g., a counterparty failure). These parameter alterations are difficult to predict and may limit Citi's ability to return capital to shareholders and address perceptions about Citi in the market. Because it is not clear how the Federal Reserve Board's proprietary stress test models and qualitative assessment may differ from the modeling techniques and capital planning practices employed by Citi, it is likely that Citi's stress test results (using its own models, estimation methodologies and processes) may not be consistent with those disclosed by the Federal Reserve Board, thus potentially leading to additional confusion and impacts to Citi's perception in the market.

Citi's Ability to Achieve Its 2015 Financial Targets Will Depend in Part on the Successful Achievement of Its Execution Priorities.

In March 2013, Citi established certain financial targets for 2015. Citi's ability to achieve these targets will depend in part on the successful achievement of its execution priorities, including: efficient resource allocation, including disciplined expense management; a continued focus on the wind-down of Citi Holdings and getting Citi Holdings to "break even"; and utilization of its DTAs (see below). Citi's ability to achieve its targets will also depend on factors it cannot control, such as ongoing regulatory changes and macroeconomic conditions. While Citi continues to take actions to achieve its execution priorities, there is no guarantee that Citi will be successful.

Citi continues to pursue its disciplined expense-management strategy, including re-engineering, restructuring operations and improving efficiency. However, there is no guarantee that Citi will be able to reduce its level of expenses, as a result of announced repositioning actions, efficiency initiatives, or otherwise. Citi's expenses also depend, in part, on factors outside of its control. For example, Citi is subject to extensive legal and regulatory proceedings and inquiries, and its legal and related costs

remain elevated. Moreover, investments Citi has made in its businesses, or may make in the future, may not be as productive or effective as Citi expects or at all.

In addition, while Citi has made significant progress in reducing the assets (including risk-weighted assets) in Citi Holdings, the pace of the wind-down of the remaining assets has slowed as Citi has disposed of many of the larger businesses within this segment and the remaining assets largely consist of legacy U.S. mortgages with an estimated weighted average life of six years. While Citi's strategy continues to be to reduce the remaining assets in Citi Holdings as quickly as practicable in an economically rational manner, sales of the remaining larger businesses could largely depend on factors outside of Citi's control, such as market appetite and buyer funding, and the remaining assets will largely continue to be subject to ongoing run-off and opportunistic sales. As a result, Citi Holdings' remaining assets could continue to have a negative impact on Citi's overall results of operations. Moreover, Citi's ability to utilize the capital supporting the remaining assets within Citi Holdings and thus use such capital for more productive purposes, including return of capital to shareholders, will also depend on the ultimate pace and level of the wind-down of Citi Holdings.

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

At 31 December 2013, Citi's net DTAs were $52.8 billion, of which approximately $41.9 billion and $40.6 billion were not included in Citi's regulatory capital, due to either disallowance (deduction) or permitted exclusion, under current regulatory capital guidelines and the Final Basel III Rules, respectively. In addition, of the net DTAs as of year-end 2013, approximately $19.6 billion related to foreign tax credits ("**FTCs**"). The carry forward utilization period for FTCs is 10 years and represents the most time sensitive component of Citi's DTAs. Of the FTCs at year-end, approximately $4.7 billion expire in 2017, $5.2 billion expire in 2018 and the remaining $9.7 billion expire over the period of 2019-2023. Citi must utilize any FTCs generated in the then-current year prior to utilizing any carry-forward FTCs.

The accounting treatment for realization of DTAs, including FTCs, is complex and requires a significant amount of judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Citi's ability to utilize its DTAs, including the FTC components, and thus use the capital supporting the DTAs for more productive purposes, will be dependent upon Citi's ability to generate U.S. taxable income in the relevant tax carry-forward period, including its ability to offset any negative impact of Citi Holdings on Citi's U.S. taxable income. Failure to realize any portion of the DTAs would also have a corresponding negative impact on Citi's net income.

The Value of Citi's DTAs Could Be Significantly Reduced If Corporate Tax Rates in the U.S. or Certain State or Non-U.S. Jurisdictions Decline or as a Result of Other Changes in the U.S. Corporate Tax System.

Congress and the Obama Administration have discussed decreasing the U.S. corporate tax rate. Similar discussions have taken place in certain state and non-U.S. jurisdictions, including recent proposals in the State of New York. While Citi may benefit in some respects from any decrease in corporate tax rates, a reduction in the U.S., state or foreign corporate tax rates could result in a decrease, perhaps significant, in the value of Citi's DTAs, which would result in a reduction to Citi's net income during the period in which the change is enacted. There have also been recent discussions of more sweeping changes to the U.S. tax system, including changes to the tax treatment of foreign business income. It is uncertain whether or when any such tax reform proposals will be enacted into law, and whether or how they will affect Citi's DTAs.

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

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

withholding tax obligations and stamp and other transactional taxes, could differ from that of the relevant governmental taxing authority which could result in the potential for the payment of additional taxes, penalties or interest, which could be material.

Citi Maintains Contractual Relationships with Various Retailers and Merchants Within Its U.S. Credit Card Businesses in NA RCB, and the Failure to Maintain Those Relationships Could Have a Material Negative Impact on the Results of Operations or Financial Condition of Those Businesses.

Through its U.S. Citi-branded cards and Citi retail services credit card businesses within North America Regional Consumer Banking ("**NA RCB**") , Citi maintains numerous co-branding relationships with third-party retailers and merchants in the ordinary course of business pursuant to which Citi issues credit cards to customers of the retailers or merchants. These agreements provide for shared economics between the parties and ways to increase customer brand loyalty, and generally have a fixed term that may be extended or renewed by the parties or terminated early in certain circumstances. These agreements could be terminated due to, among other factors, a breach by Citi of its responsibilities under the applicable co-branding agreement, a breach by the retailer or merchant under the agreement, or external factors outside of either party's control, including bankruptcies, liquidations, restructurings or consolidations and other similar events that may occur. While various mitigating factors could be available in the event of the loss of one or more of these co-branding relationships, such as replacing the retailer or merchant or by Citi's offering new card products, the results of operations or financial condition of Citi-branded cards or Citi retail services, as applicable, or NA RCB could be negatively impacted, and the impact could be material.

Citi's Operational Systems and Networks Have Been, and Will Continue to Be, Subject to an Increasing Risk of Continually Evolving Cybersecurity or Other Technological Risks, Which Could Result in the Disclosure of Confidential Client or Customer Information, Damage to Citi's Reputation, Additional Costs to Citi, Regulatory Penalties and Financial Losses.

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by- minute basis. For example, through its global consumer banking, credit card and Transaction Services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities.

Although Citi devotes significant resources to maintain and regularly upgrade its systems and networks with measures such as intrusion and detection prevention systems and monitoring firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access; loss or destruction of data (including confidential client information); account takeovers; unavailability of service; computer viruses or other malicious code; cyber-attacks; and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Additional challenges are posed by external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs to Citi (such as repairing systems, replacing customer debit or credit cards, or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system or mobile banking platform), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and the high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has been subject to intentional cyber incidents from external sources, including (i) denial of service attacks, which attempted to interrupt service t clients and customers; (ii) data breaches, which aimed to obtain unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. For example, in 2013 Citi and other U.S. financial institutions experienced distributed denial of service attacks which were intended to disrupt consumer online banking services. In addition, various retail stores were the subject of data breaches which led to access to customer account data. While Citi's monitoring and protection services were able to detect and respond to the incidents targeting its systems before they became significant, they still resulted in certain limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale. In addition, because the methods used to cause cyber-attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods.

Third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites, and developing software for new products and services. These relationships allow for the storage and processing of customer information, by third-party hosting of or access to Citi websites, which could result in service disruptions or website defacements, and the potential to introduce vulnerable code, resulting in security breaches impacting Citi customers. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform job functions, and restricting third-party processing to systems stored within Citi's data centers, ongoing threats may result in unauthorized access, loss or destruction of data or other cyber incidents with increased costs and consequences to Citi such as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber-attacks through third parties.

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Citi's Performance and the Performance of Its Individual Businesses Could Be Negatively Impacted If Citi Is Not Able to Hire and Retain Qualified Employees for Any Reason.

Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. Citi's ability to attract and retain employees depends on numerous factors, including without limitation, its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. The banking industry has and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation. Moreover, given its continued focus on the emerging markets, Citi is often competing for qualified employees in these markets with entities that have a significantly greater presence in the region or are not subject to significant regulatory restrictions on the structure of incentive compensation. If Citi is unable to continue to attract and retain qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Incorrect Assumptions or Estimates in Citi's Financial Statements Could Cause Significant Unexpected Losses in the Future, and Changes to Financial Accounting and Reporting Standards Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.

Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. GAAP, including determining credit loss reserves, reserves related to litigation and regulatory exposures, DTAs and the fair values of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect, Citi could experience unexpected losses, some of which could be significant.

Moreover, the Financial Accounting Standards Board ("**FASB**") is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of Citi's financial statements, including those areas where Citi is required to make assumptions or estimates. For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the accounting classification for financial instruments and could result in certain loans that are currently reported at amortized cost being accounted for at fair value through Other comprehensive income . The FASB has also proposed a new accounting model intended to require earlier recognition of credit losses on financial instruments. The proposed accounting model would require that life-time "expected credit losses" on financial assets not recorded at fair value through net income be recorded at inception of the financial asset, replacing the multiple existing impairment models under U.S. GAAP which generally require that a loss be "incurred" before it is recognized. In addition, the FASB has proposed changes in the accounting for insurance contracts, which would include in its scope many instruments currently accounted for as financial instruments and guarantees, including some where credit rather than insurance risk is the primary risk factor. As a result, certain financial contracts deemed to have significant insurance risk could no longer be recorded at fair value, and the timing of income recognition for insurance contracts could also be changed. For additional information on these and other proposed changes, see Note 1 to the Consolidated Financial Statements.

Changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, could present operational challenges and could require Citi to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally and/or with respect to particular businesses. In addition, the FASB continues its convergence project with the International Accounting Standards Board ("**IASB**") pursuant to which U.S. GAAP and International Financial Reporting Standards ("**IFRS**") may be converged. Any transition to IFRS could further have a material impact on how Citi records and reports its financial results. For additional information on the key areas for which assumptions and estimates are used in preparing Citi's financial statements, see "Significant Accounting Policies and Significant Estimates" below and Note 28 to the Consolidated Financial Statements.

It Is Uncertain Whether Any Further Changes in the Administration of LIBOR Could Affect the Value of LIBOR-Linked Debt Securities and Other Financial Obligations Held or Issued by Citi.

As a result of concerns in recent years regarding the accuracy of LIBOR, changes have been made to the administration and process for determining LIBOR, including increasing the number of banks surveyed to set LIBOR, streamlining the number of LIBOR currencies and maturities and generally strengthening the oversight of the process, including by providing for U.K. regulatory oversight of LIBOR. In early 2014, Intercontinental Exchange ("**ICE**") took over the administration of LIBOR from the British Banker's Association ("**BBA**").

It is uncertain whether or to what extent any further changes in the administration or method for determining LIBOR could have on the value of any LIBOR-linked debt securities issued by Citi, or any loans, derivatives and other financial obligations or extensions of credit for which Citi is an obligor. It is also not certain whether or to what extent any such changes would have an adverse impact on the value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to Citi or on Citi's overall financial condition or results of operations.

Citi May Incur Significant Losses If Its Risk Management Processes and Strategies Are Ineffective, and Concentration of Risk Increases the Potential for Such Losses.

Citi's independent risk management organization is structured to facilitate the management of the principal risks Citi assumes in conducting its activities— credit risk, market risk and operational risk— across three dimensions: businesses, regions and critical products. Credit risk is the potential for

financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Market risk encompasses funding risk, liquidity risk and 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. Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events, and includes reputation and franchise risk associated with business practices or market conduct in which Citi is involved. For additional information on each of these areas of risk as well as risk management at Citi, including management review processes and structure, see "Managing Global Risk" below. Managing these risks is made especially challenging within a global and complex financial institution such as Citi, particularly given the complex and diverse financial markets and rapidly evolving market conditions in which Citi operates.

Citi employs a broad and diversified set of risk management and mitigation processes and strategies, including the use of various risk models, in analysing and monitoring these and other risk categories. However, these models, processes and strategies are inherently limited because they involve techniques, including the use of historical data in some circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which Citi operates nor can they anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management processes, strategies or models are ineffective in properly anticipating or managing these risks.

In addition, concentrations of risk, particularly credit and market risk, can further increase the risk of significant losses. At 31 December 2013, Citi's most significant concentration of credit risk was with the U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector. Concentrations of risk can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future.

RISKS RELATING TO NOTES

Prospective investors in Notes should determine whether an investment in Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Notes and to arrive at their own evaluation of the investment. In particular, Citigroup Inc., CGMFL and the CGMFL Guarantor recommend that investors take independent tax advice before committing to purchase any Notes. None of Citigroup Inc., CGMFL and the CGMFL Guarantor provides tax advice and therefore responsibility for any tax implications of investing in any Notes rests entirely with each investor. Investors should note that the tax treatment will differ from jurisdiction to jurisdiction. Investors will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including (without limitation) any state or local taxes or other similar assessment or charge that may be applicable to any payment in respect of the Notes.

An investment in Notes is only suitable for investors who:

(a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in Notes;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

(c) are capable of bearing the economic risk of an investment in Notes for an indefinite period of time; and

(d) recognise that it may not be possible to dispose of Notes for a substantial period of time, if at all.

Prospective investors in Notes should make their own independent decision to invest in Notes and as to whether the investment in Notes is appropriate or proper for them based upon their own judgement and upon advice from such advisers as they may deem necessary. Prospective investors in Notes should not rely on any communication (written or oral) of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer or any of their affiliates or their respective officers or agents as investment advice or as a recommendation to invest in Notes, it being understood that information and explanations related to Notes shall not be considered to be investment advice or a recommendation to invest in Notes. No communication (written or oral) received from Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer or any of their affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in Notes.

An investment in Notes involves risks and should only be made after assessing the direction, timing and magnitude of potential future market changes (e.g. in the value of the inflation indices, currencies or other items which comprise or relate to the Underlying(s)), as well as the terms and conditions of the Notes. More than one risk factor may have simultaneous effects with regard to the Notes such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under this Base Prospectus. A number of these Notes may have features which contain particular risks for potential investors.

All Notes will be unsecured and unsubordinated obligations of the Issuer and all Notes issued by it will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer. Similarly, the obligations of the CGMFL Guarantor under the CGMFL Deed of Guarantee will be unsecured and unsubordinated and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the CGMFL Guarantor. The Issuer's obligations under the Notes issued by it and the CGMFL Guarantor's obligations under the CGMFL Deed of Guarantee represent general contractual obligations of each respective entity and of no other person. Only Notes issued by CGMFL will be guaranteed by the CGMFL Guarantor. Notes issued by Citigroup Inc. will not be guaranteed by the CGMFL Guarantor.

Investors should note that all payments under the Notes are subject to the credit risk of the Issuer and, where the Issuer is CGMFL, of the CGMFL Guarantor. Furthermore, the Notes may be traded or redeemed early, and if so, the price for which a Note may be sold or redeemed early may be less than the principal amount of such Note and an investor's initial investment in such Notes.

Risks related to implementation of regulatory reform

Implementation of recently-enacted U.S. federal financial reform legislation may affect the value of Underlying(s), which may ultimately affect the value, trading price and viability of Notes. For example, the Dodd-Frank Act would, upon implementation, impose limits on the maximum position that could be held by a single dealer in certain of the Underlying(s) and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the Issuer and/or any Hedging Party or any of their respective affiliates. Other provisions of the Dodd-Frank Act could require certain Underlying(s) or hedging transactions to be cleared, traded on a regulated exchange and reported to regulators, central data repositories and, in some cases, the public. The Dodd-Frank Act will also expand entity registration requirements and impose business conduct requirements on persons active in the swaps market (including new capital and margin requirements), which may affect the value of Underlying(s) or value and/or cost of hedging transactions. Such regulation may consequently affect the value, trading price and viability of the Notes. The implementation of the Dodd-Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the Issuer to hedge its exposure on Notes, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Adjustment Event in respect of certain Notes.

Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect thereof in relation to the currency of the jurisdiction of an investor

An investment in Notes denominated in a Specified Currency other than the currency of the jurisdiction of a particular investor (the "**investor's currency"**), entails significant risks that are not associated with a similar investment in a security denominated in the investor's currency. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Specified Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Specified Currency resulting from the official redenomination or revaluation of the Specified Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which none of Citigroup Inc., CGMFL and the CGMFL Guarantor has any control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Notes may be denominated have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Depreciation of the Specified Currency of a Note against an investor's currency would result in a decrease in the effective yield of such Note below its coupon rate (if applicable) and could result in a substantial loss to the investor in terms of the investor's currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal, any premium, or interest on any Note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such Specified Currency.

Even if there are no actual exchange controls, it is possible that a Specified Currency would not be available to the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or CGMFL Guarantor. Each investor should consult their own financial and legal advisers as to the risks of an investment in Notes denominated in a currency other than the investor's currency.

The above risks may be increased if any Specified Currency and/or an investor's currency is the currency of an emerging market jurisdiction.

The unavailability of currencies could result in a loss of value of the Notes and payments thereunder

The currency in which payments on a Note are required to be made may be redenominated, for example, because such currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or, where the Issuer is CGMFL, the CGMFL Guarantor's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community.

- Where the currency in which payments in respect of a Note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any such currency that is a composite currency, then the payment obligations of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor on such Note will be the amount of redenominated currency that represents the amount of the Issuer's and/or, where the Issuer is CGMFL, the CGMFL Guarantor's obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Specified Currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or

- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Certain considerations associated with Notes relating to inflation indices

Investors in Notes relating to inflation indices should be familiar with investments in global capital markets and with indices generally.

The risks of a particular Note relating to inflation indices will depend on the terms of that Note. Many economic and market factors may influence an inflation index and consequently the value of Notes relating to inflation indices, including:

- general economic, financial, political or regulatory conditions and/or events; and/or

- fluctuations in the prices of various assets, goods, services and energy resources (including in response to supply of, and demand for, any of them); and/or

- the level of inflation in the economy of the relevant country and expectations of inflation.

In particular, the level of an inflation index may be affected by factors unconnected with the financial markets.

Any such factor may either offset or magnify one or more of the other factors.

Adjustment Events and Early Redemption in relation to Notes linked to inflation indices

If an underlying closing level for an inflation index for a specified reference month has not been published or announced by five business days prior to the relevant payment date, then the Calculation Agent shall determine a substitute index level. Any such substitution may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any inflation index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, or (b) the imposition of increased or unexpected fees and costs for the use of such index on the Issuer and/or any of its affiliates by the relevant index sponsor which the Calculation Agent deems material), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any 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). Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If "Revision" is specified as applicable for an inflation index in the applicable Issue Terms, then any revision to an underlying closing level of an inflation index occurring before the relevant revision cut-off date shall be considered final and conclusive for the purpose of any determination made in respect of the Notes. If "No Revision" is specified as applicable in the applicable Issue Terms (or if "Revision"

is not specified as applicable) then the first publication and announcement of an underlying closing level for such inflation index shall be final and conclusive. Further, if the Calculation Agent determines that the index sponsor of an inflation index has corrected an underlying closing level for such index to correct a manifest error no later than the earlier to occur of the relevant manifest error cut-off date and thirty calendar days following the first publication and announcement of such level, then the Calculation Agent may use the corrected level of such inflation index for the purposes of any calculation in respect of the relevant payment date. In the event of inconsistency between a revision and a manifest error correction, the manifest error correction shall prevail. Any such adjustment (or absence of an adjustment, for the purpose of the Notes) to any level of an inflation index may have an adverse effect on the value of the Notes.

If the Calculation Agent determines that either (a) a level for an inflation index has not been published or announced for two consecutive months and/or (b) the relevant index sponsor announces that it will no longer continue to publish or announce such inflation index and/or (c) the relevant index sponsor cancels such inflation index then the Calculation Agent may replace the originally designated inflation index with a successor index. Any such adjustment may have an adverse effect on the value of the Notes and, if no successor index can be determined, then an Early Redemption Event shall occur with respect to the Notes.

If an index sponsor announces, in respect of an inflation index, that it will make a material change to a relevant inflation index then the Calculation Agent shall make such consequential adjustments to the terms of the Notes as are consistent with any adjustment made to any relevant fallback bond or as are necessary for such modified inflation index to continue as an inflation index for the purpose of the Notes. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, then an Early Redemption Event shall occur with respect to the Notes.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event or no successor index can be determined or no adjustment can reasonably be made following a material change to a relevant inflation index), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent, or such other amount as is specified in the Valuation and Settlement Schedule and the applicable Issue Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to inflation indices should read "*Underlying Schedule 1 – Inflation Index Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Risks relating to Notes linked to an underlying interest rate

The Issuer may issue Notes where the amount of interest payable is dependent upon movements in underlying interest rates ("**Underlying Interest Rate Notes**"). Accordingly an investment in Underlying Interest Rate Notes may bear similar market risks to a direct interest rate investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that, depending on the terms of the Underlying Interest Rate Notes, (i) they may receive no or a limited amount of interest and (ii) they may lose a substantial portion of their investment. In addition, movements in interest rates may be subject to significant fluctuations that may not correlate with changes in other indices and the timing of changes in the interest rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in interest rates, the greater the effect on yield.

Interest rates are determined by various factors which are influenced by macro-economic, political or financial factors, speculation and central bank and government intervention. In recent years, interest

rates have been relatively low and stable, but this may not continue and interest rates may rise and/or become volatile. Fluctuations that have occurred in any interest rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in interest rates will affect the value of Underlying Interest Rate Notes.

If the amount of interest payable is dependent upon movements in interest rates and is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates on interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of interest payable is dependent upon movements in interest rates, may depend upon the time remaining to the redemption date and the volatility of interest rates. Movements in interest rates may be dependent upon economic, financial and political events in one or more jurisdictions.

Realisation Disruption

If "Realisation Disruption" is specified as applicable in the applicable Issue Terms and a Realisation Disruption Event occurs (being, in summary, either (i) an event which imposes restrictions or taxes, charges or deductions in respect of the Notes and/or on hedging arrangements in respect of the Notes which would materially restrict, or materially increase the cost of, the Issuer's obligations under the Notes or materially restrict, or materially increase the cost of, any Hedging Party's obligations under any such hedging arrangements or (ii) the occurrence or existence of any event which either materially restricts the exchange, delivery or transfer of the currency of payment of the Notes or of any hedging arrangements in respect of the Notes or restricts the determination of any exchange rate in relation to any such currency), then either (a) the terms of the Notes (including any payment obligations) may be adjusted in order to reflect the economic effect of the particular Realisation Disruption Event or (b) the Issuer may redeem the Notes.

Investors should note that any such adjustments by the Calculation Agent may include (but are not limited to): (i) payments under the Notes being made in a different currency to the previously specified payment currency of the Notes; (ii) deduction of applicable taxes, charges or deductions from payments due in respect of the Notes resulting in reduced amounts paid in respect of the Notes; (iii) delay of payments in respect of the Notes until the relevant restrictions are lifted and (iv) determination of relevant exchange rates by the Calculation Agent taking into consideration all available information that it deems relevant, which may result in a different rate to that which would have applied had the Realisation Disruption Event not occurred. All the above could produce a materially different redemption to that originally anticipated in respect of the Notes.

If the Notes are redeemed early pursuant to (b) of the first paragraph above, the Issuer will pay to each Noteholder (i) where the applicable Issue Terms states that "Fair Market Value" is applicable, in respect of each Calculation Amount held by such holder, an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements as determined by the Calculation Agent, (ii) where the applicable Issue Terms states that "Principal Amount plus accrued interest" is applicable, an amount equal to the principal amount plus accrued interest (if any), (iii) where the applicable Issue Terms states that "Amortised Face Amount" is applicable, in respect of each Calculation Amount held by such holder, an amount equal to the Amortised Face Amount or (iv) in the case of any type of Note, the amount specified in the Valuation and Settlement Schedule and/or in the applicable Issue Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Certain considerations regarding hedging

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in the particular Underlying(s) should recognise the complexities of utilising Notes in this manner. For example, the value of the relevant Notes may not exactly correlate with the value of the relevant Underlying(s). Due to fluctuating supply and demand for Notes, there is no assurance that their value will correlate with movements of the Underlying(s). For these reasons, among others, it may not

be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index.

Leveraging Risk

Borrowing to fund the purchase of the Notes (leveraging) can have a significant negative impact on the value of and return on the investment. Investors considering leveraging the Notes should obtain further detailed information as to the applicable risks from the leverage provider.

Illegality in relation to Notes

If the Issuer determines that the performance of its obligations under an issue of Notes or, where the Issuer is CGMFL, the CGMFL Guarantor determines that the 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, where the Issuer is CGMFL, the CGMFL Guarantor's obligations under such Notes and/or, where the Issuer is CGMFL, the CGMFL Deed of Guarantee, as the case may be, has 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 to each Noteholder (i) where the applicable Issue Terms states that "Fair Market Value" is applicable, in respect of each Calculation Amount held by such holder, an amount equal to the fair market value of each such Calculation Amount notwithstanding such illegality less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements as determined by the Calculation Agent, (ii) where the applicable Issue Terms states that "Principal Amount plus accrued interest" is applicable, an amount equal to the principal amount plus accrued interest (if any), (iii) where the applicable Issue Terms states that "Amortised Face Amount" is applicable, in respect of each Calculation Amount held by such holder, an amount equal to the Amortised Face Amount or (iv) in the case of any Note an amount specified in the Valuation and Settlement Schedule and/or in the applicable Issue Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Section 871(m) Event

Proposed Treasury Regulations under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, if finalized in their current form, could impose withholding after December 31, 2015 on Non-U.S. Holders at a rate of 30 per cent. (or lower treaty rate) on amounts treated as attributable to dividends from U.S. stocks underlying financial instruments such as the Notes ("**dividend equivalents**"). Pursuant to published guidance, these Regulations are not expected to apply to Notes issued prior to 90 days after the date on which final Regulations are published, although the occurrence of a taxable event, such as a significant modification on a Note that is treated as a deemed exchange, may result in a loss of "grandfathered" status for such Notes.

If withholding is required pursuant to Section 871(m), the Issuer will not be required to pay any additional amounts with respect to amounts so withheld and, in circumstances that constitute a "Section 871(m) Event" (being the occurrence at any time of circumstances in which the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) with respect to the relevant Notes and/or the CGMFL Deed of Guarantee and/or any underlying Hedging Positions), an Early Redemption Event may occur, in which case the relevant Notes will be redeemed as more fully set out in the terms and conditions of such Notes.

If the Notes are so redeemed early, the Issuer will pay to each Noteholder (i) where the applicable Issue Terms states that "Fair Market Value" is applicable, in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying, related hedging arrangements, (ii) where the applicable Issue Terms states that "Principal Amount plus accrued interest" is applicable, an amount equal to the principal amount plus accrued interest (if any), (iii) where the applicable Issue Terms states that "Amortised Face Amount" is applicable, in respect of each Calculation Amount held by such holder, an amount equal to the Amortised Face Amount or (iv) in the case of any type of Note, the

amount specified in the Valuation and Settlement Schedule and/or in the applicable Issue Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Meetings of Noteholders and Modifications

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters which may have a general or specific effect upon their interests. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Issuer and, where the Issuer is CGMFL, the CGMFL Guarantor may make, without the consent of the Noteholders, (i) any modification to the Notes, the Fiscal Agency Agreement, Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement, the relevant Deed of Covenant and/or the CGMFL Deed of Guarantee which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders or (ii) any modification to the Notes, the Fiscal Agency Agreement, Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement, the Deeds of Covenant, and/or the CGMFL Deed of Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

In determining what is "materially prejudicial", the Issuer shall not consider the individual circumstances of any Noteholder or the tax or other consequences of such modification in any jurisdiction. Any such amendment may have an adverse effect on the value of the Notes or, without limitation, a Noteholder's tax, regulatory or accounting treatment of such Notes.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Notes may have at the option of the Issuer (where the applicable Issue Terms specify "Switcher Option" applies), or where the applicable Issue Terms specify "Automatic Change of Interest Basis" applies, shall have, more than one interest basis applicable to different interest periods and/or interest payment dates, see "*Switcher Option*" and "*Previous Coupon Linked Notes*" below.

Such Notes may also be Floating Rate Notes, Inflation Rate Notes, DIR Inflation Linked Notes, CMS Interest Linked Notes, Inverse Floating Rate Notes, Range Accrual Notes, Digital Notes, Spread Notes and/or Previous Coupon Linked Notes (or any combination of the foregoing).

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes or Notes linked to a CMS Rate

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a specified reference rate (which may be a rate determined by reference to the floating rate provisions, the CMS rate provisions or the Spread Notes provisions as specified in the applicable Issue Terms). The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Range Accrual Notes

Range Accrual Notes have an interest rate multiplied by an accrual rate which is determined by reference to the number of days in the relevant interest period on which the accrual condition or both accrual conditions are satisfied. An accrual condition may be satisfied on any relevant day if the relevant reference observation is, as specified in the applicable Issue Terms:

- equal to or above the specified barrier; or
- above the specified barrier; or
- equal to or below the specified barrier; or
- below the specified barrier,

or the relevant reference observation is, as specified in the applicable Issue Terms:

- either equal to or above, or above, the specified lower range; and
- either equal to or below, or below, the specified upper range.

A reference observation may specified in the applicable Issue Terms as (i) a single reference rate, (ii) a basket of two or more reference rates, (iii) the difference between two reference rates, or (iv) the difference between the sums of two sets of reference rates. The interest rate of Range Accrual Notes may be a rate equal or calculated by reference to a specified fixed rate, a floating rate or a CMS swap rate (or if specified in the applicable Issue Terms, either the lesser of or the difference between two CMS swap rates). Therefore, Range Accrual Notes are subject to variable interest rates and can be volatile instruments and may pay no interest in respect of an interest period.

Digital Notes

Digital Notes have an interest rate which will either be (i) a specified back up rate (which may be (a) a fixed rate or (b) a rate determined by reference to the floating rate provisions, the CMS rate provisions or the Spread Notes provisions); or (ii) if the specified digital reference rate (which may be (a) a fixed rate or (b) a rate determined by reference to the floating rate provisions, the CMS rate provisions or the Spread Notes provisions) as of the relevant determination date is either (I) greater than, (II) greater than or equal to, (III) less than or (IV) less than or equal to (as specified in the applicable Issue Terms) the specified reserve rate (which may be (A) a fixed rate or (B) a rate determined by reference to the floating rate provisions, the CMS rate provisions or the Spread Notes provisions), a specified digital rate (which may be (A) a fixed rate or (B) a rate determined by reference to the floating rate provisions, the CMS rate provisions or the Spread Notes provisions).

Therefore, Digital Notes are subject to variable interest rates and can be volatile instruments.

Digital Band Notes

Digital Band Notes have an interest rate (which may be a fixed rate, a floating rate, a CMS rate or a rate equal to one specified rate (which may be a floating rate or a CMS rate) minus another specified rate (which may be a floating rate or a CMS rate)) which will be determined in relation to an interest period by reference to within which band either, as specified in the applicable Issue Terms, (a) the specified reference rate (which may be a rate determined by reference to the floating rate provisions or the CMS rate provisions) falls or (b) the result of one specified rate minus another specified rate (either of which may be a rate determined by reference to the floating rate provisions or the CMS rate provisions) falls. The interest rate for the interest period will be equal to the rate specified as the band rate for the appropriate band within which, in the case of (a) the reference rate falls or, in the case of (b) the result of one specified rate minus another specified rate falls. In addition, different reference rates may apply in respect of different interest periods and interest payment dates.

Therefore, Digital Band Notes are subject to the performance of, in the case of (a) the reference rate or, in the case of (b) the result of one reference rate minus another reference rate and, as any relevant reference rate is a variable interest rate, the Digital Band Notes can be volatile instruments.

Spread Notes

Spread Notes have an interest rate determined by reference to any of:

(a) one (1) minus the result of a specified spread rate minus another specified rate (and any such spread rate may be (i) a single specified rate, (ii) the sum of more than one specified rate or (iii) one specified rate minus another specified rate); or

(b) a specified rate minus another specified rate (and any such spread rate may be (i) a single specified rate, (ii) the sum of more than one specified rate or (iii) one specified rate minus another specified rate); or

(c) the lesser of: (i) a specified spread rate plus or minus a spread cap margin, and (ii) the sum of: (A) a specified percentage rate per annum, and (B) the product of (I) a multiplier, and (II) the difference between two specified spread rates (and any such spread rate may be (1) a single specified rate, (2) the sum of more than one specified rate, or (3) one specified rate minus another specified rate),

and in each case, plus or minus a margin (if specified in the applicable Issue Terms), and multiplied by an interest participation rate (if specified in the applicable Issue Terms). Therefore, Spread Notes are subject to variable interest rates and can be volatile instruments and may pay no interest in respect of an interest period.

Switcher Option

If the applicable Issue Terms specify "Switcher Option" to be applicable, the Notes may bear interest at a rate that converts, at the option of the Issuer, from one specified rate (the "**First Rate**") to another specified rate (the "**Second Rate**"). Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from one rate to another, the Second Rate may be less favourable than then prevailing spreads on comparable Notes tied to the same reference rate. In addition, the Second Rate at any time may be lower than the rates on other Notes.

If the Issuer has the right to convert the interest rate on any Notes from one interest basis to another interest basis, this may affect the secondary market and the market value of the Notes concerned.

Previous Coupon Linked Notes

Previous Coupon Linked Notes are notes which have an interest rate (a "**Previous Coupon Linked Interest Rate**") determined from a previous coupon reference rate, plus or minus a margin (if specified in the applicable Issue Terms), and multiplied by an interest participation rate (if specified in the applicable Issue Terms). The previous coupon reference rate for an interest period is a rate equal to: (a) the interest rate for the immediately preceding interest period and/or interest payment date (such rate, a "**Previous Coupon**", such period, a "**Preceding Interest Period**" and such payment date, "**Preceding Payment Date**"), (b) plus or minus a specified rate (if specified in the applicable Issue Terms) multiplied by an interest participation rate (if specified in the applicable Issue Terms), and (c) plus or minus another specified rate (if specified in the applicable Issue Terms) multiplied by an interest participation rate (if specified in the applicable Issue Terms). The Previous Coupon for a Preceding Interest Period and/or Preceding Payment Date (as applicable) is the interest rate determined in accordance with the interest basis applicable to such Preceding Interest Period and/or Preceding Payment Date, which may be the Previous Coupon Linked Interest Rate determined for the Preceding Interest Period and/or Preceding Payment Date where the interest basis applicable to such Preceding Interest Period and/or Preceding Payment Date is specified in the applicable Issue Terms as Previous Coupon Linked Notes.

The Previous Coupon for a Preceding Interest Period and/or Preceding Payment Date (as applicable) may also be a fixed rate (if the applicable interest basis for such Preceding Interest Period and/or Preceding Payment Date is Fixed Rate Notes), floating rate (if the applicable interest basis for such

Preceding Interest Period and/or Preceding Payment Date is Floating Rate Notes), a CMS rate (if the applicable interest basis for such Preceding Interest Period and/or Preceding Payment Date is CMS Interest Linked Notes) or any other rate of interest determined in accordance with the applicable interest basis for such Preceding Interest Period and/or such Preceding Payment Date.

A specified rate may be a fixed rate, a floating rate, a CMS rate or any other reference rate specified in the applicable Issue Terms and determined in accordance with the terms and conditions of the Notes. Previous Coupon Linked Notes may therefore also be Fixed Rate Notes, Floating Rate Notes, CMS Interest Linked Notes, Inverse Floating Rate Notes, Range Accrual Notes, Digital Notes and/or Spread Notes (or any combination of the foregoing).

These Notes are therefore subject to variable interest rates and can be volatile instruments, and may pay no interest in respect of an interest period.

Trading different types of Notes

It should be assumed that the market for trading different types of Notes varies even though they are issued under the same Programme. By way of example, a Zero Coupon Note may be more difficult to trade and its price more variable than a Fixed Rate Note. It may also be more difficult to trade a Zero Coupon Note that has just been issued than a Zero Coupon Note nearer its redemption, as returns on Zero Coupon Notes will be paid to investors only a redemption.

Substitution

Investors should note that, in relation to any Notes, either of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor may, without the consent of the holders but subject to certain conditions, substitute for itself in respect of such Notes or, if applicable, the CGMFL Deed of Guarantee in respect thereof any company which is, on the date of such substitution, in the opinion of the Issuer or the CGMFL Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it.

Determinations

The terms of the Notes confer on the Issuer, the Calculation Agent and certain other persons some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. The Issuer, the Calculation Agent or such other persons will act in good faith and in its sole and absolute discretion or, if specified in the applicable Issue Terms in good faith and in a commercially reasonable manner, but there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early repayment.

Change of law

The Conditions of the Notes are based on relevant laws in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practices after the date of this Base Prospectus.

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Investors should note, *inter alia*, the circumstances, in General Condition 5 (*Redemption and Purchase*) when the Issuer is entitled to redeem the relevant Notes and the related provisions set out in the applicable Issue Terms.

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Notes issued at a substantial discount or premium

The market value of any Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing notes. Generally, the longer the remaining term of such Notes, the greater the price volatility as compared to conventional interest-bearing notes with comparable maturities.

Risks in investing in the form of certificateless depositary interests in CREST

Investors may also hold interests in Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") through the issuance of dematerialised depository interests ("**CDIs**") issued, held, settled and transferred through CREST, representing interests in the relevant Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the "**CREST Depository**") pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**").

The rights of CDI Holders to Notes are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee (as defined herein)) holds interests in such Notes. Accordingly, rights under Notes underlying CDIs cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under such Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of such Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of Notes through the CREST International Settlement Links Service.

Potential investors should note that none of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer, any distributor, any Paying Agent, the Registrar and any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Risks related to the market generally

Impact of fees, commissions and/or inducements on the Issue Price and/or offer price

Investors should note that the Issue Price and/or offer price of Notes may include fees and/or other commissions and inducements (e.g. placement fees, distribution fees, structuring fees). Any such fees and/or other commissions and inducements will not be taken into account for the purposes of determining the price of such Notes in the secondary market and will result in a difference between the Issue Price and/or offer price of the Notes and the bid/offer price quoted by any intermediary in the secondary market. Any such difference will result in a decrease in the value of an issue of Notes, particularly in relation to any such Notes sold immediately following the issue date or offer period relating to such Notes.

Certain considerations relating to public offers of Notes in the European Economic Area

As described in the applicable Final Terms, Notes that are not Exempt Notes may be distributed by means of a public offer made in the specified Member State(s) of the European Economic Area during an offer period specified in the applicable Final Terms. During such offer period, the Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Notes or may be issued a number of Notes which is less than the amount for which such applicant investor applied. Any payments made by an applicant investor or, in the case of public offers in Italy any amount segregated by a distributor as intended payment of the offer price by an applicant investor, for Notes that are not issued to such applicant investor for any such reason will be refunded. However, there will be a time lag in making any reimbursement, no interest will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

In addition, the Issuer and/or the other entities specified in the applicable Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the applicable Final Terms. Any such termination may occur, even where the maximum amount for subscription in relation to that offer (as specified in the applicable Final Terms), has not been reached and, in such circumstances, the early closing of the offer may have an impact on the aggregate number of Notes issued and, therefore, may have an adverse effect on the liquidity of the relevant Notes.

Further, investors should note that, in certain circumstances, Notes may not be issued on the originally designated issue date, for example because either the Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to this Base Prospectus the Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Notes before the date of publication of such Supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so delayed, no interest shall accrue (if applicable) until the issue date of the Notes and no compensation shall be payable.

The secondary market

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Notes prior to the stated maturity date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the

relevant Notes are exclusively offered to retail investors without any offer to institutional investors. To the extent that an issue of Notes is or becomes illiquid, investors may have to hold the relevant Notes until maturity before they are able to realise value.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected.

If Notes are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer grants any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Each of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. If any Notes are redeemed in part, then the number of Notes outstanding will decrease, which will reduce liquidity for the outstanding Notes. Any such activities may have an adverse effect on the price of the relevant Notes in the secondary market and/or the existence of a secondary market.

Any of Citigroup, Inc., CGMFL, the CGMFL Guarantor or any Dealer or affiliate thereof, as, where applicable, part of its activities as a broker and dealer in fixed income and equity securities and related products or otherwise, may make a secondary market in relation to any Notes and may provide an indicative bid price on a daily basis. Any indicative prices so provided shall be determined by the relevant party in its sole discretion taking into account prevailing market conditions and shall not be a representation by such party that any Notes can be purchased or sold at such prices (or at all).

Notwithstanding the above, any of the parties specified above may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason.

Consequently, there may be no market for the relevant Notes and investors should not assume that such a market will exist. Accordingly an investor must be prepared to hold the Notes until the maturity date.

Where a market does exist, to the extent that an investor wants to sell the Notes, the price may, or may not, be at a discount from the outstanding principal amount.

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of any relevant Underlying, prevailing interest rates at the time of sale, the time remaining to the stated maturity date, the creditworthiness of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of any Notes. It is therefore possible that an investor selling Notes in the secondary market may receive substantially less than their original purchase price.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to securities issued under the Programme, including any Notes. The credit rating agencies may have different rating methodologies, criteria, models and requirements from one another. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and

may be revised or withdrawn by the rating agency at any time. The ratings of any Notes may be reduced, withdrawn or qualified at any time by the applicable rating agency. If the ratings on any Notes are reduced, withdrawn or qualified, it could adversely affect the liquidity or the market value of such Notes.

Additionally, the global landscape of financial sector regulation itself is undergoing significant change. In the U.S., the Dodd-Frank Act, among other things, expands regulatory oversight of Citigroup Inc. (and its subsidiaries) and credit rating agencies. It is not clear how this expanded regulatory oversight will impact the ratings on the Notes or the rating of the Issuer and/or the CGMFL Guarantor.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out above and will be disclosed in the applicable Issue Terms. Information relating to the current ratings of Citigroup Inc. and the CGMFL Guarantor is available at www.citigroup.com.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Changes in any applicable tax law or practice may have an adverse effect on a Noteholder

Any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of any Notes may change at any time (including during any subscription period or the term of any Notes). Any such change may have an adverse effect on a Noteholder, including that Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may

in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuers, the CGMFL Guarantor (where the Issuer is CGMFL), any Paying Agent and any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. As provided in Condition 6(e) (*Appointment of Agents*) of the General Conditions of the Notes, each of the Issuers and, where the Issuer is CGMFL, the CGMFL Guarantor is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive unless to do so would be unduly onerous, impracticable or no longer market practice.

The Proposed Financial Transactions Tax

On 14 February 2014, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Potential conflicts of interest

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable in respect of the Notes.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or their affiliates may be the sponsor of an Underlying and may publish values or prices in respect of an Underlying. Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or any of their affiliates may also from time to time engage in transactions involving Underlying(s) for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). Any of Citigroup Inc., CGMFL, the CGMFL Guarantor, and/or their

affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies or companies whose securities are Underlying(s) in respect of one or more issues of Notes or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant Underlying(s) and consequently upon the value of the Notes.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer and/or any of their affiliates may at the date hereof or at any time hereafter be in possession of information in relation to an Underlying that is or may be material and may or may not be publicly available to Noteholders. There is no obligation on any of Citigroup Inc., CGMFL, the CGMFL Guarantor, or any Dealer to disclose to any potential investors in Notes or to Noteholders any such information.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer and/or any of their affiliates may have existing or future business relationships with the issuer of, or other entity associated with, any Underlying(s) (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Where Notes are offered to the public, as the relevant Dealer(s) and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Notes, potential conflicts of interest could arise.

Post issuance information

None of the Issuers and the CGMFL Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

Information concerning the Underlying(s)

Information relating to the past and further performance and volatility of any Underlying(s) and information relating to historic interest rates (in the case of Floating Rate Notes) is, in each case, available from internationally recognised published or electronically displayed sources, for example, Bloomberg.

RISKS RELATING TO CREDIT LINKED INTEREST NOTES

An investment in Credit Linked Interest Notes involves risks and should only be made after assessing fully the potential direction, timing and magnitude of potential future market changes as well as those that might be specific to the Reference Entity (e.g. in the value of the obligations of, or creditworthiness or ability to pay of, the Reference Entity), as well as the terms and conditions of the Credit Linked Interest Notes. More than one circumstance specified in a risk factor may have simultaneous effects with regard to the Credit Linked Interest Notes such that the effect of a particular risk factor may not be predictable. In addition, more than one circumstance specified in a risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of circumstances specified in these risk factors may have on the value of the Credit Linked Interest Notes.

Certain factors affecting the value and trading price of Credit Linked Interest Notes

The amounts due in respect of the Credit Linked Interest Notes at any time prior to the relevant maturity date is typically expected to be less than the trading price of such Credit Linked Interest Notes at that time. The difference between the trading price and such amounts will reflect, among other things, the "time value" of the Credit Linked Interest Notes. The "time value" of the Credit Linked Interest Notes will depend partly upon the length of the period remaining to maturity. It will also partly depend on expectations as to (i) the creditworthiness of any Reference Entity and (ii) any related hedging and investment diversification opportunities. The time value will also create some additional risks with regard to interim value. The interim value of Credit Linked Interest Notes varies as the creditworthiness or value of the Reference Entity varies, as well as due to a number of other interrelated factors, including those specified herein.

Before purchasing Credit Linked Interest Notes, Noteholders should carefully consider, among other things, (i) the trading price of the relevant Credit Linked Interest Notes, (ii) the value, creditworthiness and volatility of the relevant Reference Entity, (iii) the remaining tenor, (iv) any change(s) in market interest rates and yield rates, if applicable, (v) any change(s) in currency exchange rates, and (vi) any related transaction costs.

An investment in Credit Linked Interest Notes where the payment of interest is contingent on a Reference Entity may have significant risks that are not associated with a similar investment in a conventional security such as a debt instrument that:

- is denominated in the investor's currency; and
- bears interest at either a fixed or a floating rate based on nationally published interest rate references.

The risks associated with a particular Credit Linked Interest Note where the payment of interest is contingent on a Reference Entity will generally depend on factors over which the Issuer has no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, and any actual or perceived expectations concerning the value of obligations of or the creditworthiness of any relevant Reference Entity.

In recent years, prices for, and perceptions as to the creditworthiness of, various entities which may constitute a Reference Entity have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates, levels, spreads or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Credit Linked Interest Notes linked to a Reference Entity.

In addition, investors should be aware that credit spreads or other projections of the creditworthiness of any relevant Reference Entity may be determined or published by the Issuer or an affiliate thereof or determined or published by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area.

The risk of loss as a result of linking interest payments to the non-occurrence of a Credit Event of a Reference Entity can be substantial. Each investor should consult their own financial and legal advisers as to the risks of an investment in Credit Linked Interest Notes.

Determinations

The terms of the Credit Linked Interest Notes confer on the Calculation Agent discretion in making determinations and calculations in relation to the Credit Linked Interest Notes including, *inter alia*, the occurrence of various events including Credit Events. The Calculation Agent will act in its sole and absolute discretion and there can be no assurance that the exercise of any such discretion will not affect the value of the Credit Linked Interest Notes or the occurrence of an early repayment.

Cessation of Interest

Investors should be aware that interest will cease to accrue on Credit Linked Interest Notes from the start of the interest period immediately preceding the occurrence of the satisfaction of Conditions to Settlement in respect of a Credit Event. Interest payments may also be suspended in certain circumstances.

Potential conflicts of interest

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Credit Linked Interest Notes.

Any of Citigroup Inc., and/or its affiliates may publish credit spreads or other values or prices in respect of the obligations of, or of, a Reference Entity. Citigroup Inc., and/or any of its affiliates may also from time to time engage in transactions with, or in relation to or respect of, any Reference Entity for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. Citigroup Inc. and/or its affiliates may also issue other derivative instruments in respect of any Reference Entity. Citigroup Inc. and/or its affiliates may also act as underwriter or counterparty in connection with future offerings of securities, debt or other obligations related to an issue of Credit Linked Interest Notes or may act as financial adviser to certain companies or companies who are a Reference Entity in respect of one or more issues of Credit Linked Interest Notes or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value or creditworthiness of, or the likelihood of a Credit Event occurring to a Reference Entity and consequently upon the value of the Credit Linked Interest Notes.

Any of Citigroup Inc., any Dealer and/or any of their affiliates may at the date hereof or at any time hereafter be in possession of information in relation to a Reference Entity that is or may be material in the context of any Credit Linked Interest Notes and may or may not be publicly available to Noteholders. There is no obligation on Citigroup Inc. or any Dealer to disclose to any potential investors in Credit Linked Interest Notes or to Noteholders any such information.

Any of Citigroup Inc., any Dealer and/or any of their affiliates may have existing or future business relationships with the Issuer, or other entity associated with or that is, a Reference Entity (including, but not limited to, lending, derivatives, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder. Please also see below "*Determinations by the Credit Derivatives Determinations Committee*".

General risks

The risk of the loss of some or all of the interest payments related to a Credit Linked Interest Note where the payment of interest is contingent on a Reference Entity means that, in order to realise a return upon his or her investment, a purchaser of a Credit Linked Interest Note must generally be correct about the creditworthiness of the relevant Reference Entity.

Prospective investors should understand that although the Credit Linked Interest Notes do not create an actual interest in, or ownership of, the relevant Reference Entities, the coupon payment on the Credit Linked Interest Notes may attract certain of the same risks as an actual investment in obligations of the relevant Reference Entity.

Fluctuations in the value or creditworthiness, as applicable, of the relevant Reference Entity or the obligations of, or creditworthiness of, any other entity or other items which comprise or relate to any such Reference Entity will affect the value of the relevant Credit Linked Interest Notes. Purchasers of Credit Linked Interest Notes risk losing their entire interest rate return on their investment if the creditworthiness of any relevant Reference Entity or other items comprising or relating to any such Reference Entity such that a Credit Event occurs.

All Credit Linked Interest Notes will be unsecured and unsubordinated obligations of the Issuer and all Credit Linked Interest Notes issued by it will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer. The Issuer's obligations under the Credit Linked Interest Notes issued by it represent general contractual obligations of the Issuer and of no other person.

A Credit Linked Interest Note will not represent a claim against any Reference Entity and a Noteholder will not have recourse under any relevant Credit Linked Interest Note to any entity, obligation or other item which may comprise or be related to the relevant Reference Entity in respect of such Credit Linked

Interest Notes. Although the performance and creditworthiness of the relevant Reference Entity will have an effect on the market value of the Credit Linked Interest Notes, the obligations of any relevant Reference Entity and the Credit Linked Interest Notes are separate obligations of different legal entities.

Investors will have no legal or beneficial interest in any obligations of any relevant Reference Entity. In addition, the Issuer and/or any of its affiliates may enter into arrangements to hedge the Issuer's obligations under the Credit Linked Interest Notes but are not required to do so. If they do so, the Issuer and/or any such affiliate will have certain rights under such hedging arrangements and may pursue actions and take steps that they deem appropriate to protect their own interests under such hedging arrangements without regard to the consequences for Noteholders. A Noteholder will not have recourse to the applicable counterparty under any such hedging arrangements.

The Issuer's obligations in respect of the Credit Linked Interest Notes are not dependent on the existence or amount of the Issuer's and/or any of its affiliates' credit exposure to any Reference Entity and the Issuer and/or any affiliate will not need to suffer any loss nor provide evidence of any loss as a result of the occurrence or existence of any Credit Event.

EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE RISKS RELATING TO CREDIT LINKED INTEREST NOTES

Credit Linked Interest Notes may be redeemed by the Issuer on the Maturity Date by payment of the Final Redemption Amount. On a date prior to the Maturity Date if one or more of certain events (Credit Events) has occurred in respect of a Reference Entity, the Credit Linked Interest Notes may cease to bear interest.

Events that will constitute a Credit Event for these purposes are as specified in the applicable Issue Terms and may include, without limitation, the occurrence of one or more of the following:

(a) Bankruptcy - the Reference Entity goes bankrupt;

(b) Failure to Pay - subject to a minimum threshold amount, the Reference Entity fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, guarantees;

(c) Governmental Intervention - following an action taken or an announcement made by a Governmental Authority, any of the Reference Entity's borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan);

(d) Obligation Acceleration - the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are accelerated;

(e) Obligation Default - the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are capable of being accelerated;

(f) Restructuring - following a deterioration of the Reference Entity's creditworthiness, any of its borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan); and

(g) Repudiation/Moratorium - (i) the Reference Entity repudiates or rejects, in whole or in part, its obligations in relation to its borrowings or, where applicable, its guarantees, or it declares or imposes a moratorium with respect to its borrowings or, where applicable, guarantees and (ii) thereafter within a certain period it fails to pay any amounts due on any of its borrowings

(including its bonds or loans) or, where applicable, its guarantees, or it restructures any of its borrowings or, where applicable, guarantees in such a way as to adversely affect a creditor.

Prospective investors should note that not all of the possible Credit Events require an actual default with respect to the obligations of a relevant Reference Entity. Noteholders could bear losses to the market value of their Credit Linked Interest Notes based on deterioration in the credit of any relevant Reference Entity short of a default, subject to the provisions set out in the applicable terms and conditions of the Credit Linked Interest Notes.

No Investigation or Due Diligence of Reference Entities

No investigation, due diligence or other enquiries have been made by the Issuer, any Dealer or any other related person in respect of any Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation or other obligations of the Reference Entity (as applicable). No representations, warranties or undertakings whatsoever have been or will be made by the Issuer, any Dealer or any other related person in respect of the Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation or other obligations of the Reference Entity (as applicable). Prospective investors in Credit Linked Interest Notes should make their own evaluation as to the creditworthiness of each Reference Entity and the likelihood of the occurrence of a Credit Event.

Sovereign Reference Entities

Credit Linked Interest Notes may be linked to the credit of sovereign or governmental entities or quasi-governmental entities, and therefore payment of interest amounts due pursuant to the terms and conditions of the Credit Linked Interest Notes, may be subject to sovereign risks. These include the potential default by such sovereign, government/quasi government issuer or the occurrence of political or economic events resulting in or from governmental action such as the declaration of a moratorium on debt repayment or negating repayment obligations of the sovereign issuer. If any such event were to occur, holders of such Credit Linked Interest Notes may lose up to all of their interest payments for such Credit Linked Interest Notes.

Succession Events

The Credit Linked Interest Notes provide that a Reference Entity may be subject to replacement by one or more Successors. In such event, the Noteholders will be subject to the credit risk of each Successor. Prospective investors should note that if Succession Event Backstop Date is applicable in respect of the Credit Linked Interest Notes the event that would otherwise give rise to the relevant Succession Event must occur no more than 90 calendar days prior to the relevant Succession Event Resolution Request Date or date on which the Calculation Agent becomes aware of the occurrence of a Succession Event.

If more than one Successor has been identified, the Calculation Agent may adjust such of the Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

Notwithstanding the Calculation Agent's discretion to act in a commercially reasonable manner, for the avoidance of doubt, the Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it amends such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any underlying hedging credit derivative transaction(s) related to or underlying the Credit Linked Interest Notes under the provisions of the definitions for credit derivatives transactions as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the "**2003 ISDA Credit Derivatives Definitions**").

Credit Event Backstop Date

Investors should note that a Credit Event occurring prior to the Issue Date may result in a Credit Event being triggered under the Credit Linked Interest Notes (investors should specifically note that this may

include from the Issue Date) if Credit Event Backstop Date is applicable in respect of the Credit Linked Interest Notes since a look-back period of 60 calendar days will apply from the relevant Credit Event Notice or Credit Event Resolution Request Date (as applicable). Investors should conduct their own review of any recent developments with respect to each Reference Entity by consulting publicly available information. If a request to convene a Credit Derivatives Determinations Committee (as defined below) has been delivered prior to the Issue Date to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website. If a Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Issue Date, one may still be convened after the Issue Date in respect of an event which occurs up to 60 days before the date of a request to convene such Credit Derivatives Determinations Committee. Investors should be aware that this may result in them not being entitled to interest from and including the Issue Date.

Determinations by the Credit Derivatives Determinations Committee

When determining whether or not a Credit Event has occurred the Calculation Agent may (but, for the avoidance of doubt, shall not be obliged to) take into account a determination of a committee established by ISDA for the purposes of making certain determinations in connection with credit derivative transactions that are relevant to the majority of the credit derivatives market (a "**Credit Derivatives Determinations Committee**"). In such circumstances, determinations pursuant to the terms and conditions of the Credit Linked Interest Notes may be subject to the announcements, publications, determinations and resolutions made by ISDA and/or the Credit Derivatives Determinations Committees and may be designated as applying by the Calculation Agent. Such announcements, publications, determinations and resolutions could therefore affect the amount and timing of payments of interest on the Credit Linked Interest Notes. Neither the Issuer, the Dealer nor any other related person will have any liability to any person for any determination or calculation and/or any delay or suspension of payments resulting from or relating to any announcements, publications, determinations and resolutions made by ISDA and/or any of the Credit Derivatives Determinations Committees. Further information regarding the ISDA Credit Derivatives Determinations Committees can be found at www.isda.org/credit.

Prospective investors should note that Citigroup Inc. and/or its affiliates may be a member of the Credit Derivatives Determinations Committee responsible for determining the occurrence of Credit Events for the purposes of certain credit derivatives transactions. This may cause conflicts of interest which could affect its voting behaviour, and thus the determinations made by a Credit Derivatives Determinations Committee, which may be detrimental to investors.

No Claim against any Reference Entity

A Credit Linked Interest Note will not represent a claim against any Reference Entity in respect of which any amount of interest or coupon payable is dependent.

An investment in Credit Linked Interest Notes linked to a Reference Entity may entail significant risks which are not associated with investments associated with conventional debt securities, including but not limited to the risks set out in this section.

Postponed Maturity Date

Where Conditions to Settlement have not been satisfied on or prior to the final Interest Payment Date before the Scheduled Maturity Date but (a) the Repudiation/Moratorium Extension Condition has been satisfied, (b) a Potential Failure to Pay has occurred or (c) if on the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date (as applicable) the Calculation Agent determines that a Credit Event may have occurred or a Potential Repudiation/Moratorium may have occurred, the relevant Maturity Date of the Credit Linked Interest Notes may be extended pursuant to the terms and conditions of the Credit Linked Interest Notes such that investors may experience delays in receipt of interest payments that would otherwise have occurred in accordance with the terms of the Credit Linked Interest Notes.

SECTION C – DOCUMENTS INCORPORATED BY REFERENCE AND AVAILABLE FOR INSPECTION AND SUPPLEMENTS

SECTION C.1 – DOCUMENTS INCORPORATED BY REFERENCE FOR THE CITIGROUP INC. BASE PROSPECTUS

The following documents which have previously been published and filed with the Commission de Surveillance du Secteur Financier ("**CSSF**") and the Central Bank are incorporated in, and form part of, this Base Prospectus:

(1) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2013 filed with the United States Securities and Exchange Commission (the "**SEC**") on 3 March 2014 (the "**Citigroup Inc. 2013 Form 10-K**") (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/k13c.pdf?ieNocache=223);

(2) the Quarterly Report of Citigroup Inc. on Form 10-Q for the quarter ended 31 March 2014 filed with the SEC on 2 May 2014 (the "**Citigroup Inc. Q1 Form 10-Q**") (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/q1401c.pdf?ieNocache=921); and

(3) the Current Report of Citigroup Inc. on Form 8-K filed with the SEC on 13 June 2014 (the "**Citigroup Inc. 13 June 2014 Form 8-K**") reflecting certain reclassifications in revenues and expenses included in its 2013 Form 10-K related to the reclassifications of certain business activities (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/k13cu.pdf?ieNocache=30).

The following information appears on the pages of the relevant document(s) as set out below:

1. ***Unaudited consolidated interim financial information of Citigroup Inc. in respect of the three months ended 31 March 2014, as set out in the Citigroup Inc. Q1 Form 10-Q:***

		Page(s)
A.	Consolidated Statement of Income	101-103
B.	Consolidated Balance Sheet	104-105
C.	Consolidated Statement of Changes in Stockholders' Equity	106
D.	Consolidated Statement of Cash Flows	107-108
E.	Notes and Accounting Policies	109-224

2. ***Other information relating to Citigroup Inc., as set out in the Citigroup Inc. Q1 Form 10-Q:***

		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-28, 98-99, 109-112, 115
B.	Description of the principal markets in which Citigroup Inc. competes	2-28
C.	Description of the principal investments of Citigroup Inc.	127-137
D.	Description of trends and events affecting Citigroup Inc.	2-28, 98-99, 109-112, 115, 226
E.	Description of litigation involving Citigroup Inc.	222-224

F.	Risk Management	48-91

3. ***Audited consolidated financial statements of Citigroup Inc. as of 31 December 2013 and 2012 and for the years ended 31 December 2013, 2012 and 2011, as set out in the Citigroup Inc. 2013 Form 10-K:***

		Page(s)
A.	Consolidated Statement of Income	148-149
B.	Consolidated Balance Sheet	150-151
C.	Consolidated Statement of Changes in Stockholders' Equity	152
D.	Consolidated Statement of Cash Flows	153-154
E.	Notes and Accounting Policies	155-322
F.	Report of Independent Registered Accounting Firm - Consolidated Financial Statements of Citigroup Inc. as of 31 December 2013 and 2012 and for the years ended 31 December 2013, 2012 and 2011	146

4. ***Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2013 Form 10-K:***

		Page(s)
A.	Description of the principal activities of Citigroup Inc.	4-35, 69, 72, 141-144, 314-322
B.	Description of the principal markets in which Citigroup Inc. competes	14-35
C.	Description of the principal investments of Citigroup Inc.	204-214
D.	Description of trends and events affecting Citigroup Inc.	6-9, 38, 56-68, 141-145, 148, 302-313, 314-318
E.	Description of litigation involving Citigroup Inc.	302-313
F.	Risk Management	69-131

5. ***Audited consolidated financial statements of Citigroup Inc. as of 31 December 2013 and 2012 and for the years ended 31 December 2013, 2012 and 2011, as set out in the Citigroup Inc. 13 June 2014 Form 8-K:***

		Page(s)
A.	Consolidated Statement of Income	Pages 3-4 of Exhibit 99.01
B.	Consolidated Balance Sheet	Pages 6-7 of Exhibit 99.01
C.	Consolidated Statement of Changes in	Pages 8-9 of Exhibit 99.01

	Stockholders' Equity	
D.	Consolidated Statement of Cash Flows	Pages 10-11 of Exhibit 99.01
E.	Notes and Accounting Policies	Pages 12-177 of Exhibit 99.01

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Reports on Form 10-K for fiscal years after 2013, all quarterly earnings releases on Form 8-K and any other reports filed by Citigroup Inc. with the SEC pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the Citigroup Inc. Annual Report on Form 10-K for the fiscal year 2013 Form 10-Q for the quarter ending 31 March 2014 referred to above are and will be available to the public on the SEC's website (address: http://www.sec.gov).

The Citigroup Inc. Base Prospectus should be read and construed in conjunction with any documents incorporated by reference therein, any supplement to this Base Prospectus or the Citigroup Inc. Base Prospectus and any applicable Issue Terms. Any statement contained therein or in any document incorporated by reference therein shall be deemed to be modified or superseded for the purposes of this Base Prospectus or the Citigroup Inc. Base Prospectus to the extent that any supplement to this Base Prospectus or the Citigroup Inc. Base Prospectus or any other subsequently dated document incorporated by reference therein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus or the Citigroup Inc. Base Prospectus.

SECTION C.2 – DOCUMENTS INCORPORATED BY REFERENCE FOR THE CGMFL BASE PROSPECTUS

The following documents which have previously been published and have been filed with the Commission de Surveillance du Secteur Financier ("**CSSF**") and the Central Bank are incorporated in, and form part of, this Base Prospectus:

(1) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2013 filed with the United States Securities and Exchange Commission (the "**SEC**") on 3 March 2014 (the "**Citigroup Inc. 2013 Form 10-K**") (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/k13c.pdf?ieNocache=223); and

(2) the Quarterly Report of Citigroup Inc. on Form 10-Q for the quarter ended 31 March 2014 filed with the SEC on 2 May 2014 (the "**Citigroup Inc. Q1 Form 10-Q**") (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/q1401c.pdf?ieNocache=921);

(3) the Current Report of Citigroup Inc. on Form 8-K filed with the SEC on 13 June 2014 (the "**Citigroup Inc. 13 June 2014 Form 8-K**") reflecting certain reclassifications in revenues and expenses included in its 2013 Form 10-K related to the reclassifications of certain business activities (which is published on the website of Citigroup Inc. at http://www.citigroup.com/citi/investor/data/k13cu.pdf?ieNocache=30).

The report and audited financial statements of CGMFL for the period ended 31 December 2013 (the "**CGMFL 2013 Annual Report**") are set out in the section entitled "Report and Audited Financial Statements of CGMFL" of this Base Prospectus.

The annual report and audited financial statements of the CGMFL Guarantor for the year ended 31 December 2013 and 31 December 2012 (the "**CGML Annual Reports**") are set out in the section entitled "Annual Report and Audited Financial Statements of the CGMFL Guarantor" of this Base Prospectus.

Citigroup Inc. has not guaranteed, and is not otherwise liable for, the obligations of CGMFL or the CGMFL Guarantor in respect of Notes issued by CGMFL. Holders of Notes issued by CGMFL are subject to the credit risk of CGMFL and the CGMFL Guarantor, without recourse to Citigroup Inc. or any other party, and are dependent on the ability of CGMFL and the CGMFL Guarantor to make payments on their respective obligations as they become due.

The following information appears on the pages of the relevant document(s) as set out below:

1. ***Audited historical non-consolidated financial information of CGMFL in respect of the year ended 31 December 2013 as set out in the CGMFL 2013 Annual Report, namely:***

		Page(s)
A.	Statement of Comprehensive Income	1
B.	Statement of Financial Position	2
C.	Statement of Changes in Equity	3
D.	Cash Flow Statement	4
E.	Notes to Financial Statements	5-31

2. ***Audited historical financial information of the CGMFL Guarantor in respect of the years ended 31 December 2013 and 2012, as set out in the CGML Annual Reports, namely:***

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

3. ***Unaudited consolidated interim financial information of Citigroup Inc. in respect of the three months ended 31 March 2014, as set out in the Citigroup Inc. Q1 Form 10-Q:***

		Page(s)
A.	Consolidated Statement of Income	101-103
B.	Consolidated Balance Sheet	104-105
C.	Consolidated Statement of Changes in Stockholders' Equity	106
D.	Consolidated Statement of Cash Flows	107-108
E.	Notes and Accounting Policies	109-224

4. ***Other information relating to Citigroup Inc., as set out in the Citigroup Inc. Q1 Form 10-Q:***

		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-28, 98-99, 109-112, 115
B.	Description of the principal markets in which Citigroup Inc. competes	2-28
C.	Description of the principal investments of Citigroup Inc.	127-137
D.	Description of trends and events affecting Citigroup Inc.	2-28, 98-99, 109-112, 115, 226
E.	Description of litigation involving Citigroup Inc.	222-224
F.	Risk Management	48-91

5. ***Audited consolidated financial statements of Citigroup Inc. as of 31 December 2013 and 2012 and for the years ended 31 December 2013, 2012 and 2011, as set out in the Citigroup Inc. 13 June 2014 Form 8-K:***

		Page(s)
A.	Consolidated Statement of Income	Pages 3-4 of Exhibit 99.01
B.	Consolidated Balance Sheet	Pages 6-7 of Exhibit 99.01
C.	Consolidated Statement of Changes in Stockholders' Equity	Pages 8-9 of Exhibit 99.01
D.	Consolidated Statement of Cash Flows	Pages 10-11 of Exhibit 99.01

E.	Notes and Accounting Policies	Pages 12-177 of Exhibit 99.01

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Reports on Form 10-K for fiscal years after 2013, all quarterly earnings releases on Form 8-K and any other reports filed by Citigroup Inc. with the SEC pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the Citigroup Inc. Annual Report on Form 10-K for the fiscal year 2013 Form 10-Q for the quarter ending 31 March 2014 referred to above are and will be available to the public on the SEC's website (address: http://www.sec.gov).

The CGMFL Base Prospectus should be read and construed in conjunction with any documents incorporated by reference therein, any supplement to this Base Prospectus or the CGMFL Base Prospectus and any applicable Issue Terms. Any statement contained therein or in any document incorporated by reference therein shall be deemed to be modified or superseded for the purposes of this Base Prospectus or the CGMFL Base Prospectus to the extent that any supplement to this Base Prospectus or the CGMFL Base Prospectus or any other subsequently dated document incorporated by reference therein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus or the CGMFL Base Prospectus.

SECTION C.3 – DOCUMENTS AVAILABLE FOR INSPECTION

1. For so long as the Programme remains in effect or any Notes remains outstanding, the following documents will be available for inspection in electronic form and (in the case of the items listed under (iii), (iv), (ix) and (xi) below) obtainable, during normal business hours free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Fiscal Agent and each of the other Paying Agents:

   (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Registered Note Certificates and the definitive Registered Note Certificates);

   (ii) the Dealership Agreement, as amended or supplemented;

   (iii) the CGMFL Deed of Guarantee;

   (iv) the Deeds of Covenant, as amended or supplemented;

   (v) the Rule 144A Deed Poll, as amended or supplemented;

   (vi) the Restated Certificate of Incorporation and By-Laws of Citigroup Inc.;

   (vii) the articles of incorporation of CGMFL;

   (viii) the articles of association of the CGMFL Guarantor;

   (ix) the annual report and audited non-consolidated financial statements of CGMFL for the period ended 31 December 2013, the annual report and audited consolidated financial statements of Citigroup Inc. for the years ended 31 December 2013 and 2012 and the annual report and audited consolidated financial statements of the CGMFL Guarantor for the years ended 31 December 2013 and 2012, in each case together with any relevant audit reports prepared in connection therewith;

   (x) the most recently published unaudited interim consolidated financial statements of Citigroup Inc. and the most recent unaudited interim non-consolidated financial statements of CGMFL;

   (xi) each Final Terms; and

   (xii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.

2. Copies of the latest annual report and audited consolidated financial statements of Citigroup Inc. and the latest quarterly interim unaudited consolidated financial statements of Citigroup Inc. may be obtained at the specified offices of each of Fiscal Agent and the other Paying Agents during normal business hours so long as any of the Notes issued by Citigroup Inc. is outstanding. Copies of the latest annual report and audited non-consolidated financial statements of CGMFL and the latest half-yearly interim unaudited non-consolidated financial statements of CGMFL may be obtained at the specified offices of each of the Fiscal Agent and the Paying Agents during normal business hours so long as any of the Notes issued by CGMFL is outstanding. Copies of the latest annual report and audited consolidated financial statements of the CGMFL Guarantor may be obtained at the specified offices of each of Fiscal Agent and the other Paying Agents during normal business hours so long as any of the Notes issued by CGMFL is outstanding.

SECTION C.4 – SUPPLEMENTS TO THE CITIGROUP INC. BASE PROSPECTUS OR THE CGMFL BASE PROSPECTUS

Citigroup Inc. and/or CGMFL and/or the CGMFL Guarantor, as the case may be will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Citigroup Inc. Base Prospectus and/or the CGMFL Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to the Citigroup Inc. Base Prospectus, and/or the CGMFL Base Prospectus, as the case may be, or publish a new Citigroup Inc. Base Prospectus and/or CGMFL Base Prospectus, as the case may be, for use in connection with any subsequent issue of Notes.

SECTION D – INFORMATION RELATING TO THE ISSUERS AND THE CGMFL GUARANTOR

SECTION D.1 – DESCRIPTION OF CITIGROUP INC.

Citigroup Inc. ("**Citi**", the "**Company**", or "**Citigroup**") 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. is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). Some of Citi's subsidiaries are subject to supervision and examination by their respective federal and state authorities. At 31 December 2013, Citigroup Inc. had approximately 251,000 full-time employees worldwide.

Citigroup Inc.'s objects and purpose is to "engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware", as stated in Article THIRD of Citi's Restated Certificate of Incorporation. Citigroup Inc. operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi'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.

Citigroup Inc. is a holding company and services its obligations primarily by earnings from its operating subsidiaries. Citigroup Inc. may augment its capital through issuances of common stock, perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances. Citigroup Inc. has also augmented its regulatory capital through the issuance of debt underlying trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under Basel III and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Citigroup Inc.'s subsidiaries that operate in the banking and securities businesses can only pay dividends if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities and securities regulators in the United States. Citigroup Inc.'s ability to pay regular quarterly cash dividends of more than $0.01 per share, or to redeem or repurchase equity securities or trust preferred securities is currently restricted (which restriction may be waived) due to its agreements with certain U.S. government entities, generally for so long as the U.S. government continues to hold any of Citigroup Inc.'s trust preferred securities acquired in connection with the exchange offers consummated in 2009. Citigroup Inc.'s subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. Citigroup Inc. currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect Citigroup Inc.'s ability to service its own debt. Citigroup Inc. must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock.

Under the regulations of the Federal Reserve, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of this regulatory policy, the Federal Reserve might require Citigroup Inc. to commit resources to its subsidiary banks when doing so is not otherwise in the interests of Citigroup Inc. or its shareholders or creditors.

The principal offices for Citigroup Inc. are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000. Citigroup Inc. was established as a corporation incorporated in Delaware on 8 March 1988, registered at the Delaware Division of Corporations with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorised capital stock consists of 6 billion shares of common stock and 30 million shares of preferred stock. As at 31 March 2014, there were approximately 3.0 billion fully paid common stock shares outstanding and approximately 288,720 preferred shares outstanding. A common stock share carries one vote, and no pre-emptive or other subscription rights or conversion rights. A preferred stock share carries no general voting rights.

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 Citi.

DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citigroup Inc. are:

Board of Directors	Title	Main duties outside Citigroup Inc.
Michael E. O'Neill	Chairman	
Michael L. Corbat	CEO	–
Judith Rodin		President, Rockefeller Foundation.
Robert L. Ryan		Chief Financial Officer, Retired, Medtronic Inc.
Anthony M. Santomero		Former President, Federal Reserve Bank of Philadelphia.
Diana L. Taylor		Managing Director, Wolfensohn Fund Management, L.P.
William S. Thompson, Jr.		CEO, Retired, Pacific Investment Management Company (PIMCO).
Ernesto Zedillo Ponce de Leon		Director, Center for the Study of Globalization and Professor in the Field of International Economics and Politics, Yale University
Franz B. Humer		Chairman, Roche Holding Ltd.
Joan E. Spero		Senior Research Scholar, Columbia University School of International and Public Affairs
Duncan P. Hennes		Co-Founder and Partner, Atrevida Partners, LLC
Gary M. Reiner		Operating Partner, General Atlantic LLC
James S. Turley		Former Chairman and CEO, Ernst & Young

The executive officers of Citigroup Inc. are: Francisco Aristeguieta, Stephen Bird, Don Callahan, Barbara Desoer, James C. Cowles, James A. Forese, John C. Gerspach, Brian Leach, Paul McKinnon, Manuel Medina-Mora, William J. Mills, Jeffrey R. Walsh and Rohan Weerasinghe.

The business address of each director and executive officer of Citigroup Inc. in such capacities is 399 Park Avenue, New York, New York 10043.

There are no potential conflicts of interest existing between any duties owed to Citigroup Inc. by its senior management listed above and their private interests and/or other duties.

Citigroup Inc. is in compliance with the laws and regulations of the United States relating to corporate governance.

Committees of the Board of Directors

The standing committees of Citi's board of directors are:

The audit committee consisting of Anthony M Santomero, Michael E. O'Neill, Robert L. Ryan, Joan Spero and James S. Turley (Chair), which assists the board in general fulfilling its oversight responsibility relating to (i) the integrity of Citi's consolidated financial statements and financial reporting process and Citi's systems of internal accounting and financial controls, (ii) the performance of the internal audit function, (iii) the annual independent integrated audit of Citi's consolidated financial statements and effectiveness of Citi's internal control over financial reporting, the engagement of the independent registered public accounting firm ("**Independent Auditors**") and the evaluation of

the Independent Auditors' qualifications, independence and performance, (iv) policy standards and guidelines for risk assessment and risk management, (v) the compliance by Citi with legal and regulatory requirements, including Citi's disclosure controls and procedures, and (vi) the fulfilment of the other responsibilities set out in its charter, as adopted by the board.

The nomination, governance and public affairs committee consisting of Diana L. Taylor (Chair), Judith Rodin, William S. Thompson, Jr. and Ernesto Zedillo Ponce de Leon, which is responsible for (i) identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders, (ii) leading the board in its annual review of the board's performance, (iii) recommending to the board directors for each committee for appointment by the board (iv) reviewing Citi's policies and programmes that relate to public issues of significance to Citi and to the public at large and (v) reviewing Citi's relationships with external constituencies and issues that impact Citi's reputation, and advising management as to its approach to each.

The personnel and compensation committee consisting of Michael E. O'Neill, Judith Rodin, Diana L. Taylor and William S. Thompson, Jr. (Chair), which is responsible for determining the compensation for the CEO, and approving the compensation structure for executive officers, other members of senior management and certain highly compensated employees in accordance with guidelines established by the committee from time to time. The committee annually reviews and discusses the Compensation Discussion and Analysis with management.

The committee meets periodically with Citi's senior risk officers to discuss the risk attributes of Citi's incentive compensation programmes so that such programmes do not encourage excessive risk taking. In consultation with the CEO, the committee regularly reviews Citi's talent development process to ensure it is effectively managed and to identify opportunities, performance gaps and next steps as part of Citi's executive succession planning and development process. The committee is also charged with annually reviewing Citi's performance toward meeting its goals on employee diversity.

The risk management and finance committee consisting of James S. Turley, William S. Thompson, Jr., Duncan P. Hennes, Franz B. Humer, Anthony M. Santomero (Chair) and Ernesto Zedillo Ponce de Leon, which has the primary responsibility for (1) oversight of Citigroup's risk management framework, including the significant policies, procedures and practices used in managing credit, market, operational and certain other risks and (2) oversight of Citigroup's policies and practices relating to Treasury matters, including capital, liquidity and financing, as well as to merger, acquisition, and divestiture activity ("**M&A**"). The committee reports to the board regarding Citigroup's risk profile, its risk management framework, including the significant policies, procedures, and practices employed to manage risks in Citigroup's businesses and the overall adequacy of the Risk Management function. The committee's role is one of oversight, recognizing that management is responsible for executing Citigroup Inc.'s risk management, Treasury and M&A policies.

SELECTED FINANCIAL INFORMATION RELATING TO CITIGROUP INC.

The following table sets out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. 2013 Form 10-K as filed with the SEC on 3 March 2014.

	At or for the year ended 31 December		
	2013 (audited)	2012 (audited)	2011 (audited)
	(in millions of U.S. dollars)		
Income Statement Data:			
Total revenues, net of interest expense	76,366	69,128	77,331
Income from continuing operations	13,630	7,818	11,147
Net Income	13,673	7,541	11,067
Balance Sheet Data:			
Total assets	1,880,382	1,864,660	1,873,878
Total deposits	968,273	930,560	865,936
Long-term debt	221,116	239,463	323,505
Total stockholders' equity	204,339	189,049	177,806

The following table sets out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. Q1 Form 10-Q as filed with the SEC on 2 May 2014.

	At or for the three 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
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

Auditors

The auditors of Citigroup Inc. are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

KPMG LLP audited the consolidated balance sheets of Citigroup Inc. as of 31 December 2013 and 2012 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended 31 December 2013. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated 3 March 2014 except as to Notes 3, 5, 6, 17, 20, 22, 23 and 25 which are as of 13 June 2014.

Material Contracts

Citigroup Inc. has no contracts that are material to its ability to fulfil its obligations under any Notes issued by it.

Use Of Proceeds

The net proceeds of the issue of 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.

Corporate authorities

Citigroup Inc. has obtained all necessary consents, approvals and authorisations in the United States in connection with the establishment of the Programme and the issue and performance of the Notes. The establishment of the Programme and the issue of the Notes by Citigroup Inc. under the Programme was authorised by certificates of the Funding Committee of Citigroup Inc. dated 21 June 2012 pursuant to resolutions of the board of directors of Citigroup Inc. dated 15 January 2014.

Legal proceedings

Save as disclosed in the Citigroup Inc. Base Prospectus (including the documents incorporated by reference therein), neither Citigroup Inc. nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole, nor, so far as Citigroup Inc. is aware, are any such proceedings pending or threatened.

Significant change and material adverse change

The banking environment and markets in which the Group conducts its businesses 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. 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 (the date of Citigroup Inc.'s most recently published unaudited interim financial statements), and there has been no material adverse change in the financial position or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2013 (the date of Citigroup Inc.'s most recently published audited financial statements).

Recent Developments

A Citigroup Inc. press release published on 14 July 2014, announcing that it reached a comprehensive settlement with the Residential Mortgage-Backed Securities Working Group, part of the Financial Fraud Enforcement Task Force (which is published on the web-site of Citigroup Inc. at: http://www.citigroup.com/citi/news/2014/140714a.htm) is attached hereto as “Citigroup Press Release of 14 July 2014” in Section I of this Base Prospectus. For more information, see http://www.citigroup.com/citi/investor/.

SECTION D.2 – DESCRIPTION OF CGMFL

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Citigroup Global Markets Funding Luxembourg S.C.A. ("**CGMFL**") was incorporated as a corporate partnership limited by shares (société en commandite par actions) on 24 May 2012 under the law of 10 August 1915 on commercial companies as amended (the Companies Act 1915) for an unlimited duration and is registered with the Register of Trade and Companies of Luxembourg under number B169 199. CGMFL has been established for the purpose, among others, of granting loans or other forms of funding directly or indirectly in whatever form or means to any entities in the same group.

The issued share capital of CGMFL is two million Euro (EUR2,000,000) divided into one (1) share with a nominal value of one Euro (EUR1.-) (*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 and registered with the Register of Trade and Companies of Luxembourg under number B169 149 (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, 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, registration number 1763297 for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares (the "**Limited Shareholders**" and together with the Unlimited Shareholder the "**Shareholders**").

CGMFL is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. The Board of Managers (as defined below) provide independent management of CGMFL. CGMFL 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.

CGMFL's registered office is situated at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg and the telephone number is +352 451 41 4237/+352 2700 6201.

Management of CGMFL

CGMFL is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. in its capacity as manager (the "**Manager**").

The following table sets forth the names of the members of the board of managers of the Unlimited Shareholder being the Manager (the "**Board of Managers**") as of the date of this Base Prospectus:

- Mr. Laurent Dimanche, with professional address at Rue Hicht 14, L-6212 Consdorf, Luxembourg; and,
- Mr. Pervaiz Panjwani, with professional address at 31 – Z.A. Bourmicht L-8070 Bertrange Luxembourg.

Pervaiz Panjwani is the Citi Country Officer (CCO) and Securities and Funds Services (SFS) Head for Luxembourg. Pervaiz has served as Head of SFS in Luxembourg since December 2011 and during this period he has led the business with the execution of strategic client wins, a strong focus on expenses and increased engagement with the local funds industry.

Pervaiz Panjwani started his career with Citi in Pakistan 23 years ago and has since held a number of senior country and regional roles in the transaction services businesses across various countries. During this period, he has served in SFS and Treasury and Trade Solutions (TTS) operations and product roles in Pakistan and Germany, and in SFS product management in the Intermediary business in the Netherlands, France, Belgium and Portugal. Pervaiz has also held regional roles based in London in Financial Institutions Sales/Relationship Management and in Risk Management.

Pervaiz Panjwani is a credit officer.

Pervaiz Panjwani is a speaker at the Securities and Funds Industry Conferences in EMEA and globally.

Pervaiz Panjwani holds an MBA from Hamdard University in Pakistan.

Laurent Dimanche is director and Country Head Trader within Citigroup Global Markets Luxembourg since May 2011.

He has dealt with Structured Finance for 11 years and has over 15 years of Banking experience.

Laurent Dimanche is a board member of Citigroup Global Markets Funding Luxembourg GP S.à r.l.

Laurent Dimanche holds an Msc. in Finance and Banking from the Luxembourg School of Finance, a civil engineer degree in Electromechanics from the University of Lieège (Belgium) as well as a post graduate degree in Management from the same engineering school.

There are no potential conflicts of interest existing between any duties owed to CGMFL by the board of managers listed above and their private interests and/or other duties.

Principal activities

As set out in Clause 3 in the Statutes of CGMFL, the corporate object of CGMFL 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).

CGMFL 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.

CGMFL may also:

(i) grant security for funds raised, including notes and other debt or equity instruments issued, and for the obligations of CGMFL; and

(ii) 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, CGMFL 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.

CGMFL'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.

CGMFL's constitutional documents were published in the "Mémorial C, Recueil des Sociétés et Associations C-N° 1700, p.81554".

CGMFL 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.

Corporate Governance

No corporate governance regime to which CGMFL would be subject exists in Luxembourg at the date of this Base Prospectus.

Share Capital

Issued shares (2,000,000 of EUR1), all these shares have been partially paid up, for an amount of five hundred thousand Euro (EUR500,000.-).

	Limited Shares:	Unlimited Share:	Subscription Price in Euro
Citigroup Global Markets Funding Luxembourg GP S.à r.l.	1	1	0.50
Citigroup Global Markets Limited	1,999,998	/	499,999.50
TOTAL SHARES	1,999,999	1	500,000

Total Capitalisation EUR2,000,000

Approved Statutory Auditor (*Réviseur d'entreprises agréé*) and financial year

CGMFL's approved statutory auditor (*réviseur d'enterprises agréé*) is KPMG Luxembourg, a société à responsabilité limitée, incorporated and existing under Luxembourg law, having its registered office at 9, allée Scheffer, L-2520 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B 149 133 ("**KPMG Luxembourg**"), who has been appointed by the first extraordinary general meeting of the Shareholders of CGMFL by a resolution dated 24 May 2012. KPMG Luxembourg is a member of the Institut des Réviseurs d'Entreprises.

CGMFL's fiscal year starts on 1 January and ends on 31 December each year, except for the first fiscal year that started on the date of incorporation of CGMFL and ended on 31 December 2012.

KPMG Luxembourg audited the CGMFL 2013 Annual Report. KPMG Luxembourg expressed an unqualified opinion on the CGMFL 2013 Annual Report.

Taxation

CGMFL is subject to the tax laws of Luxembourg on income and does not have any special tax status. It is, therefore, in principle entitled to the benefits of tax treaties concluded between the Grand Duchy of Luxembourg and other countries (subject to the acceptance of such contracting states).

Employees

CGMFL has no employees.

Selected Financial Information

The table below sets out in summary form key financial information for CGMFL. The summary form was extracted from CGMFL's Annual Report for the period ended on 31 December 2013 which was published on 24 June 2014:

	At or for the year ended 31 December 2013 (audited) EUR (audited)	At or for the year ended 31 December 2012 (audited) EUR (audited)
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

Accounts

CGMFL prepares annual non-consolidated accounts. The first annual accounts were prepared in respect of the period from the date of its incorporation to 31 December 2012 in accordance with the articles of incorporation and were published by CGMFL on 7 June 2013.

In accordance with the provisions of the Companies Act 1915, CGMFL will publish its audited annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the Shareholders.

Any future published audited annual accounts prepared for CGMFL will be obtainable free of charge from the registered office of CGMFL in Luxembourg, as described in the section "Documents Available for Inspection".

Material Contracts

Apart from any agreements entered into by it in connection with the Programme, CGMFL has not entered into any material contracts other than in the ordinary course of its business.

In connection with the issue of Swedish Notes and Finnish Notes, CGMFL expects to enter into a Swedish Notes Issuing and Paying Agency Agreement and a Finnish Notes Issuing and Paying Agency Agreement respectively.

Use Of Proceeds

The net proceeds of the issue of Notes by CGMFL will be used primarily to grant loans or other forms of funding to Citigroup Global Markets Limited and any entity belonging to the same group, and may be used to finance CGMFL itself.

Corporate authorities

The issuance of the Notes by CGMFL and any other relevant corporate actions in relation to the issuance of the Notes have been authorised pursuant to a resolution of the board of managers of the Manager of CGMFL on 18 July 2014.

Legal proceedings

Save as disclosed in the CGMFL Base Prospectus (including the documents incorporated by reference therein), CGMFL has not been involved in any governmental, legal or arbitration proceedings that may have had, since the incorporation of CGMFL, a significant effect on CGMFL's financial position or profitability nor, so far as CGMFL is aware, any such proceedings are pending or threatened.

Significant change and material adverse change

The banking environment and markets in which the Group conducts its businesses 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. There has been no significant change in the financial or trading position of CGMFL since 31 December 2013 (the date of its most recently published audited annual financial statements) and there has been no material adverse change in the financial position or prospects of CGMFL since 31 December 2013 (the date of its most recently published audited annual financial statements).

SECTION D.3 – DESCRIPTION OF CITIGROUP GLOBAL MARKETS LIMITED

Citigroup Global Markets Limited ("**CGML**") is a private company limited by shares and was incorporated in England and Wales on 21 October 1983. CGML is domiciled in England, its registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and its telephone number is +44 (0)20 7986 4000. The registration number of CGML is 01763297 on the register maintained by Companies House.

Directors of CGML

The directors of CGML are:

Name	*Position at CGML*
J.P. Asquith	Director
J.C. Cowles	Director
D.L. Taylor	Director
S.H. Dean	Director
P. McCarthy	Director
J. Bardrick	Director
Z. Turek	Director

The business address of each director of CGML in his capacity as such is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. There are no potential conflicts of interest existing between any duties owed to CGML by the board of directors listed above and their private interests and/or other duties. There are no principal activities performed by the directors outside of CGML which are significant with respect to CGML.

Principal activities

CGML is a wholly-owned indirect subsidiary of Citigroup Inc. and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It 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 securities owned by other group undertakings on a commission basis.

Corporate Governance

To the best of its knowledge and belief, CGML complies with the laws and regulations of England regarding corporate governance.

Share capital of CGML and major shareholders

As at 31 December 2013, the issued share capital of CGML was U.S.$1,499,626,620 made up of 1,499,626,620 ordinary shares of U.S.$1.

All of the issued share capital of CGML is owned by Citigroup Global Markets Europe Limited, which is an 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.

Selected Financial Information

The following table sets out in summary form selected financial information for CGML. The summary form was derived from the audited financial information of CGML for the year ended 31 December 2013, which was published on 27 March 2014 and derived from the audited financial information of CGML for the year ended 31 December 2012 which was published on 30 April 2013.

	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

Auditor of CGML

CGML's auditor is KPMG LLP, having its registered office at 15 Canada Square, London E14 5GL. KPMG LLP is regulated by the Financial Reporting Council. KPMG are members of the UK's chartered accountants' professional body, ICAEW, of Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA.

KPMG LLP audited the financial statements of CGML for the fiscal year ended 31 December 2013 and KPMG Audit Plc audited the financial statements of CGML for the fiscal year ended 31 December 2012 and expressed an unqualified opinion on such financial statements in its reports dated 27 March 2014 and 3 April 2013.

Material Contracts

CGML has no contracts that are material to its ability to fulfil its obligations under any Notes issued by CGMFL.

Corporate authorities

CGML has obtained all necessary consents, approvals and authorisations in England in connection with the CGMFL Deed of Guarantee.

Significant or Material Change

There has been no significant change in the financial or trading position of CGML or CGML and its subsidiaries as a whole since 31 December 2013 (the date of its most recently published audited annual financial statements) and there has been no material adverse change in the financial position or prospects of CGML or CGML and its subsidiaries as a whole since 31 December 2013 (the date of its most recently published audited annual financial statements).

Litigation

Save as disclosed in the CGMFL Base Prospectus (including the documents incorporated by reference therein), CGML is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CGML is aware) in the twelve months preceding the date of this Base Prospectus which may have or have in such period had a

significant effect on the financial position or profitability of CGML or CGML and its subsidiaries as a whole.

SECTION E – GENERAL INFORMATION RELATING TO THE PROGRAMME AND THE NOTES

SECTION E.1 – GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue notes (together, the Securities) including, for the avoidance of doubt, Notes issued under this Base Prospectus denominated or payable in any currency, subject as set out herein. The applicable terms of any Securities will be agreed between the Issuer and, where applicable, the relevant Dealer prior to the issue of the Securities and will be set out in the terms and conditions of the Securities which, for the purpose of Notes issued pursuant to this Base Prospectus, shall mean the "Terms and Conditions of the Notes" endorsed on, scheduled to, or incorporated by reference into, the Notes, as completed by Part A of the applicable Final Terms or as modified and/or supplemented, as applicable, by Part A of the applicable Pricing Supplement in each case, as attached to, or endorsed on, such Notes.

SECTION E.2 – GENERAL INFORMATION RELATING TO THE ISSUE OF NOTES UNDER THIS BASE PROSPECTUS

1. Application has been made to the Irish Stock Exchange for Notes to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

   Application may be made for Notes to be listed on the Italian Stock Exchange and admitted to trading on the MoT or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes or at all.

   Application may be made for Notes issued by Citigroup Inc. to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes or at all.

   Application has been made to the Irish Stock Exchange for Notes to be admitted to the Official List and to trading on the Irish Stock Exchange's global exchange market. The Irish Stock Exchange's global exchange market is not a regulated market for the purposes of the Markets in Financial Instruments Directive.

   As specified in the applicable Issue Terms, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or the Italian Stock Exchange and/or the Luxembourg Stock Exchange and/or any other stock exchange or market as may be agreed between the Issuer and the relevant Dealer.

2. Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and DTC. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Grand Duchy of Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States.

   The Issuer may make an application for any Notes issued by it in registered form to be accepted for trading in book-entry form by DTC. The Common Code and the International Securities Identification Number (ISIN) for each Tranche of Notes will be set out in the applicable Issue Terms.

3. The Issuer may make an application for clearance of Notes through Euroclear Sweden and Euroclear Finland. The address of Euroclear Sweden is Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden, the address of Euroclear Finland is Euroclear Finland Ltd., Visiting Address, Urho Kekkosen katu 5C, PO Box 1110 001001 Helsinki, Finland.

4. None of the Issuers and the CGMFL Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

SECTION E.3 – ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a "**Series**"). The Notes of each Series are intended to be interchangeable with all other Notes of that Series.

Each Series of Notes may be issued in tranches (each a "**Tranche**") having different issue dates but the terms otherwise identical to other Tranches constituting such series (or identical other than in respect of the first payment of interest).

The specific terms of each Tranche will be set forth in the applicable Issue Terms.

SECTION E.4 – FORM OF THE NOTES

Subject as provided below in relation to Swedish Notes and Finnish Notes, the Notes of each Series will be in registered form. Registered Notes may be offered and sold either outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") or, in the case of Registered Notes issued by Citigroup Inc., within the United States to QIBs (as defined below) in reliance on Rule 144A under the Securities Act ("**Rule 144A**").

Notes (that are not Swedish Notes or Finnish Notes) and are Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to persons that are not U.S. persons (as defined in Regulation S) outside the United States, will be represented by a Regulation S Global Registered Note Certificate (a "**Regulation S Global Registered Note Certificate**"). Beneficial interests in a Regulation S Global Registered Note Certificate may not be offered, sold or transferred at any time in the United States or to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Registered Note Certificate will bear a legend regarding such restrictions on transfer.

With respect to Notes issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the Register at its registered office (the "**Duplicate Register**"). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, "**holder**" means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (with respect to Registered Notes issued by CGMFL) (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A, which will be issued by Citigroup Inc., may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A ("**QIBs**"). The Registered Notes of each Tranche sold to QIBs will be represented by a Rule 144A Global Registered Note Certificate (a "**Rule 144A Global Registered Note Certificate**" and, together with a Regulation S Global Registered Note Certificate, the "**Global Registered Note Certificates**"), and beneficial interests therein may not be offered, sold or otherwise transferred at any time except to a QIB purchasing (or holding) the Notes for its account or for the account of one or more QIBs in reliance on Rule 144A.

Global Registered Note Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (DTC) for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Issue Terms. Persons holding beneficial interests in Global Registered Note Certificates will be entitled or required, as the case may be, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Swedish Notes

Notwithstanding the foregoing Swedish Notes will be issued in dematerialised and uncertificated book-entry form in accordance with the Swedish Financial Instruments Accounts Act 1998 (Sw: *lag (1998:1479) om kontoföring av finansiella instrument*) (the "**SFIA Act**"), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden. Swedish Notes will not be issued in definitive or global form.

Swedish Notes will be registered in a register kept by Euroclear Sweden on behalf of the Issuer (the "**Swedish Notes Register**") and payments of principal, interest or any other amounts on Swedish Notes will be made by Euroclear Sweden on behalf of the Issuer to the persons registered as holders of such Swedish Notes in the Swedish Notes Register on the fifth Payment Date prior to the due date of the relevant payment.

Finnish Notes

Notwithstanding the foregoing Finnish Notes will be issued in uncertificated and dematerialised book entry form in accordance with the Finnish Act on the Book-Entry System and Clearing, (Fin. *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*) and with the Finnish Act on Book-Entry Account, Fin. *laki arvo osuustileista (827/1991)*) other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. Finnish Notes will not be issued in definitive form.

Relationship of Accountholders with Clearing Systems

For so long as any of the Notes is represented by a Global Registered Note Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the registered holder of the relevant Global Registered Note Certificate shall be treated by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Registered Note Certificate, as the case may be, and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Global Registered Note Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note Certificate for all purposes under the Fiscal Agency Agreement and such Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, subject to the restrictions on transfer described herein. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular principal amount of Notes represented by such Global Registered Note Certificate must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment made by the Issuer or, where the Issuer is CGMFL, the CGMFL Guarantor to the holder of such Global Registered Note Certificate and the obligations of the Issuer in respect thereof will be discharged by payment to the holder of such Global Registered Note Certificate in respect of each amount so paid.

Exchanges

Exchange of Global Registered Note Certificates

A Global Registered Note Certificate may be exchanged in whole but not in part (free of charge) for definitive Registered Note Certificates only upon the occurrence of an Exchange Event.

An "**Exchange Event**" means:

(a) an Event of Default (as defined in General Condition 9 (*Events of Default*) of the General Conditions has occurred and is continuing; or

(b) if the Global Registered Note Certificate is registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as the case may be, the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg, as the case may be, has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has/have announced an intention permanently to cease business or has/have in fact done so and no successor clearing system is available; or

(c) if the Global Registered Note Certificate is registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no successor clearing system is available,

(d) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Registered Note Certificate in definitive form.

The Issuer will promptly give notice to Noteholders upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event as described in (a) to (c) above, Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, acting on the instructions of any holder of an interest in such Global Registered Note Certificate may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (a) to(d) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

Any exchanges of a Global Registered Note Certificate will be made upon presentation of the Global Registered Note Certificate at the specified office of the Registrar by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in the city of the specified office of the Registrar.

Deed of Covenant

Where any Note is represented by a Global Registered Note Certificate and the Global Registered Note Certificate (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case, redemption has not occurred in accordance with the provisions of the Global Registered Note Certificate, then the Global Registered Note Certificate will become void and the holders of interests in such Global Registered Note Certificate credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg and/or DTC on and subject to the terms of the relevant Deed of Covenant executed by the Issuer.

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg, DTC, Euroclear Sweden and/or Euroclear Finland shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Issue Terms.

SECTION E.5 – BOOK ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg, Euroclear Sweden or Euroclear Finland (together, the "**Clearing Systems**") currently in effect.*

The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers believe to be reliable, but none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer takes any responsibility for the accuracy thereof, except that the Issuers and the CGMFL Guarantor (where the Issuer is CGMFL) accept(s) responsibility for accurately reproducing such information and, as far as the Issuers and the CGMFL Guarantor (where the Issuer is CGMFL) is/are aware and is/are able to ascertain from information published by the relevant Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. This paragraph should be read in conjunction with the first two paragraphs set out under the heading "Responsibility Statement" on page ix.

Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of Citigroup Inc., CGMFL and the CGMFL Guarantor, and any other party to the Fiscal Agency Agreement, the Swedish Notes Issuing and Paying Agency Agreement or the Finnish Notes Issuing and Paying Agency Agreement, as the case may be, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a "**banking organisation**" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depositary Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTCC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including

safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Euroclear Sweden

Euroclear Sweden holds securities for its customers and facilitates the clearance and settlement of securities transactions by book-entry transfer between its account holders. Euroclear Sweden offers clearing and settlement of securities denominated in SEK and EUR through the VPC system. The VPC system supports different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

Euroclear Finland

Euroclear Finland holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear Finland offers clearing and settlement of securities denominated in EUR through one of its systems, as applicable (RM or HexClear if the securities have been issued in the OM system). The systems support different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Registered Note Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Registered Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Global Registered Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Registered Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Registered Note Certificate, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Registered Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Registered Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuer, the CGMFL Guarantor (where the

Issuer is CGMFL) or any Agent. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Registered Note Certificates

Transfers of any interests in Notes represented by a Global Registered Note Certificate within Euroclear and Clearstream, Luxembourg and DTC will be effected in accordance with the customary rules and operating procedures of the relevant clearing system and will be subject to the transfer restrictions described herein. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("**Custodian**") with whom the relevant Global Registered Note Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Euroclear and Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Note Certificates among participants and accountholders of Euroclear and Clearstream, Luxembourg and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of Citigroup Inc., CGMFL, the CGMFL Guarantor the Agents and any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Euroclear UK and Ireland (CREST)

If so specified in the applicable Issue Terms, Notes will be accepted for settlement through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**"). Following their delivery into a clearing system, interests in the relevant Notes may be delivered, held and settled in CREST by means of the creation of CREST Depository Interests (CDIs) representing the interests in the relevant Notes. The CDIs will be issued by the "**CREST Depository**" to investors ("**CDI Holders**") and will be governed by English Law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the "**CREST Nominee**") in the relevant Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by a common depositary may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the relevant Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were a relevant Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the relevant Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of the relevant Notes and other relevant notices issued by the Issuer or the CGMFL Guarantor (where the Issuer is CGMFL).

Transfers of interests in Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the relevant Notes and will not require a separate listing.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(a) CDI Holders will not be the legal owners of the relevant Notes. The CDIs are separate legal instruments from such Notes and represent an indirect interest in such Notes.

(b) The relevant Notes themselves (as distinct from the CDIs representing indirect interests in such Notes) will be held in account with a custodian. The custodian will hold the relevant Notes through a clearing system. Rights in the relevant Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the relevant Notes or to interests in such Notes will depend on the rules of the clearing system in or through which the relevant Notes are held.

(c) Rights under the relevant Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the relevant Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the relevant Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the relevant Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the relevant Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the relevant Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of, or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) and the CREST Depository.

(f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0)20 7849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.

(g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

(h) Potential investors should note that none of the Issuers, the CGMFL Guarantor (where the Issuer is CGMFL), any Dealer, any distributor, any Paying Agent, the Registrar and any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

SECTION E.6 – ERISA MATTERS

The U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), prescribes rules pertaining to the management of "plan assets" of pension and other employee benefit plans subject to ERISA (ERISA Plans) and the appointment of parties who may manage such assets. Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as those plans that are not subject to ERISA but that are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, Plans), and certain investment entities in which Plans invest, from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plans.

The rules and regulations applicable under ERISA and Section 4975 of the Code contain certain "look-through" provisions. Under these provisions, if a Plan invests in an equity interest of an entity, the assets of the Plan will be deemed to include not only the equity interest but also an undivided interest in each of the underlying assets of the entity, unless an exception to the look-through rule were to apply. An "equity interest" is defined under the applicable rules as any interest in an entity other than an instrument treated as indebtedness under applicable local law that has no substantial equity features. No assurance can be given that the Notes will not be treated as equity interests for these purposes. The look-through rule would not apply if the Notes or the Issuer qualified for an exception available under applicable rules. If a Plan were to acquire an interest in the Notes, and no exception to the look-through rule were to apply, the Issuer would be regarded as a plan asset entity and the assets and transactions would be attributed to the Plan investor. In this event, the Plan investor could be viewed as having improperly delegated to the Issuer responsibility for the management of the Plan's assets, and the transactions and holdings of the Issuer might involve violations of the prohibited transaction rules of ERISA and Section 4975 of the Code, as well as violations of other rules applicable under ERISA.

Based on the foregoing, the Notes may not be acquired or held by a Plan or any party acting on behalf of or using the assets of a Plan. Any purchaser or subsequent transferee of the Notes or any interest therein will be deemed to have represented by its purchase thereof that it is not a Plan and is not acting on behalf of or using the assets of a Plan.

SECTION E.7 – SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Subject to the terms and conditions contained in a Dealership Agreement dated 26 June 2013 (the "**Dealership Agreement**") between Citigroup Inc., CGMFL, the CGMFL Guarantor, the Arranger and the Dealers, the Notes will be offered on a continuous basis by the Issuer to the Dealers (as defined in the Dealership Agreement). However, each Issuer reserves the right to sell Notes directly on its own behalf to other entities and to offer Notes in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agent of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer (and the CGMFL Guarantor where the Issuer is CGMFL) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes issued by such Issuer, including in relation to liabilities arising under the Securities Act. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by Citigroup Inc., CGMFL, the CGMFL Guarantor, in relation to itself and Citigroup Inc., CGMFL, the CGMFL Guarantor only, by any Dealer or the Arranger, at any time on giving not less than ten days' notice.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes or any beneficial interest therein, by its acquisition or acceptance thereof, will be deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) (a) in the case of Notes issued by Citigroup Inc. or CGMFL and offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser is outside the United States and is not a U.S. person; or (b) in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser is a "qualified institutional buyer" (a "**QIB**"), purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that the offer and sale to it is being made in reliance on Rule 144A;

(ii) that the Notes and, where the Issuer is CGMFL, the CGMFL Deed of Guarantee are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the CGMFL Deed of Guarantee have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below with respect to Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A;

(iii) (a) in the case of Notes issued by Citigroup Inc. or CGMFL and offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof; and (b) in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time other than to (1) the Issuer or any affiliate thereof or (2) a person it reasonably believes is a QIB purchasing (or holding) for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes or any beneficial interest therein from it of the resale restrictions referred to in paragraph (iii) above;

(v) that Notes offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Registered Note Certificates, and that Notes offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S Global Registered Note Certificates;

(vi) it is not, and its purchase and holding of the Notes is not made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code;

(vii) that the Rule 144A Global Registered Note Certificates, will bear a legend to the following effect:

"[NEITHER] THIS GLOBAL SECURITY [NOR THE CGMFL DEED OF GUARANTEE]* [HAS NOT BEEN]** [HAS BEEN]* NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY AT ANY TIME OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF OR (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; (C) REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH "PLAN ASSETS" OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**THE CODE**") OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE; AND (D) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM AN INTEREST IN THIS GLOBAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE NOTES [THE CGMFL DEED OF GUARANTEE] [AND ANY ENTITLEMENT] DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE "**CEA**"), AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS GLOBAL SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE FISCAL AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT WITH NOTICE TO, THE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY, GIVEN IN ACCORDANCE WITH THE CONDITIONS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF INTERESTS IN THIS GLOBAL SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. ANY HOLDER OF AN INTEREST IN THIS GLOBAL SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE THEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON SUCH HOLDER AND ALL FUTURE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(viii) that the Regulation S Global Registered Note Certificates will bear a legend to the following effect:

"[NEITHER] THIS GLOBAL SECURITY [NOR THE CGMFL DEED OF GUARANTEE]* [HAS NOT BEEN]** [HAS BEEN]* NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE USED IN REGULATION S UNDER THE SECURITIES ACT), OTHER THAN THE ISSUER OR ANY AFFILIATE THEREOF, AND PAYMENTS [AND/OR DELIVERIES] ON THE NOTES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. CERTIFICATION OF NON-U.S. BENEFICIAL OWNERSHIP MAY BE REQUIRED AS A CONDITION TO RECEIVING ANY PAYMENTS [AND/OR DELIVERIES]*** ON THE NOTES. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH "PLAN ASSETS" OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**THE CODE**") OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE. THE NOTES [AND THE CGMFL DEED OF GUARANTEE]* [AND ANY ENTITLEMENT]*** DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE CEA) AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.";

(ix) that it has been afforded an opportunity to request from the Issuer (and the CGMFL Guarantor, if applicable) and to review all additional information it considers to be necessary to verify the accuracy of the information contained in this Base Prospectus and the applicable Issue Terms or otherwise and it has not relied on the Dealers or any person affiliated with the Dealers in connection with its investigation of the accuracy of such information or its investment decision; and

(x) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Notes in the United States in reliance on Rule 144A to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) of Registered Notes.

United States of America

The Notes and the CGMFL Deed of Guarantee have not been and will not be registered under the Securities Act or any state securities laws. Trading in the Notes has not been approved by the United States Commodity Futures Commission under the United States Commodity Exchange Act, as amended. No issue of Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except, in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, to "qualified institutional buyers" ("**QIBs**"), each purchasing (or holding) for its own account or for the account of one or more QIBs, in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction. The Notes and the CGMFL Deed of Guarantee do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. Terms used in this section have the meanings given to them by Regulation S or Rule 144A under the Securities Act.

Each Dealer has represented and agreed that it, its affiliates (if any) and any person acting on its or their behalf (i) have not offered or sold and will not offer or sell any Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, except, in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, to persons it reasonably believes to be QIBs, each purchasing (or holding) for its own account or for the account of one or more QIBs and (ii) at or prior to confirmation of sale of Notes offered in reliance on Regulation S, as specified in the applicable Issue Terms, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases such Notes from it a confirmation or other notice stating that such distributor, dealer or person is subject to the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons that are set forth herein.

An offer or sale of Notes within the United States or to, or for the account or benefit of, a U.S. person by any dealer (whether or not participating in the offering) at any time may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers, directly or through their respective U.S. broker dealer affiliates, may arrange for the resale of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A to QIBs pursuant to Rule 144A and each purchaser of such Notes is hereby notified that the Dealers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the United States Commodity Exchange Act, as amended. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other Relevant Currency). To the extent that Citigroup Inc. is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, Citigroup Inc. has agreed to furnish to holders of Notes offered and sold in

reliance on Rule 144A and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

CGMFL does not intend to issue, offer or sell any Notes within the United States or to, or for the account or benefit of, any U.S. person.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, PROVIDED THAT any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in the Relevant Member State).

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) *Notes with maturities of less than one year*: in relation to any Notes where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses;

(b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to Citigroup, Inc., CGMFL and CGML;

(c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and

(d) *Commissions and fees*:

(i) if it is distributing Notes that are "retail investment products" (as such term is defined in the Financial Conduct Authority Handbook) into the United Kingdom and it is entitled to receive any commission or fee from the Issuer, it will not transfer any part of that commission or fee to any third party who may advise retail investors to purchase a Note that is a retail investment product; and

(ii) if it is authorised and regulated by the Financial Conduct Authority to provide investment advice to retail investors in the United Kingdom and it is providing advice to retail investors in respect of a Note that is a retail investment product, it undertakes not to request any commission or fee from the Issuer and to otherwise reject any such payment offered to it other than in circumstances where the Issuer has agreed to facilitate the payment of an advisory fee and has the express consent of the retail investor to do so.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or the Notes has been, or will be, lodged with the Australian Securities Investments Commission ("**ASIC**"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the applicable Issue Terms (or any other supplement to this Base Prospectus) otherwise provides, it:

(a) has not made or invited, and will not make or invite, an offer for the issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to any Notes in Australia;

unless:

(i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternative currency, and in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to be made to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia;

(ii) the offer or invitation does not constitute an offer to a "retail client" for the purposes of section 761G of the Corporations Act 2001 of Australia;

(iii) such action complies with all applicable laws, regulations and directives; and such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

Austria

In addition to the cases described in the Public Offer Selling Restrictions under the Prospectus Directive in which the Notes may be offered to the public in an EEA Member State (including Austria), the Notes may be offered to the public in Austria only:

(a) if the following conditions have been satisfied:

(i) the Base Prospectus, including any supplements but excluding any Final Terms, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**") or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public;

(ii) the applicable Final Terms for the Notes have been published and filed with the FMA on or prior to the date of commencement of the relevant offer of the Notes to the public; and

(iii) a notification with the Austrian Control Bank (*Oesterreichische Kontrollbank Aktiengesellschaft*), all as prescribed by the Austrian Capital Market Act (*Kapitalmarktgesetz*, Federal Law Gazette No 625/1991, as amended, the "**CMA**"), has been filed at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; or

(b) otherwise in compliance with the CMA.

For the purposes of this Austrian selling restriction, the expression "**an offer of the Notes to the public**" means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Base Prospectus and related offering documents must be in registered form and must only be marketed to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$ 100,000, or any equivalent amount in other currency or such other amount as the CBB may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than as marketing to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the securities to be marketed for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "**accredited investors**".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Brazil

Notes have not been and will not be issued or publicly placed, distributed, offered or negotiated in the Brazilian capital markets. None of the relevant Issuer (and, where CGMFL is the relevant Issuer, the CGMFL Guarantor) and the issuance of any Notes have been or will be registered with the *Comissão de Valores Mobiliários* ("**CVM**") (Brazilian Securities Commission). Any public offering or distribution, as defined under Brazilian laws and regulations, of Notes in Brazil is not legal without prior registration under Law No. 6,385, of 7 December 1976, as amended, and Instruction No. 400, issued by the CVM on 29 December 2003, as amended. Documents relating to the offering of any Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of any such Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of Notes to the public in Brazil. Therefore, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

Chile

Notes issued under the Programme are being offered as of the date hereof solely to Qualified Investors (*Inversionistas Calificados*) pursuant to the private placement exemption provided by General Rule No. 336 of the *Superintendencia de Valores y Seguros* (the "**SVS**"). The offering of the Notes has not been and will not be registered with the Chilean Securities Registry or the Registry of Foreign Securities of the SVS and, therefore, the Notes are not subject to oversight by the SVS and may not be sold publicly in Chile. The Issuer of the Notes is not obligated to make information available publicly in Chile regarding the Notes. The Notes may not be subject to a public offer until they are registered in the corresponding Securities Registry.

Colombia

The Notes cannot and will not be publicly offered in Colombia, but may be "promoted" (as such term is defined by Article 4.1.1.1.1. of Decree 2555 of 2010) to a determined, limited number of persons (less

than 100) in Colombia by the authorised personnel of a firm authorised to execute "promotion" activities of foreign securities in Colombia. The Notes have not been and will not be registered on the Colombian National Registry of Securities and Issuers (Registro Nacional de Valores y Emisores) or before the Colombian Stock Exchange. Accordingly, the distribution of any documentation in regards to the Programme will not constitute a public offering of securities.

Costa Rica

Notes have not been and will not be registered with the Superintendencia *General de Valores* (Costa Rica's General Superintendency of Securities or "**SUGEVAL**") and, therefore, the Notes are not authorised for public offering in Costa Rica and may not be offered, placed, distributed, commercialized and/or negotiated publicly in Costa Rica. Documents relating to the offering of the Notes, as well as information contained therein, may not be offered publicly in Costa Rica, nor be used in connection with any public offering for subscription or sale of the Notes in Costa Rica.

Republic of Cyprus

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell any Notes, except in conformity with the provisions of the Public Offer and Prospectus Law, Law 114/2005 (as amended) and the provisions of the Cyprus Companies Law, cap.113 (as amended);

(b) it has not and will not offer or sell any Notes other than in compliance with the provisions of the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007; and

(c) it will not be providing from or within Cyprus any "Investment Services", "Investment Activities" and "Non-Core Services" (as such terms are defined in the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007, (the "**ISARM**")) in relation to the Notes or will be otherwise providing Investment Services, Investment Activities and Non-Core Services to residents or persons domiciled in Cyprus. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not be concluding in Cyprus any transaction relating to such Investment Services, Investment Activities and Non-Core Services in contravention of the ISARM and/or applicable regulations adopted pursuant thereto or in relation thereto.

Denmark

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act (Consolidation Act No. 227 of 11 March 2014, as amended from time to time) and the Executive Orders issued thereunder.

For the purposes of this provision, an offer of Notes to the public in Denmark means the communication in any form and by any means of sufficient information on the terms of the offer and the relevant Notes to be offered so as to enable an investor in Denmark to decide to purchase or subscribe for such Notes.

Dominican Republic

Notes have not been and will not be registered with the Superintendence of Securities of the Dominican Republic (*Superintendencia de Valores de la Republica Dominicana*) and each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it will not offer or sell Notes in the Dominican Republic, except in circumstances which do not constitute a public offering under Dominican laws and regulations.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Conduct of Business Module of the DFSA Rulebook.

Ecuador

Notes have not been and will not be registered with the Consejo Nacional de Valores and Bolsa de Valores de Quito or Guayaquil and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in Ecuador except in circumstances which do not constitute a public offering or distribution under Ecuadorian laws and regulations (Ley de Mercado de Valores).

El Salvador

Notes have not been and will not be registered with the *Bolsa de Valores de El Salvador* (Stock Exchange of El Salvador) nor the *Registro Público Bursátil of the Superintendencia del Sistema Financiero de El Salvador* (Public Stock Exchange Registry of El Salvador's Financial System Superintendence) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Republic of El Salvador except in circumstances which do not constitute a public offering or distribution under Salvadoran laws and regulations.

Finland

Notes, including Finnish Notes, issued under the Programme may not be offered or sold, or this Base Prospectus be distributed, directly or indirectly to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Unless the applicable Final Terms specify that a Non-exempt Offer of such Notes is made in Finland in accordance and compliance with the applicable Finnish laws and regulations, the Notes may not be marketed, offered or sold or this Base Prospectus be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to a limited number of pre-selected non-qualified investors not exceeding 149, to qualified investors as defined in the Finnish Securities Markets Act (*Arvopaperimarkkinalaki* 14.12.2012/746 as amended) or to be acquired for a consideration of at least EUR 100,000 per investor with regard to an offer or in portions of at least EUR 100,000 in nominal or counter value. This Base Prospectus is strictly for private use by its recipients and may not be passed on to third parties or otherwise distributed publicly. This Base Prospectus has not been approved by the Finnish Financial Supervisory Authority.

France

Each of the Dealers and each Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) *Offer to the public in France*:

it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* ("**AMF**"), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive No. 2003/71/EC, as amended, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the prospectus, all in accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(ii) *Private placement in France:*

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the applicable Issue Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

Guatemala

Neither this Base Prospectus nor any Notes have been registered with the *Registro del Mercado de Valores y Mercancias de la Republica de Guatemala* (Guatemalan's National Registry for the Supervision of the Commercialization of Securities) and, therefore, no Notes may be publicly offered in Guatemala or through Guatemalan broker/dealers.

The Notes are being placed privately or publicly in several markets outside of Guatemala, and Guatemalan residents interested in acquiring the Notes must accept (preferably) in writing that they are the ones making the approach to purchase such Notes, and must do it through the services of broker dealers active in those markets, and enter into transactions under laws other than Guatemalan law.

Neither the Regulations for Initial Public Offerings and Sale of Securities (*Ley del Mercado de Valores y Mercancias*) nor any other Guatemalan Law or Regulation, nor the obligations regarding the information or risk rating applicable to securities registered with the *Registro de Valores y Mercancias de la Republica de Guatemala* apply to the Notes or any offering thereof.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell Notes publicly in the Republic of Guatemala. The Guatemalan *Registro de Valores y Mercancias de la Republica de Guatemala* has not reviewed or approved this Base Prospectus. This Base Prospectus may not be publicly distributed in Guatemala, nor shall any advertising of this Prospectus take place in the territory of the Republic of Guatemala.

Guatemalan residents may be subject to Guatemalan tax laws.

Honduras

Neither the Issuers nor any Notes issued under the Programme have been, nor will they be, registered with the Honduran Securities Market Public Registry (*Registro Público de Mercado de Valores*) and therefore, no Notes may be publicly offered in Honduras and each Dealer has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that it will comply with all applicable law and will not offer or sell Notes publicly in Honduras. The Honduran National Banking and Insurance Commission has not reviewed or approved this Base Prospectus.

Hong Kong Special Administrative Region

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**Securities and Futures Ordinance**")) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies

(Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Hungary

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in Hungary, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement, (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial and legal situation and its expected development, including that which was discussed in any personal consultation with an investor, and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY.".

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) of Ireland, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the Companies Acts 1963-2013 (as amended) of Ireland, the Central Bank Acts 1942-2013 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and

(c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

Israel

No prospectus in relation to the Programme or the Notes has been, or will be, issued in Israel and/or reviewed by the Israel Securities Authority. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the State of Israel other than private sales to Israeli persons who have confirmed to the Dealer in writing that (i) they are an investor of the type listed in the First Supplement to the Securities Law, 5728-1968, of the State of Israel, and that they are aware of the significance of their being such an investor and consent thereto, and (ii) they are purchasing the Notes for their own account, for investment purposes only and with no present intention of distribution or re-sale.

Italy

Until an offering of Notes has been registered, pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus (including the Issue Terms) or of any other document relating to Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of Notes or distribution of copies of this Base Prospectus or any other document relating to Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

In accordance with Article 100-bis of the Financial Services Act where no exemption from the rules on public offerings applies under (i) and (ii) above, Notes which are initially offered and placed in the Republic of Italy or abroad to qualified investors only but in the following year are regularly ("sistematicamente") distributed on the secondary market in the Republic of Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by such non qualified investors.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the

registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

Mexico

Notes have not been, and will not be, registered with the Mexican National Registry of Securities (*Registro Nacional de Valores*) pursuant to the Mexican Securities Market Law and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell Notes in the United Mexican States. The Mexican National Banking and Securities Commission has not reviewed or approved this Base Prospectus. This Base Prospectus may not be publicly distributed in Mexico.

Norway

Norway has implemented the Prospectus Directive and the 2010 PD Amending Directive, cf. chapter 7 of the Securities Trading Act of 29 June 2007 no. 75, as amended, and chapter 7 of the Securities Trading Regulations of 29 June 2007 No. 876, as amended. Consequently, the selling restrictions set out in the section "*Public Offer Selling Restriction under the Prospective Directive*" above apply.

Notes denominated in Norwegian Kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered with the Norwegian Central Securities Depositary (VPS).

The Notes will only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

Oman

This Base Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/47 as amended) or the Capital Market Law of Oman (Royal Decree No. 80/98), or an offer to sell or the solicitation of any offer to buy securities in the Sultanate of Oman, as contemplated by the Executive Regulations of the Capital Market Law issued by Decision No. 1/2009.

This Base Prospectus is strictly private and confidential. It may be provided to a limited number of sophisticated investors within the Sultanate of Oman solely to enable them to decide whether or not to make an offer to enter into commitments to invest in Notes, outside of the Sultanate of Oman upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Base Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

This Base Prospectus has been approved by the Central Bank of Ireland. Citigroup Inc. and CGMFL and the CGMFL Guarantor are regulated by the Federal Reserve. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Base Prospectus or for the performance of any Notes nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Panama

The Notes have not been, and will not be, registered with the Superintendency of the Securities Market of Panama. Accordingly (i) the Notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Securities Laws of Panama, (ii) the Superintendency of the Securities Market of Panama has not reviewed the information contained in this Base Prospectus, and (iii) the Notes and its offer are not subject to the supervision of the Superintendency of the Securities Market of Panama.

Paraguay

Notes have not been and will not be registered with the Comisión Nacional de Valores (the Paraguayan Securities Commission) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Republic of Paraguay except in circumstances which do not constitute a public offering or distribution under Paraguayan laws and regulations. Notes placed in Paraguay will be placed on a private placement basis only.

Peru

Notes issued under this Base Prospectus cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities market law establishes that any particular offer may qualify as private, among others, if it is directed exclusively to institutional investors. The offering of any Notes is not a public offering in Peru. Neither this Base Prospectus nor any Notes have been registered with the *Superintendencia de Mercado de Valores* (Peru's National Corporations and Securities Supervisory Commission or SMV) or with the Lima Stock Exchange.

Neither the Regulations for Initial Public Offerings and Sale of Securities (CONASEV Resolution 141-98-EF/94.10) nor the obligations regarding the information applicable to securities registered with the *Registro Publico del Mercado de Valores* (Peruvian Stock Market Registry) apply to the Notes or any offering thereof.

Peruvian residents may be taxed under Peruvian tax laws, on the profits obtained from the Notes or the sale thereof. Investors must independently evaluate the application of such taxes before purchasing the Notes.

Poland

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in the Republic of Poland ("**Poland**"), no permit has been obtained from the Polish Financial Supervisory Authority (the "**Polish FSA**") in relation to the issue of any Notes nor has the issue of any Notes been notified to the Polish FSA in accordance with applicable procedures. Accordingly, Notes may not be publicly offered in Poland, as defined in the Polish Act on Public Offerings and on the Conditions of Introducing Financial Instruments to an Organised Trading System and on Public Companies of 29 July 2005 (as amended) as an offering to sell or purchase of securities, made in any form and by any means, if the offering is directed at 150 or more people or at an unnamed addressee (a "**Polish Public Offering**"). Each Dealer has confirmed, and each further Dealer appointed under the Programme will be required to confirm, and each Noteholder, by the purchase of a Note, is deemed to confirm, that it is aware that no such permit has been obtained nor such notification made.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, and each Noteholder is deemed to represent, that it has not offered, sold or delivered and shall not offer, sell or deliver the Notes in Poland in the manner defined as a Polish Public Offering as part of its initial distribution or otherwise to residents of Poland or in Poland. Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, and each Noteholder is deemed to acknowledge, that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations), and that offers and sales of Notes to Polish residents or in Poland in secondary trading may also be subject to restrictions.

Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and any person offering the Notes in Portugal (a "**Portuguese Offeror**") will be required to represent and agree, that Notes may only be offered by any such Dealer or any such Portuguese Offeror to the public in the Portuguese Republic ("**Portugal**") under circumstances which are deemed to be a public offer (*oferta pública*) under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of November 13, as amended from time to time, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal.

In particular, no offering materials will be publicly distributed in Portugal by any such Dealer or any such Portuguese Offeror and no publicity or marketing activities related to Notes will be conducted in Portugal by any such Dealer or any such Portuguese Offeror unless the requirements and provisions applicable to public offerings in Portugal are met, and in any case Notes will only be distributed or placed or advertised in Portugal if all applicable legal and regulatory requirements are met, including the approval and publication (if required) of a Key Investor Information Document ("**KIID**") approved by the Portuguese Securities Market Commission ("**CMVM**") under the terms of CMVM Regulation 2/2012 (or of any CMVM Regulation superseding or replacing it) in case the Notes qualify as a complex financial product.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme and any Portuguese Offeror will be required to represent and agree, that: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, or in circumstances which could qualify the issue of Notes as an issue in the Portuguese market except in accordance with all applicable laws and regulations; (ii) all offers, sales and distributions by it of Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes (*oferta particular*) except if such offers, sales and distributions qualify as and follow the requirements applicable to a public offer (*oferta pública*) pursuant to the aforementioned provisions; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to Notes in Portugal except in accordance with all applicable laws and regulations; (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable Regulations of the CMVM and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory (or to whom Portuguese laws and regulations on the distribution of financial instruments otherwise apply), as the case may be, including the publication of a prospectus, when applicable, or commencing a prospectus recognition procedure with the CMVM, and/or filing with the CMVM and disclosing to investors a KIID under the applicable Portuguese regulatory provisions, namely CMVM Regulation 2/2012 (or any CMVM Regulation superseding or replacing it) on complex financial products, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

State of Qatar (excluding the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar, except:

(a) in compliance with all applicable laws and regulations of the State of Qatar; and

(b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Russian Federation

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold or transferred or otherwise disposed of and will not offer or sell or transfer or otherwise dispose of any Notes (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Since neither the issuance of the Notes nor a securities prospectus in respect of the Notes has been registered, or is intended to be registered, with the Central Bank of the Russian Federation and no decision to admit the Notes to placement or public circulation in the Russian Federation has been made, or intended to be made, by the Central Bank of the Russian Federation or a Russian stock exchange, the Notes are not eligible for initial offering or public circulation in the Russian Federation and may not be sold or offered in the Russian Federation unless and to the extent otherwise permitted under Russian law.

Information set forth in this Base Prospectus is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity and must not be distributed or circulated in the Russian Federation, unless and to the extent otherwise permitted under Russian law.

Kingdom of Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a Saudi Investor) who acquires any Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"). The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will comply with the KSA Regulations.

The offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and:

(a) the Notes are offered or sold to a "sophisticated investor" (as defined in Article 10 of the KSA Regulations);

(b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or

(c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to

any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the relevant Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. Unless explicitly stated otherwise in the applicable Issue Terms, Notes may not be offered, sold, advertised or otherwise distributed, directly or indirectly, in, into or from Switzerland except to individually selected qualified investors as defined in and in accordance with article 10 of the Swiss Collective Investment Schemes Act and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Unless explicitly stated otherwise, neither this Base Prospectus nor any other offering or marketing material relating to Notes issued under the Programme constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Schemes Act, and neither this Base Prospectus nor any other offering or marketing material relating to any Notes may be distributed or otherwise made publicly available in, into or from Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of any Notes has been or will be filed with or approved by any Swiss regulatory authority. Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Market Supervisory Authority FINMA, and investors in Notes will not benefit from protection under the Swiss Collective Investment Schemes Act or supervision by any Swiss regulatory authority.

Taiwan

The Notes may not be sold, offered or issued to Republic of China (**Taiwan**) resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Structured Notes (as defined below) through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or (B) in the case of

Notes which are not Structured Notes, through properly licensed Taiwan intermediaries (including the specified trust of money services of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted or exempted in accordance with Taiwan laws and regulations.

For the purpose of the preceding paragraph, Structured Notes means combination products issued outside of Taiwan by means of securities that link fixed income products and underlying financial derivative products that derive from equities, interest rates, foreign exchange rates, indexes, commodities, credit events or other interests.

Republic of Turkey

Notes issued under the Programme have not been, and will not be, authorised or approved by the Turkish Capital Markets Board (the "**CMB**") under the provisions of Law No. 6362 relating to capital markets (the "**Capital Markets Law**") and the *Communiqué on Foreign Capital Market Instruments and Depository Receipt and* the *Foreign Investment Shares (Serial VII-128.4)* and the *Communiqué on Debt Securities (Serial II-31.1)* of the CMB. Pursuant to Article 15(d)(ii) of Decree 32 of Council of Ministers (as amended from time to time), Turkish residents may purchase or sell Notes offshore on an unsolicited (reverse inquiry) basis both in the primary and secondary markets PROVIDED THAT (i) such purchase or sale is made through banks or brokerage firms licensed by the CMB; and, (ii) the purchase price is transferred outside Turkey via banks.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor any of its respective affiliates, nor any person acting on its behalf or on behalf of any of its respective affiliates, has engaged or will engage in any directed selling efforts within Turkey in connection with any Notes issued under the Programme. Each Dealer further represents and agrees that neither it nor any of its affiliates, nor any person acting on its behalf or on behalf of any of its affiliates (i) has engaged or will engage in any form of general solicitation or general advertising in connection with any offer and sale of Notes in Turkey, or (ii) will make any disclosure, including distribution of any disclosure document, in Turkey in relation to the Issuer, any Notes issued under the Programme or the Base Prospectus without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Uruguay

Notes issued under the Programme are not and will not be registered with the Financial Services Superintendent of the Central Bank of Uruguay to be publicly offered in Uruguay and none of the Issuers qualify as an investment fund regulated by Uruguayan law 16,774, as amended. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes placed in Uruguay will be placed relying on a private placement (oferta privada) pursuant to section 2 of law 18,627.

General

These selling restrictions may be amended by the agreement of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and the relevant Dealers. Any such amendment will be set out in either the subscription agreement or the dealer accession letter, as relevant, and/or the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Issue Terms, in any country or jurisdiction where, or under circumstances in which, action for that purpose is required and has not been taken. No offers, sales, resales or deliveries of any Notes, or

distribution of any offering material relating to any Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or any Dealer.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Issue Terms, in all cases at its own expense, and none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any other Dealer shall have responsibility therefor.

SECTION E.8 – TAXATION OF NOTES

General

Purchasers of Notes may be required to pay taxes (including stamp taxes) and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

TRANSACTIONS INVOLVING NOTES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING NOTES SHOULD CONSULT THEIR TAX ADVISORS.

Unless otherwise expressly provided below, the relevant Issuer and, where the relevant Issuer is CGMFL, the CGMFL Guarantor, give no assurances about and do not accept responsibility for the imposition of deductions or withholdings required to be made from payments under the Notes for or on account of tax. This statement should be read in conjunction with General Conditions 6 (*Payments*) and 7 (*Taxation*) of the General Conditions. In particular, the relevant Issuer and, where the relevant Issuer is CGMFL, the CGMFL Guarantor, may make such deductions or withholdings from payments under the Notes as required by any applicable fiscal or other laws, regulations and directives. If the relevant Issuer or, where the relevant Issuer is CGMFL, the CGMFL Guarantor, is required to make a deduction or withholding for or on account of tax, it will only be required to make additional 'gross-up' payments in the circumstances and subject to the exceptions and limitations described in General Condition 7 (*Taxation*) of the General Conditions.

References in this Section E.8 to a "**Member State**" shall be to a Member State of the European Economic Area.

UNITED STATES FEDERAL TAX CONSIDERATIONS

This discussion was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties. It was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

General

The following is a summary of certain U.S. federal income tax consequences that may be relevant to the purchase, ownership and disposition of Notes that the Issuer treats as debt, and that are in registered form, each for U.S. federal income tax purposes. This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to the decision to purchase the Notes by any particular investor, including tax consequences that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally believed to be known by investors. For example, this summary does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organisations, traders in securities that elect to mark to market for tax purposes and dealers in securities, (ii) persons that will hold the Notes as part of a "straddle", "hedging", "conversion" or other integrated investment transaction or a constructive sale for U.S. federal income tax purposes, (iii) U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, (iv) Non-U.S. Holders (as defined below) who recognise gain in respect of a Note in a taxable year in which the Non-U.S. Holder is present in the United States for 183 days or more, (v) persons that do not hold the Notes as capital assets, or (vi) except where the context indicates otherwise, persons that did not purchase the Notes in the initial offering. Moreover, this summary does not address alternative minimum tax consequences or the Medicare tax on investment income.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect

and available on the date hereof. Changes to any of the foregoing could affect the tax consequences described below, possibly with retroactive effect. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or non-U.S. jurisdiction. Prospective purchasers of the Notes are urged to consult their tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of owning Notes in light of their own particular circumstances.

For the purposes hereof, "**U.S. Holder**" means a person that is (i) an individual citizen or resident of the United States, (ii) a corporation organised in or under the laws of the United States or any state thereof or the District of Columbia or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of the Notes. The term "**Non-U.S. Holder**" means a holder of the Notes that is a non-resident alien individual, a foreign corporation or a foreign estate or trust.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Prospective purchasers that are partnerships are urged to consult their tax advisors regarding the tax consequences to their partners of an investment in the Notes.

This discussion may be supplemented, modified or superseded by further discussion regarding U.S. federal tax considerations set out in the applicable Issue Terms, which a prospective purchaser is urged to read before making a decision to invest in the relevant Notes.

Tax Consequences to U.S. Holders

The following discussion applies only to Notes that the Issuer intends to treat as debt instruments for U.S. federal income tax purposes, as evidenced by the statement under "United States Tax Considerations" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment of the Notes as debt instruments, as well as any specific treatments indicated in the applicable Issue Terms (e.g., as variable rate debt instruments or contingent payment debt instruments, each as discussed below), are respected. The Issuer's intended treatment of the Notes is not binding on the Internal Revenue Service (the "**IRS**"), and the IRS could disagree with it, in which case the timing and character of a U.S. Holder's income in respect of the Notes could be adversely affected. The general discussion below is subject to special rules applicable to Short-Term Notes, Contingent Notes and Foreign Currency Contingent Notes as described below.

Interest Payments on Notes

Payments of qualified stated interest, as defined below under "Original Issue Discount", will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. Holder's method of tax accounting.

If such payments of interest are made in respect of a Note that is denominated in a single foreign currency, the amount of interest income realised by a U.S. Holder that uses the cash method of tax accounting (a "**cash-method holder**") will be the U.S. dollar value of the currency payment based on the spot rate of exchange on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. No foreign currency gain or loss should be recognised by a cash-method holder with respect to the receipt of such payment (other than foreign currency gain or loss realised on the disposition of the currency received). In the case of a Note that provides for payments in U.S. dollars determined by reference to a single foreign currency, a cash-method holder should recognise interest income on the Note in an amount equal to the U.S. dollars received. Both types of Notes are referred to herein as "**Foreign Currency Notes**".

A U.S. Holder that uses the accrual method of tax accounting (an "**accrual-method holder**") will accrue interest income on a Foreign Currency Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on:

the average exchange rate in effect during the interest accrual period, or portion thereof within the holder's taxable year; or

at the holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) the date of receipt, if that date is within five business days of the last day of the accrual period.

Such an election must be applied consistently by the accrual-method holder to all foreign currency debt instruments from year to year and can be changed only with the consent of the IRS. An accrual-method holder will recognise foreign currency gain or loss on the receipt of an interest payment made on a Foreign Currency Note if the spot rate of exchange on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Such foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

Taxable Disposition of Notes

A U.S. Holder's tax basis in a Note generally will equal the cost of that Note to the holder, increased by any amounts includible in income by the holder as original issue discount ("**OID**") and market discount (each as described below) and reduced by any amortised premium and any payments on the Note other than payments of qualified stated interest (each as described below).

In the case of a Foreign Currency Note, the cost of the Note to a U.S. Holder generally will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder generally should determine the U.S. dollar value of the cost of the Note by translating the amount paid in foreign currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the purchase, in the case of a cash-method holder, and (2) on the trade date, in the case of an accrual-method holder, unless the holder elects to use the spot rate applicable to cash-method holders. Such an election by an accrual-method holder must be applied consistently by the accrual-method holder to all debt instruments from year to year and can be changed only with the consent of the IRS. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Foreign Currency Note in respect of OID, market discount and premium will be determined in the manner described under "*Original Issue Discount*", "*Market Discount*" and "*Notes Purchased at a Premium*" below.

Upon the sale, exchange, retirement or other taxable disposition of a Note (each, a "**taxable disposition**"), a U.S. Holder generally will recognise gain or loss equal to the difference between (1) the amount realised on the taxable disposition, less any accrued qualified stated interest (which will be treated as a payment of interest and taxed in the manner described above under "*Interest Payments on Notes*"), and (2) the U.S. Holder's adjusted tax basis in the Note.

If a U.S. Holder receives a currency other than the U.S. dollar in respect of the taxable disposition of a Note, the amount realised generally will be the U.S. dollar value of the currency received calculated at the spot rate of exchange on the date of the taxable disposition of the Note. In the case of a taxable disposition of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder that receives a currency other than the U.S. dollar generally should determine the amount realised by translating that currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the taxable disposition, in the case of a cash-method holder and (2) on the trade date, in the case of an accrual-method holder, unless the accrual-method holder elects to use the spot rate applicable to cash-method holders. Such an election by an accrual-method holder must be applied consistently by the accrual-method holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Note (other than a Foreign Currency Note, a Contingent Note, Foreign Currency Contingent Note or a Market Discount Note, each as discussed below) generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the U.S. Holder held the Note. A U.S. Holder

might be required to file a disclosure statement with the IRS if the U.S. Holder recognises foreign currency loss above certain thresholds.

If the Issuer designates a Substitute for itself, the Notes could be treated for U.S. federal income tax purposes, in whole or in part, as retired and reissued, in which case, a U.S. Holder would be required to recognise gain or loss (subject to the possible application of the wash sale rules) with respect to the Notes.

Original Issue Discount

Notes with a term greater than one year may be issued with OID for United States federal income tax purposes (such Notes, "**OID Notes**"). U.S. Holders generally must accrue OID in gross income over the term of an OID Note on a constant yield basis, regardless of their regular method of tax accounting. As a result, U.S. Holders may recognise taxable income in respect of an OID Note in advance of the receipt of cash attributable to such income.

OID generally will arise if the stated redemption price at maturity of a Note exceeds its issue price by an amount equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity. In the case of an "installment Note" (i.e., a Note that provides for payments prior to maturity other than qualified stated interest), this test is generally applied based on the Note's weighted average maturity. OID may arise if a Note is issued at a discount to its principal amount, and may also arise if a Note has particular interest payment characteristics, such as interest holidays, interest payable in additional securities or stepped interest. For this purpose, the issue price of a Note is the first price at which a substantial amount of Notes is sold for cash, other than to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the sum of all payments due under the Note, other than payments of qualified stated interest. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the entire term of a Note at a single fixed rate of interest or, under particular conditions, based on one or more floating interest rates described below under "*Variable Rate Debt Instruments*".

For each taxable year of a U.S. Holder, the amount of OID that must be included in gross income in respect of an OID Note will be the sum of the daily portions of OID for each day during that taxable year or any portion of the taxable year in which the U.S. Holder holds the OID Note. Daily portions are determined by allocating to each day in an accrual period a pro rata portion of the OID allocable to that accrual period. Accrual periods may be of any length and may vary in length over the term of an OID Note. However, accrual periods may not be longer than one year, and each scheduled payment of principal or interest must occur on the first day or the final day of a period.

The amount of OID allocable to any accrual period generally will equal (1) the product of the OID Note's adjusted issue price at the beginning of the accrual period multiplied by its yield to maturity (as adjusted to take into account the length of the accrual period), less (2) the amount, if any, of qualified stated interest allocable to that accrual period. The adjusted issue price of an OID Note at the beginning of any accrual period will equal the issue price of the OID Note, as defined above, (1) increased by previously accrued OID from prior accrual periods, and (2) reduced by any payment made on the Note, other than payments of qualified stated interest, on or before the first day of the accrual period.

The Notes may have special redemption, repayment or interest rate reset features, as indicated in the applicable Issue Terms, that may affect whether a Note is an OID Note and, if so, the proper timing of recognition of the OID by a U.S. Holder. Notes containing such features may be subject to special rules that differ from the general rules discussed herein. Accordingly, prospective purchasers of Notes with such features are urged to consult their tax advisors regarding these special rules.

In the case of an OID Note that is also a Foreign Currency Note, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by calculating the amount of OID allocable to that accrual period in the relevant currency, using the constant-yield method described above and translating that amount using the average exchange rate in effect during that accrual period (or a portion thereof), or, at the U.S. Holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period

spans more than one taxable year, or (2) on the date such OID is treated as paid (as described in the following paragraph), if that date is within five business days of the last day of the accrual period. Such an election must be applied consistently by the U.S. Holder to all Foreign Currency Notes from year to year and can be revoked only with the consent of the IRS.

Each payment on an OID Note that is a Foreign Currency Note, other than payments of qualified stated interest, generally will be viewed first as a payment of previously accrued OID, to the extent thereof, with the payment attributed first to the earliest accrued OID, and then as a payment of principal. Upon the receipt of an amount attributable to OID, whether in connection with a payment of an amount that is not qualified stated interest or the taxable disposition of the OID Note, a U.S. Holder will recognise foreign currency gain or loss that is ordinary income or loss measured by the difference between (1) the amount received and (2) the corresponding amount(s) previously accrued. The amount received will be translated into U.S. dollars at the spot rate of exchange on the date of receipt, in the case of a payment on the OID Note, or on the date of the taxable disposition of the OID Note. The corresponding amount(s) accrued will be determined by using the rate(s) of exchange applicable to such previous accrual(s). Upon a taxable disposition, the amount of foreign currency income or loss recognised will be limited by the overall amount of gain or loss recognised on the taxable disposition.

A U.S. Holder that purchases an OID Note for an amount less than or equal to the remaining redemption amount (as defined below), but in excess of the OID Note's adjusted issue price, generally is permitted to reduce the daily portions of OID by a fraction. The numerator of this fraction is the acquisition premium, and the denominator of the fraction is the excess of the remaining redemption amount over the OID Note's adjusted issue price. For the purposes of this section, "**acquisition premium**" means the excess of the U.S. Holder's adjusted tax basis in an OID Note over the OID Note's adjusted issue price and "**remaining redemption amount**" means the sum of all amounts payable on an OID Note after the purchase date other than payments of qualified stated interest. In the case of a Foreign Currency Note, the rules described in this paragraph are applied using units of the relevant foreign currency.

Variable Rate Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as variable rate debt instruments ("**VRDIs**"). Prospective purchasers should note that other Notes providing for variable rates of interest are treated not as VRDIs but as "contingent payment debt instruments", with consequences discussed below under "*Contingent Payment Debt Instruments*".

Stated interest on a VRDI that provides for a single variable rate (a "**Single-Rate VRDI**") will be treated as qualified stated interest and will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's method of tax accounting. If the stated principal amount of a Single-Rate VRDI exceeds its issue price by more than the *de minimis* amount described above under "*Original Issue Discount*", this excess will be treated as OID that a U.S. Holder must include in income as it accrues, generally in accordance with the constant-yield method described above under "*Original Issue Discount*". The constant-yield accrual of OID on a VRDI is determined by substituting the value of the variable rate on the issue date (or, in certain cases, a fixed rate that reflects the yield that is reasonably expected for the VRDI) for each scheduled payment of the variable rate. A VRDI that provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate where the variable rate on the issue date is intended to approximate the fixed rate (which will be conclusively presumed if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 per cent.) will be treated as a Single-Rate VRDI.

Different rules may apply to a VRDI that provides for (i) multiple variable rates or (ii) one or more variable rates and a single fixed rate (other than a fixed rate described in the preceding paragraph) (a "**Multiple-Rate VRDI**"). Under applicable Treasury Regulations, in order to determine the amount of qualified stated interest and OID (if any) in respect of a Multiple-Rate VRDI, an equivalent fixed-rate debt instrument must be constructed. The equivalent fixed-rate debt instrument is constructed in the following manner: (i) if the Multiple-Rate VRDI contains a fixed rate, that fixed rate is converted to a variable rate that preserves the fair market value of the Note and (ii) each variable rate (including a variable rate determined under (i) above) is converted to a fixed rate substitute (which generally will be

the value of that variable rate as of the issue date of the Multiple-Rate VRDI) (the "**equivalent fixed-rate debt instrument**"). The rules discussed in "*Original Issue Discount*" are then applied to the equivalent fixed-rate debt instrument to determine the amount, if any, of OID. A U.S. Holder will be required to include any such OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest, as described above under "*Original Issue Discount*". The constant-yield accrual of OID on a VRDI is determined by substituting the value of the variable rate on the issue date (or, in certain cases, a fixed rate that reflects the yield that is reasonably expected for the VRDI) for each scheduled payment of the variable rate. If a Multiple-Rate VRDI is issued with OID, potentially complex rules will apply to determine the portion of each interest payment that is treated as qualified stated interest. Any portion of a payment of interest that is not treated as a payment of qualified stated interest will be taken into account in determining the stated redemption price at maturity of the relevant Note, as generally discussed above under "*Original Issue Discount*". Prospective purchasers of Multiple-Rate VRDIs are urged to consult their tax advisors regarding these special rules.

Upon the taxable disposition of a VRDI, a U.S. Holder generally will recognise capital gain or loss equal to the difference between the amount realised (other than amounts attributable to accrued qualified stated interest, which will be treated as described above) and the U.S. Holder's tax basis in the VRDI. A U.S. Holder's tax basis in a VRDI will equal the amount the U.S. Holder paid to purchase the VRDI, increased by the amounts of OID (if any) the U.S. Holder has previously included in income with respect to the VRDI and reduced by any payments other than qualified stated interest the U.S. Holder has received. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder has held the VRDI for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise.

Contingent Payment Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as contingent payment debt instruments ("**Contingent Notes**"). Under applicable U.S. Treasury Regulations, interest on a Contingent Note is treated as OID and must be accrued on a constant-yield basis using (i) a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate instrument with no contingent payments but with terms and conditions otherwise similar to the Contingent Note (the "**comparable yield**") and (ii) a projected payment schedule determined by the Issuer at the time the Contingent Note is issued (the "**projected payment schedule**"). This projected payment schedule must include each non-contingent payment on the Contingent Note and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on the Contingent Notes. The applicable Issue Terms will either contain the comparable yield and projected payment schedule, or will provide contact information through which a U.S. Holder of a Contingent Note can submit a request for this information.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE CONTINGENT NOTES FOR U.S. FEDERAL INCOME TAX PURPOSES. THEY ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF, OR THE ACTUAL YIELD ON, THE CONTINGENT NOTES.

A U.S. Holder generally will be bound by the comparable yield and the projected payment schedule determined by the Issuer unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly and timely discloses and justifies such schedule to the IRS. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

The amount of OID includible in income by a U.S. Holder of a Contingent Note is the sum of the daily portions of OID with respect to the Contingent Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder holds the Contingent Note, generally as described above in

"*Original Issue Discount*" (determined by substituting in that discussion the comparable yield for the "yield to maturity" and the projected payment schedule for the actual payments on the Note and treating no payment as qualified stated interest). Any net differences between actual payments received by the U.S. Holder on the Contingent Notes in a taxable year and the projected amounts of those payments will be accounted for as additional OID (in the case of a net positive adjustment) or as an offset to interest income in respect of the Contingent Note (in the case of a net negative adjustment) for that taxable year. If the net negative adjustment for a taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as ordinary loss in that year, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Such a loss (as well as any ordinary loss incurred in connection with the taxable disposition of a Contingent Note, as described in the following paragraph) is not subject to the limitation imposed on miscellaneous itemized deductions under Section 67 of the Code. Any net negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. Any net negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

Upon the taxable disposition of a Contingent Note prior to its stated maturity, a U.S. Holder generally will recognise taxable income or loss equal to the difference between the amount received from the taxable disposition and the U.S. Holder's tax basis in the Contingent Note. A U.S. Holder's tax basis in the Contingent Note will equal the cost thereof, increased by any interest income the U.S. Holder has previously accrued (determined by taking into account any adjustments made because the U.S. Holder purchased the Contingent Note at more or less than its adjusted issue price, as discussed in the next paragraph, but not taking into account adjustments due to differences between projected and actual payments) and decreased by the projected amounts of any payments previously made on the Contingent Note. At maturity, a U.S. Holder will be treated as receiving the projected amount for that date (reduced by any carryforward of a net negative adjustment), and any difference between the amount received and that projected amount will be treated as a positive or negative adjustment governed by the rules described above. A U.S. Holder generally must treat any income realised on the taxable disposition of a Contingent Note as interest income and any loss as ordinary loss to the extent of previous interest inclusions (reduced by the total amount of net negative adjustments previously taken into account as ordinary losses), and the balance as capital loss. If a U.S. Holder recognises a loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS. U.S. Holders should consult their tax advisors regarding this reporting obligation.

The discussions below under "*Market Discount*" and "*Notes Purchased at a Premium*" do not apply to Contingent Notes. If a U.S. Holder purchases a Contingent Note for an amount that is less than its adjusted issue price, the U.S. Holder must (i) make a positive adjustment increasing the interest the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a positive adjustment increasing the ordinary income (or decreasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment. If a U.S. Holder purchases a Contingent Note for an amount that is greater than its adjusted issue price, the U.S. Holder must (i) make a negative adjustment decreasing the interest that the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a negative adjustment decreasing the ordinary income (or increasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment.

Special rules may apply if all the remaining payments on a Contingent Note become fixed substantially contemporaneously. For this purpose, payments will be treated as fixed if the remaining contingencies with respect to them are remote or incidental. Under these rules, a U.S. Holder would be required to account for the difference between the originally projected payments and the fixed payments in a reasonable manner over the period to which the difference relates. In addition, a U.S. Holder would be required to make adjustments to, among other things, its accrual periods and its tax basis in the Contingent Note. The character of any gain or loss on a sale or exchange of the Contingent Note also might be affected. If one or more (but not all) contingent payments on a Contingent Note became fixed

more than six months prior to the relevant payment date(s), a U.S. Holder would be required to account for the difference between the original projected payment(s) and the fixed payment(s) on a present value basis. Prospective purchasers of Contingent Notes should consult their tax advisors regarding the application of these rules.

Foreign Currency Contingent Payment Debt Instruments

Special rules apply to determine the accrual of OID and the amount, timing, and character of any gain or loss on a Note that is a contingent payment debt instrument denominated in, or whose payments are determined by reference to, a foreign currency (a "**Foreign Currency Contingent Note**").

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note generally will be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated, if applicable, or in the foreign currency with reference to which payments on the Note are determined (or, in the case of a Foreign Currency Contingent Note that has payments determined by reference to more than one foreign currency, in the "predominant currency" determined under applicable Treasury Regulations) (the "**relevant foreign currency**"). A U.S. Holder of a Foreign Currency Contingent Note will apply rules similar to those applicable to Contingent Notes, as described above under "*Contingent Payment Debt Instruments*", to determine OID accruals, account for net positive or net negative adjustments, and income or loss on the taxable disposition of the Foreign Currency Contingent Note. All such determinations are made in the relevant foreign currency. A highly complex set of rules governs the translation into U.S. dollars of the amounts determined in the relevant foreign currency and the related determination of foreign currency gain or loss. Prospective purchasers of Foreign Currency Contingent Notes are urged to consult their tax advisors regarding these rules. A U.S. Holder might be required to file a disclosure statement with the IRS if the U.S. Holder recognizes foreign currency loss above certain thresholds.

Short-Term Notes

Certain modifications to the general rules apply to Notes with a term of one year or less (from but excluding the settlement date to and including the last possible date that the Notes could be outstanding pursuant to their terms) ("**Short-Term Notes**").

First, none of the interest on a Short-Term Note is treated as qualified stated interest. Instead, interest on a Short-Term Note is treated as part of the Short-Term Note's stated redemption price at maturity, thereby giving rise to OID equal to the sum of all payments on the Note less the Note's issue price. OID will be treated as accruing on a Short-Term Note ratably, or, at the election of a U.S. Holder, under a constant yield method.

Second, a cash-method holder of a Short-Term Note generally will not be required to include OID in respect of the Short-Term Note in income on a current basis. The cash-method holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Note until the maturity of the Note or its earlier taxable disposition. In addition, such a cash-method holder will be required to treat any gain realised on a taxable disposition of the Note as ordinary income to the extent of the holder's accrued OID on the Note, and as short-term capital gain to the extent the gain exceeds accrued OID. A cash-method holder of a Short-Term Note may, however, elect to accrue OID into income on a current basis. In that case, the limitation on the deductibility of interest described above will not apply. An accrual-method holder generally will be required to include OID on a Short-Term Note in income on a current basis.

Third, Short-Term Notes will not be subject to the rules applicable to Contingent Notes. However, a Short-Term Note may have special redemption features or provide for other contingent payments. These features may cause uncertainty regarding the timing and character of income to be recognised on the Short-Term Note. Prospective purchasers of Short-Term Notes with such features are urged to consult their tax advisors regarding these uncertainties.

Market Discount

If a U.S. Holder purchases a Note, other than a Short-Term Note, for an amount that is less than the Note's stated redemption price at maturity or, in the case of an OID Note, for an amount that is less than

the Note's revised issue price (i.e., the Note's issue price increased by the amount of accrued OID), the Note will be considered to have market discount (a "**Market Discount Note**"). The market discount rules are subject to a *de minimis* rule similar to the rule relating to *de minimis* OID described above (in the second paragraph under "*Original Issue Discount*"). Any gain recognised by the U.S. Holder on the taxable disposition of a Market Discount Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by the U.S. Holder.

Alternatively, the U.S. Holder may elect to include market discount in income currently over the term of the Note. Such an election will apply to debt instruments with market discount acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS. Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. Unless the U.S. Holder elects to include market discount in income on a current basis, as described above, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note.

Market discount on a Foreign Currency Note will be accrued by a U.S. Holder in the relevant foreign currency. The amount includible in income by a U.S. Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued. This is generally calculated at the spot rate of exchange on the date that the Note is disposed of by the U.S. Holder. Any accrued market discount on a Foreign Currency Note that is currently includible in income generally will be translated into U.S. dollars at the average exchange rate for the accrual period or portion of such accrual period within the U.S. Holder's taxable year.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the remaining redemption amount (as defined above under "*Original Issue Discount*") will be considered to have purchased the Note at a premium. In that case, OID rules will not apply to the Note. The holder may elect to amortise the premium, as an offset to interest income, using a constant-yield method, over the remaining term of the Note. This election, once made, generally applies to all debt instruments held or subsequently acquired by the U.S. Holder on or after the beginning of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. A U.S. Holder that elects to amortise bond premium must reduce its tax basis in a Note by the amount of the premium amortised during its holding period. Special rules may affect the U.S. Holder's ability to amortise bond premium if a Note may be redeemed at the Issuer's election at a price in excess of the Note's stated redemption price at maturity. Prospective purchasers who anticipate acquiring Notes with such features at a premium are urged to consult their tax advisors regarding these special rules. If a U.S. Holder does not elect to amortise bond premium, the U.S. Holder generally will treat the premium as capital loss when the Note matures.

Amortisable bond premium in respect of a Foreign Currency Note will be computed in the relevant currency and will reduce interest income in that currency. At the time amortised bond premium offsets interest income, foreign currency gain or loss, which will be taxable as ordinary income or loss, will be realised on the amortised bond premium on such Note based on the difference between (1) the spot rate of exchange on the date or dates such premium offsets interest payments on the Note and (2) the spot rate of exchange on the date on which the U.S. Holder acquired the Note.

Tax Consequences to Non-U.S. Holders

In General

This section describes certain generally applicable U.S. federal income tax consequences to Non-U.S. Holders in respect of Notes that the Issuer intends to treat as debt for U.S. federal income tax purposes, as evidenced by the statement under "*United States Tax Considerations*" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment is respected. The Issuer's intended treatment of the Notes is not binding on the IRS, and the IRS could disagree with it, in which case the tax consequences to a Non-U.S. Holder in respect of the Notes could be adversely affected. Certain exceptions to these general rules are discussed below under "*Effectively Connected Income*", "*Possible Application of Section 871(m) of the Code*" and "*FATCA Legislation*" and therefore this discussion is subject to, and should be read in conjunction with, the discussion contained in those sections. Interest

payments on a Note issued by Citigroup Inc. (a U.S. Issuer) should not be subject to U.S. federal withholding tax, provided that (1) the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the U.S. Issuer entitled to vote, (2) the Non-U.S. Holder is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the U.S. Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such interest is not contingent on the U.S. Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, and (4) the Non-U.S. Holder provides a statement signed under penalties of perjury that certifies that it is a non-United States person in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a non-United States person). Interest payments on a Note issued by CGMFL (a "**Non-U.S. Issuer**") generally will not be subject to U.S. federal withholding tax. Gain realised by a Non-U.S. Holder on the taxable disposition of a Note generally will not be subject to U.S. federal withholding or income tax.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a U.S. trade or business, and if income (including gain) from a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be subject to regular U.S. federal income tax with respect to that income in the same manner as if the Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. If such a Non-U.S. Holder is a corporation, the Non-U.S. Holder should also consider the potential application of a 30 per cent. (or lower treaty rate) branch profits tax. A Non-U.S. Holder would be required to provide an IRS Form W-8ECI to the applicable withholding agent to establish an exemption from withholding for amounts, otherwise subject to withholding, paid on a Note.

Possible Application of Section 871(m) of the Code

Proposed Treasury Regulations under Section 871(m) of the Code, if finalized in their current form, could impose withholding after December 31, 2015 on Non-U.S. Holders at a rate of 30 per cent. (or lower treaty rate) on amounts treated as attributable to dividends from U.S. stocks underlying financial instruments such as the Notes ("**dividend equivalents**"). Pursuant to published guidance, these Regulations are not expected to apply to Notes issued prior to 90 days after the date on which final Regulations are published, although the occurrence of a taxable event, such as a significant modification on a Note that is treated as a deemed exchange, may result in a loss of "grandfathered" status for such Notes. If a Note is issued or deemed issued on or after the 90th day after the publication of final Regulations, depending on certain conditions related to its economic terms on the date a U.S. Holder acquires (or is deemed to acquire) it, withholding may be required in respect of the Note, even prior to the Note's maturity or earlier retirement. There are material uncertainties regarding the application of these proposed rules. For instance, there is a potential exception for instruments linked to certain qualifying indices, but its scope is unclear, and the Issuer or other withholding agents may determine that withholding is required on Notes that are not "grandfathered." If withholding applies to Notes, the Issuer will not be required to pay any additional amounts with respect to amounts withheld. Prospective purchasers are urged to consult their tax advisors regarding the potential application of these proposed Regulations. In addition, prospective purchasers should note that if a Section 871(m) Event (as defined under "*Risk Factors — Section 871(m) Event*") occurs, an Early Redemption Event may occur, in which case the relevant Notes will be redeemed as more fully set out in the terms and conditions of such Notes.

FATCA Legislation

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30 per cent. on payments to certain foreign entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the Non-U.S. Holder's jurisdiction may modify these requirements. Pursuant to Treasury Regulations, this legislation generally will apply to (1) Notes issued after June 30, 2014 that pay amounts treated as U.S.-source interest and (2) Notes (other than those described in (1) issued more than six months after the effective date of the final Treasury Regulations under Section 871(m) of the Code that could be treated as paying dividend

equivalents pursuant to those final regulations. Withholding (if applicable) will apply to payments of interest after June 30, 2014, to payments of dividend equivalents under Section 871(m) made more than six months after the effective date of the final Treasury Regulations under Section 871(m), and to payments of gross proceeds of the taxable disposition of the relevant Notes after December 31, 2016. Withholding may also apply to payments after December 31, 2016 of gross proceeds of other Notes not issued by a U.S. Issuer, but this is a matter left to be resolved by future guidance. Prospective purchasers are urged to consult their tax advisors regarding FATCA, including the availability of certain refunds or credits.

U.S. Federal Estate Tax

An individual Non-U.S. Holder or an entity the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that a Note that is treated as a debt obligation for U.S. federal estate tax purposes and that is issued by a U.S. Issuer generally will not be treated as U.S. situs property subject to U.S. federal estate tax if payments on the Note, if received by the decedent at the time of death, would not have been subject to U.S. federal withholding or income tax because of the exemption from withholding of "portfolio interest." A holder that is such an individual or entity should consult its tax advisor regarding the U.S. federal estate tax consequences of investing in the Notes. A Note that is issued by a Non-U.S. Issuer generally will not be treated as U.S. situs property.

Information Reporting and Backup Withholding

Amounts paid on the Notes, and the proceeds of a taxable disposition of the Notes, may be subject to information reporting and, if a holder fails to provide certain identifying information (such as an accurate taxpayer identification number for a U.S. Holder) or meet certain other conditions, may also be subject to backup withholding at the rate specified in the Code. A Non-U.S. Holder that provides an appropriate IRS Form W-8 generally will establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a holder's U.S. federal income tax liability, provided the relevant information is timely furnished to the IRS.

THE TAX CONSEQUENCES TO HOLDERS OF OWNING AND DISPOSING OF NOTES MAY BE UNCLEAR. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF OWNING AND DISPOSING OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

UNITED KINGDOM TAXATION

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuers' understanding of current United Kingdom law and published HM Revenue & Customs ("**HMRC**") practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

Interest on Notes

Payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax where such interest is not regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Notes and prospective Noteholders should therefore take legal advice on the question of whether any particular Notes carry a right to United Kingdom source interest. In the case of interest on Notes which is regarded as having a United Kingdom source, such payments of interest may be made without deduction of or withholding on account of United Kingdom income tax in the following circumstances:

(i) where the Notes are listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland, Italy or Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange's regulated market, the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A and the Luxembourg Stock Exchange's regulated market, as applicable. Provided, therefore that the Notes remain so listed and admitted to trading, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax;

(ii) where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exception is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax; or

(iii) where the maturity of the Notes is less than 365 days (and the Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days).

In other cases where interest on the Notes is regarded as having a United Kingdom source, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information that HMRC can obtain may include details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid.

HMRC has indicated that it will not generally use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2015.

IN CERTAIN CIRCUMSTANCES THE INFORMATION WHICH HMRC HAS OBTAINED USING THESE POWERS MAY BE EXCHANGED WITH TAX AUTHORITIES IN OTHER JURISDICTIONS

LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the

effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject. Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Taxation of the holders of Notes

Withholding Tax

(i) *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 as amended (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 (the "**EU Savings Directive**") on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, a Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authorities in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under EU Savings Directive.

(ii) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

AUSTRIAN TAXATION

This section on taxation contains a brief summary of the Issuers' understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (*Investmentfondsgesetz* 2011)) shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

General remarks

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income taxation of the Notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

(a) income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;

(b) income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and broken-period interest; and

(c) income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to a loss of Austria's taxation right regarding the Notes vis-à-vis other countries, e.g. a relocation from

Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to withholding tax (*Kapitalertragsteuer*) of 25 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the investor's income tax return and is subject to tax at a flat rate of 25 per cent. In both cases upon application the option exists to tax all income subject to tax at the flat rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Sec. 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest and other claims vis-à-vis credit institutions nor against income from private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*); income subject to tax at a flat rate of 25 per cent. may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to withholding tax of 25 per cent. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless tax at a flat rate of 25 per cent.). In case of investment income without an Austrian nexus, the income must always be included in the investor's income tax return (generally tax at a flat rate of 25 per cent.). In both cases upon application the option exists to tax all income subject to tax at the flat rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to tax at the flat rate of 25 per cent., are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25 per cent. In case of investment income with an Austrian nexus (as described above) the income is subject to withholding tax of 25 per cent., which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Income from the alienation of the Notes is subject to corporate income tax of 25 per cent. Losses from the alienation of the Notes can be offset against other income (and carried forward).

Private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*) and holding the Notes as non-business assets are subject to interim taxation at a rate of 25 per cent. on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In case of investment income with an Austrian nexus (as described above) income is in general subject to withholding tax of 25 per cent., which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then withholding tax on the positive income is to be credited, with such tax credit being limited to 25 per cent. of the negative income. In certain cases the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit to the taxpayer.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011 as amended in the course of the implementation of Directive 2011/61/EU and as applicable to business years of investment funds starting after 21 July 2013, the term "foreign investment fund" comprises (i) undertakings for collective investment in transferable securities the state of origin of which is not Austria; (ii) alternative investment funds pursuant to the Austrian Act on Alternative Investment Fund Managers (*Alternative Investmentfonds Manager-Gesetz*) the state of origin of which is not Austria; and (iii) secondarily, undertakings subject to a foreign jurisdiction, irrespective of the legal form they are organized in, the assets of which are invested according to the principle of risk-spreading on the basis either of a statute, of the undertaking's articles or of customary exercise, if one of the following conditions is fulfilled: (a) the undertaking is factually, directly or indirectly, not subject to a corporate income tax in its state of residence that is comparable to Austrian corporate income tax; (b) the profits of the undertaking are in its state of residence subject to corporate income tax that is comparable to Austrian corporate income tax, at a rate of less than 15 per cent.; or (c) the undertaking is subject to a comprehensive personal or material tax exemption in its state of residence. Certain collective investment vehicles investing in real estate are exempted. To date no guidance has been issued by the tax authorities on the interpretation of this new provision. In case of a qualification as a foreign investment fund the tax consequences would substantially differ from those described above.

EU withholding tax

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – implementing Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent (*Zahlstelle*) to a beneficial owner who is an individual resident in another EU member state (or in certain dependent or associated territories, which currently include Anguilla, Aruba, the British Virgin Islands, Curaçao, Guernsey, the Isle of Man, Jersey, Montserrat, Sint Maarten and the Turks and Caicos Islands) are subject to EU withholding tax (*EU-Quellensteuer*) of 35 per cent. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from EU withholding tax if the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years. It is expected that changes to the EU Withholding Tax Act – implementing Council Directive 2014/48/EU of 24 March 2014 amending Directive 2003/48/EC on taxation of savings income in the form of interest payments – will enter into effect by 1 January 2017.

Regarding the issue of whether Notes linked to an index or indices are subject to EU withholding tax, the Austrian tax authorities distinguish between such Notes with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of Notes linked to an index or indices (e.g. a Security Index, an Inflation Index, a Commodity Index or a Proprietary Index) furthermore depends on the underlying index or indices.

Tax treaties Austria/Switzerland and Austria/Liechtenstein

The Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets and the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation provide that a Swiss, respectively Liechtenstein, paying agent has to withhold a tax amounting to 25% on, *inter alia*, interest income, dividends and

capital gains from assets booked with an account or deposit of such Swiss, respectively Liechtenstein, paying agent if the relevant holder of such assets (i.e. in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company [*Sitzgesellschaft*]) is tax resident in Austria. The same applies to such income from assets managed by a Liechtenstein paying agent if the relevant holder of the assets (i.e. in general individuals as beneficial owners of a transparent structure) is tax resident in Austria. For Austrian income tax purposes this withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaties, however, do not apply to interest covered by the agreements between the European Community and the Swiss Confederation, respectively the Principality of Liechtenstein, regarding Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss, respectively Liechtenstein, paying agent to disclose to the competent Austrian authority the income, which subsequently has to be included in the income tax return.

Austrian inheritance and gift tax

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at the flat rate of 25 per cent. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate generally is 2.5 per cent., with a higher rate of 25 per cent. applying in special cases. Special provisions apply to transfers of assets to entities falling within the scope of the tax treaty between Austria and Liechtenstein.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

BELGIAN TAXATION

The following summary describes the principal Belgian tax considerations with respect to the holding of Notes obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Notes. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into shares, of the exercise, settlement or redemption of such Notes.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account the influence of each regional, local or national law.

Individuals resident in Belgium

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Notes as a private investment, are subject to the following tax treatment in Belgium with respect to the Notes. Other tax rules apply to Belgian resident individuals holding the Notes not as a private investment but in the framework of their professional activity or when the transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

Under Belgian tax law, "interest" income includes: (i) periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in the case of a realisation of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. In general, notes are qualified as fixed income security if there is a causal link between the amount of interest income and the detention period of the notes, on the basis of which it is possible to calculate the amount of *pro rata* interest income at the moment of the sale of the notes during their lifetime.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments. They may nevertheless elect to declare interest in respect of the Notes in their personal income tax return.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 25 per cent. (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is more beneficial). If the interest payment is declared, any withholding tax retained may be credited and any excess may be refunded.

Capital gains realised upon the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless and to the extent the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident corporations

Corporations that are Belgian residents for tax purposes, i.e., corporations subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*") are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax at the ordinary rate of 33 per cent. plus a 3 per cent. crisis surcharge, i.e., of 33.99 per cent. Capital losses on the Notes are in principle tax deductible.

Payments of interest (as defined in the section "Individuals resident in Belgium") on the Notes made through a Belgian establishment of a financial intermediary will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, the interest can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Other Belgian legal entities

Legal entities that are subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*Impôt des personnes morales*") are subject to the following tax treatment in Belgium with respect to the Notes.

Payments of interest (as defined in the section "Individuals resident in Belgium") on the Notes made through a Belgian establishment of a financial intermediary will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium, i.e. without the intervention of a financial intermediary in Belgium, the legal entity itself is liable for the payment of the Belgian 25 per cent. withholding tax.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless and to the extent the capital gain qualifies as interest (as defined in the section "Individuals resident in Belgium"). Capital losses on the Notes are in principle not tax deductible.

Organisation for Financing Pensions

Belgian pension fund entities that have the form of an Organisation for Financing Pensions in the meaning of the law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision ("**OFP**") are subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*"). OFPs are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived on the Notes and capital gains realised on the Notes will not be subject to Belgian Corporate Income Tax in the hands of OFPs. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian non-residents

The interest income on the Notes paid to a Belgian non-resident outside of Belgium, i.e. without the intervention of a Belgian establishment of a financial intermediary, is not subject to Belgian withholding tax.

Interest income on the Notes paid through a Belgian intermediary will in principle be subject to a 25 per cent. Belgian withholding tax, unless the Note holder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit.

Non-resident Noteholders that have not allocated the Notes to business activities in Belgium can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or usufructors of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

Non-resident Noteholders using the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident corporations (see above).

Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax. However, such non-residents may be liable to Belgian income tax on capital gains realised on the Notes (excluding the accrued interest component included in such capital gain) if the following three conditions are cumulatively met: (i) the capital gain would have been taxable if the investor were a Belgian tax resident (ii) the capital gain is realised upon a transfer of the Notes to a Belgian resident individual, a Belgian resident company or entity, a Belgian public authority or a Belgian establishment and (iii) the capital gain is taxable in Belgium pursuant to the applicable double tax treaty, or, if no such tax treaty applies, the investor does not demonstrate that the capital gain is effectively taxed in his State of residence.

Tax on stock exchange transactions and tax on repurchase transactions

A stock exchange tax ("*Taxe sur les opérations de bourse*", "*Taks op de beursverrichtingen*") will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of EUR 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

A tax on repurchase transactions ("*Taxe sur les reports*", "*Taks op de reportverrichtingen*" at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 650 per transaction and per party).

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2° of the Code of various duties and taxes ("*Code des droits et taxes divers*", "*Wetboek diverse rechten en taksen*") for the taxes on stock exchange transactions.

REPUBLIC OF CYPRUS

The following is a general summary of certain tax aspects of the Notes under Cypriot law practice in force and applied as at the date of this Base Prospectus and does not purport to be a comprehensive description of all tax aspects relating to Notes. This summary does not analyse the tax position of the Issuer and it does not constitute, nor should it be construed as, tax or legal advice. Prospective investors should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of Notes and of receiving interest on any Notes.

Introduction

In accordance with the provisions of the Income Tax Law, Law 118(I)/2002 (as amended) (the "**Income Tax Law**") a person (natural or legal) is liable to tax on its worldwide income on the basis of residency.

A person is resident in Cyprus for the purposes of the Income Tax Law where, in the case of a natural person, that person is present in Cyprus for a period (or periods in aggregate) exceeding 183 days in the tax year and, in the case of a company, its management and control is exercised in Cyprus. The tax year for the purposes of the Income Tax Law coincides with the calendar year.

Non-Cyprus tax residents are taxed on income derived from sources in Cyprus or from a business activity which is carried out through a permanent establishment in Cyprus. A company is regarded as having a "permanent establishment" in Cyprus, if it has a fixed base of business through which the business is carried out fully or partially, including a management base, a branch or an office.

Interest Income

Non-Cyprus Tax Residents

Persons (natural and legal) who are not resident for tax purposes pursuant to the provisions of the Income Tax Law will not be liable for any income tax or for the special contribution defence tax (as described below). Payments of interest made by the Issuer to such persons will not be subject to any Cyprus withholding taxes.

Cyprus tax resident individuals

Interest income received by or credited to a Cyprus tax resident individual is subject to special defence contribution levy at the rate of 30 per cent. pursuant to the provisions of the Special Defence Contribution Law, Law 117(I)/2002 (as amended) (the "**SCDF Law**"). Interest received or credited by a Cyprus tax resident individual, considered to arise in the ordinary course of the individual's business

or considered closely connected thereto shall be treated as personal income and subject to income tax pursuant to the Income Tax Law.

Cyprus tax resident companies that pay interest in respect of which special contribution defence tax is due to Cyprus tax resident individuals are obliged to withhold the special contribution defence tax at source and remit the tax to the Cypriot tax authorities.

Cyprus tax resident companies

Any interest accruing or received by a Cyprus resident company which is considered to arise in the ordinary course of the business or is considered closely connected thereto shall be subject only to (corporate) income tax at the rate of 12.50 per cent. Such income will not be liable to any tax under the SCDF Law.

Interest income not arising in the ordinary course of business or being considered closely connected thereto shall be exempt from (corporate) income tax and shall be subject to tax under the SCDF Law at the rate of 30 per cent.

Profit from the Disposal of the Notes

Any gains derived from the disposal of Notes by a Cyprus resident individual or company are exempt from income tax in Cyprus.

Any gains from the disposal of Notes are not subject to Cyprus income tax, irrespective of the trading nature of the gain, the number of Notes held or the period for which the Notes were held. Any gain is also outside the scope of application of the Capital Gains Tax Law 1980-2002 (as amended).

Interest income is, however, subject to the treatment set out above.

Savings Directive

Cyprus has enacted into Cyprus law EU Directive 2003/48/EC relating to the taxation of savings by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Cypriot Council of Ministers issued the Assessment and Collection of Tax (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Savings Directive standards on Cypriot financial institutions making EU cross-border savings interest payments to individuals resident in other EU Member States of (a) an individual's identity and permanent address, (b) the name and address of the paying agent and (c) the bank account details.

Stamp Duty

Following the enactment of the Stamp Duty (Amendment) (No. 2) Law 2002, section 4 of the Stamp Duty Law, Law 19/1963 as amended provides that:

"(1) every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty therefore respectively if it relates to any asset situated in the Republic or to matter or things which shall be performed or done in the Republic irrespective of the place where the document is made."

In accordance with the principles of rulings of the Commissioner of Stamp Duty, an issue of Notes by the Issuer will not be liable to stamp duty where the proceeds of the issue will remain outside Cyprus, will be utilised for purposes outside Cyprus and the obligation under such Notes will be repaid outside Cyprus.

Transfers of Notes effected outside of Cyprus between non-residents of Cyprus do not attract stamp duty in Cyprus, provided that the transferor and the transferee are not residents of Cyprus.

CZECH TAXATION

General

The information set out below is only a summarised description of Czech withholding tax treatment and it does not deal with any other Czech tax consequences of the purchase, holding and disposition of Notes. The holders of Notes should consult their own tax advisors as to the consequences under the tax laws of the country of which they are residents for tax purposes and the tax laws of the Czech Republic concerning the purchase, holding and disposition of Notes and receiving payments of interest, principal and/or other payments under Notes, including, in particular, the application to their concrete situation of the tax considerations discussed below as well as the application of the state, local, foreign or other tax laws.

This summary is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

For the purposes of this summary, it has been assumed that the Issuer is not resident for tax purposes nor has it any permanent establishment in the Czech Republic.

Withholding tax

All interest payments to be made by the Issuer under the Notes may be made free of withholding or deduction of, for or on the account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Czech Republic or any political subdivision or taxing authority thereof or therein.

Securing tax

In general, pursuant to the Czech tax law, Czech tax residents (or Czech permanent establishments of Czech non-residents) acquiring the Notes are required, under their own responsibility, to withhold and to remit to Czech tax authorities a 1 per cent. securing tax from the purchase price when purchasing investment instruments, such as the Notes, from a seller who is resident for tax purposes outside the European Union or the European Economic Area. Such obligation can be eliminated under a tax treaty concluded between the Czech Republic and the country in which the seller is a tax resident. Furthermore, it can be waived in advance based on a decision of Czech tax authorities.

DUTCH TAXATION

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For the purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title to the relevant Notes, but to whom nevertheless such Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in such Notes or the income thereof. This summary is intended as general information only for holders of Notes who are residents or deemed residents of the Netherlands for Netherlands tax purposes. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of in the acquisition, holding, settlement, redemption and disposal of any Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(i) Investment institutions (*fiscale beleggingsinstellingen*);

(ii) Pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or exempt from Netherlands corporate income tax;

(iii) holders of Notes holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (*fictief aanmerkelijk belang*) in the relevant Issuer and holders of Notes of whom a certain related person holds a substantial interest in the relevant Issuer. Generally speaking, a substantial interest in the relevant Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (a) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the relevant Issuer, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the relevant Issuer;

(iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting* 2001) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet* 1956);

(v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, and such Notes are attributable to such permanent establishment or permanent representative; and

(vi) individuals to whom Notes or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the relevant Issuer is neither a resident of the Netherlands nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Netherlands Withholding Tax

All payments made by the relevant Issuer under Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Netherlands Corporate and Individual Income Tax

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes or has opted to be treated as a resident of the Netherlands, for individual income tax purposes income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds any Notes, must determine taxable income with regard to such Notes on the basis of a deemed return on income from

savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.

Netherlands Gift and Inheritance Tax

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of any Notes by way of gift by, or on the death of, a holder of such Notes, unless:

(i) the holder of such Notes is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions of The Netherlands gift and inheritance tax; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions of The Netherlands gift and inheritance tax.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of Notes or in respect of a cash payment made under any Notes, or in respect of a transfer of any Notes.

Other Netherlands Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of any Notes.

FINNISH TAXATION

The following is a general description of certain tax considerations relating to Notes. They relate only to payments by the relevant Issuer or the CGMFL Guarantor (where the Issuer is CGMFL) to beneficial owners of the Notes and may not apply to certain classes of persons such as Dealers. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes with retroactive effect.

For the purpose of the Finnish tax consequences described herein, it is assumed that each of the relevant Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) is neither a resident nor deemed to be a resident of Finland for Finnish tax purposes.

General

Finnish residents and non-residents are treated differently for tax purposes in Finland. Finnish residents are subject to taxation in Finland on their worldwide income. Non-residents who are not generally liable for tax in Finland are subject to taxation in Finland solely in respect of their Finnish source income. Generally, an individual is deemed to be a Finnish resident if such an individual continuously resides in Finland for more than six months or if the permanent home and dwelling of such an individual is in Finland. A citizen of Finland who has moved abroad is regarded as resident for Finnish tax purposes until three years have passed after the end of the year of emigration, even though the individual does not reside in Finland over six months or the permanent home and dwelling are not located in Finland, if such an individual cannot prove that he/she has not had any essential relationship to Finland in the tax

year in question. Entities established under the laws of Finland are regarded as residents of Finland in accordance with domestic tax law. Double tax treaties may restrict the authority of the Finnish state to tax foreign source income of an individual or entity deemed as resident of Finland pursuant to Finnish domestic tax law.

Resident holders of Notes

Under present Finnish domestic tax law, holders of Notes, who are resident in Finland for tax purposes, are as a general rule subject to Finnish tax on interest payments received under the Notes and on gains realised on the sale, exchange, redemption or other disposition of the Notes.

Individuals

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by individual holders of Notes and capital gain accrued on the Notes is generally taxed as capital income unless the Notes are considered to belong to the business activity of an individual. Capital income is taxed at a flat rate of 30 per cent. to the extent the annual capital income of the individual does not exceed EUR 40,000. If the capital income exceeds EUR 40,000 the tax rate is 32 per cent.

Losses realised on the sale or redemption of Notes should be deductible against capital gains. The losses are only deductible against capital gains arising in the same year and the following five years.

Income and gains from Notes considered to belong to the business activity of an individual for Finnish tax purposes are included in the total business income of such individual. The business income will be divided according to the Finnish Income Tax Act to be taxed as capital income (taxed at the rate of 30 or 32 per cent.) and earned income taxed at a progressive tax rate.

Corporates

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by corporate holders of Notes and capital gain accrued on the Notes is generally taxed as business income or other income, taxed at the corporate income tax rate of 20 per cent. Losses realised should be deductible against business income (where the Notes are considered business assets) or against capital gains in the other income source.

Tax exemptions may apply with respect to certain categories of corporate holders of Notes, such as tax exempt investment institutions, pension funds or other entities that are exempt from Finnish corporate income tax.

Non-Resident Holders of Notes

Holders of Notes who are not resident in Finland for tax purposes and who do not conduct business through a permanent establishment in Finland will not be subject to Finnish taxes either on payments in respect of the Notes or gains realised on the sale, exchange, redemption or other disposition of the Notes. Where the income under the Notes is attributable to a permanent establishment of a Non-resident holder of the Notes, the taxation would generally follow the taxation of resident holders of the Notes (see Corporates above).

Withholding

Neither the relevant Issuer nor the CGMFL Guarantor is under an obligation to perform any withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by Finland or any political subdivision or taxing authority thereof or therein in respect of any payments under the Notes. Further, such payments may be made free of any withholding when the recipient of the payment is not resident in Finland for tax purposes, or is a corporate resident in Finland for tax purposes.

An agent or intermediary resident in Finland shall deduct a preliminary withholding tax of 30 per cent from any interest, interest compensation (FI: *jälkimarkkinahyvitys*) or index compensation, (FI:

indeksihyvitys) paid to an individual residing in Finland where such payment is made through the agent or intermediary.

Transfer Taxation

A transfer of the Notes is not subject to Finnish transfer taxation.

FRENCH TAXATION

The following is a summary addressing only the French compulsory withholding tax treatment of ***income arising from the Notes. This summary is (i) based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that Citigroup Inc., CGMFL and the CGMFL Guarantor are not French residents for French tax purposes and the Notes and the CGMFL Deed of Guarantee (and any transaction in connection therewith) are not attributed or attributable to a French branch, permanent establishment or fixed place of business of the Issuer or the CGMFL Guarantor. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.***

Withholding tax

All payments by the Issuer and, if the Issuer is CGMFL, the CGMFL Guarantor in respect of the Notes will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

However, if the paying agent is established in France and subject to certain limited exceptions, interest and other similar revenues received from 1 January 2013 by individuals who are fiscally domiciled in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and other similar revenues paid by paying agents established in France to individuals who are fiscally domiciled in France.

EU Savings Directive

The EC Council Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 ter of the French tax code (*Code général des impôts*), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

GERMAN TAXATION

The following is a general discussion of certain German tax consequences of the acquisition, ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon. It does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche, the following section only provides some very generic information on the possible tax treatment and has to be read in conjunction with the more specific information on the taxation of each Series or Tranche of Notes as provided in the relevant Final Terms. Furthermore, the

taxation of the different types of Notes may differ from each other. The following summary only describes the tax treatment of Notes in general and certain particularities with respect to individual types of Notes. Where the term "certificates" is used in the following summary it refers – according to a German understanding of the term – to certain types of Notes linked to an underlying.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the acquisition, the ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents. Only these advisers will be able to take into account appropriately the details relevant to the taxation of the respective holders of the relevant Notes.

Tax Residents

Private Investors

Interest/Capital gains

Interest payable on Notes to persons holding such Notes as private assets ("**Private Investors**") who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) qualifies as investment income (*Einkünfte aus Kapitalvermögen*) according to Sec. 20 para 1 German Income Tax Act (*Einkommensteuergesetz*) and is, in general, taxed at a separate flat tax rate of 25 per cent. (*Abgeltungsteuer*, in the following also referred to as "**flat tax**"), plus 5.5 per cent. solidarity surcharge thereon according to Sec. 32d para. 1 German Income Tax Act and, if applicable, church tax. Capital gains from the sale, assignment or redemption of Notes, including the original issue discount and interest having accrued up to the disposition of a Note and credited separately ("**Accrued Interest**", *Stückzinsen*), if any, qualify – irrespective of any holding period – as investment income pursuant to Sec. 20 para. 2 German Income Tax Act and are also taxed at the flat tax rate of 25 per cent., plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale.

Capital gains are determined by taking the difference between the sale, assignment or redemption price (after the deduction of expenses directly and factually related to the sale, assignment or redemption) and the acquisition price of the relevant Notes. Where the relevant Notes are issued in a currency other than Euro the sale, assignment or redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the acquisition date and the sale, assignment or redemption date respectively.

Expenses (other than such expenses directly and factually related to the sale, assignment or redemption) related to interest payments or capital gains under Notes are – except for a standard lump sum (Sparer Pauschbetrag) of Euro 801 (Euro 1,602 for married couples filing jointly) – not deductible.

According to the flat tax regime losses from the sale, assignment or redemption of Notes can only be set-off against other investment income including capital gains. If the set-off is not possible in the assessment period in which the losses have been realised, such losses can be carried forward into future assessment periods only and can be set-off against investment income including capital gains generated in these future assessment periods.

Particularities apply with respect to so-called full risk certificates with several payment dates. According to the decree of the German Federal Ministry of Finance (Bundesfinanzministerium) dated 9 October 2012 (IV C1 – S 2252/10/10013), which is subject to controversial discussions among tax experts, all payments to the investor under such full risk certificates that are made prior to the final maturity date shall qualify as taxable income from an "other capital receivable" (sonstige Kapitalforderung) pursuant to Sec. 20 para 1 no. 7 German Income Tax Act, unless the offering terms and conditions contain that such payments shall be redemption payments. If there is no final redemption payment, the final maturity date shall not constitute a sale-like event in the meaning of Sec. 20 para. 2 German Income Tax Act. Therefore, capital losses, if any, shall not be deductible. The same applies with respect to so-called knock-out and other certificates, if the investor does not receive any payment at the final maturity date or the relevant certificate will be prematurely cancelled according to its terms

and conditions because the underlying reaches or breaks any knock-out threshold or barrier prior to the final maturity date.

Although this decree only refers to certain types of certificates, it cannot be excluded that the German tax authorities may apply the above described principles to other kinds of certificates as well. Further, the German Federal Ministry of Finance in its decree dated 9 October 2012 (IV C.1 – S 2252/10/10013) has taken the position that a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) shall, in general, not be treated as a sale, so that losses suffered upon such bad debt loss or waiver shall not be deductible for tax purposes. Again, this position is subject to controversial discussions among tax experts. In this respect, it is not clear, as well, whether the position of the tax authorities may affect securities which are linked to a reference value in case such value decreases. Furthermore, restrictions with respect to the claiming of losses may also apply if certain types of Notes would have to be qualified as derivative transactions (*Termingeschäfte*) and mature worthless. Moreover, according to the decree dated 9 October 2013 (IV C 1 – S 2252/10/10013) the German Federal Ministry of Finance holds the view that a disposal (*Veräußerung*) (and, as a consequence, a tax loss resulting from such disposal) shall not be recognized if the sales price does not exceed the actual transaction cost.

Withholding

If Notes are held in custody with or administered by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank ("**Disbursing Agent**"), the flat tax at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be withheld by the Disbursing Agent on interest payments and the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses directly and factually related to the sale, assignment or redemption) over the acquisition costs for the relevant Notes (if applicable converted into Euro terms on the basis of the foreign exchange rates as of the acquisition date and the sale, assignment or redemption date respectively). In the case of interest and capital gains received after 31 December 2014, church tax is collected by way of withholding as a standard procedure unless the Private Investor filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). The Disbursing Agent will provide for the set-off of losses against investment income including capital gains from other securities. If, in the absence of sufficient investment income derived through the same Disbursing Agent, a set-off is not possible, the holder of Notes may – instead of having a loss carried forward into the following year – file an application with the Disbursing Agent until 15 December of the current fiscal year for a certification of losses in order to set-off such losses against investment income derived through other institutions in the holder's personal income tax return. If custody has changed since the acquisition and the acquisition data is not proved as required by Sec. 43a para. 2 German Income Tax Act or not relevant, the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be imposed on an amount equal to 30 per cent. of the proceeds from the sale, assignment or redemption of the relevant Notes. In the course of the tax withholding provided for by the Disbursing Agent foreign taxes may be credited in accordance with the German Income Tax Act. Taxes withheld on the basis of the EU Savings Directive may be credited in the course of the tax assessment procedure.

If Notes are not kept in a custodial account with a Disbursing Agent, the flat tax will apply on interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the relevant Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*), if any. In this case proceeds from the sale, assignment or redemption of the relevant Notes will also be subject to the withholding of the flat tax.

In general, no flat tax will be levied if the holder of a Note filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent (in the maximum amount of the standard lump sum of Euro 801 (Euro 1,602 for married couples filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat tax will be deducted if the holder of a Note has submitted to the Disbursing Agent a valid certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

For Private Investors, the withheld flat tax is, in general, definitive. Exceptions apply, if and to the extent the actual investment income exceeds the amount which was determined as the basis for the withholding of the flat tax by the Disbursing Agent. In such case, the exceeding amount of investment income must be included in the Private Investor's income tax return and will be subject to the flat tax in the course of the assessment procedure. According to the decree of the German Federal Ministry of Finance dated 9 October 2012 (IV C 1 – S 2252/10/10013), however, any exceeding amount of not more than Euro 500 per assessment period will not be claimed on grounds of equity, provided that no other reasons for an assessment according to Sec. 32d para. 3 German Income Tax Act exist. Further, Private Investors may request that their total investment income, together with their other income, be subject to taxation at their personal, progressive income tax rate rather than the flat tax rate, if this results in a lower tax liability. In order to prove such investment income and the withheld flat tax thereon, the investor may request a certificate in officially required form from the Disbursing Agent.

Investment income not subject to the withholding flat tax (e.g. if there is no Disbursing Agent) must be included in the personal income tax return and will be subject to the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), unless the investor requests the investment income to be subject to taxation at lower personal, progressive income tax rate. In the course of the assessment procedure withholding tax levied on the basis of the EU Savings Directive and foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

Application of the tax provisions of the German Investment Tax Act

Tax consequences different from those discussed above would arise if the respective Notes were to be regarded as foreign investment fund units (*Investmentanteile*). According to previous understanding, index or fund linked securities were, in principle, not regarded to represent foreign investment fund units. Whether this still applies after the German Investment Act (*Investmentgesetz*) has been replaced by the German Investment Code (*Kapitalanlagegesetzbuch*) with effect from 22 July 2013 and the corresponding amendment of the German Investment Tax Act (*Investmentsteuergesetz*) through the German Act on the Adoption of the German Investment Tax Act in connection with the AIFM Directive (AIFM Adoption Act, *AIFM-Steuer-Anpassungsgesetz*) has not been finally clarified yet. However, there are good arguments that index or fund linked securities will remain to be exempted from the scope of application of the German Investment Tax Act.

Business Investors

Interest payable on Notes to persons holding the relevant Notes as business assets ("**Business Investors**") who are tax residents of Germany (i.e. Business Investors whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) and capital gains from the sale, assignment or redemption of Notes, including the original issue discount and Accrued Interest, if any, are subject to income tax at the Business Investor's personal, progressive income tax rate (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), or, in case of corporate entities, to corporate income tax at a uniform 15 per cent. tax rate (plus 5.5 per cent. solidarity surcharge thereon). Such interest payments and capital gains may also be subject to trade tax if the relevant Notes form part of the property of a German trade or business. Losses from the sale, assignment or redemption of Notes are, in general, recognised for tax purposes; this may be different if certain (in particular index linked) Notes qualify as derivative transactions.

Withholding tax, if any, including solidarity surcharge thereon is credited as a prepayment against the Business Investor's personal, progressive or corporate income tax liability and the solidarity surcharge in the course of the tax assessment procedure, i.e. the withholding tax is not definitive. Any potential surplus will be refunded. However, in general and subject to further requirements, no withholding deduction will apply on capital gains from the sale, assignment or redemption of Notes if (i) such Notes are held by a corporation, association or estate in terms of Sec. 43 para. 2 sentence 3 no. 1 German Income Tax Act or (ii) the proceeds from such Notes qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the required official form according to Sec. 43 para. 2 sentence 3 no. 2 German Income Tax Act (*Erklärung zur Freistellung vom Kapitalertragsteuerabzug*).

Withholding tax levied on the basis of the EU Savings Directive and foreign taxes may be credited in accordance with the German Income Tax Act. Alternatively, foreign taxes may also be deducted from the tax base for German income tax purposes.

Non-residents

Interest payable on Notes and capital gains, including Accrued Interest, if any, are not subject to German taxation, unless (i) the relevant Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of the relevant Notes; (ii) the interest income otherwise constitutes German-source income; or (iii) the relevant Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale, assignment or redemption of the relevant Notes are paid by a Disbursing Agent upon presentation of a coupon to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*), if any. In the cases (i), (ii) and (iii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, as a rule, exempt from German withholding tax and the solidarity surcharge thereon, even if the relevant Notes are held in custody with a Disbursing Agent. However, where the investment income is subject to German taxation as set forth in the preceding paragraph and the relevant Notes are held in a custodial account with a Disbursing Agent or in case of a *Tafelgeschäft*, withholding tax is levied as explained above under "*Tax Residents*", the withholding tax may be refunded based upon German national tax law or an applicable tax treaty.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany if, in the case of inheritance tax, neither the decedent nor the beneficiary or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery, execution or conversion of Notes. Currently, net assets tax is not levied in Germany.

European Directive on the Taxation of Savings Income

Germany has implemented the EU Savings Directive (2003/48/EC) into national legislation by means of an Interest Information Regulation (*Zinsinformationsverordnung*, ZIV) in 2004. Starting on 1 July 2005, Germany has therefore begun to communicate all payments of interest on Notes and similar income with respect to Notes to the beneficial owner's Member State of residence if such Notes have been kept in a custodial account with a Disbursing Agent. Please note that, on 24 March 2014, the European Council formally adopted a directive amending the EU Savings Directive. The Member States will have to have legislation in place to implement the new rules by 1 January 2016.

GREEK TAXATION

*The following summary describes the principal Greek taxation consequences of the subscription, holding, redemption and disposal of the Notes by tax residents in the Hellenic Republic ("**Greece**") or investors otherwise subject to Greek taxation (due to a permanent establishment in Greece) (for the purposes of this summary, the "**Greek Investors**"), but it is not intended as tax advice to any particular investor nor does it purport to be a comprehensive description of all Greek taxation considerations thereof.*

As a general remark, Greek tax laws are very volatile and may be amended or interpreted differently from their current interpretation and application at any time and more than once during the life of an issue of Notes. This summary is based on the tax legislation, published case law, ministerial decisions and other regulatory acts of the respective Greek authorities as in force at the date of this Base

Prospectus and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

*The Greek taxation framework was significantly amended and reformed by virtue of Greek Law 4172/2013 as amended and in force (the "**Greek Income Tax Code**" or "**GITC**"). All regulations issued under the previous income tax code were repealed, thus past administrative practice may not be followed going forward. As a result, no precedent on how the tax authorities will treat the tax events described in the majority of the following analysis exists. For this reason, the discussion below on Greek withholding tax is qualified in its entirety.*

Holders of the Notes are urged to consult their professional advisers. Furthermore, the below discussion is limited to the payment of interest under the Notes and their corresponding treatment as debt securities.

This summary does not constitute a complete analysis and, therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal by reference to the particular characteristics of each investor. There may be special tax laws and rates applicable to specific categories of investors (such as mutual funds and insurance companies), which are not dealt with by this summary. In addition, no reference is made to any credit or exemption mechanisms applying in the context of international treaties for the avoidance of double taxation.

For the purposes of this section, it is assumed that none of Citigroup Inc., CGMFL and the CGMFL Guarantor is a resident of Greece for Greek taxation purposes.

Furthermore, it is noted that the Greek tax legislation does not explicitly provide for specific rules for the tax treatment of combined instruments in terms of Notes, the performance of which is linked to the performance of an underlying, financial index or basket of assets. Therefore, the discussion below is limited to the payment of interest under the Notes and their corresponding treatment as debt securities.

Greek withholding tax on interest income under the Notes

Pursuant to GITC, payments of interest on the Notes and held by holders who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes will not be subject to Greek income tax, provided that such payments are made outside of Greece by a paying or other similar agent who neither resides nor maintains a permanent establishment in Greece for Greek tax law purposes.

Holders of the Notes who either reside or maintain a permanent establishment in Greece for Greek tax law purposes will be subject to Greek withholding income tax at a flat rate of 15%, if such payments are made directly to such Greek tax resident holders of the Notes by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding exhausts the tax liability of the holders who are natural persons (individuals), while it may not for other types of holders of the Notes.

The withholding will be applied on the date of payment of the interest under the Notes or on any date on which a holder sells any Notes with reference to the interest accrued during the relevant interest period up to the time of such sale. In any case, the tax basis for withholding is the amount of interest accrued from the date the holder acquired the Notes to the following interest payment date or from the date the holder acquired the Notes to the date of sale thereof if no interest payment date has occurred, in each case, determined with reference to the nominal value of the disposed Notes.

Such withholding will be imposed on payments by credit institutions registered or established in Greece, qualifying as paying agents within the meaning of article 4(2) (a) of Law 3312/2005 implementing into Greek Law Directive 2003/48/EC on taxation of savings income in the form of interest payments – the "**Implementing Law**"), upon collection of interest on behalf of the Greek tax residents.

Capital gains realised from the disposal of the Notes

According to the GITC, for the calculation of the capital gains tax, the difference between the actual sale price and the price paid for the acquisition of the Notes by the seller is taken into account.

Capital gains resulting from the disposal of the Notes and received by holders who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes will not be subject to Greek income tax.

Holders of the Notes who reside in Greece for Greek tax law purposes and who are natural persons (individuals) will be subject to Greek income tax at a flat rate of 15%. In the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26% - 33%). Holders of the Notes who are legal persons and reside or have a permanent establishment in Greece for Greek tax law purposes will be subject to Greek corporate tax either at the rate of 26% (if keeping double entry books) or according to the tax rate scale of 26% - 33% (if keeping single entry books).

Implementation of EU Savings Directive

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories. A proposal for amendments to the EU Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above.

Greece implemented the EU Savings Directive by virtue of the Implementing Law. Under the Implementing Law, Greek paying agents paying interest payable under the Notes, or securing the payment of interest for the benefit of, any individual holder (natural person), who is not a resident of Greece for tax purposes, shall be required to report to the Greek competent authority, being the Directorate of International Financial Affairs of the Ministry of Economy and Finance, certain information, consisting of, at least, the identity and residence of such individual holder of the Notes, the name and address of the paying agent, the account number of such individual holder of the Notes and information concerning such interest payment. The Directorate of International Financial Affairs of the Ministry of Economy and Finance shall in turn communicate the above information to the respective competent authority of the Member State in which such holder of Notes retains its residence for tax purposes. A reporting process is established in certain cases also where the paying agent is paying interest payable under the Notes to or securing the payment of interest for the benefit of certain categories of EU-based entities (other than Greek), as defined in the Implementing Law, which interest is secured, or collected for the benefit of the ultimate individual holder of the Notes. Also, specific obligations have been imposed on Greek entities, collecting or receiving interest for the benefit of the ultimate individual holder of the Notes, by a Ministerial Decision of the Ministry of Economy and Finance. The enactment of the Implementing Law commenced on 1 July 2005.

HUNGARIAN TAXATION

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax

considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of Notes by non-Hungarian holders, or the payment of interest under Notes may trigger additional tax payments in the country of residence of the relevant holder, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

Withholding tax (foreign resident individual holders)

The payments of interest on and capital gains realised upon the redemption or sale of publicly offered and traded Notes ("**Interest Income**") is taxed at 16 per cent. Notes listed on a regulated market of a Member State are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of a Member State is considered as other income ("**Other Income**") which is part of the individual's aggregated tax base and is taxed at a rate of 16 per cent. (and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, capital gains income ("**Capital Gains Income**"). The tax rate applicable to Capital Gains Income is 16 per cent., while health care contribution of 14 per cent. (capped at 450,000 Hungarian Forint ("**HUF**")) may also be payable on the basis of Capital Gains Income.

Foreign resident individual holders are subject to tax in Hungary only if they realise Interest Income from Hungarian sources or income that is otherwise taxable in Hungary if the international treaty or reciprocity so requires. Interest Income should be treated as having a Hungarian source where:

- the relevant Issuer is resident in Hungary for tax purposes;
- the relevant Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes issued by it is paid by the Hungarian permanent establishment of the relevant Issuer; or
- the foreign resident individual holder has a permanent establishment in Hungary to which the Interest Income is attributable.

The tax on payments of the Interest Income is to be withheld by the "Payor" (*kifizető*) (as defined below).

Pursuant to Act XCII of 2003 on the Rules of Taxation ("**ART**") a "**Payor**" means a Hungarian resident legal person, organisation or private entrepreneur who provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, "**Payor**" shall mean such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a "**Payor**".

Interest, as defined by Schedule 7 of the ART (which implements the provisions of the Savings Directive), realised on Notes by citizens of any other Member State is not subject to Hungarian tax where a paying agent based in Hungary provides data to the Hungarian state tax authority on the basis of Schedule 7 of the ART.

A foreign resident individual holder who does not have a permanent establishment in Hungary is not subject to tax in Hungary if he realises Capital Gains Income from Hungary since such income is not considered as Hungarian source income.

Please note that the provisions of applicable double tax conventions, if any, should be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

Withholding tax (foreign resident corporate holders)

Interest on Notes paid to foreign resident corporate holders who do not have a permanent establishment in Hungary by resident legal entities or other persons and any capital gains realised by such foreign resident holders on the sale of the Notes is not subject to tax in Hungary.

The tax liability of a foreign resident corporate holder, which has a permanent establishment in Hungary is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

Taxation of Hungarian resident individual holders

The Act CXVII of 1995 on Personal Income Tax (the "**Personal Income Tax Act**") applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders, Interest Income is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities. Notes listed on a regulated market of a Member State are considered publicly offered and traded Notes. The withholding tax on Interest Income is currently 16 per cent. Pursuant to Act LXVI of 1998 on Healthcare Contributions, Interest Income is also subject to a healthcare contribution of 6 per cent.

The proceeds paid on privately placed Notes which are not listed on a regulated market of a Member State are considered as Other Income which is taxable at a rate of 16 per cent. (and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, Capital Gains Income. The tax rate applicable to Capital Gains Income is 16 per cent., while the rate of health care contribution payable on the basis of Capital Gains Income is 14 per cent. (capped at HUF 450,000).

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (*kifizető*) (as defined below) to withhold tax on the interest payments to individual holders.

Pursuant to the ART the definition of a "**Payor**" covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, "**Payor**" shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, "**Payor**" shall mean the "paying agent" (*megbízott*) (legal person, organisation or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

Taxation of Hungarian resident corporate holders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the "**Corporation Tax Act**"), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, interest and capital gains realised by Hungarian resident corporate holders on Notes will be taxable in the same way as the regular income of the relevant holders. The general corporation tax rate in Hungary is 10 per cent. up to the first HUF 500 million of the taxpayer's annual profit and 19 per cent. for the part above this threshold.

Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax and innovation tax on the basis of the proceeds realised on Notes.

IRISH TAXATION

*The following is a summary of the principal Irish tax consequences of ownership of the Notes for individuals who are resident and ordinarily resident in Ireland for tax purposes and for companies that are resident in Ireland for tax purposes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The statements in this summary are based on the understanding that Notes will be treated as debt for Irish tax purposes. This summary applies to Noteholders who beneficially own Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes including dealers in Notes and trusts. This summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes (including, but not limited to, social insurance and the Universal Social Charge ("**USC**")). Prospective investors in any Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of Notes and the receipt of payments thereon under any laws applicable to them.*

Taxation of Noteholders

(a) **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on any Notes so long as such payments do not constitute Irish source income. Interest paid on Notes should not be treated as having an Irish source unless:

(i) the relevant Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on such Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for such Notes is maintained in Ireland; or

It is anticipated that (i) neither Citigroup Inc. nor CGMFL are not and will not be resident in Ireland for tax purposes; (ii) neither Citigroup Inc. nor CGMFL will have a branch or permanent establishment in Ireland; and (iii) that neither Citigroup Inc. nor CGMFL will maintain a register of any Registered Notes in Ireland.

(b) **Taxation of Payments**

Notwithstanding that a Noteholder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, such Noteholder may still be liable to pay Irish income tax (currently up to 41 per cent. and in the case of individuals, the Universal Social Charge) or corporation tax (generally at the rate of 25 per cent.) on such interest and/or any payment in the nature of interest if (i) such interest has an Irish source, (ii) such Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on such Notes) or (iii) such Notes are attributed to a branch or agency in Ireland.

Ireland operates a self assessment system in respect of income and corporation tax, and each person must assess its own liability to Irish tax.

Relief from Irish tax may also be available under the specific provisions of a double taxation agreement between Ireland and the country of residence of the recipient.

(c) **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from payments on Notes issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder who is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

(d) **Capital Gains Tax**

A Noteholder will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade or business in Ireland through a permanent establishment, branch or agency in respect of which the Notes are or were held.

(e) **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which, subject to available exemptions and reliefs, is currently levied at 33 per cent. if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland or (ii) the Notes are regarded as property situate in Ireland. Registered Notes are situated in Ireland if the register is in Ireland. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in Ireland at the date of the gift or inheritance unless that individual (i) has been resident in Ireland for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in Ireland on that date.

(f) **Stamp Duty on Transfer of Notes**

No stamp duty, capital duty or similar tax is imposed in Ireland on the issue, transfer or redemption of Notes unless (i) the relevant Notes are regarded as property situated in Ireland; or (ii) a document of transfer of the Notes is executed in Ireland; or (iii) the transfer relates to Irish property or to any matter or thing done or to be done in Ireland. Even if the Notes were considered to be within the scope of Irish territoriality, no Irish stamp duty should arise if the Notes were considered to the loan capital and met the required conditions as set down in Irish stamp duty legislation.

(g) **European Union Directive On Taxation Of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Ireland has implemented the directive but will not levy a withholding pursuant to it.

ITALIAN TAXATION

The following is a summary of current Italian law and practice relating to the taxation of Notes. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be

subject to special rules. Prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Notes.

Prospective Noteholders are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

*Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 ("**Decree No. 66**"), introduced tax provisions amending certain aspects of the current tax treatment of the Notes, as summarised below. The new rules, if timely converted into law by the Parliament, will be effective as of 1 July 2014, on the basis of future law provisions and clarifications. With reference to the imposta sostitutiva set out by Decree No. 239 (as defined below) the increased rate will apply on interest accrued as of 1 July 2014.*

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (Decree No. 239) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as debentures that incorporate an unconditional obligation to pay, at maturity, an amount not less than their principal amount (whether or not providing for interim payments) and that do not give any right to directly or indirectly participate in the management of the relevant Issuer or of the business in relation to which they are issued nor any type of control on such management.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see "*Capital Gains Tax*" below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated Code ("**TUIR**") (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent. and, as of 1 July 2014, pursuant to Decree No. 66, at a rate of 26 per cent. In the event that Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity pursuant to Article 73 of TUIR or a permanent establishment in Italy of a foreign company to which Notes are effectively connected and such Notes are deposited with an authorised intermediary, interest, premium and other income from such Notes will not be subject to imposta sostitutiva, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest in respect of Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii)

their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to imposta sostitutiva, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 20 per cent., will apply, in certain circumstances to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**"). As of 1 July 2014, pursuant to Decree No. 66, the rate of the Collective Investment Fund Substitute Tax will be increased to 26 per cent.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and Notes are deposited with an authorised intermediary, interest, premium and other income relating to such Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, imposta sostitutiva is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**").

An Intermediary to be entitled to apply the imposta sostitutiva must (i) be (a) resident in Italy or (b) a permanent establishment in Italy of a non-Italian resident financial intermediary or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which such Notes are deposited.

Where the Notes are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian Resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes provided that, if Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20 per cent., which will be increased to 26 per cent. as of 1 July 2014, pursuant to Decree No. 66. For this purpose, debentures similar to bonds are debentures that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The 20 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership (with the exception of general partnership, limited partnership and similar entities), or (iii) a commercial private or public institution.

Payments made by a non-resident guarantor

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

Notes issued by CGMFL will be guaranteed by the CGMFL Guarantor pursuant to the CGMFL Deed of Guarantee. Notes issued by Citigroup Inc. will not be guaranteed by the CGMFL Guarantor or any other entity.

Capital Gains Tax

Any gain obtained from the sale, early redemption or redemption of Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the relevant Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the relevant Notes are connected.

Where an Italian resident Noteholder is an individual not holding Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale, early redemption or redemption of such Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. and, as of 1 July 2014, pursuant to Decree No. 66, at a rate of 26 per cent. Under some conditions and limitations, Noteholders may set off losses with gains.

In respect of the application of the imposta sostitutiva, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the relevant Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the relevant Notes (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 September 1997, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital

losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised or accrued by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax (and, as of 1 July 2014, pursuant to Decree No. 66, to a 26 per cent. substitutive tax), to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. Pursuant to Decree No. 66, decreases in value of the management assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant decreases in value registered before 1 January 2012; (ii) 76.92 per cent. of the decreases in value registered from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Noteholder which is a Fund will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Substitute Tax will apply.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14- 14-bis of Law No. 86 of 25 January 1994 are subject neither to imposta sostitutiva nor to any other income tax in the hands of a real estate investment fund.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes are not subject to Italian taxation, provided that the relevant Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 ("**Decree No. 262**"), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding , for each beneficiary, Euro 1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding , for each beneficiary, Euro 100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

Transfer Tax

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro 168200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.152 per cent. and cannot exceed Euro 14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than EUR34.20, nor (for taxpayers other than individuals) exceed EUR4,500.

In the absence of specific guidelines the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.152 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of such Notes held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the relevant withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. See also the section entitled "*EU Savings Directive*" on page 194 below.

NORWEGIAN TAXATION

Below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Notes. The summary is based on Norwegian Laws, rules and regulations applicable as of the date of this Base Prospectus, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Notes. Specific tax consequences may occur for different categories of Noteholders, e.g. if the Noteholder ceases to be tax resident in Norway etc.

Norwegian tax legislation does not currently include statutory legislation relating specifically to Notes. Instead, taxation treatment must be derived from general tax rules and principles applicable to capital income and capital gains. Norwegian tax law is based on substance over form. If the applicable Final Terms includes conditions which are common to equity instruments and the relevant Notes, after an overall assessment, have more characteristics of equity instruments rather than debt, the economic

reality might overrule the formalities for income tax purposes. Thus the applicable Final Terms may cause the taxation of the relevant Notes to depart from the taxation treatment described in this summary. In the following, it is assumed that the Notes do not qualify as equity instruments for income tax purposes.

The summary is solely related to holders of Notes who are resident in Norway for tax purposes (" Norwegian Noteholders"). However, companies incorporated and resident abroad are liable to tax in Norway on distribution and gains from Notes in the same manner as Norwegian resident companies, if the Notes are effectively connected with a business carried out through a permanent establishment in Norway.

Due to the general nature of this summary, potential investors are advised to consult with and rely on their own tax advisers.

Taxation on Distribution to the Noteholder

Norwegian Noteholders, both physical persons and companies, are liable to tax in Norway on payments in respect of interest or similar payments in respect of Notes classified as debentures for Norwegian tax purposes. The tax rate is 27 per cent.

Taxation on sale and redemption of Notes

Norwegian Noteholders, both physical persons and companies, are taxable in Norway in respect of capital gains on the sale and redemption of Notes and have a corresponding right to deduct losses that arise from such redemption or realisation. The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised.

Gains or losses are calculated per Notes as the consideration received in respect of the Note less the tax basis of the Note. The tax basis of each Note is generally the Norwegian Noteholder's purchase price for the Note. Costs incurred in connection with the acquisition, redemption or realisation of the Note may be deducted from the Norwegian Noteholder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of sale or redemption, and losses can be deducted from ordinary income in the year of sale or redemption. Norwegian Noteholders holding Notes issued with a discount (compared to the nominal value) will also be taxed the year of realisation of the Note. The tax rate for ordinary income is 27 per cent.

If the Norwegian Noteholder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis (the FIFO principle).

Norwegian Withholding tax

Norwegian withholding tax is not applicable to payments in respect of interest or similar payments on Notes or on capital gains on sale or redemption of Notes.

Net wealth tax

Norwegian Noteholders that are limited liability companies and similar entities ("**Norwegian Corporate Noteholders**") are not subject to net wealth taxation in Norway.

Norwegian Noteholders that are physical persons ("**Norwegian Individual Noteholders**") are subject to net wealth taxation in Norway. Notes are included as part of the taxable base for this purpose. The value for assessment purposes for listed notes is the listed value as of 1 January in the year of assessment. Unlisted bonds are generally valued at face value. The maximum aggregate rate of net wealth tax is currently one per cent.

Stamp duty

There is no stamp duty or other charges in Norway on the purchase, redemption or realisation with cash settlement of Notes.

Foreign taxes

Income taxes or capital gains taxes payable by Norwegian Noteholders in other jurisdictions, or withholding tax payable on redemption amounts in respect of the Notes, may be deducted when calculating the Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Norwegian Noteholders directly or through the application of withholding taxes may be limited by an applicable tax treaty.

Inheritance tax

As of 1 January 2014 the Norwegian Inheritance Tax was abolished. However, the heir acquires the donor's tax input value of the notes based on principles of continuity. Thus, the heir will be taxable for any increase in value in the donor's ownership, at the time of the heir's realisation of the notes. However, in the case of gifts distributed to other persons than heirs according to law or testament, the recipient will be able to revalue the received notes to market value.

POLISH TAXATION

General Information

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change, including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their individual circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term, respectively, as understood in Polish tax law.

Taxation of a Polish tax resident individual

(a) *Withholding Tax on Interest Income*

According to Article 30a of the Personal Income Tax ("**PIT**") Act (the "**PIT Act**"), interest income, including discount, derived by a Polish tax resident individual (a person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year, unless otherwise results from the respective tax treaty) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat rate tax.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign interest payers. Moreover, given that the term "interest payer" is not precisely defined in the law, under some interpretations issued by Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may

refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under the Polish law to remit due tax. According to Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

(b) *Income from capital investments*

Income other than interest derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital income according to Article 17 of the Polish Personal Income Tax Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the financial instruments are recognised at the time the revenue from their disposal is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. However, if the individual is also a taxpayer as referred to in Articles 31, 33, 34 and 35 of the PIT Act (which are mostly persons who obtain income from employment or pensions), under one of the possible interpretations of Article 40 of the PIT Act he/she is obliged to pay 19 per cent. monthly instalments by the twentieth day of the month following the month in which the income was earned. There are arguments as to whether this interpretation is incorrect, as it puts certain individuals in a worse financial position than they would otherwise have been in. Individuals are encouraged to seek professional advice in this respect.

If an individual holds the Notes as a business asset, in principle, the income should be taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

Taxation of a Polish tax resident corporate income taxpayer

A Polish tax resident corporate income taxpayer will be subject to 19 per cent. income tax in respect of the Notes (both on any capital gain and on interest/discount) following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes will be recognised at the time the revenue is achieved.

Notes held by a non-Polish tax resident (natural person or corporation)

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. If the Notes are issued by a foreign entity, in principle, interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless the Notes are sold at a stock exchange in Poland (the "**Warsaw Stock Exchange**"). If the latter is the case, however, most of the tax treaties concluded by Poland provide for Polish tax exemption with respect to capital gains derived from Poland by a foreign tax resident. The treaties also mitigate Polish domestic withholding tax of 20 per cent. on interest (down to 15 per cent., 10 per cent., 5 per cent. or 0 per cent. depending on the relevant treaty and occasionally on the status of the recipient of the interest) if Polish withholding tax is applicable (with respect to Notes issued by a Polish entity). In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

If a foreign recipient of income acts through a permanent establishment in Poland, as a matter of principle it should be treated in the same manner as a Polish tax resident.

Notes held on omnibus accounts

Under Article 30a.2a of the PIT Act, if the Notes are held on omnibus accounts for the benefit of individuals whose identity has not be revealed to the tax remitter, the tax remitter is obliged to withhold 19 per cent. tax from any interest paid to the omnibus account holder.

Under Article 26.2a of the CIT Act, if the Notes are held on omnibus accounts for the benefit of corporate income taxpayers whose identity has not be revealed to the tax remitter, the tax remitter is obliged to withhold 20 per cent. tax from any interest paid to the omnibus account holder.

PORTUGUESE TAXATION

The following is a summary of the current Portuguese tax treatment at the date hereof in relation to certain aspects of payments of principal and income in respect of Notes. The statements do not deal with other Portuguese tax aspects regarding Notes and relate only to the position of persons who are absolute beneficial owners of Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

The reference to "investment income" and "capital gains" in the paragraphs below means "investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "investment income" or "capital gains" which may prevail under any other law or which may be created by the Conditions of the Notes or any related documentation.

Noteholder's Income Tax

Income generated by the holding ("**distributions**") and disposal of Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*).

Economic benefits derived from amortisation, reimbursement premiums and other types of remuneration arising from Notes are designated as investment income (*rendimentos de capital*) for Portuguese tax purposes.

Withholding tax

Under current Portuguese law, investment income payments in respect of Notes made to Portuguese tax resident companies are included in their taxable income and are subject to a Portuguese corporate income tax at a rate of (i) 23 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to Euro 15,000 and 23 per cent. on profits in excess thereof to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. Corporate taxpayers with a taxable income of more than Euro 1,500,000 are also subject to a state surcharge (*derrama estadual*) of (i) 3 per cent. on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 7,500,000, (ii) 5 per cent. on the part of the taxable profits exceeding Euro 7,500,000 up to Euro 35,000,000, and (iii) 7 per cent. on the part of the taxable profits that exceeds Euro 35,000,000.

As regards to investment income on Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 28 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed to be a payment on account on the final tax due.

Investment income payments due by non-resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 28 per cent. whenever those payments are not subject to

Portuguese withholding tax unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed to be a payment on account on the final tax due.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

None of the relevant Issuer and, where the relevant Issuer is CGMFL, the CGMFL Guarantor, are responsible for withholding at source any amount in respect of Portuguese withholding tax, whenever applicable, on interest payments arising from the Notes.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any income component.

Capital Gains

Under current Portuguese law, capital gains obtained by Portuguese tax resident companies on the disposal of Notes issued by non-resident entities are included in their taxable income and are subject to corporate income tax rate at a rate of (i) 23 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to Euro 15,000 and 23 per cent. on profits in excess thereof to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. Corporate taxpayers with a taxable income of more than Euro 1,500,000 are also subject to a state surcharge (*derrama estadual*) of (i) 3 per cent. on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 7,500,000, (ii) 5 per cent. on the part of the taxable profits exceeding Euro 7,500,000 up to Euro 35,000,000, And (iii) 7 per cent. on the part of the taxable profits that exceeds Euro 35,000,000.

Capital gains obtained by individuals who are resident in Portugal for tax purposes on the disposal of Notes are subject to a special tax rate of 28 per cent., levied on the positive difference between the capital gains and capital losses of each year unless the individual opts to include the income in his taxable income, subject to tax at the current progressive rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made, an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage.

EU Savings Directive

Portugal has implemented EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into Portuguese law through Decree-Law no 62/2005, of 11 March 2005, as amended by Law no 39-A/2005, of 29 July 2005.

SPANISH TAXATION

*The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, redemption or reimbursement of the Notes referred to in this Base Prospectus by individuals or legal persons who are resident in Spain for tax purposes and by Spanish Non-Resident Income Tax ("**NRIT**") taxpayers acting, with respect to the Notes, through a permanent establishment in Spain.*

This summary is based on Spanish law in force as of the date of approval of this Base Prospectus and on administrative interpretations thereof, and therefore is subject to any changes in such laws and

*interpretations thereof occurring after that date, including changes having retroactive effect. In particular, this description is based on the provisions established in the Individual Income Tax Law (the "**IIT Law**") (Law 35/2006, of 28 November 2006, as amended), the Consolidated Text of the Corporate Income Tax Law (the "**CIT Law**") (approved by Royal Legislative Decree 4/2004, of 5 March 2004, as amended) and in the Consolidated Text of the NRIT Law (the "**NRIT Law**") (approved by Royal Legislative Decree 5/2004, of 5 March 2004, as amended) which may not apply to those individuals or legal persons subject to special tax regimes (such as financial entities, exempt entities, cooperatives, individuals who acquire the Notes by reason of employment, pension funds, collective investment in transferrable securities or look-through entities). In addition, the following section does not cover those tax laws in force in the Spanish Basque provinces and Navarra as well as the particularities in force in the Spanish autonomous communities (comunidades autónomas), or the special rules applicable to transactions among related persons for Spanish tax purposes.*

Accordingly, this summary of certain material Spanish taxation considerations is for general information only and is not tax advice, thus prospective investors in the Notes should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership and disposition of the Notes, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

For the purposes of our analysis, we have assumed that the relevant Issuer is, in the case of Citigroup Inc. a company resident for tax purposes in the United States and for the purposes of the Convention between the Kingdom of Spain and the United States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on 22 February 1990, and entitled to its benefits, and, in the case of CGMFL, is resident for tax purposes in Luxembourg and for the purposes of the Convention between the Kingdom of Spain and the Grand Duchy of Luxembourg for the avoidance of Double Taxation with respect to Taxes on Income and on Capital and the Prevention of Fiscal Fraud and Evasion signed on 4 August 1987, as amended, and entitled to its benefits, that the Issuers do not act with respect to the Notes through a permanent establishment in Spain, that the proceeds of the Notes are not used in Spain by the Issuers, and that the investors in the Notes are resident in Spain for tax purposes or NRIT taxpayers acting, with respect to such Notes, through a permanent establishment in Spain.

Spanish tax resident individuals

(a) Individual Income Tax ("**IIT**") (*Impuesto sobre la Renta de las Personas Físicas*)

The Spanish IIT is regulated by the IIT Law and supplemented by the IIT Regulations approved by Royal Decree 439/2007, of 30 March 2007, as amended (the "**IIT Regulations**").

The Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 91 of the IIT Regulations and its interpretation by the Spanish tax authorities, and hence the rules provided with regard to securities must be taken into consideration.

According to Article 25.2 of the IIT Law and its interpretation by the Spanish tax authorities, interest as well as income arising on the transfer, redemption or reimbursement of the Notes obtained by individuals who are resident in Spain for tax purposes will be deemed income from movable property and therefore will be included in the investor's IIT savings taxable base and taxed, together with the other savings income obtained by such investor in that same tax year, at a flat tax rate of 21 per cent. on the first EUR6,000, 25 per cent. on the following EUR18,000 and 27 per cent. for any amount in excess of EUR24,000.

Holders of Notes shall compute the gross interest obtained in the taxable base of the tax period in which it is due, including amounts withheld, if any. Income arising on the transfer, redemption or reimbursement of Notes will be calculated as the difference between (i) the transfer, redemption or reimbursement value of such Notes (deducting the additional costs and expenses incurred in the transfer, if they are duly justified) and (ii) their acquisition or subscription value (adding the additional costs and expenses incurred in the acquisition, if they are duly justified).

Should a holder of Notes acquire homogeneous securities within the two-month period prior or subsequent to the transfer of such Notes, negative income that may derive from such transfer cannot be included in his or her IIT taxable base until the homogeneous securities are transferred.

The net taxable income shall be determined by deducting the management and deposit expenses from the gross income, excluding those pertaining to discretionary or individual portfolio management.

Additionally, tax credits for the avoidance of international double taxation in accordance with the IIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

(b) Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2014, Spanish tax resident individuals are subject to Spanish Net Wealth Tax (Law 19/1991, of 6 June 1991, as amended), which imposes a tax on property and rights in excess of EUR 700,000 held by each relevant taxpayer on the last day of any year. Spanish tax resident individuals whose net worth is above EUR 700,000 and who hold Notes on the last day of any year would therefore be subject to the Spanish Net Wealth Tax for such year at marginal rates varying between 0.2 and 2.5 per cent of the relevant tax base.

(c) Inheritance and Gift Tax ("**IGT**") (*Impuesto sobre Sucesiones y Donaciones*)

IGT is governed by Law 29/1987, of 18 December 1987, as amended, and supplemented by the IGT Regulations approved by Royal Decree 1629/1991, of 8 November 1991, as amended.

In the case of Spanish tax resident individuals, IGT is levied on their worldwide assets passing to them either by gift or upon death. Therefore, transfers of Notes upon death or by gift to Spanish tax resident individuals will be subject to IGT, the taxpayer being the transferee.

The applicable IGT tax rates for 2014 range between 7.65 and 34 per cent. although depending on certain particular circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor, the effective tax payable could range between 0 and 81.6 per cent. of the relevant tax base, subject to the specific rules passed by the relevant Spanish autonomous communities (*comunidades autónomas*) with respect to this tax.

Legal persons resident in Spain for tax purposes are not subject to IGT, thus the income that they may obtain from gift or inheritance, as the case may be, will be subject to Spanish Corporate Income Tax ("**CIT**") on the market value of Notes received, provided that the legal persons obtaining such income are Spanish CIT taxpayers.

Tax credits for the avoidance of international double taxation may apply in respect of similar taxes paid abroad, if any, in respect of Notes.

Spanish legal persons subject to Corporate Income Tax ("CIT") (*Impuesto sobre Sociedades*)

Interest and income arising on the transfer, redemption or reimbursement of Notes obtained by legal entities resident for tax purposes in Spain and regarded as CIT taxpayers shall be computed as taxable income of the tax period of its accrual, in accordance with the rules contained in the CIT Law and supplemented by the CIT regulations, approved by Royal Decree 1777/2004, of 30 July 2004 (the "**CIT Regulations**").

The general CIT rate for Spanish CIT taxpayers is currently 30 per cent. However, small or medium size companies, as defined by the CIT Law, can benefit from the reduced tax rate of 25 per cent. on the first EUR 300,000 of their taxable base.

Tax credits for the avoidance of international double taxation in accordance with the CIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

Non-resident entities acting with respect to Notes through a permanent establishment in Spain subject to NRIT (Impuesto sobre la Renta de no Residentes)

Based on the fact that none of the Issuers are resident in Spain for tax purposes, that the payments of the Notes are not effectively allocated to a permanent establishment in Spain of the Issuers and that the proceeds of the Notes are not used in Spain by the Issuers, no Spanish NRIT should, in principle, be levied on investors that are not resident in Spain for tax purposes, unless they are acting with respect to Notes through a Spanish permanent establishment. According to the general principles of the Spanish NRIT Law, Spanish permanent establishments of non-Spanish tax resident persons are taxed under the NRIT Law in a similar manner to Spanish CIT taxpayers, although some specific rules may apply. Due to the complexity of this matter, non-Spanish tax resident investors acting in Spain, with respect to Notes, through a permanent establishment are strongly urged to seek appropriate advice in respect of their own tax position in this regard.

Spanish withholding tax

Where a financial institution (either resident in Spain for tax purposes or acting through a permanent establishment in Spain) (a) acts as depositary of Notes, (b) manages the collection of any income under Notes, (c) intervenes in their transfer or (d) carries out the redemption or reimbursement of the Notes, on behalf of Noteholders either (i) resident in Spain for tax purposes or (ii) holding the Notes through a permanent establishment located in Spain, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the relevant Notes. The current withholding tax rate in Spain is 21 per cent. Amounts withheld in Spain, if any, can be credited against the final Spanish IIT, CIT or NRIT liability, as applicable to the Noteholder. In addition, Noteholders who are Spanish CIT taxpayers or NRIT taxpayers acting, with respect to the Notes, through a permanent establishment in Spain, can benefit from a withholding tax exemption on income arising with respect to Notes when the latter are listed on an OECD official stock exchange.

Other Spanish taxes (indirect taxation)

The acquisition, transfer, redemption and reimbursement of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax approved by Royal Legislative Decree 1/1993, of 21 September 1993, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

SWEDISH TAXATION

The following discussion is a summary of certain material Swedish tax considerations relating to (i) Notes issued by any of the Issuers where the holder is tax resident in Sweden or has a tax presence in Sweden or (ii) Notes where the Paying Agent or custodian is located in Sweden. This summary of certain tax issues that may arise as a result of holding Notes is based on current Swedish tax legislation and is intended only as general information for holders of Notes who are resident or domiciled in Sweden for tax purposes, unless otherwise stated. This description does not deal comprehensively with all tax consequences that may occur for holders of Notes, nor does it cover the specific rules where Notes are held by a partnership or are held as current assets in a business operation. The summary does, moreover, not cover Notes held on a so-called investment savings account (Sw: investeringssparkonto). Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and life insurance companies. It is recommended that potential investors in Notes consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Notes, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

Withholding of tax

There is no Swedish withholding tax (*källskatt*) applicable on payments made by the Issuer in respect of the Notes. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Notes a preliminary tax of 30 per cent. will be deducted from all payments treated as interest in respect of the Notes made to any individuals or estates that are resident in Sweden for tax purposes provided the paying entity is tax resident in Sweden and subject to reporting obligations. A

preliminary tax of 30 per cent. will also be deducted from any other payments in respect of the Notes not treated as capital gains, if such payments are paid out together with payments treated as interest. Depending on the relevant holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

Taxation of individuals resident in Sweden

Income from capital category

For individuals and estates of deceased Swedish individuals capital gains, interest payments, dividends and other income derived from the holding of an asset should be reported as income from capital category.

Capital gains and losses

Individuals and estates of deceased Swedish individuals, who sell their Notes, are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Notes. The acquisition cost is calculated according to the so-called average method. This means that the costs of acquiring all Notes of the same type and class are added together and calculated collectively, with respect to changes to the holding. Optionally, the so-called standard rule under which the acquisition cost is deemed to be the equivalent of 20 per cent. of the net sales price may be applied on the disposal of listed Notes (except for options and forward contracts) that are taxed in the same manner as shares. A Note should be regarded as listed for Swedish tax purposes if it is listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, the London Stock Exchange, the Irish Stock Exchange or any other foreign market that is considered to be a stock exchange under Swedish tax law.

As a main rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital.

Capital losses on listed Notes that are taxed in the same manner as shares, are, however, fully deductible against taxable capital gains on such assets or capital gains on listed as well as non-listed shares in Swedish limited liability companies and foreign legal entities. Any excess amount is deductible at 70 per cent., according to the main rule.

Capital losses on listed Notes qualifying as Swedish receivables (i.e. denominated in SEK) are currently fully deductible in the capital income category. Moreover, under EC law receivables denominated in foreign currency are also fully deductible.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

Interest

Interest as well as other income derived from the holding of an asset is subject to tax at a rate of 30 per cent. The tax liability arises when the interest (or other income) is actually paid, in accordance with the so-called cash method.

No formal interest accrues on zero-coupon bonds. The profit from a redemption of a zero-coupon bond is regarded as interest, subject to tax at the time of redemption. However, the appreciation in value is regarded as interest compensation, should the zero-coupon bond be disposed of prior to maturity. If there is a loss on the bond, this is deductible as a capital loss in accordance with the principles referred to above.

Stamp duty

There is no stamp duty on the issuing, transfer or redemption of Notes in Sweden.

Gift, Inheritance and Wealth taxes

There is no gift, inheritance or wealth tax in Sweden.

Taxation of Swedish legal entities

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are taxed on all income (including income from the sale of Notes) as income from business activities at a flat rate of 22 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above. However, interest income as well as other income derived from the holding of an asset is taxed on an accruals basis.

Capital losses on Notes that are taxed in the same manner as shares (see further above) incurred by a corporate holder of a Note may only be offset against taxable capital gains on shares or such notes. Such capital losses may also, under certain circumstances, be deductible against capital gains on shares and Notes that are taxed in the same manner as shares within the same group of companies, provided the requirements for group contributions (tax consolidation) are met.

Capital losses on shares and Notes that are taxed in the same manner as shares which are not deducted against capital gains within a certain year may be carried forward and offset against taxable capital gains on shares and notes taxed in the same manner as shares in the future.

For limited liability companies and economic associations, capital gains on shares and certain share related rights held for business purposes are tax exempt. As a result, capital losses on shares and share related rights that are held for business purposes are not deductible. Notes under this offer are not treated as share related rights held for business purposes. However, a capital loss on the Notes is not deductible should the underlying assets, directly or indirectly, consist of shares or certain share related rights held for business purposes.

As mentioned above, there is no stamp duty on the issuing, transfer or redemption of Notes in Sweden.

Taxation of non-residents in Sweden

Holders of Notes who are not fiscally resident in Sweden and who are not carrying on business operations from a permanent establishment in Sweden are generally not liable for Swedish capital gains taxation on the disposal of Notes. The holders may, nevertheless, be subject to tax in their country of residence. However, as far as non-resident individuals are concerned, capital gains on the sale of certain Notes (such as Notes taxed in the same manners as shares) may in some cases be subject to Swedish tax if the individual has been resident or permanently lived in Sweden at any time during the calendar year of the sale or any of the 10 preceding calendar years. This provision is, nevertheless, in many cases limited by tax treaties for the avoidance of double taxation, which Sweden has concluded with other countries.

SWISS TAXATION

The following discussion is a summary of certain material Swiss tax considerations relating to (i) Notes issued by any of the Issuers where the Holder is tax resident in Switzerland or has a tax presence in Switzerland or (ii) Notes where the Paying Agent, custodian or Notes dealer is located in Switzerland. The discussion is based on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.

Swiss Withholding Tax

Payments on a Note are currently not subject to Swiss federal withholding tax provided that the respective Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

On 24 August 2011 the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Note to an individual resident in Switzerland.

Income Taxation

Notes held as Private Assets by a Swiss resident Holder

(a) *Structured Notes*

If a Note classifies as a structured note, its income taxation depends on whether the bond and the derivative financial instrument(s) embedded therein are recorded separately from each other and whether the Note classifies as a structured note with or without a predominant one-time interest payment:

- *Non-transparent derivative financial instruments*: If the embedded bond is not recorded separately from the embedded derivative financial instrument(s), the Note classifies as a non-transparent structured note and any return over the initial investment classifies as a taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment and are taxed in accordance with the principles set forth below under "*—Transparent derivative financial instruments with a predominant one-time interest payment*".

- *Transparent derivative financial instruments without a predominant one-time interest payment*: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield to-maturity predominantly derives from periodic interest payments and not from a one time interest payment (see below "*—Transparent derivative financial instruments with a predominant one-time interest payment*"), then any periodic interest payment and the one-time interest payment, if any, is taxed when paid to the holder of the Note. A gain, including interest accrued, realised on the sale of a Note is a tax-free private capital gain. A loss realised on the sale of a Note is a non-tax-deductible private capital loss, (see below "*Capital Gains, Notes held as Private Assets by a Swiss resident Holder*"). The same applies if the Note is redeemed except that interest accrued is taxed when paid.

- *Transparent derivative financial instruments with a predominant one-time interest payment*: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield to maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, then any periodic interest payments and on the redemption or sale of the Note the difference between the value of the embedded bond at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted, in each case, into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively (modified differential taxation method) constitutes taxable income. A value decrease on the embedded bond respectively realised on the sale or redemption of the Note may be offset against any gains (including periodic interest payments) realised within the same taxation period from all instruments with a predominant one-time interest payment. Any residual return realised on the embedded derivative financial instrument(s) is a tax-free private capital gain, and any residual loss is a non-tax-deductible private capital loss, respectively (see below "*Capital Gains, Notes held as Private Assets by a Swiss resident Holder*")

(b) *Bonds*

Bonds without a predominant one-time interest payment: If a Note classifies as a pure bond without a predominant one-time interest payment (i.e., the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest payment), Swiss resident private investors will be taxed on the periodic and any one-time interest payments, if any, converted into Swiss Francs at the exchange rate prevailing at the time of payment. A

gain, including interest accrued, realised on the sale of a Note is a tax-free private capital gain. A loss, realised on the sale of a Note is a non tax deductible private capital loss (see below "Capital Gains, Notes held as Private Assets by a Swiss resident Holder").

Bonds with a predominant one-time interest payment: If a Note classifies as a pure bond with a predominant one-time interest payment (i.e., the yield-to-maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments), Swiss resident private investors will be taxed on any periodic interest payments and on any gains, including capital and foreign exchange gains, realised on the Notes (differential taxation method).

(c) *Pure Derivative Financial Notes*

Periodic and one-time dividend equalisation payments realised on a Note which classifies as a pure derivative financial instrument (such as pure call and put options, including low exercise price options with a maturity not exceeding one year, pure futures, static Notes replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) and which is held as part of their private assets constitute taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below "*Capital Gains, Notes held as Private Assets by a Swiss resident Holder*").

(d) *Low Exercise Price Options*

According to the current practice of the Swiss Federal Tax Administration low exercise price options are given if the underlying of an option has been pre-financed by at least 50 per cent. at the time of issuance.

For low exercise price options with a maturity exceeding one year the interest component of the low exercise price option (i.e. issue discount) constitutes taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below "*Capital Gains, Notes held as Private Assets by a Swiss resident Holder*").

(e) *Fund-like Notes*

A Note classified as a fund-like instrument will be considered a pass-through instrument for Swiss tax purposes if dividend and interest income (less attributable costs) from, and capital gains and losses (less costs attributable) realised on, the underlying investments, are reported and distributed separately. Under such conditions, an individual holding a fund-like Note as part of private assets only receives taxable income (which he or she must report annually) over such portion of the distributions (in case the fund is distributing the income realised on the underlying investments) or earnings credits (in case the fund is reinvesting the income realised on the underlying investment) as derive from dividends and interest (less attributable costs) on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain, and any respective loss on the underlying investments is a non-tax-deductible private capital loss. Any gain realised within a taxation period on the sale of a fund-like instrument (including accrued dividends and interest) is exempt from income taxation as a private capital gain, and, conversely, any loss realised a non-tax-deductible capital loss (see below "Capital Gains" Notes held as Private Assets by a Swiss resident Holder").

Notes held as Assets of a Swiss Business

Corporate entities and individuals who hold Notes as part of a trade or business in Switzerland, in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Notes (irrespective of their classification) in their income statement for the respective taxation period and will be taxed on any net taxable earnings for such period.

The same taxation treatment also applies to Swiss-resident individuals who for income tax purposes, are classified as "professional Notes dealers" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes.

Capital Gains Taxation

Notes held as Private Assets by a Swiss resident Holder

A gain, realised by an individual resident in Switzerland for tax purposes upon the sale or other disposal of a Note held as part of his or her private assets is a tax-free private capital gain. A loss, realised by an individual resident in Switzerland for tax purposes upon the sale or other disposal of a Note held as part of his or her private assets is a non-tax deductible capital loss. In the case of a gain or a loss, unless such individual is classified, for income tax purposes, as a "professional Notes dealer" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes. If an individual is classified as a "professional Notes dealer" he or she will be taxed in accordance with the principles set forth above under "*Notes held as Assets of a Swiss Business*". Concerning the bifurcation of a tax exempt capital gains component, non-tax deductible capital loss component, respectively, from taxable income components of a Note see the bifurcation principles set forth above with regard to the different instruments under "*Income Taxation, Notes held as Private Assets by a Swiss resident Holder*".

Notes held as Assets of a Swiss Business

Capital gains realised on Notes held as Assets of a Swiss Business are taxed in accordance with the taxation principles set forth above under "Income Taxation, Notes held as Swiss Business Assets").

Stamp Taxes

Swiss Federal Issue Stamp Tax

The Notes are not subject to Swiss federal stamp tax on the issuance of Notes.

Swiss Federal Notes Turnover Tax

Dealings in Notes which classify as pure derivative financial instruments (such as pure call and put options, including low exercise price options with a maturity not exceeding twelve months, pure futures with a maximal pre-financing of 25 per cent., static Notes replicating an index or a basket of at least five shares and with a fixed maturity on an annual redemption right) are not subject to the Swiss federal Notes turnover tax.

Dealings in Notes which have been issued by an issuer outside of Switzerland and which classify as structured notes, share-like instruments (including Low Exercise Price Warrants on shares with a maturity exceeding twelve months) or fund-like instruments are subject to Swiss federal Notes turnover tax of 0.3 per cent. on the consideration paid, however, only if a Swiss Notes dealer (as defined in the Swiss federal stamp tax act) is a party or intermediary to the transaction and no exemption applies.

Dealing in bonds and structured notes with a maturity not exceeding one year are exempt from Swiss federal turnover tax.

The delivery of an underlying taxable Note at exercise or redemption to the holder of the Note is subject to Swiss federal Notes turnover tax of 0.3 per cent. if a Swiss domestic Notes dealer (as defined in the Swiss federal stamp tax act) is a party or intermediary to the transaction and no exemption applies.

Gift, Inheritance and Estate Taxes

Subject to an applicable tax treaty in an international scenario, transfers of Notes may be subject to cantonal and/or communal inheritance tax, estate tax or gift tax if the deceased person has had his or her last domicile in Switzerland, the donor is resident in Switzerland, respectively, or in the case of a foreign deceased or resident person the transfer involves an unincorporated business in Switzerland and Notes are held as part of such business. No such taxes exist at the federal level. Rates depend upon the existing relationship (i.e. the relationship between the deceased and the heirs, or between the donor and the donee) and the size of the inheritance or gift. Interspousal gifts and gifts to descendants and inheritances collected by the surviving spouse and descendants are frequently exempt or taxed at very low rates (up to 6 per cent.). Gifts and inheritances received from unrelated persons attract rates ranging from 20 per cent. to 40 per cent. The taxable base is usually the market value of the property transferred.

Net Worth and Capital Taxes

A holder of Notes who is an individual resident in Switzerland for tax purposes or is a non-Swiss resident holding Notes as part of a Swiss business operation or a Swiss permanent establishment is required to report Notes as part of private wealth or as part of Swiss business assets, as the case may be, and is subject to annual cantonal and/or communal private wealth tax on any net taxable wealth (including the Notes), in the case of non-Swiss resident individual holding Notes as part of a Swiss business operation or a Swiss permanent establishment to the extent the aggregate taxable wealth is allocable to Switzerland. Incorporated holders of Notes are subject to cantonal and communal capital tax on net taxable equity, in the case of a non-Swiss resident person holding Notes as part of a Swiss permanent establishment, to the extent the aggregate taxable equity is allocable to Switzerland. No net worth and capital taxes exist at the federal level.

Non-Swiss resident Holders

A holder of a Note who is not resident in Switzerland for tax purposes and who during the taxation year has not engaged in trade or business carried on through a business operation or permanent establishment in Switzerland, will neither be subject to income tax and capital gains tax nor net wealth or capital tax in Switzerland.

EU Savings Tax

The Agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004 provides for measures equivalent to those laid down in the EU Savings Tax Directive and requires a Swiss paying agent to deduct EU savings tax on an interest payment to an individual resident in a EU Member State. The tax is withheld at a rate of 35 per cent. with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

Final Foreign Withholding Taxes

On 1 January 2013 treaties on final withholding taxes between Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The treaties, *inter alia*, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such income of interest or capital gain. Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. Note that Switzerland may conclude similar treaties with other European countries.

EU SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SECTION F – TERMS AND CONDITIONS OF THE NOTES

CONTENTS OF THE TERMS AND CONDITIONS OF THE NOTES

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SECTION F.1 – GENERAL CONDITIONS OF THE NOTES

*Except as indicated below, the following is the text of the terms and conditions of the Notes, which will include the general conditions of the Notes together with the additional terms and conditions contained (i) in the case of Inflation Rate Notes only, in Underlying Schedule 1, (ii) in the case of Rate Linked Notes only, in Underlying Schedule 2, (iiii) in the case of Credit Linked Interest Notes only, in Underlying Schedule 3 (each of Underlying Schedules 1, 2 and 3, an "**Underlying Schedule**" and together, the "**Underlying Schedules**") and (iv) in the case of all Notes, the Valuation and Settlement Schedule (the Underlying Schedules together with the Valuation and Settlement Schedule, the "**Schedules**" and each, a "**Schedule**") and, in relation to any tranche of Notes, as completed, modified and/or supplemented, as applicable, by the information set out in the applicable Issue Terms (as defined below).*

References in these General Conditions of the Notes (the "**General Conditions**") and in the applicable Schedules to the "**Notes**" shall be references to the Notes of this Series, which shall be "English Law Notes", and shall mean (a) in relation to any Registered Notes (as defined below) represented by a global Note (a "**Global Registered Note Certificate**"), units of each Specified Denomination in the Specified Currency; (b) any Global Registered Note Certificate; (c) any definitive Registered Notes ("**Registered Note Certificates**"); (d) in relation to any Swedish Notes, units of each Specified Currency in the Specified Denomination and (e) in relation to any Finnish Notes, units of each Specified Currency in the Specified Denomination.

Whether the Notes are of the type of Registered Notes, Swedish Notes or Finnish Notes will be specified in the applicable Issue Terms but one type of Notes cannot be exchanged for another.

Notes are issued in Series and each Series may comprise one or more Tranches of Notes. Each Tranche is the subject of a Final Terms document (the "**Final Terms**") or, in the case of Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended) ("**Exempt Notes**"), a pricing supplement (the "**Pricing Supplement**") which, in the case of the Final Terms, completes or, (in the case of Exempt Notes) completes, modifies and/or supplements the General Conditions and the applicable Schedule(s). In the event of any inconsistency between (i) the General Conditions and the applicable Schedule(s) and (ii) the applicable Issue Terms, the applicable Issue Terms (as defined below) shall prevail.

For the purposes hereof, "**Issue Terms**" means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

The terms and conditions of a Tranche of Notes (the "**Terms and Conditions**") means, in relation to any Tranche of Notes, the General Conditions together with the additional terms and conditions contained in (i) in the case of all Notes, the Valuation and Settlement Schedule, (ii) in the case of Inflation Rate Notes only, Underlying Schedule 1, (iii) in the case of Rate Linked Notes only, Underlying Schedule 2 and (iv) in the case of Credit Linked Interest Notes only, Underlying Schedule 3. The conditions of a Tranche of Notes (the "**Conditions**") means, in relation to any Tranche of Notes, the Terms and Conditions as completed or, (in the case of Exempt Notes) completed, modified and/or supplemented, as applicable, by the information set out in the applicable Issue Terms.

The Notes (other than Swedish Notes and Finnish Notes) are issued pursuant to a Fiscal Agency Agreement dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the "**Fiscal Agency Agreement**") between Citigroup Global Markets Funding Luxembourg S.C.A. ("**CGMFL**") and Citigroup Inc. each as an issuer, Citigroup Global Markets Limited ("**CGML**") as guarantor in respect of Notes issued by CGMFL where it is specified as such in the applicable Issue Terms (in its capacity as such guarantor, the "**CGMFL Guarantor**"), Citibank, N.A., London branch as issuing agent and fiscal agent (in such capacity, the "**Fiscal Agent**", which expression shall include any successor fiscal agent and together with any other paying agent from time to time, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and as principal paying agent, Citigroup Global Markets Deutschland AG as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar) and as a transfer agent (in such

capacity, a "**Transfer Agent**", which expression shall include any additional or successor transfer agent, and the Fiscal Agent, the Registrar (if applicable), all Paying Agents and all Transfer Agents (if applicable) are together referred to herein as the "**Agents**") and Citibank, N.A. as calculation agent if so specified in the applicable Issue Terms (in such capacity, the "**Calculation Agent**", which expression shall include any successor calculation agent or such other entity as may be specified as the Calculation Agent in the applicable Issue Terms) and as exchange agent (in such capacity, the "**Exchange Agent**", which expression shall include any successor exchange agent).

The only provisions of the Fiscal Agency Agreement applicable to the Swedish Notes and the Finnish Notes are those in Clauses 2.2, 16, 20.7, 26, 27 and 28 and Schedule 3 (Provisions for Meetings of Noteholders) and Clauses 21, 22 and 23 in relation to the appointment of the Calculation Agent only.

In relation to any Series, either Citigroup Inc. or CGMFL will be the Issuer thereof as specified in the applicable Issue Terms and references in the Conditions to "the Issuer" shall be to whichever of Citigroup Inc. or CGMFL is so specified in the applicable Issue Terms.

Notes issued by Citigroup Inc. are issued with the benefit of a Deed of Covenant dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the "**Citigroup Inc. Deed of Covenant**") executed by Citigroup Inc. in relation to such Notes.

Notes issued by CGMFL are issued with the benefit of a Deed of Covenant dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the "**CGMFL Deed of Covenant**" and, together with the Citigroup Inc. Deed of Covenant, the "**Deeds of Covenant**" and references herein to the "**relevant Deed of Covenant**" shall mean the Citigroup Inc. Deed of Covenant where the Issuer is Citigroup Inc., and the CGMFL Deed of Covenant where the Issuer is CGMFL) executed by CGMFL in relation to such Notes. Notes issued by CGMFL are, where CGML is specified as the guarantor in the applicable Issue Terms, the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time, the "**CGMFL Deed of Guarantee**"), dated 26 June 2014 executed by the CGMFL Guarantor.

Notes issued by Citigroup Inc. are not guaranteed by the CGMFL Guarantor and are not the subject of the CGMFL Deed of Guarantee and references to the CGMFL Guarantor and the CGMFL Deed of Guarantee shall be ignored in relation to the Notes issued by Citigroup Inc. and the Conditions shall be construed accordingly.

The holders of the Notes are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Copies of the Fiscal Agency Agreement, the Deeds of Covenant and the CGMFL Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Paying Agents. If the Notes are not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system and are not publicly offered, the applicable Pricing Supplement will only be obtainable by a Noteholder during normal business hours at the specified office of each of the Paying Agents holding one or more of the Notes if such Noteholder produces evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Swedish Notes will be issued pursuant an issuer agreement with Euroclear Sweden AB ("**Euroclear Sweden**") and in accordance with the provisions in the Swedish Financial Instruments Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*) and the rules, regulations and operating procedures applicable to and/or issued by Euroclear Sweden, as amended from time to time (together the "**Swedish CSD Rules**"). In connection therewith the Issuer will enter into a Swedish Notes issuing

and paying agency agreement ("**Swedish Notes Issuing and Paying Agency Agreement**") with Nordea Bank AB (publ) (the "**Swedish Notes Issuing and Paying Agent**").

Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Swedish Notes Issuing and Paying Agency Agreement. Copies of the Swedish Notes Issuing and Paying Agency Agreement are available for inspection during normal business hours at the specified office of the Swedish Notes Issuing and Paying Agent. The holders of the Swedish Notes are deemed to have notice of all of the provisions of the Swedish Notes Issuing and Paying Agency Agreement applicable to them.

Finnish Notes will be issued and governed by a Finnish Notes issuing and paying agency agreement (as amended, supplemented and/or restated from time to time, the "**Finnish Notes Issuing and Paying Agency Agreement**") to be entered into between, inter alios, the Issuer and Nordea Bank Finland Plc as Finnish Notes issuing and paying agent (in such capacity the Finnish Notes Issuing and Paying Agent, which expression shall include any successor as Finnish Notes issuing and paying agent and such successor shall be duly authorised under the Finnish Act on the Book-Entry system (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*). Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Finnish Notes Issuing and Paying Agency Agreement. Copies of the Finnish Notes Issuing and Paying Agency Agreement are available for inspection during normal business hours at the specified office of the Finnish Notes Issuing and Paying Agent. The holders of the Finnish Notes are deemed to have notice of all of the provisions of the Finnish Notes Issuing and Paying Agency Agreement applicable to them.

All capitalised terms which are not defined in the Conditions will have the meanings given to them in the applicable Issue Terms.

1. Form, Denomination and Title

Subject as provided below, the Notes are issued in registered form ("**Registered Notes**") as specified in the applicable Issue Terms, in the Specified Denomination(s). All Registered Notes shall have the same Specified Denomination.

Each Registered Note Certificate represents a holding of one or more Registered Notes by the same holder (as defined below).

Subject as provided below, title to any Registered Notes shall pass by registration in the register which the Issuer or CGMFL Guarantor shall procure to be kept as provided in General Condition 2 (*Exchanges and Transfers of Notes*). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as the absolute owner of such Note for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone but, in the case of any Global Registered Note Certificate, without prejudice to the provisions set out below.

In the Conditions, "**holder**" (in relation to a Note) means, in the case of Registered Notes, the person in whose name a Registered Note is registered PROVIDED THAT, in relation to any Notes represented by a Global Registered Note Certificate, it shall be construed as provided below and "**Noteholder**" shall have correlative meanings AND PROVIDED THAT in the case of Registered Notes issued by CGMFL, "holder" shall be construed as provided in General Condition 2(b) (*Transfer of Registered Notes*).

If Certificates is specified as applicable in the applicable Issue Terms, references in the Conditions to "Note(s)", "Noteholder(s)" and "Global Registered Note Certificate" shall be deemed to refer to "Certificate(s)", "Certificateholder(s)" and "Global Registered Certificate Certificate" and related expressions herein or in the Fiscal Agency Agreement, any Global Registered Note Certificate and any notes in definitive form shall be construed accordingly.

For so long as any of the Notes is represented by a Global Registered Note Certificate held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société

anonyme ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CGMFL Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the registered holder of the relevant Global Registered Note Certificate shall be treated by the Issuer, the CGMFL Guarantor and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Registered Note Certificate, as the case may be, and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Global Registered Note Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note Certificate for all purposes under the Fiscal Agency Agreement and the Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Interests in Notes which are represented by a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System and in accordance with General Condition 2 (*Exchanges and Transfers of Notes*) below.

"**Relevant Clearing System**" means, as appropriate, Euroclear, Clearstream, Luxembourg, DTC and/or such other relevant clearing system, as the case may be, through which interests in Notes are to be held and through an account at which the Notes are to be cleared, as specified in the applicable Issue Terms.

In the case of Swedish Notes, the following provisions of this General Condition 1 shall apply in lieu of the foregoing provisions of this General Condition 1 in the event of any inconsistency:

Swedish Notes are issued in dematerialised uncertificated book-entry form in accordance with the Swedish CSD Rules in the Specified Denomination(s).

No global or definitive Swedish Notes will be issued and the Conditions shall be construed accordingly. The Swedish Notes will be transferable only in accordance with the Swedish CSD Rules.

The person appearing in the register for the Swedish Notes kept by Euroclear Sweden on behalf of the Issuer (the "**Swedish Notes Register**") will be treated as the "**holder**" of the relevant Swedish Notes in accordance with the Swedish CSD Rules and title to the Swedish Notes passes only by registration in the Swedish Notes Register. In the Conditions, "**holder**", in relation to a Swedish Note, means the person in whose name such Swedish Note is registered in the Swedish Notes Register. Where a nominee (*Sw. förvaltare*) is so evidenced it shall be treated as the holder of the relevant Swedish Note.

The Issuer shall have access to the register of creditors (*Sw. skuldboken*) in respect of the Swedish Notes, unless the applicable Issue Terms specify that the Issuer shall not have such access.

In the case of Finnish Notes, the following provisions of this General Condition 1 shall apply in lieu of the foregoing provisions of this General Condition 1 in the event of any inconsistency:

Notwithstanding the above, the holder of a Finnish Note will be the person in whose name such Finnish Note is registered in a book-entry account in the book-entry system of Euroclear Finland (including a nominee account holder, as the case may be) in accordance with Finnish Laws, rules, regulations and operating procedures applicable to, and/or issued by, Euroclear Finland (Euroclear Finland Rules) and the terms Noteholder and holder of Notes shall be construed accordingly. Where a nominee is so evidenced it shall be treated as the holder of the relevant Finnish Notes.

Notwithstanding the above, the Issuer may issue Notes in uncertificated and dematerialised book entry form (Finnish Notes). No Global Registered Note Certificates representing Finnish Notes will be issued and the Conditions of such shall be construed accordingly. Finnish Notes will be transferable only in accordance with the provisions of the Finnish Act on the Book-Entry Accounts (Fin. laki arvo-osuustileistä (827/1991)), other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. References in the Conditions to Global Registered Note Certificates shall not apply to Finnish Notes.

2. **Exchanges and Transfers of Notes**

(a) *Exchange of Notes*

Finnish Notes of one Specified Denomination, as applicable, may not be exchanged for Finnish Notes of another Specified Denomination.

(b) *Transfer of Registered Notes*

Subject to General Conditions 2(c) (*Transfers of interests in Regulation S Global Registered Note Certificates*) and (d) (*Transfers of interests in Rule 144A Global Registered Note Certificates*) below, if definitive Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Registered Note Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Note Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Registered Note Certificate, a new Registered Note Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

With respect to Notes in registered form issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the relevant Register at its registered office (the "**Duplicate Register**"). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, "**holder**" means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

Subject to General Conditions 2(c) (*Transfers of interests in Regulation S Global Registered Note Certificates*) and (d) (*Transfers of interests in Rule 144A Global Registered Note Certificates*) below, transfers of beneficial interests in a Global Registered Note Certificate will be effected by the Relevant Clearing System only in accordance with the terms and conditions specified in the Fiscal Agency Agreement and, in turn, by other participants and, if appropriate, indirect participants in such Relevant Clearing Systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Registered Note Certificate will only be exchangeable for a definitive Registered Note

Certificate as described in, and subject to, the provision of such Global Registered Note Certificate and only in accordance with the rules and operating procedures for the time being of the Relevant Clearing System and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Global Registered Note Certificate registered in the name of a nominee for DTC shall be limited to transfers of such Global Registered Note Certificate, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(c) *Transfers of interests in Regulation S Global Registered Note Certificates*

Interests in a Regulation S Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof. Furthermore, interests in a Regulation S Global Registered Note Certificate may not be held otherwise than through Euroclear or Clearstream, Luxembourg. Each Regulation S Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Regulation S Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(d) *Transfers of interests in Rule 144A Global Registered Note Certificates*

Interests in a Rule 144A Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time other than (i) to the Issuer or any affiliate thereof or (ii) to a person the seller reasonably believes to be a QIB purchasing (or holding) the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Each Rule 144A Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Rule 144A Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(e) *Definitions*

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**QIB**" means a "**qualified institutional buyer**" within the meaning of Rule 144A.

"**Regulation S**" means Regulation S under the Securities Act.

"**Regulation S Global Registered Note Certificate**" means a Global Registered Note Certificate representing Notes sold in offshore transactions outside the United States in reliance on Regulation S.

"**Rule 144A**" means Rule 144A under the Securities Act.

"**Rule 144A Global Registered Note Certificate**" means a Global Registered Note Certificate representing Notes sold in the United States to QIBs.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.S. person**" has the meaning given to such term under Regulation S.

(f) *Partial Redemption in Respect of Registered Notes*

In the case of a partial redemption of a holding of Registered Notes represented by a single definitive Registered Note Certificate, a new definitive Registered Note Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Registered Note Certificates shall only be issued against surrender of the existing Registered Note Certificates to the Registrar or any Transfer Agent. In the case of a partial redemption of a holding of Registered Notes represented by a Global Registered Note Certificate, the Global Registered Note Certificate shall be endorsed to reflect such partial redemption.

(g) *Delivery of New Registered Note Certificates*

Each new Registered Note Certificate to be issued pursuant to General Condition 2(b) (*Transfer of Registered Notes*) or (f) (*Partial Redemption in Respect of Registered Notes*) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent to whom such form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Registrar or of the Transfer Agent (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant form of transfer, be mailed at the risk of the holder entitled to the new Registered Note Certificate to such address as may be specified in such form of transfer.

(h) *Transfer Free of Charge*

In the case of Notes other than Swedish Notes, transfer and registration of Notes will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but will be subject to the payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(i) *Closed Periods*

No holder of a Note may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to General Condition 5(e) (*Redemption at the Option of the Issuer*), (iii) after any such Note has been called for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date (as defined in General Condition 6(a)(ii) below).

No holder of a Swedish Note may require the transfer of a Swedish Note to be registered during a period which is the equivalent to any such closed period pursuant to the Swedish CSD Rules.

(j) *Transfers of Finnish Notes*

Title to Finnish Notes shall pass by transfer from a Noteholder's book-entry account to another person's, whether legal or individual, book-entry account within Euroclear Finland (except where the Finnish Notes are nominee registered and are transferred from one account to another account with the same nominee). Notwithstanding any secrecy obligation, the Issuer shall be entitled to obtain information (including but not limited to information on Noteholders) from the register (the "**Euroclear Finland Register**") maintained by Euroclear Finland as registrar (the "**Euroclear Finland Registrar**") on behalf of the Issuer in accordance with the Euroclear Finland Rules, and Euroclear Finland shall be entitled to provide such information to the Issuer notwithstanding any secrecy obligation. Furthermore, the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall be entitled to pass such information to the "**Finnish Notes Issue and Paying Agent**" or to authorise such Agent to acquire such information from Euroclear Finland directly. Except as ordered by a court of competent jurisdiction or as required by law, the Noteholder of any Finnish Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, or its theft or loss and no person shall be liable for so treating the Noteholder.

(k) *Transfer of Swedish Notes*

All transfers of Swedish Notes and entries in the Swedish Notes Register will be made subject to the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden.

Title to Swedish Notes will pass by transfer between accountholders of the Euroclear Sweden system, perfected in accordance with the Swedish CSD Rules.

3. **Status**

(a) *Status of Notes*

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated outstanding obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the CGMFL Deed of Guarantee in respect of the Notes: only relevant for Notes issued by CGMFL.*

The obligations of the CGMFL Guarantor in respect of the Notes issued by CGMFL under the CGMFL Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CGMFL Guarantor and rank and will at all times at least rank *pari passu* with all other unsecured and unsubordinated outstanding obligations of the CGMFL Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. **Interest**

The provisions relating to interest due in respect of the Notes (if any) shall be as specified in the Valuation and Settlement Schedule and the applicable Issue Terms.

Notwithstanding anything to the contrary in the Conditions, interest on Swedish Notes for which Accrual is specified as applicable in the applicable Issue Terms shall be calculated from (but excluding) the Interest Commencement Date to (and including) the Interest Payment Date.

5. **Redemption and Purchase**

As stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this General Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) *Final Redemption*

Unless otherwise provided in the Valuation and Settlement Schedule, or unless previously redeemed or purchased and cancelled as provided below, each principal amount of the Notes equal to the Calculation Amount will be redeemed at an amount equal to 100 per cent. of the Calculation Amount or such amount as specified in the applicable Issue Terms (the "**Redemption Amount**") on the Maturity Date.

(b) *Redemption for Taxation Reasons and Redemption for Illegality*

(i) The Notes may be redeemed at the option of the Issuer or the CGMFL Guarantor, as the case may be, in whole, but not in part, at any time on giving not less than 30 or more than 60 days' notice in accordance with General Condition 13 (*Notices*) (which notice shall be irrevocable), at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount if the Issuer or the CGMFL Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to General Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Luxembourg (where the Issuer is CGMFL) or the United States (where the Issuer is Citigroup Inc.) or the United Kingdom (where the Issuer is CGMFL) or, in any such case any political subdivisions or taxing authorities thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which

change or amendment becomes effective on or after the date on which any person (including any person acting as underwriter, broker or dealer) agrees to purchase the first Tranche of any of such Notes pursuant to the original issuance of such first Tranche, and such obligation cannot be avoided by the Issuer or the CGMFL Guarantor, as the case may be, taking reasonable measures available to it; PROVIDED THAT no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the CGMFL Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this General Condition 5(b)(i), the Issuer or the CGMFL Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes (i) a certificate signed by an officer of the Issuer or the CGMFL Guarantor, as the case may be, stating that the Issuer or the CGMFL Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the CGMFL Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in Luxembourg, the United States or the United Kingdom, as applicable, to the effect that the Issuer or the CGMFL Guarantor, as the case may be, has or will become obligated to pay such additional interest as a result of such change or amendment.

(ii) If the Issuer determines that the performance of its obligations under the Notes or the CGMFL Guarantor determines that the performance of its obligations under the CGMFL Deed of Guarantee, in respect of the Notes or that any arrangements made to hedge the Issuer's and/or the CGMFL Guarantor's obligations under the Notes and/or the CGMFL Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason, the Issuer may redeem the Notes early by giving notice to Noteholders in accordance with General Condition 13 (*Notices*).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder, an amount equal to the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13 (*Notices*) and upon such payment in respect of such Notes all obligations of the Issuer and the CGMFL Guarantor in respect thereof shall be discharged.

(c) *Purchases*

The Issuer, the CGMFL Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes (in the open market or otherwise at any price. Any Notes so purchased may be held or resold or surrendered for cancellation.

(d) *Early Redemption Amount*

For the purpose of General Condition 5(b)(i) and (ii) above and General Condition 9 (*Events of Default*), the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated as specified in the applicable Issue Terms as either:

(i) "Fair Market Value"; or

(ii) "Principal Amount plus accrued interest" if any; or

(iii) in the case of Zero Coupon Notes, the "Amortised Face Amount"; or

(iv) such other amount specified in Valuation and Settlement Schedule and/or in the applicable Issue Terms.

As used above:

"**Fair Market Value**" means an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount (which shall include amounts in respect of interest) on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to General Condition 5(b)(ii), the relevant unlawfulness, illegality or prohibition) less (except in the case of any early redemption pursuant to General Condition 9 (*Events of Default*)) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including, without limitation, any options relating to any Underlying hedging the Issuer's obligations under the Notes) and, for the purposes of determining the fair market value of such Calculation Amount for the purposes of General Condition 9 (*Events 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;

"**Principal Amount plus accrued interest**" means in respect of such Calculation Amount its principal amount plus accrued interest (if any) up to but excluding the date of redemption;

"**Amortised Face Amount**" means an amount calculated in accordance with the following formula:

Early Redemption Amount = RP x (1 + AY)y

where:

"**RP**" means the Reference Price;

"**AY**" means the Amortisation Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Issue Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and payable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(e) *Redemption at the Option of the Issuer*

If, in respect of Notes other than Swedish Notes, Issuer Call is specified as applicable in the applicable Issue Terms, the Issuer may having given in the case of Registered Notes, the number of days' notice specified in the applicable Issue Terms or, if none is so specified:

(i) not less than, five nor more than 60 days' notice to the Noteholders in accordance with General Condition 13 (*Notices*); and

(ii) not less than five days' notice to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and, in respect

of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the Valuation and Settlement Schedule or specified in the applicable Issue Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Issue Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected, subject to mandatory provisions of Luxembourg law, individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of the Relevant Clearing System (in the case of Notes cleared through Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Registered Note Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with General Condition 13 (*Notices*) not less than five days prior to the date fixed for redemption. No exchange of the relevant Global Registered Note Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph.

If, in respect of Swedish Notes, Issuer Call is specified as applicable in the applicable Issue Terms, the Issuer may, having given:

(i) not less than five nor more than 60 days' notice to the Noteholders in accordance with General Condition 13 (*Notices*); and

(ii) not less than five days' notice to the Swedish Notes Issuing and Paying Agent and Euroclear Sweden, respectively,

(which notices shall be irrevocable and shall specify the date fixed for redemption and shall specify the Notes or the amount of the Notes as well as the closed period), redeem all of the Notes then outstanding on any Optional Redemption Date and, in respect of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Issue Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Issue Terms. The redemption procedures for Swedish Notes will be subject to the Swedish CSD Rules.

(f) *Redemption at the Option of holders of Notes*

If Investor Put is specified as applicable in the applicable Issue Terms, upon the holder of any Note giving to the Issuer in accordance with General Condition 13 (*Notices*) the number of days' notice specified in the applicable Issue Terms or, if none is so specified, not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the relevant Optional Redemption Date and at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Optional Redemption Amount specified in, or determined in the manner specified in, the Valuation and Settlement Schedule and in the applicable Issue Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this General Condition 5(f) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of a Note the holder of such Note must, if such Note is in definitive form and held outside the Relevant Clearing System, deliver, at the specified office of the Registrar (in the case of Registered Notes) at any time during normal

business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this General Condition 5(f) and, in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of General Condition 2(h) (*Transfer Free of Charge*). If the relevant Note is in definitive form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through Euroclear or Clearstream, Luxembourg or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, as applicable, or any common depositary or common safekeeper, as the case may be, for them, as applicable, to the Registrar by electronic means), in a form acceptable to Euroclear and Clearstream, Luxembourg, as applicable, from time to time.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through DTC, to exercise the right to require redemption of such Note, the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in the form of a Put Notice acceptable to the Registrar and irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Optional Redemption Date in accordance with applicable DTC practice.

In the case of Swedish Notes, a Put Notice will not take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Swedish Notes Issuing and Paying Agent and blocked for further transfers by the Swedish Notes Issuing and Paying Agent (such date will be the first date of a closed period for the purposes of General Condition 2(k) (*Transfer of Swedish Notes*)). The redemption procedures for Swedish Notes will be subject to the Swedish CSD Rules.

Notwithstanding anything to the contrary in the Conditions, if the Notes are Finnish Notes, the exercise of this option will not be effective against the Issuer before the date on which the relevant Finnish Notes have been transferred to the account operated by the Finnish Notes Issue and Paying Agent, which for the purposes of the relevant Finnish Notes is an account operator specifically authorised by Euroclear Finland and appointed by the Issuer in relation to a specific issue or issues to process and register issues in the system of the relevant central securities depositary and clearing institution, and blocked for further transfer on the Optional Redemption Date by the Finnish Notes Issue and Paying Agent.

The right to require redemption of any Finnish Notes in accordance with this General Condition 5(f) must, notwithstanding the above, be exercised in accordance with the Euroclear Finland Rules and if there is any inconsistency between the terms set out herein and the Euroclear Finland Rules, then the Euroclear Finland Rules shall prevail.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer or the CGMFL Guarantor may be surrendered for cancellation, if the Notes are Registered Notes, by surrendering the Note representing such Notes to the Registrar and if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the CGMFL Guarantor in respect of any such Notes shall be discharged.

6. **Payments**

All references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this General Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) *Registered Notes*

(i) Payments of principal in respect of Registered Notes (whether or not in global form) will be made, where applicable, against presentation and surrender of the relevant Note at the specified office of any of the Paying Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Payments of interest on Registered Notes will be paid to the person shown on the Register (A) where such Notes are in global form, at the close of the business day (being for this purpose, a day on which the Relevant Clearing System is open for business) before the due date for payment thereof, and (B) where such Notes are in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Such payments will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, or in the case of a payment in Euro, by a Euro cheque and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar before the Record Date, such payment of interest may be made by transfer to an account (which in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, into a Euro account (or any other account to which Euro may be credited or transferred) notified to the Registrar by such holder.

All amounts payable to DTC or its nominee as registered holder of a Global Registered Note Certificate in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Fiscal Agent to an account in the Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Fiscal Agency Agreement unless a holder has elected to receive payment in the relevant Specified Currency in accordance with applicable DTC practice.

(b) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of General Condition 7 (*Taxation*). No commission or expenses shall be charged to the holders of Notes in respect of such payments.

The holder of a Global Registered Note Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Registered Note Certificate and the Issuer or, as the case may be, the CGMFL Guarantor will be discharged by payment to, or to the order of, the holder of such Global Registered Note Certificate, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of the Relevant Clearing System as the beneficial holder of a particular principal amount of Notes represented by such Global Registered Note Certificate, as the case may be, must look solely to the Relevant Clearing System for his share of each payment so made by the Issuer or, as the case may be, the CGMFL Guarantor to, or to the order of, the holder of such Global Registered Note Certificate, as the case may be.

(c) *Payments in respect of Swedish Notes*

General Condition 6(a) (*Registered Notes*) shall not apply to Swedish Notes. Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered

as holders in the Swedish Notes Register on the fifth (5th) Stockholm Banking Day (or such other date in accordance with the Swedish CSD Rules), prior to the due date for such payment.

In the Conditions, "**Stockholm Banking Day**" means a day on which Euroclear Sweden is open for business (including the making of payments) in accordance with the Swedish CSD Rules.

(d) *Payments in respect of Finnish Notes*

General Condition 6(a) (*Registered Notes*) shall not apply to Finnish Notes. Payments in respect of Finnish Notes will be made on the due date for payment to the persons registered as holders recorded in the Euroclear Finland Register on the first (1st) Helsinki Banking Day (or such other date in accordance with the rules and procedures applied by Euroclear Finland from time to time), prior to the due date for such payment.

In the Conditions, "**Helsinki Banking Day**" means a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in Helsinki and on which Euroclear Finland and the relevant system in which the Finnish Notes are registered are open for business in accordance with the Euroclear Finland Rules.

In respect of each Series of Finnish Notes, the Issuer shall at all times maintain a registrar which shall be the duly authorised Finnish central securities depository under the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*) and a Finnish Notes Issue and Paying Agent duly authorised as an account operator (*Fin. tilinhoitaja*) under the Finnish Act on Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*).

A Finnish Notes Issue and Paying Agent will be appointed by the Issuer and identified in the applicable Issue Terms.

In relation to Finnish Notes, Euroclear Finland will act as the central securities depositary and clearing institution and the Issuer will appoint a Finnish Notes Issue and Paying Agent for Finnish purposes as specified in the applicable Issue Terms.

The Issuer is entitled to vary or terminate the appointment of the relevant central securities depositary and clearing institution or the Finnish Notes Issue and Paying Agent, provided that the Issuer will appoint another central securities depositary and clearing institution or Finnish Notes Issue and Paying Agent, each of them to be duly authorised under the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*). Each of Euroclear Finland and the Finnish Notes Issue and Paying Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship or agency or trust with, the Noteholders.

(e) *Appointment of Agents*

As applicable, the Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes initially appointed by the Issuer and the CGMFL Guarantor and their respective specified offices are listed below or in the applicable Issue Terms. The Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes act solely as agents or, as the case may be, registrars of the Issuer and the CGMFL Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the CGMFL Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar, the Exchange Agent, any Transfer Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes and to appoint additional or other agents

(any of which may be the Issuer, an Affiliate of the Issuer, the CGMFL Guarantor or an Affiliate of the CGMFL Guarantor) PROVIDED THAT the Issuer and the CGMFL Guarantor will at all times maintain:

(i) a Fiscal Agent;

(ii) at any time at which any Registered Note is outstanding, a Registrar;

(iii) at any time at which any Registered Note cleared through DTC is outstanding, an Exchange Agent in relation thereto;

(iv) at any time at which any Registered Note is outstanding, a Transfer Agent in relation thereto;

(v) a Calculation Agent where the Conditions so require one;

(vi) a Paying Agent having a specified office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;

(vii) at any time while any Swedish Note is outstanding, a Swedish Notes Issuing and Paying Agent authorised to act as an issuing agent (*Sw. emissionsinstitut*) with Euroclear Sweden;

(viii) at any time while any Finnish Note is outstanding, a Finnish Notes Issuing and Paying Agent authorised to act both as an account operator (*Fi. tilinhoitaja*) and issuer agent (*Fi. liikkeeseenlaskijan asiamies*) with Euroclear Finland; and

(ix) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

Each of the Issuer and the CGMFL Guarantor also undertakes that it will maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive unless to do so either would be unduly onerous or impracticable or is no longer market practice, in each case in the determination of the Issuer.

Notice of any such change or any change of any specified office of the Fiscal Agent, any other Paying Agent, any Transfer Agent or the Registrar will promptly be given to the Noteholders in accordance with General Condition 13 (*Notices*).

(f) *Payment Days*

If, in respect of Notes other than Swedish Notes, any date for payment in respect of any Note is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Payment Day**" means:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) in the case of Notes in definitive form only, the relevant place of presentation; and

(B) such jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Issue Terms; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency

deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in Euro, a TARGET Business Day; and

(iii) in the case of any payment in respect of a Global Registered Note Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with interests in such Global Registered Note Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

If, in respect of Swedish Notes, any date for payment is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, Payment Day means a day which is a Stockholm Banking Day and:

(i) (in the case of a payment in a currency other than Euro) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of such relevant currency; or

(ii) (in the case of a payment in Euro) a day which is a TARGET Business Day.

If, in respect of Finnish Notes, any date for payment in respect of any Finnish Notes is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, Payment Day means a day which is a Helsinki Banking Day and a TARGET Business Day (if applicable).

(g) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Issue Terms to be subject to adjustment in accordance with a Business Day Convention and (x) such day would otherwise fall on a day which is not a Business Day or (y) there is no numerically corresponding day in the calendar months in which such date should occur, then, if the Business Day Convention specified in the applicable Issue Terms is (i) the Floating Rate Convention, (1) in the case of (x) above such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment or (2) in the case of (y) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) above shall apply *mutatis mutandis*, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

7. **Taxation**

As stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this General Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) *The provisions of this paragraph (a) apply only where Citigroup Inc. is the Issuer*

The Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note or entitled person under the Citigroup Inc. Deed of Covenant

such amounts as may be necessary so that every net payment on such Note or the Citigroup Inc. Deed of Covenant, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note or the Citigroup Inc. Deed of Covenant to be then due and payable. However, the Issuer will not be required to make any such payment of additional interest for or on account of:

(i) any tax, assessment or other governmental charge that would not have been imposed but for (A) the existence of any present or former connection between such holder or entitled person (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder or entitled person, if such holder or entitled person is an estate or a trust, or a member or shareholder of such holder or entitled person, if such holder or entitled person is a partnership or corporation) and the United States, including, without limitation, such holder or entitled person (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (B) such holder's or entitled person's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;

(ii) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;

(iii) any tax, assessment or other governmental charge that would not have been imposed but for the presentation for payment or demand for payment, as the case may be, by the holder or entitled person of a Note or under the Citigroup Inc. Deed of Covenant more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the "**Relevant Date**");

(iv) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note or under the Citigroup Inc. Deed of Covenant;

(v) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent or the Registrar, as the case may be, from a payment on a Note or under the Citigroup Inc. Deed of Covenant if such payment can be made without such deduction or withholding by any other Paying Agent or the Registrar (if applicable);

(vi) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of or entitled person under a Note or the Citigroup Inc. Deed of Covenant if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(vii) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer as described in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the "Code"), that is a bank receiving interest described in Section 881(c)(3)(A) of the Code, that receives contingent interest described in Section 871(h)(4) of the Code or that is a controlled foreign corporation related to the Issuer through stock ownership as described in Section 881(c)(3)(C) of the Code;

(viii) a payment on a Note or the Citigroup Inc. Deed of Covenant to a holder or entitled person that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member

of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the holder or entitled person of or under such Note or the Citigroup Inc. Deed of Covenant;

(ix) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(x) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, or any agreement entered into pursuant to such legislation; or

(xi) any tax, assessment or governmental charge imposed on any Note that the Issuer indicates in the applicable Issue Terms it will not treat as a debt for United States federal income tax purposes.

(b) *The provisions of this paragraph (b) apply only where CGMFL is the Issuer*

The Issuer and the CGMFL Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note or entitled person under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee such amounts as may be necessary so that every net payment on such Note, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by Luxembourg (in the case of payments by CGMFL) or the United Kingdom (in the case of payments by the CGMFL Guarantor (or, in either case, any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee to be then due and payable. However, neither the Issuer nor the CGMFL Guarantor will be required to make any such payment of additional interest for or on account of:

(i) any tax, assessment or other governmental charge that would not have been imposed but for the existence of any present or future connection between such holder or entitled person and Luxembourg, (in the case of payments by CGMFL) or the United Kingdom (in the case of payments by the CGMFL Guarantor) other than the mere holding of the Note or being entitled under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee; or

(ii) any Note, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee presented for payment in Luxembourg; or

(iii) any tax, assessment or other governmental charge to which such holder or entitled person would not be liable or subject by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iv) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) any Note, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee presented for payment by or on behalf of a holder or entitled person who would have been able to avoid such withholding or deduction by presenting the relevant Note, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee to another Paying Agent in a Member State of the European Union; or

(vi) any tax, assessment or governmental charge that would not have been imposed but for the presentation for payment or demand for payment, as the case may be, by the holder or entitled person of a Note or under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee more than 15 days after the date on which such payment became

due and payable or on which payment thereof was duly provided for, whichever occurs later (the "Relevant Date"); or

(vii) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, any agreement entered into pursuant to such legislation, or any law implementing an intergovernmental approach thereto.

(c) *The provisions of this paragraph (c) apply to all Notes, regardless of the Issuer*

References in the Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, any Redemption Amount, any Early Redemption Amount, any Optional Redemption Amount, in relation to Zero Coupon Notes, the Amortised Face Amount and all other amounts in the nature of principal payable pursuant to General Condition 5 (*Redemption and Purchase*) and the Valuation and Settlement Schedule and the provisions of the applicable Issue Terms, (ii) "**interest**" shall be deemed to include any Interest Amount and all other amounts in the nature of interest payable pursuant to General Condition 4 (*Interest*) and the Valuation and Settlement Schedule and the provisions of the applicable Issue Terms and (iii) in any context, the payment of the principal of (or premium, if any) or interest on any Note, such mention shall be deemed to include mention of the payment of additional interest provided for in this General Condition 7 to the extent that, in such context, additional interest is, was or would be payable in respect thereof pursuant to the provisions of this General Condition 7 and express mention of the payment of additional interest (if applicable) in any provisions hereof shall not be construed as excluding additional interest in those provisions hereof where such express mention is not made. Where the Valuation and Settlement Schedule and the applicable Issue Terms do not provide for the payment of interest, references to interest in the Conditions shall be disregarded and the Conditions construed accordingly.

8. **Prescription**

Claims against the Issuer for payment in respect of the Notes (other than Swedish Notes and Finnish Notes) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in General Condition 7 (*Taxation*) in respect thereof.

If the Notes are Swedish Notes and for the purposes of this Condition 8, "**Relevant Date**" means the date on which such payment first becomes due, or such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1991: 130)*).

If the Notes are Finnish Notes, claims against the Issuer for payment in respect of the Notes and any principal and interest shall be prescribed unless made within three years after the date on which such payment becomes due and payable therefor and thereafter any principal or interest payable in respect of such Notes shall be forfeited and revert to the Issuer.

9. **Events of Default**

As stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this General Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) "**Event of Default**" wherever used herein with respect to the Notes means any one of the following events:

(i) default in the payment of any interest upon any Note, if any, when it becomes due and payable, and continuance of such default for a period of 30 days; or

(ii) default in the payment of the principal of any Note at its due date and continuance of any such default for a period of ten days; or

(iii) default in the performance, or breach, of any covenant of the Issuer or the CGMFL Guarantor in the Conditions or the Fiscal Agency Agreement (other than a covenant a default in whose performance or whose breach is elsewhere in this General Condition 9 specifically dealt with) or the CGMFL Guarantor under the CGMFL Deed of Guarantee and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or the CGMFL Guarantor, as the case may be, by the holders of at least 25 per cent. in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(iv) THIS GENERAL CONDITION 9(a)(iv) ONLY APPLIES WHERE THE ISSUER IS CITIGROUP INC.: the entry of a decree or order for relief in respect of the Issuer by a court having jurisdiction in the premises in an involuntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of the whole or substantially the whole of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

(v) THIS GENERAL CONDITION 9(a)(v) ONLY APPLIES WHERE THE ISSUER IS CITIGROUP INC.: the commencement by the Issuer of a voluntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of the whole or substantially the whole of its property, or the making by the Issuer of an assignment for the benefit of its creditors generally, or the admission by the Issuer in writing of its inability to pay its debts generally as they become due; or

(vi) THIS GENERAL CONDITION (9)(a)(vi) ONLY APPLIES WHERE THE ISSUER IS CGMFL:

(A) any order is made by any component court or any resolution passed for the winding up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation, (*insolvabilitié, liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion controlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or the appointment of a receiver of the Issuer (including, without limitation, the appointment of any receiver (curateur), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert vérificateur, juge délégué or juge commissaire*) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement; or

(B) the entry of a decree or order for relief in respect of the CGMFL Guarantor by a court having jurisdiction in the premises in an involuntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the CGMFL Guarantor or of the whole or substantially the whole of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

(C) the commencement by the CGMFL Guarantor of a voluntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the CGMFL Guarantor or of the whole or substantially the whole of its property, or the making by the CGMFL Guarantor of an assignment for the benefit of its creditors generally, or the admission by the CGMFL Guarantor in writing of its inability to pay its debts generally as they become due; or

(vii) the CGMFL Deed of Guarantee ceases to be, or is claimed by the CGMFL Guarantor not to be, in full force and effect (except, for the avoidance of doubt, where this is a result of the CGMFL Guarantor becoming the Issuer pursuant to the Conditions). For the avoidance of doubt, for the purposes of this provision, the CGMFL Deed of Guarantee shall be deemed not to have ceased to be in full force and effect in circumstances where there is a consolidation or merger of the CGMFL Guarantor in accordance with General Condition 14 (*Consolidation or Merger*) or where a substitution of the CGMFL Guarantor is effected in accordance with General Condition 15 (*Substitution of the Issuer and the CGMFL Guarantor*).

(b) If an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25 per cent. in principal amount of the Outstanding Notes may declare the Notes, by a notice in writing to the Issuer, the CGMFL Guarantor and the Fiscal Agent, to be immediately due and payable, whereupon each principal amount of the Notes equal to the Calculation Amount shall become due and repayable at the Early Redemption Amount. Upon such payment in respect of any Note, all obligations of the Issuer and the CGMFL Guarantor in respect of such Note shall be discharged.

(c) "**Outstanding**" when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under the Conditions prior to such date, except:

(i) Notes cancelled by the Fiscal Agent or the Registrar or delivered to the Fiscal Agent or the Registrar for cancellation;

(ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent or any other Paying Agent in accordance with the Fiscal Agency Agreement; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Conditions or provision therefor satisfactory to the Fiscal Agent has been made; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Conditions, other than any such Notes in respect of which there shall have been presented to the Fiscal Agent or the Registrar proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer,

provided, however, that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the CGMFL Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMFL Guarantor shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent or the Registrar the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or the CGMFL Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMFL Guarantor.

10. Meetings of Noteholders, Modifications and Determinations

(a) *Meetings of Noteholders*

The Fiscal Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Notes (including the Conditions insofar as the same may apply to the Notes) or the relevant Deed of Covenant or the CGMFL Deed of Guarantee, as applicable, as they relate to the Notes. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of the Notes, the Early Redemption Amount, the Redemption Amount or any other amount payable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest, (iv) if a Minimum Interest Rate and/or a Maximum Interest Rate is specified in the applicable Issue Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Redemption Amount, the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or any adjournment thereof or the majority required to pass the Extraordinary Resolution or (viii) to take any steps which as specified in the Terms and Conditions may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement is present.

If a holder of Swedish Notes held through a nominee (an "**Indirect Noteholder**") attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing that such Indirect Noteholder on the fifth (5th) Stockholm Business Day prior to the meeting was a holder of Swedish Notes, the Indirect Noteholder shall be regarded the holder of such Swedish Notes for the purposes of this General Condition 10.

In connection with a meeting of holders of such Swedish Notes, the Swedish Notes Issuing and Paying Agent shall, to the fullest extent permitted under the Swedish CSD Rules, have access to the CSD Register (*Sw. avstämningsregistret*) for the Swedish Notes.

Notwithstanding any provision to the contrary in the Conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of CGMFL to amend the corporate objects of CGMFL, to change the legal form of CGMFL or its nationality and/or to increase the commitments of CGMFL's shareholders must be approved by a resolution of the Noteholders. Such resolution of the Noteholders may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the Companies Act 1915, as long as any such specific requirements exist under the Companies Act 1915 (the "**Luxembourg Law Resolutions**").

(b) A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting. If there ceases to be specific requirements under Luxembourg law for the above matters, any resolutions on these matters will be taken in the form of Extraordinary Resolutions (as defined in the Fiscal Agency Agreement).

(c) *Modifications*

The Issuer and the CGMFL Guarantor may make, without the consent of the Noteholders:

(i) any modification (except as mentioned above) to, as applicable, the Notes, the Fiscal Agency Agreement, the relevant Deed of Covenant, the Swedish Notes Issuing and

Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement and/or the CGMFL Deed of Guarantee, as applicable, which is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders (without considering the individual circumstances of any Noteholder or the tax or other consequences of such modification in any particular jurisdiction); or

(ii) any modification to the Notes, the Fiscal Agency Agreement, the relevant Deed of Covenant, the Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement and/or the CGMFL Deed of Guarantee, as applicable, which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with General Condition 13 (*Notices*) as soon as practicable thereafter.

Save as provided therein, the Swedish Notes Issuing and Paying Agency Agreement may be amended by agreement among the parties thereto and without the consent of any holders of the Notes.

(d) *Determinations*

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer or the Calculation Agent's or such other person's opinion), that matter shall be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and (i) where "Sole and Absolute Determination" is specified in the applicable Issue Terms, in its sole and absolute discretion or (ii) where "Commercial Determination" is specified in the applicable Issue Terms, in a commercially reasonable manner.

The Calculation Agent or such other person may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. The Issuer may delegate any of its obligations and functions to a third party as it deems appropriate.

All discretions exercised and determinations, considerations, elections, selections or other decisions made in respect of the Notes by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Noteholders and (in the absence of wilful default or bad faith) neither the Issuer nor the Calculation Agent shall have responsibility to any person for any errors or omissions in (a) calculation by the Calculation Agent or the Issuer, as the case may be, of any amount due in respect of the Notes or (b) any determination made by the Calculation Agent or the Issuer, as the case may be.

(e) *Exercise of Discretion*

In exercising its discretion in respect of the Notes as provided herein, each of the Issuer and the Calculation Agent or such other person (described in (d) above) may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements entered into by a Hedging Party (as defined in the Valuation and Settlement Schedule) in respect of the Notes. The exercise of the Issuer's and/or the Calculation Agent's and/or such other person's discretion in respect of the Notes as provided herein are necessary because certain circumstances or events (for example a material modification or disruption to an Underlying to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to a Hedging Party of maintaining the relevant Notes or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source), it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any Underlying or

otherwise in connection with the Notes to be made, thus making it necessary for the Issuer and/or the Calculation Agent to exercise its discretion in such a case.

(f) *Hedging Arrangements*

As used in this General Condition 10, "**hedging arrangements**" means the arrangements, if any, the Issuer makes to have available to it the relevant cash amounts to be paid under the Notes as these fall due. This may involve a Hedging Party investing directly in an Underlying. Alternatively, a Hedging Party may make an indirect investment by entering into or acquiring a derivative contract referencing an Underlying. Such hedging arrangements may be carried out on a portfolio basis (i.e. where the Hedging Party maintains arrangements for hedging the Notes together with other obligations of the Issuer and/or its Affiliates). A Hedging Party will seek to select hedging arrangements which are efficient for it in the context of the tax, regulatory and business environment in which it operates, but will do so without having regard to the interests of Noteholders. A Hedging Party may also adjust hedging arrangements from time to time but will not always be able to avoid adverse costs, taxes or regulatory changes which affect its hedging arrangements. For the avoidance of doubt, no Hedging Party is under any obligation to enter into any hedging arrangements and, if any hedging arrangements are entered into, such arrangements will not confer any rights or entitlements on any Noteholder and no Noteholder will have recourse to any such hedging arrangements.

(g) *Determination of amounts payable*

The Issuer and/or the Calculation Agent and/or such other person will employ the methodology described in the Conditions (including the Valuation and Settlement Schedule) to determine amounts payable in respect of the Notes. When making any such determination in relation to any amounts so payable, the Issuer and/or the Calculation Agent and/or such other persons may in its/their sole and absolute discretion consider any relevant information, which may but is not required to include, without limitation, one or more of the following:

(i) quotations (either firm or indicative) supplied by one or more third parties or information sources;

(ii) information consisting of relevant market data in the relevant markets supplied by one or more third parties or information sources including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or

(iii) information of the types described in (i) or (ii) above from internal sources (including any Affiliates of the Issuer and/or the Calculation Agent and/or such other persons) or other information of a type used by the Issuer and/or the Calculation Agent and/or such other persons in the regular course of its business or in connection with similar transactions.

Whenever the Issuer and/or the Calculation Agent and/or such other persons is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Issuer and/or the Calculation Agent and/or such other persons in the performance or exercise of any of its obligations or discretions under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion.

(h) *Rounding*

For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest "**unit**" of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded

down to the nearest Yen. For these purposes unit means the lowest amount of such currency which is available as legal tender in the country of such currency.

(i) *Disclaimer of liability and responsibility*

The Issuer and/or the Calculation Agent and/or such other persons makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent and/or such other persons have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent and/or such other persons and/or such other persons shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Notes and acts solely as an agent of the Issuer and the CGMFL Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any holder.

(j) *Conflict of Interest*

In addition to providing calculation agency services to the Issuer, the Calculation Agent or any of its Affiliates may perform further or alternative roles relating to the Issuer and any Series of Notes including, but not limited to, for example, being involved in arrangements relating to any Underlying(s) (for example as a calculation agent or, in the case of a proprietary index for example, as index sponsor). Furthermore, the Calculation Agent or any of its Affiliates may contract with the Issuer and/or enter into transactions which relate to the Issuer, the Notes or any Underlying and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Issuer nor the Calculation Agent in respect of the Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

11. Replacement of Notes

If, in respect of Notes other than Swedish Notes or Finnish Notes, a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Registrar (in the case of Registered Notes) or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with General Condition 13 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note) and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued. This General Condition shall not apply to Swedish Notes or Finnish Notes.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (or the same in all respects save for the amount and date of the first payment of interest thereon) PROVIDED THAT, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be consolidated and form a single Series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

13. **Notices**

(a) *Notices in relation to Notes other than Finnish Notes and Swedish Notes*

All notices to the holders of Registered Notes will be deemed validly given if mailed to them at their respective addresses in the Register and any such notice will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

Until such time as any definitive Notes are issued, there may, so long as any Global Registered Note Certificate(s) representing the Notes are held in their entirety on behalf of any Relevant Clearing System, be substituted for such mailing or such publication in such newspaper(s) as provided above, the delivery of the relevant notice to each Relevant Clearing System for communication by them to the holders of the Notes and, in addition, for so long as the Notes are listed or admitted to trading on a stock exchange and the rules of that stock exchange so require, such notice will be published in the manner and/or place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to the Relevant Clearing System or, where there is more than one Relevant Clearing System the first such Relevant Clearing System.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Registered Note Certificate, such notice may be given by any Noteholder to the Registrar through the Relevant Clearing System in such manner as the Registrar and the Relevant Clearing System may approve for this purpose.

(b) *Notices in relation to Finnish Notes*

Notices to holders of Finnish Notes will be deemed to be validly given if sent by mail to a Noteholder on the address registered for such Noteholder in the Euroclear Finland Register maintained by the Euroclear Finland Registrar in accordance with the Euroclear Finland Rules.

With respect to Finnish Notes listed on the Irish Stock Exchange (or another stock exchange, as applicable) and so long as the rules of that exchange so require, any notices to holders must also be published on the website of the Irish Stock Exchange (or other relevant stock exchange) and any such notice will be deemed validly given on the date of such publication or, if published more than once on different dates, on the date of first publication as provided above.

(c) *Notices in relation to Swedish Notes*

Notices to holders of Swedish Notes will be deemed to be validly given if sent by mail to a holder of Notes to the address registered for such holder in the system of Euroclear Sweden or in accordance with the Swedish CSD Rules. Any such notice shall be deemed to have been given, if sent by mail to the holder, on the fourth day following the day the notice was sent by mail.

Notices to be given by any holder of Notes shall be in writing and given by lodging the same with the Swedish Notes Issuing and Paying Agent.

With respect to Swedish Notes listed on the Irish Stock Exchange (or another stock exchange, as applicable) and so long as the rules of that exchange so require, any notices to holders must be published on the website of the Irish Stock Exchange (or other relevant stock exchange) and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

14. **Consolidation or Merger**

(a) The Issuer or the CGMFL Guarantor shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless:

(i) the corporation formed by such consolidation or into which the Issuer or the CGMFL Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the "**successor corporation**") shall be a corporation organised and existing under the laws of any of the United States, the United Kingdom, Luxembourg, France, Germany, Belgium or The Netherlands or, in any such case, any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of General Condition 15 (*Substitution of the Issuer and the CGMFL Guarantor*), expressly assume, the due and punctual payment of, in the case of a consolidation or merger in respect of the Issuer, the principal and interest and the due and punctual delivery of all assets on all the Notes and the performance of the Conditions on the part of the Issuer to be performed or observed or, in the case of a consolidation or merger in respect of the CGMFL Guarantor, all amounts due under the CGMFL Deed of Guarantee, as applicable, in respect of the Notes and the performance of the CGMFL Deed of Guarantee on the part of the CGMFL Guarantor to be performed or observed;

(ii) if the Notes are listed or traded on any stock exchange, each such stock exchange shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed or traded on such stock exchange.

For the purposes of the Conditions "**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof.

(b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer or the CGMFL Guarantor substantially as an entirety in accordance with General Condition 14(a) above, the successor corporation formed by such consolidation or into which the Issuer or the CGMFL Guarantor, as applicable, is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the CGMFL Guarantor, as applicable, with the same effect as if such successor corporation had been named as the Issuer or the CGMFL Guarantor, as applicable, herein (subject as provided in General Condition 15(f)), and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the Conditions, the Notes, the relevant Deed of Covenant, the CGMFL Deed of Guarantee (in the case of a consolidation or merger in respect of the CGMFL Guarantor only) and the Fiscal Agency Agreement.

15. **Substitution of the Issuer and the CGMFL Guarantor**

As stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this General Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) Either the Issuer or the CGMFL Guarantor may, at any time, without the consent of the Noteholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the CGMFL Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the CGMFL Guarantor, as the case may be (the "**Substitute**"), subject to:

(i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that, in the case of a substitution of the Issuer, the Notes and the relevant Deed of Covenant or, in the case of a substitution of the CGMFL Guarantor, the CGMFL Deed of Guarantee, as applicable, represent legal,

valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;

(ii) the Substitute becoming party to the Fiscal Agency Agreement with any appropriate consequential amendments, as if it had been an original party to it in place of the Issuer or the CGMFL Guarantor, as the case may be;

(iii) (A) the Substitute and the Issuer having obtained (a) legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes and the relevant Deed of Covenant, or, in the case of a substitution of the CGMFL Guarantor under the CGMFL Deed of Guarantee, are legal, valid and binding obligations of the Substitute and (b) in the case of the substitution of the Issuer which is CGMFL (or any substitute thereof), a legal opinion from an independent legal adviser in England, that the CGMFL Deed of Guarantee will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CGMFL Guarantor, in respect of the Substitute (provided that no opinion as referred to in this sub paragraph (b) shall be required where the Substitute is the CGMFL Guarantor with respect to Notes issued by CGMFL); and

(B) all consents and approvals as required have been obtained and that the Substitute, the Notes comply with all applicable requirements of the Securities Act;

(iv) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;

(v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes;

(vi) the Issuer or the CGMFL Guarantor, as the case may be, giving notice of the date of such substitution to the holders in accordance with General Condition 13 (*Notices*);

(vii) in the case of Finnish Notes only, such substitution being permitted by Euroclear Finland; and

(viii) in the case of Swedish Notes only, such substitution being permitted by Euroclear Sweden.

(b) Upon such substitution, any reference in the Conditions to the Issuer or the CGMFL Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.

(c) After a substitution pursuant to General Condition 15(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in General Condition 15(a) and 15(b) shall apply *mutatis mutandis*, and references in the Conditions to the Issuer or CGMFL Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute. For the avoidance of doubt, the CGMFL Guarantor may be a Substitute for the Issuer and in such cases references to the CGMFL Guarantor and the CGMFL Deed of Guarantee should be construed accordingly.

(d) After a substitution pursuant to General Condition 15(a) or 15(c), any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.

(e) For the avoidance of doubt, CGMFL may (i) be substituted as the Issuer by CGML, pursuant to this General Condition albeit that it is the CGMFL Guarantor or (ii) merge or be

consolidated into CGML pursuant to General Condition 14 (*Consolidation or Merger*), albeit that it is the CGMFL Guarantor without, in either case, there being any breach of the Conditions which shall be construed accordingly.

(f) For so long as any Notes are listed on a stock exchange, such stock exchange shall be notified of any such consolidation, merger or substitution and the requirements of such stock exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).

(i) If the Issuer is Citigroup Inc. and pursuant to General Condition 14 (*Consolidation or Merger*) or General Condition 15(a), there is a successor corporation or Substitute of Citigroup Inc. the successor corporation or the Substitute of Citigroup Inc., as the case may be, is organised and existing under the laws of a jurisdiction other than the United States (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be substituted in General Condition 7(A) and General Conditions 9(a)(iv) and 9(a)(v) for the United States (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing.

(ii) If the Issuer is CGMFL and pursuant to General Condition 14 (*Consolidation or Merger*) or General Condition 15(a), there is a successor corporation or Substitute of CGMFL and the successor corporation or the Substitute of CGMFL, as the case may be, is organised and existing under the laws of a jurisdiction other than Luxembourg (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in General Condition 7(B) for Luxembourg (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing and (ii) added to the end of General Condition 9(a)(vi)(A) immediately after the words "or other similar arrangement" the following:

", or, if the Issuer is not organised and existing under the laws of Luxembourg, any event occurs which under the laws of the jurisdiction in which the Issuer is organised and existing has an analogous effect to any of the events referred to above in this General Condition 9(a)(vi)(A)".

(iii) If the Issuer is CGMFL and pursuant to General Condition 14 (*Consolidation or Merger*) or General Condition 15(a), there is a successor corporation or Substitute of the CGMFL Guarantor and the successor corporation or Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than the United Kingdom (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in General Condition 7(B) (*The provisions of this paragraph (B) apply only where CGMFL is the Issuer*) and General Conditions 9(a)(vi)(B) and 9(a)(vi)(C) for the United Kingdom (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing.

(iv) For the purposes of this General Condition 15 and article 1275 of the Luxembourg civil code, the Noteholders, by subscribing for, or otherwise acquiring the Notes, are expressly deemed to have consented to any substitution of CGMFL effected in accordance with this General Condition 15 and to the release of CGMFL from any and all obligations in respect of the Notes.

16. Redenomination

If Redenomination is specified in the applicable Issue Terms as being applicable, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the relevant Specified Currency specified adopts the Euro as its lawful currency in accordance with the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

(a) each Specified Denomination will be deemed to be denominated in such amount of Euro as is equivalent to its denomination so specified in the relevant Specified Currency at the Established Rate, rounded down to the nearest Euro 0.01;

(b) after the Redenomination Date, all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the relevant Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee, or at the option of the payee, by a Euro cheque; and

(c) such other changes shall be made to the Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro including but not limited to where the Notes are in global form. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with General Condition 13 (*Notices*).

As used in the Conditions:

"**Established Rate**" means the rate for conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into Euro established by the Council of the European Union pursuant to Article 140 of the Treaty.

"**Redenomination Date**" means (in the case of interest-bearing Notes) any date for payment of interest under the Notes or (in the case of non-interest-bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to General Condition 13 (*Notices*) and which falls on or after such date as when the country of the Relevant Currency participates in the third stage of European economic and monetary union pursuant to the Treaty.

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

None of the Issuer, the CGMFL Guarantor, the Registrar, the Fiscal Agent and any other Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this General Condition 16 will, in the absence of manifest error, be conclusive and binding on the Issuer, the CGMFL Guarantor, the Fiscal Agent, the Paying Agents, the Registrar and the Noteholders.

17. Governing Law and Submission to Jurisdiction

(a) *Governing Law*

The Notes (other than Finnish Notes and Swedish Notes) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. For the avoidance of doubt, where CGMFL is the Issuer, Articles 86 to 94-8 of the Companies Act 1915, are hereby excluded.

In addition, no Noteholder may initiate proceedings against CGMFL based on article 98 of the Companies Act 1915.

The Finnish Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

Notwithstanding this, the registration and transfer of the Finnish Notes in Euroclear Finland's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Finnish law.

The Swedish Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Notwithstanding this, the registration of the Swedish Notes in Euroclear Sweden's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Swedish law.

(b) *Submission to Jurisdiction*

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non contractual obligations arising out of or in connection with the Notes (a "**Dispute**") and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

Each of the Issuer and any Noteholders irrevocably submit to the exclusive jurisdiction of the English courts and each of the Issuer and any Noteholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Citigroup Global Markets Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

18. **Rights of Third Parties**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19. **Definitions**

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Business Day**" means:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Centre specified in the applicable Issue Terms, and if "Business Centre" is specified to be or to include: (a) "**U.S. Government Securities Business Day**", then "Business Day" shall also be any day except a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire

day for purposes of trading in U.S. government securities; or (b) "**TARGET**", then "Business Day" shall also be a day on which the TARGET2 System is open; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the "**TARGET2 System**") is open.

"**Calculation Amount**" has the meaning given in the applicable Issue Terms.

"**Euro-zone**" means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

"**sub unit**" means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

"**TARGET Business Day**" means a day on which the TARGET2 System is operating.

UNDERLYING SCHEDULE 1 INFLATION INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as an "Inflation Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Inflation Indices.

1. **Definitions**

"**Cut-off Date**" means, in respect of a Payment Date, the day which is five Business Days prior to such Payment Date.

"DIR Inflation Linked Notes" are Notes which either bear interest payable at, or calculated by reference to, a rate determined by reference to movements in an inflation index and the specific interest payment date to allow interpolation between the two monthly fixings.

"**Fallback Bond**" means, in respect of an Inflation Index, if "Fallback Bond" is specified as applicable in the applicable Issue Terms, (a) the bond specified as such in the applicable Issue Terms; or (b) if no such bond is specified, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation such Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (i) the same day as the Maturity Date; (ii) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date; or (iii) the next shortest maturity before the Maturity Date if no bond described in (i) or (ii) above is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union ("**EMU**"), then the Calculation Agent will select an inflation-linked bond which is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays interest or redemption amount which is calculated by reference to the level of inflation in the EMU. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, then the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond in respect of an Inflation Index redeems, then the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"**Index Sponsor**" means, in respect of an Inflation Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to such Inflation Index; and (b) announces (directly or through an agent) the level of such Inflation Index.

"**Inflation Index**" means each Underlying classified as such in the applicable Issue Terms or any Successor Index.

"Inflation Rate Notes" are Notes which either bear interest payable at, or calculated by reference to, a rate determined by reference to movements in an inflation index.

"**Manifest Error Cut-off Date**" means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Issue Terms.

"**Payment Date**" means, in respect of a Valuation Date, the Interest Payment Date, the Maturity Date or other date to which such Valuation Date relates.

"**Reference Month**" means, in respect of an Inflation Index and a Valuation Date, each month specified as such for such Valuation Date in the applicable Issue Terms.

"**Revision Cut-off Date**" means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Issue Terms.

2. **Valuation**

"**Underlying Closing Level**" means, in respect of an Inflation Index, a Valuation Date and a related Reference Month, the level of such Inflation Index in respect of such Reference Month, as displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to an Inflation Index.

3. **Disruption to Valuation**

(a) *Determination of the Underlying Closing Level of an Inflation Index on a Valuation Date*

Any Specified Valuation Date shall not be adjusted in relation to an Inflation Index and the Substitute Index Level provisions set out below shall apply thereto. The provisions of Valuation and Settlement Condition 2(c) (*Adjustments to Valuation Dates (Scheduled Trading Days)*) shall only apply in relation to Underlying(s) which are not Inflation Indices (if any).

(b) *Substitute Index Level*

(i) Inflation Rate Notes

This paragraph (i) only applies in relation to Inflation Rate Notes.

If an Underlying Closing Level for a Reference Month has not been published or announced by the Cut-off Date for the relevant Payment Date, then the Calculation Agent shall, subject to any provisions specified in the applicable Issue Terms, determine a substitute index level (the "**Substitute Index Level**") by using the following methodology:

(A) if Fallback Bond is specified as applicable in the applicable Issue Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the affected Reference Month as that taken by the relevant calculation agent pursuant to the terms and conditions of any relevant Fallback Bond; and

(B) if there is no Fallback Bond or sub-paragraph (A) does not result in a Substitute Index Level for the relevant Reference Month for any reason, then the Calculation Agent will determine the Substitute Index Level in accordance with the formula set out below:

Where:

"**Base Level**" means in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month for which the Substitute Index Level is being determined;

"**Latest Level**" means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor prior to the Reference Month in respect of which the Substitute Index Level is being determined;

"**Reference Level**" means in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month referred to in the definition for "Latest Level" above; and

(C) if the Underlying Closing Level of an Inflation Index for a Reference Month is published or announced at any time after the Cut-off Date for the relevant Payment Date, then such Underlying Closing Level will not be used in any calculation. The Substitute Index Level determined pursuant to this Inflation

Index Condition 3 will be the Underlying Closing Level in respect of the relevant Reference Month.

(ii) DIR Inflation Linked Notes

This paragraph (ii) only applies in relation to DIR Inflation Linked Notes.

If an Underlying Closing Level for a Reference Month has not been published or announced by the Cut-off Date for the relevant Payment Date, then the Calculation Agent shall, subject to any provisions specified in the applicable Issue Terms, determine a substitute index level (the "**Substitute Index Level**") by using the following methodology:

(A) if Fallback Bond is specified as applicable in the applicable Issue Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the affected Reference Month as that taken by the relevant calculation agent pursuant to the terms and conditions of any relevant Fallback Bond; and

(B) if there is no Fallback Bond or sub-paragraph (i) does not result in a Substitute Index Level for the relevant Reference Month for any reason, then the Calculation Agent will determine the Substitute Index Level as follows:

(1) in the definition of DIR Index, if the Underlying Closing Level of the specified Inflation Index is not available for either Month A or Month B (both as specified in the applicable Issue Terms), the DIR Index Figure applicable to the relevant Interest Payment Date will be the Latest Level, where

"**Latest Level**" means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor;

(2) in the definition of DIR Index, if the Underlying Closing Level of the specified Inflation Index is not available for both Month A and Month B, then Inflation Index Condition 6(d) (*Substitution of an Inflation Index*) will apply.

(C) if the Underlying Closing Level of an Inflation Index for a Reference Month is published or announced at any time after the Cut-off Date for the relevant Payment Date, then such Underlying Closing Level will not be used in any calculation. The Substitute Index Level determined pursuant to this Inflation Index Condition 3 will be the Underlying Closing Level in respect of the relevant Reference Month.

4. **Additional Adjustment Events**

The following Additional Adjustment Event shall apply in respect of an Inflation Index: the relevant Index Sponsor imposes on the Issuer and/or any of its Affiliates increased or unexpected fees and costs for the use of such Inflation Index, which the Calculation Agent determines are material.

5. **Additional Early Redemption Events**

The following Additional Early Redemption Events shall apply in respect of an Inflation Index:

(a) the Calculation Agent determines that no Successor Index can be determined under Inflation Index Condition 6(d) (*Substitution of an Inflation Index*); and

(b) the Calculation Agent determines that no adjustment can reasonably be made under Inflation Index Condition 6(e) (*Modification of an Inflation Index*).

6. **Additional Provisions**

(a) *Correction of published or announced prices or levels*

The provisions of Valuation and Settlement Condition 2(j) (*Correction of published or announced prices or levels*) shall not apply in respect of an Inflation Index.

(b) *Revision of the level of an Inflation Index*

The operation of this Inflation Index Condition 6(b) is subject as provided in Inflation Index Condition 6(c) (*Correction of a manifest error in the level of an Inflation Index*) below.

If "Revision" is specified as applicable for an Inflation Index in the applicable Issue Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index, or any revision to such Underlying Closing Level made no later than the relevant Revision Cut-off Date, shall be final and conclusive.

If "No Revision" is specified as applicable for an Inflation Index in the applicable Issue Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index shall be final and conclusive, and any later revision to such Underlying Closing Level will not be used in any calculation.

If neither "Revision" nor "No Revision" is elected in the applicable Issue Terms, then "No Revision" shall be deemed to apply.

(c) *Correction of a manifest error in the level of an Inflation Index*

If the Calculation Agent determines that the Index Sponsor of an Inflation Index has corrected an Underlying Closing Level for such Inflation Index to correct a manifest error no later than the earlier to occur of (i) the relevant Manifest Error Cut-off Date; and (ii) 30 calendar days following the first publication and announcement of such Underlying Closing Level, then the Calculation Agent may use such corrected Underlying Closing Level for the purposes of any calculation in respect of any relevant Valuation Date. Any correction to an Underlying Closing Level of such Inflation Index published after the relevant Manifest Error Cut-off Date will not be used in any calculation in respect of any relevant Valuation Date. In the event of any inconsistency (as determined by the Calculation Agent) between this Inflation Index Condition 6(c) and Inflation Index Condition 6(b) (*Revision of the level of an Inflation Index*), the operation of this Inflation Index Condition 6(c) shall prevail.

(d) *Substitution of an Inflation Index*

If the Calculation Agent determines that either (i) a level for an Inflation Index has not been published or announced for two consecutive months; and/or (ii) the Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index; and/or (iii) the Index Sponsor cancels such Inflation Index, then the Calculation Agent may replace such Inflation Index with a successor index (a "**Successor Index**") by using the following methodology:

(i) if at any time a successor index has been designated in respect of an Inflation Index by the calculation agent under any relevant Fallback Bond pursuant to the terms and conditions of such Fallback Bond, then such successor index may be designated a "Successor Index" for such Inflation Index for the purposes of all subsequent Valuation Dates, notwithstanding that any other Successor Index may previously have been determined under sub-paragraph (ii) or (iii);

(ii) if a Successor Index has not been determined under sub-paragraph (i) and a notice has been given or an announcement has been made by the relevant Index Sponsor, specifying that such Inflation Index will be superseded by a replacement inflation index specified by the relevant Index Sponsor, and the Calculation Agent determines that such replacement inflation index is calculated using the same or substantially similar formula

or method of calculation as used in the calculation of the previously applicable Inflation Index, then such replacement index shall be such Inflation Index for purposes of the Notes from the date that such replacement Inflation Index comes into effect;

(iii) if no Successor Index has been determined under sub-paragraph (i) or (ii) by the fifth Business Day prior to the Cut-off Date in respect of the next following Payment Date, then the Calculation Agent will determine an appropriate alternative index and such index will be deemed a "Successor Index".

If a Successor Index is determined in accordance with the above, the Calculation Agent may make such adjustment(s) to the Conditions as the Calculation Agent determines necessary or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Notes.

If no Successor Index can be determined pursuant to the above, the provisions of Inflation Index Condition 5 (*Additional Early Redemption Events*) shall apply.

(e) *Modification of an Inflation Index*

If, on or prior to any Cut-off Date in respect of a Payment Date, an Index Sponsor announces that it will make a material change to an Inflation Index, then the Calculation Agent shall make such adjustments to the Conditions (i) (if a Fallback Bond is specified for the relevant Inflation Index) as are consistent with any adjustment made to the relevant Fallback Bond; or (ii) (if no Fallback Bond is specified for the relevant Inflation Index) as are necessary for such modified Inflation Index to continue as an Inflation Index.

If no such adjustment can reasonably be made pursuant to the above, the provisions of Inflation Index Condition 5 (*Additional Early Redemption Events*) shall apply.

(f) *Rebasing of the Inflation Index*

If the Calculation Agent determines that an Inflation Index has been or will be rebased at any time, then the Inflation Index as so rebased (the "**Rebased Index**") will be used for the purposes of determining any Underlying Closing Level of such Inflation Index from the date of such rebasing.

If a Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index as are made by the calculation agent pursuant to the terms and conditions of the relevant Fallback Bond, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

If no Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

In each case, the Calculation Agent may make such adjustment(s) to the terms of the Conditions as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date(s) of the adjustment(s) to the Notes.

Any such rebasing shall not affect any prior payments made under the Notes.

UNDERLYING SCHEDULE 2 RATE CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Rate".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Rates.

1. **Definitions**

"**Disrupted Day**" shall have the meaning given to it in Rate Condition 3 (*Disruption to Valuation*).

"**ISDA Definitions**" means the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes as published by the International Swaps and Derivatives Association, Inc.

"**Rate**" means each Underlying classified as such in the applicable Issue Terms.

"**Scheduled Trading Day**" shall, in respect of a Rate, have the meaning given to it for such Rate in the applicable Issue Terms.

2. **Valuation**

(a) *Closing Valuations*

"**Underlying Closing Level**" means, in respect of a Rate and a Valuation Date, the percentage rate of such Rate for such Valuation Date, which appears on the applicable Electronic Page as of the Valuation Time. For the avoidance of doubt, a Rate will be determined as of the Valuation Time which may not be the "closing time" and a Rate may only be determined once on any Scheduled Trading Day.

(b) *Intraday Valuations*

Underlying Level does not apply to an Underlying that is a Rate.

(c) *Valuation Time*

"**Valuation Time**" means, in respect of a Rate, the time specified for such Rate in the applicable Issue Terms.

3. **Disruption to Valuation**

"**Disrupted Day**" means, in respect of a Rate, any Scheduled Trading Day for such Rate on which the percentage rate of such Rate for such Scheduled Trading Day does not appear on the Electronic Page.

4. **Additional Adjustment Events**

No Additional Adjustment Event shall apply in respect of a Rate.

5. **Additional Early Redemption Events**

No Additional Early Redemption Event shall apply in respect of a Rate.

6. **Additional Provisions**

(a) *Correction of published or announced prices or levels*

Unless "Correction Provisions" are specified as applicable in the applicable Issue Terms, the provisions of Valuation and Settlement Condition 2(j) (*Correction of published or announced prices or levels*) do not apply in respect of a Rate.

(b) *Scheduled Trading Day*

If any Specified Valuation Date(s) is not a Scheduled Trading Day for a Rate then, if neither "Preceding Scheduled Trading Day" nor "Modified Following Scheduled Trading Day" is specified in respect of such Rate in the applicable Issue Terms, then the provisions of Valuation and Settlement Condition 2(c) (*Adjustments to Valuation Dates (Scheduled Trading Days)*) applies in respect of that Rate; or,:

(i) if "Preceding Scheduled Trading Day" is specified for such Rate in the applicable Issue Terms, the Valuation Date shall be the Scheduled Trading Day falling first preceding such Specified Valuation Date, unless such day is a Disrupted Day for the Underlying, in which case Rate Condition 6(c) (*Determination of the Underlying Closing Level of a Rate on a Disrupted Day*) shall apply; or

(ii) if "Modified Following Scheduled Trading Day" is specified for such Rate in the applicable Issue Terms, the Valuation Date shall be the Scheduled Trading Day following first succeeding such Specified Valuation Date, unless such day would fall into the next calendar month, in which event the Valuation Date shall be the Scheduled Trading Day falling first preceding such Specified Valuation Date, unless, in either such case, such day is a Disrupted Day for the Underlying, in which case Rate Condition 6(c) (*Determination of the Underlying Closing Level of a Rate on a Disrupted Day*) shall apply.

Where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Scheduled Trading Days and "Preceding Scheduled Trading Day" or "Modified Following Scheduled Trading Day" is specified in the applicable Issue Terms in respect of a Rate, then the adjustment provisions relating to Preceding Scheduled Trading Day or, as the case may be, Modified Following Scheduled Trading Day prevail and Valuation and Settlement Condition 2(c)(ii) shall be construed so as not to apply to such Rate and consequently all reference to "for all of the Underlyings" and "for any of the Underlyings" in Valuation and Settlement Condition 2(c)(ii) shall be construed not to include any such Rate.

(c) *Determination of the Underlying Closing Level of a Rate on a Disrupted Day*

The provisions of Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*) do not apply in respect of a Rate.

If any Specified Valuation Date(s) (if applicable, adjusted in accordance with the provisions of Valuation and Settlement Condition 2(c) (*Adjustments to Valuation Dates (Scheduled Trading Days)*) or, as the case may be, Rate Condition 6(b) (*Scheduled Trading Day*) above) is a Disrupted Day for a Rate, then (a) if ISDA Fallback Determination is not specified as applicable in the applicable Issue Terms, then the Calculation Agent shall determine the Underlying Closing Level of such Rate for the Valuation Date at such time and by reference to such sources as it deems appropriate; or (b) otherwise, if ISDA Fallback Determination is specified as applicable in the applicable Issue Terms, the Calculation Agent shall determine the Underlying Closing Level for such Rate on the Valuation Date as being the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option is as specified in the applicable Issue Terms;

(ii) the Designated Maturity is a period specified in the applicable Issue Terms; and

(iii) the relevant Reset Date is the relevant Valuation Date,

Provided That, the Floating Rate Option shall always be determined by reference to the rate which appears on the relevant screen page or price source on the applicable Reset Date and, accordingly, all references in any Floating Rate Option to the contrary, including any

references to the rate on any day other than that Reset Date shall be deemed to be deleted and the words "on the Reset Date" shall be substituted therefor, all as determined by the Calculation Agent.

For the purposes of this subparagraph, Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Disrupted Days, then the adjustment provisions above prevail and reference to "for all of the Underlyings" in Valuation and Settlement Condition 2(d)(ii) shall be construed not to include any Underlying that is a Rate.

(d) *Cut-off Valuation Date*

If the Valuation Date for a Rate determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day for such Rate prior to the date on which a relevant payment is scheduled to be made under the Notes (the "**Cut-off Valuation Date**"), such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date either (A) is not a Scheduled Trading Day for such Rate; or (B) is a Disrupted Day for such Rate) and the provisions of Valuation and Settlement Condition 2(e)(ii) shall apply in respect thereof.

UNDERLYING SCHEDULE 3 CREDIT LINKED INTEREST CONDITIONS

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Credit Linked Interest Notes.

If the applicable Issue Terms specify that the Notes are Credit Linked Interest Notes and that the provisions of this Schedule apply:

1. **Definitions Applicable to Credit Linked Provisions**

"**2003 ISDA Credit Derivatives Definitions**" means the definitions for credit derivatives transactions as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"**Affiliate**" means, in respect of any designated person, any person that directly or indirectly controls or is controlled by or is under common control with such designated person. For the purposes of this definition, control (including with correlative meanings, the terms controlled by and under common control with), as used with respect to any person, shall mean the possession, directly, or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

"**Bankruptcy**" means a Reference Entity:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof or before the Maturity Date, whichever is earlier;

(e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter or before the Maturity Date, whichever is earlier; or

(h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

"**Best Available Information**" means:

(a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

(b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

"**Calculation Agent City**" means the city specified as such in the applicable Issue Terms or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting for the purposes of the Credit Linked Interest Notes.

"**Calculation Agent City Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

"**Conditions to Settlement**" means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period,

"**Credit Derivatives Determinations Committees**" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the credit derivatives determinations committees rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the Rules).

"**Credit Event**" means the occurrence of any one or more of the Credit Events specified in the applicable Issue Terms which may include Bankruptcy, Failure to Pay, Governmental Intervention, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Issue Terms, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

(a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;

(b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

(c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

(d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Backstop Date**" means:

(a) for the purposes of any event that the relevant Credit Derivatives Determinations Committee has Resolved as constituting a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium), the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or

(b) otherwise, the date that is 60 calendar days prior to the earlier of:

(i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during the Notice Delivery Period; and

(ii) in circumstances where:

(A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules;

(B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters; and

(C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date.

For the avoidance of doubt, the Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Credit Event Notice**" means a notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Issue Date or, if specified as applicable in the applicable Issue Terms, the Credit Event Backstop Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

(a) the Scheduled Maturity Date;

(b) the Grace Period Extension Date if:

(i) "Grace Period Extension" is specified as applicable in the applicable Issue Terms;

(ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and

(iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and

(c) the Repudiation/Moratorium Evaluation Date if:

(i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;

(ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and

(iii) the Repudiation/Moratorium Extension Condition is satisfied.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Linked Interest Condition 4 (*Calculation Agent And Calculation Agent Notices*).

"**Credit Event Resolution Request Date**" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

(a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and

(b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

unless the DC Resolutions in respect of which the Calculation Agent acting in its sole and absolute discretion, determines are inappropriate to follow for the purposes of the Credit Linked Interest Notes, the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-paragraphs (a) and (b) above.

"**Credit Linked Interest Condition**" means each condition specified in this schedule.

"**DC Resolution**" has the meaning given to such term in the Rules.

"**Default Requirement**" means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Issue Terms, U.S.$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Underlying Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the relevant amount of the Underlying Obligation to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in paragraphs (a) to (d) in the definition of "Credit Event" above)

or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) "**Deliver**" means to Deliver both the Qualifying Guarantee and the Underlying Obligation. "**Delivery**" and "**Delivered**" will be construed accordingly.

"**Domestic Currency**" means the currency specified as such in the applicable Issue Terms and any successor currency. If no currency is specified in the applicable Issue Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the Euro (or any successor currency to any such currency).

"**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50% owned, directly or indirectly, by the Reference Entity. "**Voting Shares**" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"**Excluded Obligation**" means any obligation of a Reference Entity specified as such or of a type described in the applicable Issue Terms.

"**Failure to Pay**" means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Governmental Intervention**" means:

(a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made, by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other applicable law), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

(i) any event which would affect creditors' rights so as to cause:

(A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(B) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(C) a postponement or other deferral of a date or dates for either (1) the payment or accrual of interest or (2) the payment of principal or premium;

(D) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(E) any change in the currency of any payment of interest, principal or premium to any currency which is not a Standard Specified Currency;

(ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

(iii) a mandatory cancellation, conversion or exchange; or

(iv) any event which has an analogous effect to any of the events specified in (i) to (iii) above inclusive.

(b) Notwithstanding the provisions of sub-paragraph (a) of this definition, none of the following shall constitute a Governmental Intervention:

(i) the payment in Euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; or

(ii) the redenomination from Euro into another currency, if a freely available market rate of conversion between Euro and such other currency exists and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such rate of conversion.

(c) For purposes of sub-paragraph (a) of this definition, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee and in the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) of this definition shall be deemed to refer to the Underlying Obligor.

"**Grace Period**" means:

(a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;

(b) if Grace Period Extension is specified as applicable in the applicable Issue Terms, a Potential Failure to Pay has occurred on or prior to the Interest Payment Date and/or the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to such Interest Payment Date and/or the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Issue Terms or, if no period is specified in the applicable Issue Terms, thirty calendar days; and

(c) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the applicable Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

"**Grace Period Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

"**Grace Period Extension Date**" means, if:

(a) Grace Period Extension is specified as applying in the applicable Issue Terms; and

(b) a Potential Failure to Pay occurs on or prior to an Interest Payment Date and/or the Scheduled Maturity Date,

the day that is, unless otherwise specified in the Issue Terms, five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

"**ISDA**" means the International Swaps and Derivatives Association.

"**Notice Delivery Period**" means the period from and including the Issue Date to and including (i) the Scheduled Maturity Date; (ii) the Grace Period Extension Date if (A) "Grace Period Extension" is specified as applicable in the applicable Issue Terms, (B) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (C) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (iii) the Repudiation/Moratorium Evaluation Date if (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (C) the Repudiation/Moratorium Extension Condition is satisfied; or (iv) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Credit Linked Interest Condition 3(e) (*Maturity Date Extension*).

"**Notice of Publicly Available Information**" means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Interest Condition 4 (*Calculation Agent And Calculation Agent Notices*).

"**Obligation**" means, in respect of a Reference Entity:

(a) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);

(b) each Reference Obligation of such Reference Entity specified in the applicable Issue Terms, unless specified as an Excluded Obligation; and

(c) any Additional Obligation of such Reference Entity specified as such in the applicable Issue Terms.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "**Obligation**", the term "**Obligation**" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in the applicable Issue Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Issue Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

(a) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Issue Terms, where:

(i) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

(ii) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

(iii) "**Reference Obligations**" Only means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

(iv) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;

(v) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and

(vi) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.

(b) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Issue Terms, where:

(i) (A) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in the applicable Issue Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under sub-paragraph (i) of the definition of "Substitute Reference Obligation" herein has occurred with respect to all of the Reference Obligations or if the events described in the final paragraph of the definition of "Successor" herein have occurred with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date;

(B) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference

Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

(ii) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the applicable Issue Terms (or, if Specified Currency is specified in the applicable Issue Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the Euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Issue Terms as the "**Standard Specified Currencies**");

(iii) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";

(iv) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;

(v) "**Not Domestic Law**" means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;

(vi) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange;

(vii) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity; and

(viii) the terms defined in (b)(i) to (b)(vii) above shall be subject to the following rules of interpretation:

(A) If the Obligation Characteristic "Listed" is specified in the applicable Issue Terms, the applicable Issue Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category; and

(B) in the event that an Obligation is a Qualifying Guarantee, the following will apply:

(1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.

(2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics, if any, specified in the applicable Issue Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Issue Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the Euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

(3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics, if any, specified in the applicable Issue Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

(4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"**Obligation Currency**" means the currency or currencies in which an Obligation is denominated.

"**Obligation Default**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"**Payment Requirement**" means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Issue Terms, U.S.$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"**Permitted Currency**" means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's Rating Services, a

division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investor Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings Ltd or any successor to the rating business thereof.

"**Potential Failure to Pay**" means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

"**Potential Repudiation/Moratorium**" means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

"**Publicly Available Information**" means:

(a) information that:

(i) reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred;

(ii) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent, the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; and

(iii) is either:

(A) received from or published by (1) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (2) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or

(B) contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or

(C) contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

(b) In the event that the Calculation Agent is (A) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (B) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to the relevant Reference Entity.

(c) In relation to any information of the type described in paragraphs (a)(i) or (a)(iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any

Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

(d) Publicly Available Information need not state:

(i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and

(ii) that such occurrence (1) has met the Payment Requirement or Default Requirement; (2) is the result of exceeding any applicable Grace Period; or (3) has met the subjective criteria specified in certain Credit Events.

"**Public Source**" means each source of Publicly Available Information specified as such in the applicable Issue Terms (or if a source is not specified in the applicable Issue Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

"**Qualifying Affiliate Guarantee**" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

"**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "**Underlying Obligation**") for which another party is the obligor (the "**Underlying Obligor**"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

"**Reference Entity**" means the entity or entities specified as such in the applicable Issue Terms. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "Successor" in this Credit Linked Interest Condition 1 on or following the Issue Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Credit Linked Interest Notes, unless in the case of sub-paragraph (b) the Calculation Agent, acting in its sole and absolute discretion, determines that it is inappropriate to follow such DC Resolution for the purposes of the Credit Linked Interest Notes.

"**Reference Obligation**" means each obligation specified as such or of a type described as such in the applicable Issue Terms (if any are so specified or described) and any Substitute Reference Obligation.

"**Relevant Obligations**" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be

deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

"**Repudiation/Moratorium**" means the occurrence of both of the following events:

(a) an authorised officer of a Reference Entity or a Governmental Authority:

(i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or

(ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

(b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

"**Repudiation/Moratorium Evaluation Date**" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (I) the Repudiation/Moratorium Extension Condition is satisfied and (II) a Credit Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Maturity Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Maturity Date).

"**Repudiation/Moratorium Extension Condition**" is satisfied (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of the Credit Linked Interest Notes has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date or (ii) otherwise, by the delivery of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information that are each effective on or prior to the Scheduled Maturity Date or, if Credit Linked Interest Condition 3(e)(ii) applies, the Postponed Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the Scheduled Maturity Date or, if Credit Linked Interest Condition 3(e)(ii) applies, the Postponed Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitutes a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date.

"**Repudiation/Moratorium Extension Notice**" means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right

but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in Credit Linked Interest Condition 4 (*Calculation Agent And Calculation Agent Notices*).

"**Resolve**" has the meaning give to it in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

"**Restructured Bond or Loan**" means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

"**Restructuring**" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date or, if Credit Event Backstop Date is specified as applicable in the Issue Terms, the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:

(a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

(c) a postponement or other deferral of a date or dates for either (x) the payment or accrual of interest or (y) the payment of principal or premium;

(d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

(i) the payment in Euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union;

(ii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and the definition of Multiple Holder Obligation, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (a) to (e) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in paragraphs (i), (ii) and (iii) of this definition of Restructuring shall continue to refer to the Reference Entity.

"**Restructuring Date**" means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Rules**" has the meaning given to that term in the definition of Credit Derivatives Determinations Committees above.

"**Scheduled Maturity Date**" means the Maturity Date specified in the Issue Terms.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

"**Sovereign Agency**" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

"**Specified Number**" means the number of Public Source(s) specified in the applicable Issue Terms, or if no number is specified in the applicable Issue Terms, two.

"**Substitute Reference Obligation**" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

(a) In the event that:

(i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or

(ii) in the opinion of the Calculation Agent (1) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (2) any Reference Obligation in respect of such Reference Entity is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (3) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of such Reference Entity is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of such Reference Entity.

(b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (A) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment

after such date), (B) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (C) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

(c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

(d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(e) If:

(i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or

(ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date (if any) and (3) the Repudiation/Moratorium Evaluation Date (if any

(f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Succession Event**" means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) if Succession Event Backstop Date is specified as applicable in the applicable Issue Terms, with respect to which the legally

effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date.

"**Succession Event Backstop Date**" means (a) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date or (b) otherwise, the date that is 90 calendar days prior to the earlier of (i) the date on which the Calculation Agent becomes aware of the occurrence of a Succession Event and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Calculation Agent determines a Successor not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day.

"**Succession Event Resolution Request Date**" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

(a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and

(b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (i) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (ii) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"**Successor**" means:

(a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined either in the sole discretion of the Calculation Agent, or alternatively, if elected by the Calculation Agent as set forth below:

    (i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

    (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;

    (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;

    (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a

Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;

(v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event;

(vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and

(b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of paragraph (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (a)(vi) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definition of Successor in relation to the relevant Reference Entity, and in sub-paragraphs (a) and (b)(i) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor or the request the subject of the Succession Event Resolution Request Date is withdrawn in accordance with the Rules prior to the first meeting at which deliberations are held with respect to such request) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event with respect to the relevant Reference Entity has occurred, unless in either case the Calculation Agent, acting in its sole and absolute discretion, determines that it is inappropriate to follow such DC Resolutions for the purposes of the Credit Linked Interest Notes. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Registrar (in the case of Registered Notes).

In the case of (b) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of occurrence of the relevant Succession Event), and with effect from the date of occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under (b) above; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to

convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definition of Successor in relation to the relevant Reference Entity, and in sub-paragraphs (a) and (b)(ii) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor or the request the subject of the Succession Event Resolution Request Date is withdrawn in accordance with the Rules prior to the first meeting at which deliberations are held with respect to such request) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event with respect to the relevant Reference Entity has occurred, unless in either case the Calculation Agent, acting in its sole and absolute discretion, determines that it is inappropriate to follow such DC Resolutions for the purposes of the Credit Linked Interest Notes.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Issue Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Issue Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Interest Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with General Condition 13 (*Notices*), stating the adjustment to the Terms and Conditions and/or the applicable Issue Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

(x) a Reference Obligation is specified in the applicable Issue Terms; and

(y) one or more Successors to the Reference Entity have been identified; and

(z) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

"**Supranational Organisation**" means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, African Development Bank, Asian Development Bank, Council of Europe Development Bank, European Investment Bank, Inter-American Development Bank, International Finance Corporation, Islamic Development Bank, Nordic Investment Bank, the International Monetary Fund, European Central Bank,

International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

"**Trade Date**" means the date specified as such in the applicable Issue Terms.

2. **Interest Provisions**

For the purposes of these Conditions only, General Condition 4 (*Interest*) of the General Conditions will include the following:

" *Accrual of Interest*

Each Credit Linked Interest Note shall cease to bear interest upon the occurrence of a Credit Event Determination Date (as defined in Credit Linked Interest Condition 3 (*Redemption and Cessation of Interest Provisions*)) in the manner set out in sub-paragraphs (i) to (iii) below, unless payment of principal is improperly withheld or refused. If the Issuer shall fail to redeem each Credit Linked Interest Note when due, interest shall continue to accrue on the outstanding principal amount of such Credit Linked Interest Note from (and including) the due date for redemption until (but excluding) the earlier of (A) the date on which all amounts due in respect of such Credit Linked Interest Note have been paid, and (B) five days after the date on which the full amount of the moneys payable in respect of such Credit Linked Interest Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*) at the Interest Rate applicable in respect of the last occurring Interest Period, provided that:

(i) subject as provided in paragraph (ii) below, each Credit Linked Interest Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date or, if the Credit Event Determination Date falls prior to the first Interest Period End Date, no interest shall accrue on the Credit Linked Interest Notes; and

(ii) if:

(A) Credit Linked Interest Conditions 3(c) (*Repudiation/Moratorium Extension*) or 3(d) (*Grace Period Extension*) applies in respect of the Credit Linked Interest Notes and, in the case of Credit Linked Interest Condition 3(c) (*Repudiation/Moratorium Extension*), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Interest Condition 3(d) (*Grace Period Extension*) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or

(B) Credit Linked Interest Condition 3(e) (*Maturity Date Extension*) applies in respect of the Credit Linked Interest Notes and the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Credit Linked Interest Condition 3(c) (*Repudiation/Moratorium Extension*), 3(d) (*Grace Period Extension*) or 3(e) (*Maturity Date Extension*), as the case may be."

3. **Redemption and Cessation of Interest Provisions**

(a) *Redemption at Maturity*

For the purposes of these provisions only General Condition 5(a) (*Final Redemption*) will be replaced by the following:

"*(a) Redemption at Maturity.*

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, each Calculation Amount of the Credit Linked Interest Notes will be redeemed on the Maturity Date by payment of the Redemption Amount."

(b) *Cessation of Accrual of Interest on Credit Linked Interest Notes*

Unless previously redeemed or purchased and cancelled, if Conditions to Settlement are satisfied during the Notice Delivery Period (the date on which the Conditions to Settlement are satisfied being the "**Credit Event Determination Date**"), the Issuer shall give notice to the Noteholders in accordance with General Condition 13 (*Notices*). The Credit Linked Interest Notes shall then cease to bear interest from the Interest Period End Date (or the Issue Date, if the Credit Event Determination Date occurs prior to the first Interest Period End Date) immediately preceding the Credit Event Determination Date in accordance with Credit Linked Interest Condition 2 (*Interest Provisions*).

(c) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Issue Terms, the provisions of this Credit Linked Interest Condition 3(c) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Interest Condition 3(c)(ii) below applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with General Condition 13 (*Notices*) that a Potential Repudiation/Moratorium has occurred and:

(i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the third Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or

(ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period the Credit Event Determination Date shall be deemed to be the day immediately preceding the Final Interest Period End Date and interest shall cease to accrue in accordance Credit Linked Interest Condition 2 (*Interest Provisions*).

(d) *Grace Period Extension*

If "Grace Period Extension" is specified as applicable in the applicable Issue Terms, the provisions of this Credit Linked Interest Condition 3(d) shall apply:

(i) Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

(A) where such Potential Failure to Pay does not become a Failure to Pay on or prior to the Grace Period Extension Date:

(1) the Issuer shall be obliged to pay interest calculated as provided herein, in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the third Business Day on which, in the sole and absolute discretion of the Calculation Agent, such Potential Failure to pay is no longer occurring; and

(2) no further or additional interest shall be payable and no other amount shall be payable in respect of such delay; or

(B) where a Failure to Pay has occurred as a result of such Potential Failure to Pay on or prior to the Grace Period Extension Date in relation to such Potential Failure to Pay and the Conditions to Settlement are satisfied in the Notice Delivery Period, the Credit Event Determination Date shall be deemed to be the day immediately preceding the Scheduled Maturity Date (and for the avoidance of doubt, no interest shall be payable as provided in (i) above).

(e) *Maturity Date Extension*

If:

(i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Issue Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or

(ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with General Condition 13 (*Notices*) that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling 30 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, or if such date is not a Business Day, the immediately succeeding Business Day and:

where:

(I) in the case of Credit Linked Interest Condition 3(e)(i) the Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Credit Linked Interest Condition 3(e)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

(A) subject as provided below each principal amount of Credit Linked Interest Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the Maturity Date; and

(B) the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or

(II) where:

(A) in the case of Credit Linked Interest Condition 3(e)(i) Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the Credit Event Determination Date shall be deemed to be the day immediately preceding the Final Interest Period End Date and interest shall cease to accrue in accordance with Credit Linked Interest Condition 2 (*Interest Provisions*); or

(B) in the case of Credit Linked Interest Condition 3(e)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Interest Condition 3(e) shall apply to the Credit Linked Interest Notes save that the Credit Event Determination Date shall be deemed to be the day immediately preceding the Final Interest Period End Date and interest shall cease to accrue in accordance with Credit Linked Interest Condition 2 (*Interest Provisions*).

(f) *Provisions relating to Multiple Holder Obligation*

If this Credit Linked Interest Condition 3(f) is specified as applicable in the applicable Issue Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in this sub-paragraph (ii).

4. **Calculation Agent and Calculation Agent Notices**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Credit Linked Interest Condition 4 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the Credit Linked Interest Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Linked Interest Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

The Calculation Agent in making any determination in relation to the Conditions to Settlement may take account of any determination of a Credit Derivatives Determinations Committee. The Calculation Agent shall however be under no duty or obligation whatsoever to take account of any determination of a Credit Derivatives Determinations Committee, and for the avoidance of doubt, is entirely at liberty to take a contrary or different position to any Credit Derivatives Determination Committee.

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to this Credit Linked Interest Condition 4, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent

City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

VALUATION AND SETTLEMENT SCHEDULE

This Valuation and Settlement Schedule shall apply to each Tranche of Notes.

All determinations, considerations, elections, selections or calculations made or decided on in relation to matters set out in this Valuation and Settlement Schedule will be made or determined on by the Calculation Agent.

The additional terms and conditions set out in this Valuation and Settlement Schedule shall be referred to as the "**Valuation and Settlement Conditions**", and references in this Valuation and Settlement Schedule to a "**Valuation and Settlement Condition**" shall be read and construed as a reference to a particular numbered condition of this Valuation and Settlement Schedule.

These Valuation and Settlement Conditions include (amongst other terms) the following provisions in relation to the following types of Notes, each type of Note being of a different interest basis (interest basis):

- in respect of Fixed Rate Notes (as defined below), the provisions set out in Valuation and Settlement Condition 3.1 (the "**Fixed Rate Note Provisions**");
- in respect of Floating Rate Notes (as defined below), the provisions set out in Valuation and Settlement Condition 3.2(a) (the "**Floating Rate Note Provisions**");
- in respect of Inflation Rate Notes (as defined in the Inflation Index Conditions), the provisions set out in Valuation and Settlement Condition 1 (and together with the Inflation Index Conditions, are the "**Inflation Rate Note Provisions**");
- in respect of DIR Inflation Linked Notes (as defined in the Inflation Index Conditions), the provisions set out in Valuation and Settlement Condition 1 (and together with the Inflation Index Conditions, are the "**DIR Inflation Linked Note Provisions**");
- in respect of CMS Interest Linked Notes (as defined below), the provisions set out in Valuation and Settlement Condition 3.2(b) (the "**CMS Interest Linked Note Provisions**");
- in respect of Range Accrual Notes (as defined below), the provisions set out in Valuation and Settlement Condition 4 (the "**Range Accrual Note Provisions**");
- in respect of Digital Notes (as defined below), the provisions set out in Valuation and Settlement Condition 5 (the "**Digital Note Provisions**");
- in respect of Digital Band Notes (as defined below), the provisions set out in Valuation and Settlement Condition 6 (the "**Digital Band Note Provisions**");
- in respect of Inverse Floating Rate Notes (as defined below), the provisions set out in Valuation and Settlement Condition 7 (the "**Inverse Floating Rate Note Provisions**");
- in respect of Spread Notes (as defined below), the provisions set out in Valuation and Settlement Condition 8 (the "**Spread Note Provisions**");
- in respect of Zero Coupon Notes (as defined below), the provisions set out in Valuation and Settlement Condition 9 (the "**Zero Coupon Note Provisions**"); and
- in respect of Previous Coupon Linked Notes (as defined below), the provisions set out in Valuation and Settlement Condition 10 (the "**Previous Coupon Linked Note Provisions**").

If "Switcher Option" or "Automatic Change of Interest Basis" is specified to be applicable in the applicable Issue Terms in relation to the Notes, then the Notes may (at the option of the Issuer, in the case of the Switcher Option) or shall (in the case where "Automatic Change of Interest Basis" applies) have more than one interest basis applicable to different Interest Periods and/or Interest Payment Dates. In such case, the above Valuation and Settlement Conditions applicable in relation to the particular

type(s) of Notes and interest basis shall apply in respect of the relevant Interest Period(s) and/or Interest Payment Date(s) as specified in the Issue Terms.

1. **Interest Provisions**

In addition to the provisions for determining interest as set out in this Valuation and Settlement Schedule:

"**Interest Amount**" means, in respect of an Interest Payment Date:

(a) save where the Notes are expressed in the applicable Issue Terms to be Inflation Rate Notes or DIR Inflation Linked Notes, the amount (if any) determined as provided in Valuation and Settlement Conditions 3 to 10 below (as applicable) and in the applicable Issue Terms;

(b) where the Notes are expressed in the applicable Issue Terms to be Inflation Rate Notes and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, an amount determined in respect of each Calculation Amount by reference to either:

(i) where an Interest Participation Rate is not specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCL Relevant Months Prior}}{\text{UCL 12} + \text{Relevant Months Prior}} - 1\right] \pm \text{Margin}\right) \times \text{DCF}$$

(ii) where an Interest Participation Rate is specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCL Relevant Months Prior}}{\text{UCL 12} + \text{Relevant Months Prior}} - 1\right] \pm \text{Margin}\right) \times \text{DCF} \times \text{IPR}$$

PROVIDED HOWEVER, in the case of each of (i) and (ii) above, that if (x) a Maximum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount (a cap); (y) a Minimum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such minimum amount (a floor); or (z) a Maximum Interest Amount and a Minimum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount and a minimum amount (a collar).

Where:

"**DCF**" means the Day Count Fraction (as defined in Valuation and Settlement Condition 3 (*Fixed Rate, Floating Rate and CMS Interest Linked Interest Amounts*) below) and, for which purpose, an Interest Period and Interest Period End Date shall be as defined in Valuation and Settlement Condition 3 (*Fixed Rate, Floating Rate and CMS Interest Linked Interest Amounts*) below.

"**Interest Amount Inflation Index**" means any Underlying which is an Inflation Index and is designated as the Interest Amount Inflation Index in the applicable Issue Terms.

"**Margin**" means the percentage rate specified for such Interest Payment Date in the applicable Issue Terms, which shall be preceded with either a "+" (plus) or a "-" (minus) sign (provided that if the applicable Issue Terms specify Margin to be not applicable for such Interest Payment Date, it shall be deemed to be equal to zero).

"**UCL Relevant Months Prior**" means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms. Such date

shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

"**UCL 12 + Relevant Months Prior**" means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms and which shall be the month falling 12 months prior to the UCL Relevant Months Prior. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

"**Interest Participation Rate**" or "**IPR**" means, in respect of an Interest Payment Date, the amount or percentage rate specified for such Interest Payment Date under the heading "Interest Participation Rate" in the applicable Issue Terms.

(c) where the Notes are expressed in the applicable Issue Terms to be DIR Inflation Linked Notes and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, an amount determined in respect of each Calculation Amount by reference to either:

(i) where an Interest Participation Rate is not specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times (\text{the DIR Index Ratio in respect of such Interest Payment Date} \pm \text{Margin}) \times \text{DCF}$$

(ii) where an Interest Participation Rate is specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times (\text{the DIR Index Ratio in respect of such Interest Payment Date} \pm \text{Margin}) \times \text{DCF} \times \text{IPR}$$

PROVIDED HOWEVER, in the case of each of (i) and (ii) above, that if (x) a Maximum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount (a cap); (y) a Minimum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such minimum amount (a floor); or (z) a Maximum Interest Amount and a Minimum Interest Amount is specified in respect of such Interest Payment Date in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount and a minimum amount (a collar).

Where:

"**DCF**" means the Day Count Fraction (as defined in Valuation and Settlement Condition 3 (*Fixed Rate, Floating Rate and CMS Interest Linked Interest Amounts*) below) and, for which purpose, an Interest Period and Interest Period End Date shall be as defined in Valuation and Settlement Condition 3 (*Fixed Rate, Floating Rate and CMS Interest Linked Interest Amounts*) below.

"**Base Index Figure**" shall be as specified in the applicable Issue Terms.

"**DIR Index**" means any Underlying which is an Inflation Index and is designated as the DIR Index in the applicable Issue Terms.

Any reference to the "**DIR Index Figure**" applicable to a particular Interest Payment Date shall be calculated in accordance with the following formula:

$$\text{Index Month A} + \frac{(\text{Day of Interest Payment Date} - 1)}{(\text{Days in month of Interest Payment Date})} \times (\text{Index Month B} - \text{Index Month A})$$

and where:

"**DIR Index Ratio**" applicable to any Interest Payment Date means the DIR Index Figure applicable to such date divided by the Base Index Figure.

"**Margin**" means the percentage rate specified for such Interest Payment Date in the applicable Issue Terms, which shall be preceded with either a "+" (plus) or a "-" minus sign (provided that if the applicable Issue Terms specify Margin to be not applicable for such Interest Payment Date, it shall be deemed to be equal to zero).

"**Index Month A**" means the Underlying Closing Level of the DIR Index for the month that is the number of calendar months prior to the month in which the relevant Interest Payment Date falls, such number being as specified under Index Month A in the applicable Issue Terms. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

"**Index Month B**" means the Underlying Closing Level of the DIR Index for the month that is the number of calendar months prior to the month in which the relevant Interest Payment Date falls, such number being as specified under Index Month B in the applicable Issue Terms and which shall be the month falling one month after Index Month A. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

"**Interest Participation Rate**" or "**IPR**" means, in respect of an Interest Payment Date, the amount or percentage rate specified for such Interest Payment Date under the heading "Interest Participation Rate" in the applicable Issue Terms.

In the case of Inflation Rate Notes and DIR Inflation Linked Notes, as soon as practicable the Calculation Agent will determine the Interest Amounts for the relevant Interest Period. The Interest Amounts so determined may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under General Condition 9 (*Events of Default*) of the General Conditions, the interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Valuation and Settlement Condition but no publication of the Interest Amount so calculated need be made.

The Calculation Agent will cause the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and any stock exchange on which the relevant Inflation Rate Notes or DIR Inflation Linked Notes are for the time being listed and notice thereof to be published in accordance with General Condition 13 (*Notices*) of the General Conditions as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

2. **Underlying Valuation Provisions**

(a) The provisions applicable to valuing each Underlying and to making any adjustment to Valuation Dates or following Adjustment Events are specified in this Valuation and Settlement Condition 2 and in the Underlying Schedule applicable to such Underlying, as amended and supplemented (where relevant) by the applicable Issue Terms.

(b) Underlying Closing Level or Underlying Level on a Valuation Date

The Underlying Closing Level or the Underlying Level (as applicable) of an Underlying on a Valuation Date shall be determined as specified in the Underlying Schedule applicable to such Underlying.

(c) *Adjustments to Valuation Dates (Scheduled Trading Days)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s), any Specified Valuation Date(s) specified in the applicable Issue Terms shall be adjusted in accordance with the following provisions:

(i) The following sub-paragraph shall apply to Notes linked to one Underlying.

If a Specified Valuation Date is not a Scheduled Trading Day for the Underlying, then the Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for the Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for the Underlying, in which case Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*) below or Valuation and Settlement Condition 2(f) (*Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*) below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), shall apply.

(ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Issue Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then the Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all of the Underlyings, unless in the opinion of the Calculation Agent such day is a Disrupted Day for any of the Underlyings, in which case Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*) below or Valuation and Settlement Condition 2(f) (*Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*) below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), shall apply.

(iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Issue Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then:

(A) the Valuation Date for each Underlying for which such Specified Valuation Date is a Scheduled Trading Day shall be such Specified Valuation Date, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*) below or Valuation and Settlement Condition 2(f) (*Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*) (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), shall apply; and

(B) the Valuation Date for each Underlying for which such Specified Valuation Date is not a Scheduled Trading Day shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such affected Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*) below or Valuation and Settlement Condition 2(f) (*Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*) below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), shall apply.

(d) *Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s), any Specified Valuation Date(s) (if applicable, as adjusted in accordance with the provisions of Valuation and Settlement Condition 2(c) (*Adjustments to Valuation Dates (Scheduled Trading Days)*) above and/or, as the case may be, the provisions of the Underlying Schedules applicable to the relevant Underlying(s)) shall be adjusted in accordance with the following provisions:

(i) The following sub-paragraph shall apply to Notes linked to one Underlying, subject as provided in Valuation and Settlement Condition 2(d)(iv) below.

If such Specified Valuation Date for such Underlying is a Disrupted Day for such Underlying, then the Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day and which is not a Disrupted Day for the Underlying; and (II) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days immediately following such Specified Valuation Date.

(ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Issue Terms, subject as provided in Valuation and Settlement Condition 2(d)(iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then the Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all the Underlyings and which is not a Disrupted Day for all of the Underlyings; and (II) the Scheduled Trading Day for all the Underlyings which is the Valuation Roll number of Scheduled Trading Days for all the Underlyings immediately following such Specified Valuation Date.

(iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Issue Terms, subject as provided in Valuation and Settlement Condition 2(d)(iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then:

(A) if such Specified Valuation Date is not a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be such Specified Valuation Date; and

(B) if such Specified Valuation Date is a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such Underlying and which is not a Disrupted Day for such Underlying; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for such Underlying immediately following such Specified Valuation Date.

(iv) If the Valuation Date for any Underlying determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day (the "**Cut-off Valuation Date**") for such Underlying prior to the date on which a relevant payment or delivery, as applicable, is scheduled to be made under the Notes, such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date is a Disrupted Day for such Underlying) and the provisions of Valuation and Settlement Condition 2(e)(ii) below shall apply in respect thereof.

(e) *Adjustments to Valuation Dates (Calculation Agent's determination of Underlying Closing Levels)*

(i) If the Valuation Date for any Underlying (as determined in accordance with Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and*

Underlying Closing Levels)) above) is a Disrupted Day for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

(ii) If the Valuation Date for any Underlying (as determined in accordance with Valuation and Settlement Condition 2(d)(iv) above) is determined to occur on the Cut-off Valuation Date for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Cut-off Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

(f) *Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*

If the Calculation Agent determines that the Underlying Level of an Underlying cannot be determined at any time on any Valuation Date by reason of the occurrence of an event giving rise to a Disrupted Day, then the Underlying Level at such time on such day shall be disregarded for the purposes of determining any amounts payable in respect of the Notes.

(g) *Adjustment Events*

If in the determination of the Calculation Agent any Adjustment Event occurs in respect of an Underlying or the Notes (as relevant), then (subject to the provisions of the Underlying Schedule applicable to such Underlying) the Calculation Agent shall (i) make such adjustment to the terms of the Notes as the Calculation Agent determines necessary or appropriate to account for the effect of such Adjustment Event subject to the provisions (if any) of such Underlying Schedule and (ii) determine the effective date of each such adjustment.

If an "Increased Cost of Hedging" occurs, the Calculation Agent may make such adjustment to the terms of the Notes as it determines necessary or appropriate to pass onto Noteholders the relevant increased cost of hedging, which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Notes.

If so specified in the relevant Underlying Schedule, any adjustment(s) made by the Calculation Agent in response to an Adjustment Event may include a substitution of the relevant Underlying and the Calculation Agent may make such other adjustments to the terms of the Notes as it deems necessary or appropriate in relation to such substitution.

(h) *Early Redemption Events*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of an Underlying, then (subject to the provisions of the Underlying Schedule applicable to such Underlying): (i) all (but not some only) of the Notes will, or (ii) in the case of a Hedging Disruption Early Termination Event, or a Section 871(m) Event, all (but not some only) of the Notes may, in each case of (i) and (ii), be redeemed on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

(i) *Realisation Disruption*

If "Realisation Disruption" is specified as applicable in the applicable Issue Terms and a Realisation Disruption Event occurs, then the Issuer may either (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Notes (including any payment obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) redeem all (but not some only) of the Notes on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

Any such adjustments by the Calculation Agent may include (but are not limited to) (I) payments under the Notes being made in the currency (the "**Local Currency**") in which the Hedging Positions are denominated or payable rather than the Specified Currency, (II) deduction of an amount equal to the applicable tax, charge or deduction from the relevant payment otherwise due under the relevant Notes resulting in reduced amounts paid in respect of the Notes, (III) non-payment of the relevant payment otherwise due under the relevant Notes until the relevant restrictions (including but not limited to all exchange and/or conversion and/or cross-border transfer restrictions) are lifted and/or (IV) determination of any relevant exchange rate by the Calculation Agent taking into consideration all available information that it deems relevant which may result in a different rate to that which would have applied had the Realisation Disruption Event not occurred. Any such adjustments will be effective as of the date determined by the Calculation Agent.

(j) *Correction of published or announced prices or levels*

In the event that any level, price, rate or value (as applicable) of an Underlying for any time on any day which is published or announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination made in respect of the Notes is subsequently corrected, and the correction (the "**Corrected Level**") is published by or on behalf of such person or entity within the relevant Correction Period after the original publication (and at least two Business Days prior to the relevant date on which a payment is scheduled to be made under the Notes (the "**Relevant Scheduled Payment Date**")), then such Corrected Level shall be deemed to be the level, price, rate or value for the relevant Underlying for the relevant time on the relevant day and the Calculation Agent shall use such Corrected Level in determining any amounts payable in respect of the Notes.

Corrections published after the day which is two Business Days prior to the Relevant Scheduled Payment Date shall be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Notes.

(k) *Notifications*

The Calculation Agent shall notify the Issuer and each Paying Agent of any determination made by it in accordance with this Valuation and Settlement Condition and the action that it proposes to take in respect of any such determination. The Issuer shall notify the Noteholders thereof as soon as reasonably practicable thereafter in accordance with General Condition 13 (*Notices*) of the General Conditions. Failure by the Calculation Agent to notify the Issuer or any Paying Agent or failure by the Issuer to notify the Noteholders of any such determination will not affect the validity of any such determination.

(l) *Definitions*

"**Additional Adjustment Event**" means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying.

"**Additional Early Redemption Event**" means each of: (i) in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying, and (ii) if Hedging Disruption Early Termination Event or Section 871(m) Event (or both) is specified to be applicable in the applicable Issue Terms, a Hedging Disruption Early Termination Event or Section 871(m) Event (or both), as the case may be (collectively, the "**Additional Early Redemption Events**").

"**Adjustment Event**" means, in respect of an Underlying, the occurrence at any time of a Change in Law, a Hedging Disruption, an Increased Cost of Hedging or the occurrence at any time of any Additional Adjustment Event applicable to such Underlying.

"**Change in Law**" means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory

authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedging Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Party).

"**Correction Period**" shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

"**Early Redemption Event**" means, in respect of an Underlying, (i) following the occurrence of an Adjustment Event in respect of such Underlying, the Calculation Agent determines that no adjustment or substitution can reasonably be made under this Valuation and Settlement Condition to account for the effect of such Adjustment Event, or (ii) the occurrence at any time of any Additional Early Redemption Event applicable to such Underlying.

"**Electronic Page**" means, in respect of an Underlying and (if applicable) any component of such Underlying (however described in the relevant Underlying Schedule), the electronic page or source specified for such Underlying or such component, as the case may be, in the applicable Issue Terms, or either (i) any successor electronic page or source or information vendor or provider that has been designated by the sponsor of the original electronic page or source; or (ii) if such sponsor has not officially designated a successor electronic page or source or information vendor or provider, the successor electronic page or source or information vendor or provider designated by the relevant information vendor or provider (if different from such sponsor) or any alternative electronic page or source designated by the Calculation Agent PROVIDED THAT if, in the case of (i) and (ii), the Calculation Agent determines that it is not necessary or appropriate for the Electronic Page to be any such successor electronic page or source or information vendor or provider, then the Electronic Page may be either the originally designated electronic page or source or such other electronic page or source as selected by the Calculation Agent. Where more than one Electronic Page is specified in respect of an Underlying and/or (if applicable) any component of such Underlying (however described in the relevant Underlying Schedule), then the provisions of the preceding sentence shall be construed accordingly and (i) if there is any discrepancy between any relevant price or level displayed on the relevant Electronic Pages for any Valuation Date, the relevant price or level selected by the Calculation Agent shall be used for such Valuation Date; and (ii) if any relevant price or level is not published on all of such Electronic Pages but is published on one or more of such Electronic Pages, the Calculation Agent shall use such published price or level for the purpose of determining any calculation or determination in respect of the Notes and no Disrupted Day shall be deemed to have occurred in respect of the failure to publish on the other Electronic Page(s).

"**Hedging Disruption**" means that any Hedging Party is unable, after using commercially reasonable efforts to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"**Hedging Disruption Early Termination Event**" means any action, or any announcement of the intention to take any such action, including adoption of any law, regulation or order or the amendment, elimination, reinterpretation or promulgation of an interpretation, by any regulatory, self-regulatory, legislative or judicial authority with competent jurisdiction (including, without limitation, as implemented by the United States Commodity Futures Trading Commission ("**CFTC**") or any exchange or trading facility acting pursuant to CFTC authority) that (i) affects the definition of "bona fide hedging" as that term is used in CFTC regulations adopted under Section 4a(a) of the United States Commodity Exchange Act, as amended (the "**Commodity Exchange Act**") (as at the Trade Date 17 CFR 150.3) or that withdraws or limits as a matter of practice or policy any "hedge exemptions" previously granted by the CFTC or any such exchange or trading facility acting under authority granted

pursuant to the Commodity Exchange Act, or affects or otherwise amends such other applicable laws of any jurisdiction which has an analogous effect to any of the events specified in this sub-paragraph (i) or (ii) increases the cost of the performance of the Issuer's obligations in respect of the Notes or the cost of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes, whether individually or on a portfolio basis, in each case occurring after the Trade Date and as determined by the Calculation Agent.

"**Hedging Party**" means any party which enters into any arrangement which hedges or is intended to hedge, individually or on a portfolio (or "book") basis, the Notes, which party may be the Issuer and/or any of its Affiliates and/or any other party or parties, as determined by the Calculation Agent.

"**Hedging Position**" means any one or more of (i) positions or contracts (as applicable) in securities, futures contracts, options contracts, other derivative contracts or foreign exchange; (ii) stock loan transactions; or (iii) other instruments or arrangements (however described) entered into by a Hedging Party in order to hedge, individually or on a portfolio (or "book") basis, the Notes.

"**Increased Cost of Hedging**" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

"**Realisation Disruption Event**" means the Calculation Agent determines that:

(i) either any restrictions or any taxes, charges or other deductions have been imposed by any applicable governmental, taxation, judicial or regulatory body on any dealing by any Hedging Party in any Hedging Positions held by any Hedging Party such that:

(A) any Hedging Party is or would be materially restricted from continuing to purchase, sell or otherwise deal in any Hedging Positions (or to enter into, continue or otherwise complete such transactions) and/or is or would be materially restricted from exercising its rights, or performing its obligations in respect of any Hedging Positions;

(B) the Issuer is materially restricted from performing its obligations under the Notes and/or any Hedging Party is materially restricted from performing its obligations under any Hedging Positions; or

(C) the Issuer will (or is likely to) incur a materially increased cost in performing its obligations under the Notes and/or any Hedging Party will (or is likely to) incur a materially increased cost in performing its obligations under any Hedging Positions; or

(ii) an event has occurred or circumstances exist (including without limitation either any restrictions or any charges or deductions imposed by any applicable governmental, judicial or regulatory body):

(A) that materially restricts the ability of any Hedging Party to (i) exchange or convert the Local Currency for any Specified Currency or any Specified Currency for the Local Currency through the customary legal channels and/or (ii) deliver any Specified Currency or the Local Currency and/or (iii) transfer the proceeds of the Hedging Positions (or any transaction relating to a Hedging

Position) (A) between, accounts in the jurisdiction of the Local Currency (the "**Local Jurisdiction**") and any accounts in the jurisdiction of any Specified Currency or (B) to or from a party that is a non-resident of the Local Jurisdiction and/or to a party that is a resident of the jurisdiction of any Specified Currency; and/or

(B) such that any Hedging Party is or would be materially restricted from transferring amounts payable under any Hedging Position or in respect of the Notes between (i) the Local Jurisdiction and the jurisdiction of a Hedging Party and/or (ii) the jurisdiction of any Specified Currency and the jurisdiction of a Hedging Party; and/or

(C) such that the Calculation Agent's ability to determine a rate at which the Local Currency can be exchanged for any Specified Currency (or vice versa), for any reason becomes restricted, or such determination is otherwise impracticable or such rate is subject to material charges or deductions.

The above provisions refer to "materially restricted", "materially increased" and "material" and any determination in respect of "materially" or "material" in respect of any such provision shall be made by the Calculation Agent which shall have regard to such circumstances as it deems appropriate.

"**Section 871(m) Event**" means that the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or, in each case, any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or, in each case, any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) of the Code with respect to the Notes and/or where the Issuer is CGMFL, the CGMFL Deed of Guarantee, and/or, in each case, any Hedging Positions.

"**Specified Valuation Date**" means each date deemed pursuant to the Conditions to be a Specified Valuation Date or as specified as such in the applicable Issue Terms.

"**Trade Date**" means the date specified as such in the applicable Issue Terms or, if none is so specified, the Issue Date.

"**Underlying**" means each underlying reference factor specified as such and classified in the applicable Issue Terms.

"**Underlying Closing Level**" shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

"**Underlying Level**" shall, in respect of an Underlying and if applicable, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

"**Underlying Schedule**" means, in respect of an Underlying, the schedule that is specified to be applicable to such Underlying as a result of the classification of such Underlying in the applicable Issue Terms.

"**U.S. Government Securities Business Day**" means any day except a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

"**Valuation Date**" means each Specified Valuation Date, as adjusted in accordance with Valuation and Settlement Condition 2(c) (*Adjustments to Valuation Dates (Scheduled Trading Days)*), Valuation and Settlement Condition 2(d) (*Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*), Valuation and Settlement Condition 2(f) (*Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*) above and/or, as applicable, the relevant Underlying Schedule.

"**Valuation Roll**" means the number specified as such in the applicable Issue Terms, or if no number is so specified, eight.

"**Valuation Time**" shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

3. **Fixed Rate, Floating Rate and CMS Interest Linked Interest Amounts**

3.1 **Interest on Fixed Rate Notes**

The Fixed Rate Note Provisions apply to the Notes if specified to apply in the applicable Issue Terms or are otherwise deemed to apply as provided under the terms of this Valuation and Settlement Schedule ("**Fixed Rate Notes**").

(a) *Accrual not applicable to Fixed Rate Notes*

If the applicable Issue Terms specify "Accrual" to be not applicable, in respect of each Interest Payment Date to which the Fixed Rate Note Provisions apply (as specified in the applicable Issue Terms), where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, the Issuer will pay the Interest Amount specified for the relevant Interest Payment Date in the Specified Currency. For which purpose, the "**Interest Amount**" will be (i) the amount specified as such in the applicable Issue Terms or, (ii) where different amounts are specified in relation to different Interest Payment Dates, in respect of each Interest Payment Date, the amount specified in respect of such Interest Payment Date or, (iii) if an Interest Table is set out in the applicable Issue Terms, each amount specified in the Interest Table in the column entitled "Interest Amount" in the row corresponding to the date (specified in the column "Interest Payment Date(s)") on which such Interest Payment Date is scheduled to fall.

Payments of interest on any Interest Payment Date will, if so specified in the applicable Issue Terms, be the "Broken Amount" so specified for such Interest Payment Date or, if an Interest Table is set out in the applicable Issue Terms, each amount specified in the Interest Table in the column entitled "Broken Amount" in the row corresponding to the date (specified in the column "Interest Payment Date(s)") on which such Interest Payment Date is scheduled to fall.

(b) *Accrual applicable to Fixed Rate Notes*

If the applicable Issue Terms specify "Accrual" to be applicable, each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Interest Rate(s) (being an "**Interest Rate**"). Interest will be payable in arrears on each Interest Payment Date to which the Fixed Rate Note Provisions apply (as specified in the applicable Issue Terms). The amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such date will be the Interest Amount.

If an Interest Rate or a Reference Rate for any period or any relevant day is specified in any other Valuation and Settlement Condition or in the applicable Issue Terms to be a "Fixed Interest Rate", the relevant Interest Rate or Reference Rate will be determined in accordance with this Valuation and Settlement Condition 3.1(b).

A different Fixed Interest Rate may apply in respect of different Interest Periods and/or Interest Payment Dates, as specified in the applicable Issue Terms.

(i) Fixed Interest Rate

The "**Fixed Interest Rate**" in respect of each Interest Period shall be equal to the Specified Fixed Rate, plus or minus (as specified in the applicable Issue Terms) the Margin (if any is specified in the applicable Issue Terms in relation to such Specified Fixed Rate for such Interest Period), and further multiplied by the Interest Participation Rate (if any is specified in the applicable Issue Terms in relation to such Specified Fixed Rate for such Interest Period).

(ii) Calculation of Interest Amount

Interest shall be calculated in respect of any period by applying the relevant Fixed Interest Rate to:

(A) in the case of Fixed Rate Notes which are represented by a Global Registered Note Certificate, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Registered Note Certificate; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, (I) multiplying such product by the applicable Day Count Fraction, and (II) where the Range Accrual Note Provisions apply, multiplying the product calculated in (I) by the Accrual Rate, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

3.2 **Interest on Floating Rate Notes and CMS Interest Linked Notes**

(a) *Floating Rate Notes*

The Floating Rate Note Provisions apply to the Notes if specified to apply in the applicable Issue Terms or are otherwise deemed to apply as provided under the terms of this Valuation and Settlement Schedule ("**Floating Rate Notes**").

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (being an "**Interest Amount**") will be payable in arrears on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Issue Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Issue Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date. The Interest Rate in respect of each Interest Period and/or Interest Payment Date to which the Floating Rate Note Provisions apply (as specified in the applicable Issue Terms) will be equal to the Floating Interest Rate.

If an Interest Rate or a Reference Rate for any period or any relevant day is specified in any other Valuation and Settlement Condition or in the applicable Issue Terms to be a "Floating Interest Rate", the relevant Interest Rate or Reference Rate will be determined in accordance with the provisions set out in Valuation and Settlement Condition 3.2(a)(A) or 3.2(a)(B), as applicable.

A different Floating Interest Rate may apply in respect of different Interest Periods and/or Interest Payment Dates, as specified in the applicable Issue Terms.

(A) *Screen Rate Determination*

If Screen Rate Determination is specified in the applicable Issue Terms as the manner in which a Floating Interest Rate is to be determined, the Floating Interest Rate for an Interest Period or a relevant day (such day, a "**Relevant Day**") will be the Screen Rate for such Interest Period or Relevant Day, plus or minus (as indicated in the applicable Issue Terms) the Margin (if any is specified in the applicable Issue Terms in relation to such Screen Rate), and multiplied by the Interest Participation Rate (if any is specified in the applicable Issue Terms in relation to such Screen Rate). For the purposes of this subparagraph (A), the Screen Rate for any Interest Period or any Relevant Day will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Page as at the Specified Time on the relevant Interest Determination Date in respect of such Interest Period or such Relevant Day. If five or more of such offered quotations are available on the Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided below) of such offered quotations.

If the Page is not available or if, in the case of (1), no offered quotation appears or, in the case of (2), fewer than three offered quotations appear, in each case as at the Specified Time or by 10.30 a.m. Sydney time in the case of BBSW the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Screen Rate for the relevant Interest Period or the Relevant Day shall be the arithmetic mean of the offered quotations for the Reference Rate.

If, on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Screen Rate for the relevant Interest Period or the Relevant Day shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the relevant Reference Rate Interbank Market (as defined below) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates (rounded as provided below) for deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the relevant Reference Rate Interbank Market, PROVIDED THAT, if the Screen Rate cannot be determined in accordance with the

foregoing provisions of this paragraph, the Screen Rate shall be determined as at the last preceding Interest Determination Date.

If the Reference Rate specified in the applicable Issue Terms is a rate other than LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, HIBOR, BBSW or BKBM, the Screen Rate (and the relevant Reference Rate) for any Interest Period or any Relevant Day will be determined as provided in the applicable Issue Terms.

The Calculation Agent shall not be responsible to the Issuer or the CGMFL Guarantor or to any third party as a result of the Calculation Agent having acted on any quotation given by any Reference Bank.

"**Reference Rate Interbank Market**" means (i) the London interbank market (if the Reference Rate is LIBOR), (ii) the Euro-zone interbank market (if the Reference Rate is EURIBOR), (iii) the Stockholm interbank market (if the Reference Rate is STIBOR), (iv) the Oslo interbank market (if the Reference Rate is NIBOR), (v) the Copenhagen interbank market (if the Reference Rate is CIBOR), (vi) the Tokyo interbank market (if the Reference Rate is TIBOR), (vii) the Hong Kong interbank market (if the Reference Rate is HIBOR), (viii) the Sydney interbank market (if the Reference Rate is BBSW), (ix) the New Zealand interbank market (if the Reference Rate is BKBM) or (x) any relevant interbank market as determined by the Calculation Agent (if the Reference Rate specified in the applicable Issue Terms is a rate other than LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, HIBOR, BBSW or BKBM).

(B) *ISDA Determination*

If ISDA Determination is specified in the applicable Issue Terms as the manner in which the Floating Interest Rate is to be determined, the Floating Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Issue Terms) the Margin (if any is specified in the applicable Issue Terms in relation to such ISDA Rate) and multiplied by the Interest Participation Rate (if any is specified in the applicable Issue Terms in relation to such ISDA Rate). For the purposes of this subparagraph, "**ISDA Rate**" for an Interest Period means the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Issue Terms;

(2) the Designated Maturity is a period specified in the applicable Issue Terms; and

(3) the relevant Reset Date is as specified in the applicable Issue Terms.

provided that if the Calculation Agent determines that such ISDA Rate cannot be determined in accordance with the ISDA Definitions read with the above provisions, the ISDA Rate for an Interest Period shall be such rate as is determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

For the purposes of this subparagraph, Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

(b) *CMS Interest Linked Notes*

The CMS Interest Linked Note Provisions apply to the Notes if specified to apply in the applicable Issue Terms or are otherwise deemed to apply as provided under the terms of this Valuation and Settlement Schedule ("**CMS Interest Linked Notes**").

Each CMS Interest Linked Note bears interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (being an "**Interest Amount**") will be payable in arrears on each Interest Payment Date(s) to which the CMS Interest Linked Note Provisions apply (as specified in the applicable Issue Terms).

Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date. The Interest Rate in respect of each Interest Period and/or Interest Payment Date to which the CMS Interest Linked Note Provisions apply (as specified in the applicable Issue Terms) will be equal to the CMS Interest Rate.

If an Interest Rate or a Reference Rate for any period or any relevant day (including any Interest Payment Date) is specified in any other Valuation and Settlement Condition or in the applicable Issue Terms to be a "CMS Interest Rate", the relevant Interest Rate or Reference Rate will be determined in accordance with this Valuation and Settlement Condition 3.2(b).

A different CMS Interest Rate may apply in respect of different Interest Periods and/or Interest Payment Dates, as specified in the applicable Issue Terms.

(i) *Single CMS Interest Rate*

If the CMS Interest Rate is specified in the applicable Issue Terms to be "Single CMS Interest Rate", the CMS Interest Rate in respect of an Interest Period or any relevant day will be equal to the CMS Reference Rate, plus or minus (as specified in the applicable Issue Terms) the Margin (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate), and multiplied by the Interest Participation Rate (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate), all as determined by the Calculation Agent.

(ii) *Worse of CMS Interest Rates*

If the CMS Interest Rate is specified in the applicable Issue Terms to be "Worse of CMS Interest Rates", the CMS Interest Rate in respect of an Interest Period or any relevant day will be equal to the lesser of: (1) CMS Reference Rate 1 plus or minus (as specified in the applicable Issue Terms) Margin 1 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 1), and multiplied by Interest Participation Rate 1 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 1), and (2) CMS Reference Rate 2, plus or minus (as specified in the applicable Issue Terms) Margin 2 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 2), and multiplied by Interest Participation Rate 2 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 2). Where foregoing (1) and (2) are the same value, then such value will be the relevant CMS Interest Rate.

(iii) *CMS Spread Interest Rate*

If the CMS Interest Rate is specified in the applicable Issue Terms to be "CMS Spread Interest Rate", the CMS Interest Rate in respect of an Interest Period or any relevant day will be equal to the difference between (1) CMS Reference Rate 1, plus or minus (as specified in the applicable Issue Terms) Margin 1 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 1), and multiplied by Interest Participation Rate 1 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 1), minus (2) CMS Reference Rate 2, plus or minus (as specified in the applicable Issue Terms) Margin 2 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 2), and

multiplied by Interest Participation Rate 2 (if any is specified in the applicable Issue Terms in relation to such CMS Reference Rate 2).

(iv) *CMS Reference Rate Fallback Provisions*

In respect of a CMS Reference Rate and the Relevant Swap Rate (used to determine such CMS Reference Rate), if a Page for such Relevant Swap Rate is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If at least three quotations are provided, the relevant CMS Reference Rate for the relevant Interest Period or day shall be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

"**Reference Banks**" means, in the case of a determination of a CMS Reference Rate, (i) if the applicable Issue Terms specify "As specified in Valuation and Settlement Condition 3.2(b)(iv)" and the Relevant Swap Rate specified is: (a) EUR Swap Rate, the principal office of five leading swap dealers in the Euro-zone interbank market; (b) GBP Swap Rate, the principal London office of five leading swap dealers in the London interbank market, (c) USD Swap Rate, the principal New York City office of five leading swap dealers in the New York City interbank market, or (d) Mid-Market Swap Rate, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre interbank market, in each case as selected by the Calculation Agent; or (ii) such leading swap dealers in the Relevant Financial Centre interbank market as specified in the applicable Issue Terms.

If, on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations of the Relevant Swap Rate (used to determine a CMS Reference Rate) as provided in the preceding paragraph, the relevant CMS Reference Rate shall be determined by the Calculation Agent in accordance with standard market practice.

3.3 **Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates**

(a) *Maximum/Minimum Interest Rates*

If a Maximum Interest Rate or Minimum Interest Rate (or both) is specified in the applicable Issue Terms for an Interest Rate in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), then if the Interest Rate for such Interest Period and/or such day calculated in accordance with the other terms of this Valuation and Settlement Schedule would otherwise be (1) greater than such Maximum Interest Rate, the Interest Rate shall be such Maximum Interest Rate, or (2) less than such Minimum Interest Rate, the Interest Rate shall be such Minimum Interest Rate.

Unless otherwise stated in the applicable Issue Terms, the Minimum Interest Rate for each Interest Period shall be deemed to be zero.

(b) *Maximum/Minimum Reference Rates*

If a Maximum Reference Rate or Minimum Reference Rate (or both) is specified in the applicable Issue Terms for a Reference Rate in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), then if the Reference Rate for such Interest Period and/or such day calculated in accordance with the other terms of this Valuation and Settlement Schedule would otherwise be (1) greater than such Maximum Reference Rate, the Reference Rate shall be such Maximum Reference Rate, or (2) less than such Minimum Reference Rate, the Interest Rate shall be such Minimum Reference Rate.

Unless otherwise stated in the applicable Issue Terms, the Minimum Reference Rate in respect of any Reference Rate for an Interest Period or any relevant day (as applicable) shall be deemed to be zero.

3.4 **Calculations**

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes or the CMS Interest Linked Notes, as the case may be, for the relevant Interest Period by applying the relevant Interest Rate to:

(a) in the case of Floating Rate Notes or CMS Interest Linked Notes, as the case may be, which are represented by a Global Registered Note Certificate, the aggregate outstanding principal amount of the Notes represented by such Global Registered Note Certificate; or

(b) in the case of Floating Rate Notes or CMS Interest Linked Notes, as the case may be, in definitive form, the Calculation Amount,

and, in each case, (i) multiplying such product by the applicable Day Count Fraction, and (ii) where the Range Accrual Note Provisions apply, multiplying the product calculated in (i) by the Accrual Rate. The resultant figure will be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note or a CMS Interest Linked Note, is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

3.5 **Determination and Publication of Interest Rates and Interest Amounts**

As soon as practicable after each Interest Determination Date the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of each Specified Denomination for the relevant Interest Period. The Interest Amounts and the Interest Rate so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under General Condition 9 (*Events of Default*) of the General Conditions, the interest (if any) and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Valuation and Settlement Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made.

3.6 **Notification of Interest Rate and Interest Amounts**

The Calculation Agent will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and any stock exchange on which the relevant Floating Rate Notes or CMS Interest Linked Notes are for the time being listed and notice thereof to be published in accordance with General Condition 13 (*Notices*) of the General Conditions as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

3.7 **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Interest Rate for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Issue Terms or in the case of CMS Interest Linked Notes) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Issue Terms), one of which shall be determined as if the Designated Maturity were the period of time

for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period PROVIDED HOWEVER THAT if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

3.8 **Definitions**

In this Valuation and Settlement Schedule, the following terms shall have the respective meanings set out below (and for the avoidance of doubt, the following terms apply to Notes other than Fixed Rate Notes, Floating Rate Notes and CMS Interest Linked Notes where the context requires):

"**Accrual Rate**" shall be determined in accordance with Valuation and Settlement Condition 4 (*Range Accrual Notes*).

"**CMS Interest Rate**" means the rate of interest in respect of an Interest Period or any relevant day (including any Interest Payment Date) determined in accordance with Valuation and Settlement Condition 3.2(b) (*CMS Interest Linked Notes*).

"**CMS Reference Rate**" means, in respect of an Interest Period or any relevant day, the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Page as at the Relevant Time on the relevant Interest Determination Date, all as determined by the Calculation Agent.

"**CMS Reference Rate 1**" means the CMS Reference Rate specified as such in the applicable Issue Terms and the terms "Relevant Swap Rate", "Reference Currency", "Designated Maturity", "Page", "Relevant Time" and "Interest Determination Date" and any other relevant term will each be specified in the applicable Issue Terms under the heading "CMS Reference Rate 1".

"**CMS Reference Rate 2**" means the CMS Reference Rate specified as such in the applicable Issue Terms and the terms "Relevant Swap Rate", "Reference Currency", "Designated Maturity", "Page", "Relevant Time" and "Interest Determination Date" and any other relevant term will each be specified in the applicable Issue Terms under the heading "CMS Reference Rate 2".

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time, whether or not constituting an Interest Period (the "**Calculation Period**"):

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Issue Terms in respect of Fixed Rate Notes:

(A) in the case of Notes where the number of days in the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

(1) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and

(y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/365 (Sterling)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;

(v) if "**Actual/360**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is specified in the applicable Issue Terms in respect of Fixed Rate Notes, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(vii) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Issue Terms in relation to Floating Rate Notes, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(viii) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(ix) if "**30E/360 (ISDA)**" is specified in the applicable Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; or

(x) "**1/1**" is specified in the applicable Issue Terms, 1.

"**Designated Maturity**" means, (i) for the purposes of a determination of a CMS Reference Rate, a period of time specified as such in the applicable Issue Terms corresponding to such CMS Reference Rate, and (ii) for any other purposes, a period of time specified as such in the applicable Issue Terms.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"**Fixed Interest Rate**" means the rate of interest in respect of an Interest Period and/or such Interest Payment Date in the applicable Issue Terms determined in accordance with Valuation and Settlement Condition 3.1.

"**Floating Interest Rate**" means the rate of interest in respect of an Interest Period and/or any relevant day (including any Interest Payment Date) determined in accordance with Valuation and Settlement Condition 3.2(a).

"**Interest Basis Table**" means a table specified as such in the applicable Issue Terms.

"**Interest Commencement Date**" means the date of issue of the Notes (the "**Issue Date**") or such other date as may be specified in the applicable Issue Terms. Where the Notes have more than one interest basis, an Interest Commencement Date will be specified in the applicable Issue Terms in respect of each such interest basis.

"**Interest Determination Date**" means if the applicable Issue Terms specify: (i) "Daily Rate Determination" to be applicable, in respect of a Reference Rate for any relevant day, the Interest Determination Date shall be such relevant day, or (ii) "Periodic Rate Determination" to be applicable, in respect of a Reference Rate for any Interest Period, the Interest Determination Date shall be any date specified as such in the applicable Issue Terms, or if the applicable Issue Terms specify "As specified in Valuation and Settlement Condition 3.8":

(a) if the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period;

(b) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;

(c) if the Reference Rate is Euro LIBOR or EURIBOR, the second TARGET Business Day prior to the start of each Interest Period;

(d) if the Reference Rate is the Stockholm interbank offered rate (STIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period;

(e) if the Reference Rate is the Norwegian interbank offered rate (NIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Oslo prior to the start of each Interest Period;

(f) if the Reference Rate is the Copenhagen interbank offered rate (CIBOR), the first day of each Interest Period;

(g) if the Reference Rate is the Tokyo interbank offered rate (TIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo prior to the start of each Interest Period;

(h) if the Reference Rate is the Hong Kong interbank offered rate (HIBOR), the first day of each Interest Period;

(i) if the Reference Rate is the Australian Bank Bill Swap Rate (BBSW), the first day of each Interest Period; or

(j) if the Reference Rate is the New Zealand Bank Bill reference rate (BKBM), the first day of each Interest Period,

and, where the applicable Issue Terms specify one or more Reference Rates for an Interest Period or a relevant day or different Reference Rates for different Interest Periods or days, the Interest Determination Date will be construed in respect of each Reference Rate for each Interest Period or day.

"**Interest Participation Rate**" means, in respect of any Interest Rate or Reference Rate (each a "**Relevant Rate**") for a relevant day (including an Interest Payment Date) and/or for an Interest Period ending on (but excluding) an Interest Period End Date, the amount or percentage rate specified as such in the applicable Issue Terms in respect of such Relevant Rate for such day and/or such Interest Period, or, if a Rate Table is set out in the applicable Issue Terms, each amount or percentage rate specified in the Rate Table in the column entitled "Interest Participation Rate" in the row corresponding to such day or corresponding to the date (specified in the column "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall, provided that if the applicable Issue Terms specify Interest Participation Rate to be not applicable, it shall be deemed to be equal to one. Where the applicable Issue Terms specify more than one Interest Participation Rate for different Relevant Rates, the Interest Participation Rate will be construed to apply to each Relevant Rate for each relevant day (including an Interest Payment Date) and/or each Interest Period.

"**Interest Participation Rate 1**" means, in respect of CMS Reference Rate 1, an Interest Participation Rate specified as such in the applicable Issue Terms corresponding to CMS Reference Rate 1.

"**Interest Participation Rate 2**" means, in respect of CMS Reference Rate 2, an Interest Participation Rate specified as such in the applicable Issue Terms corresponding to CMS Reference Rate 2.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

"**Interest Period End Date**" means each date specified as such in the applicable Issue Terms or, if none is so specified, each Interest Payment Date.

"**Interest Rate**" means (i) Fixed Interest Rate, (ii) Floating Interest Rate, (iii) CMS Interest Rate, or (iv) any other rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, herein or specified in the applicable Issue Terms, and where more than one Interest Rate is so specified, the Interest Rate shall be the rate specified in respect of the relevant Interest Period and/or Interest Payment Date in the applicable Issue Terms.

"**Margin**" means, in respect of any Interest Rate or Reference Rate (each a "**Relevant Rate**") for a relevant day (including an Interest Payment Date) and/or for an Interest Period ending on (but excluding) an Interest Period End Date, the percentage rate specified as such in the applicable Issue Terms in respect of such Relevant Rate for such day and/or such Interest Period, which shall be preceded with either a "+" (plus) or a "-" (minus) sign (provided that if the applicable Issue Terms specify Margin to be not applicable in respect of such Relevant Rate, it shall be deemed to be equal to zero), or if a Rate Table is set out in the applicable Issue Terms, each percentage rate specified in the Rate Table in the column entitled "Margin" (which shall be preceded with either a "+" (plus) or a "-" (minus) sign) in the row corresponding to such day or corresponding to the date (specified in the column "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall. Where the applicable Issue Terms specify more than one Margin for different Relevant Rates, the Margin

will be construed to apply to each Relevant Rate for each relevant day (including an Interest Payment Date) and/or each Interest Period.

"**Margin 1**" means the Margin specified as such in the applicable Issue Terms.

"**Margin 2**" means the Margin specified as such in the applicable Issue Terms.

"**Maximum Interest Rate**" means, in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), the amount specified as such in the applicable Issue Terms in respect of such Interest Period or day, or, if a Rate Table is set out in the applicable Issue Terms, in respect of each Interest Period ending on (but excluding) an Interest Period End Date, the amount set forth in the Rate Table in the column entitled "Maximum Interest Rate" in the row corresponding to such day or corresponding to the date (specified in the column entitled "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall.

"**Maximum Reference Rate**" means, in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), the amount specified as such in the applicable Issue Terms in respect of such Interest Period or day, or, if a Rate Table is set out in the applicable Issue Terms, in respect of each Interest Period ending on (but excluding) an Interest Period End Date, the amount set forth in the Rate Table in the column entitled "Maximum Reference Rate" in the row corresponding to such day or corresponding to the date (specified in the column entitled "Interest Period End Date") on which such Interest Period End Date is scheduled to fall.

"**Minimum Interest Rate**" means, in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), the amount specified as such in the applicable Issue Terms in respect of such Interest Period or day, or, if a Rate Table is set out in the applicable Issue Terms, in respect of each Interest Period ending on (but excluding) an Interest Period End Date, the amount set forth in the Rate Table in the column entitled "Minimum Interest Rate" in the row corresponding to such day or corresponding to the date (specified in the column entitled "Interest Period End Date") on which such Interest Period End Date is scheduled to fall.

"**Minimum Reference Rate**" means, in respect of an Interest Period and/or any relevant day (including any Interest Payment Date), the amount specified as such in the applicable Issue Terms in respect of such Interest Period or day, or, if a Rate Table is set out in the applicable Issue Terms, in respect of each Interest Period ending on (but excluding) an Interest Period End Date, the amount set forth in the Rate Table in the column entitled "Minimum Reference Rate" in the row corresponding to such day or corresponding to the date (specified in the column entitled "Interest Period End Date") on which such Interest Period End Date is scheduled to fall

"**Page**" means, in respect of a Reference Rate, such display page as may be specified in the applicable Issue Terms for the purpose of providing such Reference Rate, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original display page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

"**Rate Table**" means a table specified as such in the applicable Issue Terms.

"**Reference Banks**" means (i) if the applicable Issue Terms specify "As specified in Valuation and Settlement Condition 3.8" and (a) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; (b) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; (c) in the case of a determination of BBSW, the financial institutions authorised to quote on the Reuters Screen BBSW Page; (d) in the case of a determination of

BKBM, four major banks in the New Zealand money market; or (ii) in the case of a determination of a Reference Rate other than LIBOR, EURIBOR, BBSW, BKBM or a CMS Reference Rate, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Calculation Agent or as specified in the applicable Issue Terms; or (iii) in the case of a determination of a CMS Reference Rate, "Reference Banks" is as defined in Valuation and Settlement Condition 3.2(b) (*CMS Interest Linked Notes*) above.

"**Reference Currency**" means, in the case of a determination of a CMS Reference Rate, the currency specified as such in the applicable Issue Terms corresponding to such CMS Reference Rate.

"**Reference Rate**" means in respect of any relevant period or day, the rate defined or specified as a "Reference Rate" in the Valuation and Settlement Conditions or the applicable Issue Terms for such period or day, which may include, without limitation, any of the following: (a) where Screen Rate Determination is specified as applicable in the applicable Issue Terms: (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) TIBOR, (vii) HIBOR, (viii) BBSW or (ix) BKBM, in each case for the relevant period or day, as specified in the applicable Issue Terms; or (b) a Fixed Interest Rate, a Floating Interest Rate, a CMS Interest Rate, a CMS Reference Rate, in each case for the relevant period or day, as specified in the applicable Issue Terms, and where more than one Reference Rate is specified, "Reference Rate" shall be construed to refer to each rate specified or defined as such in respect of the relevant period or day as specified in the applicable Issue Terms.

"**Relevant Financial Centre**" means, (i) if the applicable Issue Terms specify "As specified in Valuation and Settlement Condition 3.8": (a) London, in the case of a determination of LIBOR, (b) Brussels, in the case of a determination of EURIBOR, (c) Stockholm, in the case of a determination of STIBOR, (d) Oslo, in the case of a determination of NIBOR, (e) Copenhagen, in the case of a determination of CIBOR, (f) Tokyo, in the case of a determination of TIBOR and (g) Hong Kong, in the case of a determination of HIBOR, (h) Sydney, in the case of a determination of BBSW and (i) Wellington, in the case of a determination of BKBM, or (ii) such other centre as specified in the applicable Issue Terms.

"**Relevant Swap Rate**" means, if the applicable Issue Terms specify:

(i) "**EUR Swap Rate**", the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period or on any relevant day and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions (as defined above)) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions; or

(ii) "**GBP Swap Rate**", the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period or on any relevant day and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

(iii) "**USD Swap Rate**", the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period or on any relevant day and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

(iv) "**Mid-Market Swap Rate**", the mid-market swap rate as determined by the Calculation Agent in accordance with standard market practice.

"**Relevant Time**" means, for the purposes of a determination of a CMS Reference Rate, the time in the place specified as such in the applicable Issue Terms corresponding to such CMS Reference Rate.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Specified Time**" means, (i) if the applicable Issue Terms specify "As specified in Valuation and Settlement Condition 3.8", (a) in the case of LIBOR, 11.00 a.m., (b) in the case of EURIBOR, 11.00 a.m., (c) in the case of STIBOR, 11.00 a.m., (d) in the case of NIBOR, 12.00 noon, (e) in the case of CIBOR, 11.00 a.m., (f) in the case of TIBOR, 11.00 a.m., and (g) in the case of HIBOR, 11.00 a.m., (h) in the case of BBSW, 10.00 a.m. or (i) in the case of BKBM, 11.00 a.m., in each case in the Relevant Financial Centre, or (ii) the time in the place specified as such in the applicable Issue Terms.

4. **Range Accrual Notes**

(a) *Accrual Rate*

If the applicable Issue Terms specify that the Range Accrual Note Provisions apply to the Notes ("**Range Accrual Notes**"), then the "**Accrual Rate**" for each Interest Period and/or Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms) means an amount expressed as a decimal determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{days accrued}}{\text{days observed}}$$

The following terms shall have the respective meanings set out below (and terms not defined in this Valuation and Settlement Condition 4 shall have the meanings given to such terms in Valuation and Settlement Condition 3.8 (*Definitions*)):

"**Accrual Condition**" has the meaning given in paragraph (b) below.

"**Accrual Condition 1**" means an Accrual Condition specified as such in the applicable Issue Terms, determined in accordance with paragraph (b) below as though each reference therein to: (a) "Accrual Condition" was a reference to "Accrual Condition 1", (b) "Reference Observation" was a reference to "Reference Observation 1", (c) "Barrier" was a reference to "Barrier 1", (d) "Lower Range" was a reference to "Lower Range 1", and (e) "Upper Range" was a reference to "Upper Range 1".

"**Accrual Condition 2**" means an Accrual Condition specified as such in the applicable Issue Terms, determined in accordance with paragraph (b) below as though each reference therein to: (a) "Accrual Condition" was a reference to "Accrual Condition 2", (b) "Reference Observation" was a reference to "Reference Observation 2", (c) "Barrier" was a reference to "Barrier 2", (d) "Lower Range" was a reference to "Lower Range 2", and (e) "Upper Range" was a reference to "Upper Range 2".

"**Accrual Days**" means calendar days or Business Days specified as such in the applicable Issue Terms (each an "**Accrual Day**").

"**Barrier**" has the meaning given in paragraph (e) below.

"**Barrier 1**" means the Barrier specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Barrier" shall be construed as a reference to "Barrier 1".

"**Barrier 2**" means the Barrier specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Barrier" shall be construed as a reference to "Barrier 2".

"**days accrued**" means:

(i) if the applicable Issue Terms specify "Single Reference Observation" to be applicable, the number of Interest Observation Dates in the relevant Interest Period on which the Accrual Condition is satisfied; or

(ii) if the applicable Issue Terms specify "Dual Reference Observation" to be applicable, the number of Interest Observation Dates in the relevant Interest Period on which Accrual Condition 1 and Accrual Condition 2 are both satisfied.

"**days observed**" means the actual number of Accrual Days in the relevant Interest Period.

"**Interest Observation Date**" has the meaning given in paragraph (f) below.

"**Lower Range**" has the meaning given in paragraph (e) below.

"**Lower Range 1**" means the Lower Range specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Lower Range" shall be construed as a reference to "Lower Range 1".

"**Lower Range 2**" means the Lower Range specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Lower Range" shall be construed as a reference to "Lower Range 2".

"**Reference Observation**" has the meaning given in paragraph (c) below.

"**Reference Observation 1**" means the Reference Observation specified as such in the applicable Issue Terms, determined in accordance with paragraph (c) below as though each reference therein to "Reference Observation" was a reference to "Reference Observation 1".

"**Reference Observation 2**" means the Reference Observation specified as such in the applicable Issue Terms, determined in accordance with paragraph (c) below as though each reference therein to "Reference Observation" was a reference to "Reference Observation 2".

"**Upper Range**" has the meaning given in paragraph (e) below.

"**Upper Range 1**" means the Upper Range specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Upper Range" shall be construed as a reference to "Upper Range 1".

"**Upper Range 2**" means the Upper Range specified as such in the applicable Issue Terms, and each reference in paragraphs (e) and (j) below to "Upper Range" shall be construed as a reference to "Upper Range 2".

(b) *Determination of Accrual Condition*

"**Accrual Condition**" means (and shall be deemed to be satisfied) on any Interest Observation Date if the Reference Observation on such Interest Observation Date is:

(i) if "Greater than the Barrier" is specified under Barrier Reference in the applicable Issue Terms, greater than the Barrier;

(ii) if "Greater than or equal to the Barrier" is specified under Barrier Reference in the applicable Issue Terms, greater than or equal to the Barrier;

(iii) if "Less than the Barrier" is specified under Barrier Reference in the applicable Issue Terms, less than the Barrier;

(iv) if "Less than or equal to the Barrier" is specified under Barrier Reference in the applicable Issue Terms, less than or equal to the Barrier; or

(v) if a "Lower Range" and an "Upper Range" are specified in the applicable Issue Terms, and:

(A) if the "Lower Range Option" specified in the applicable Issue Terms is:

(1) "Greater than the Lower Range", greater than the Lower Range, or

(2) "Greater than or equal to the Lower Range", greater than or equal to the Lower Range; and

(B) if the "Upper Range Option" specified in the applicable Issue Terms is:

(1) "Less than the Upper Range", less than the Upper Range; or

(2) "Less than or equal to the Upper Range", less than or equal to the Upper Range,

in each case, as determined by the Calculation Agent by reference to the relevant Interest Observation Date, subject as provided herein.

(c) *Determination of Reference Observation*

The Reference Observation shall be specified in the applicable Issue Terms and may be expressed as:

(i) Reference Rate One minus Reference Rate Two; or

(ii) the sum of the Reference Rate Ones minus the sum of the Reference Rate Twos; or

(iii) one Reference Rate or a basket of two or more Reference Rates,

in each case, as determined by the Calculation Agent by reference to the relevant Interest Observation Date, subject as provided herein.

If the Reference Observation is specified as a basket of two or more Reference Rates, then a "Reference Observation" on any Interest Observation Date shall be construed as:

(i) if "Any" is specified in the applicable Issue Terms, "any Reference Rate" or

(ii) if "All" is specified in the applicable Issue Terms, "each of the Reference Rates",

in each case, as determined by the Calculation Agent by reference to the relevant Interest Observation Date, subject as provided herein.

"**Reference Rate Ones**" means each of the Reference Rates specified as such in the applicable Issue Terms and determined in accordance with paragraph (d) below (each, a "**Reference Rate One**").

"**Reference Rate Twos**" means each of the Reference Rates specified as such in the applicable Issue Terms and determined in accordance with paragraph (d) below (each, a "**Reference Rate Two**").

(d) *Determination of Reference Rate*

For the purposes of the Conditions and in particular Valuation and Settlement Condition 3, Reference Rate One and Reference Rate Two are each a "Reference Rate" and the applicable Issue Terms will specify whether each Reference Rate is: (i) Fixed Interest Rate, (ii) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply, or (iii) a CMS Interest Rate, or (iv) a Spread Interest Rate, (v) a Relevant Spread Rate or (vi) a Spread Reference Rate.

In relation to each Reference Rate, depending on which one of (i), (ii), (iii), (iv), (v) or (vi) above is specified in relation to such Reference Rate, the applicable Issue Terms will specify in relation to such Reference Rate, all the relevant terms for such Reference Rate, including any Interest Determination Date, any Margin, any Interest Participation Rate, any Spread Note Provisions, any Minimum Reference Rate and/or any Maximum Reference Rate, in each case in accordance with the relevant provisions for a Fixed Interest Rate, Floating Interest Rate, CMS Interest Rate, Spread Interest Rate, Relevant Spread Rate or Spread Reference Rate, in each case as contained in the Conditions and, in the case of Notes that are not Exempt Notes, in the Pro Forma Final Terms and, in the case of Exempt Notes, in the Pro Forma Pricing Supplement.

For the purposes of the Conditions and in particular Underlying Schedule 2, each Reference Rate shall also be deemed to be a "Rate" as defined in Underlying Schedule 2.

A different Reference Rate and/or different Reference Observations may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

(e) *Barrier, Upper Range and Lower Range*

(i) Barrier

A Barrier may only apply to specified Interest Periods and/or Interest Payment Dates and may vary between different Interest Periods and/or Interest Payment Dates, all as specified in the applicable Issue Terms.

(ii) Lower Range and/or Upper Range

A Lower Range and/or Upper Range may only apply to specified Interest Periods and/or Interest Payment Dates and may vary between different Interest Periods and/or Interest Payment Dates, all as specified in the applicable Issue Terms.

(f) *Interest Observation Date*

In respect of an Interest Period and any Reference Rate, an Interest Observation Date shall be:

(i) each Accrual Day from (and including) the first day of such Interest Period to (but excluding) the Accrual Cut-Off Date; and

(ii) in respect of each Accrual Day from (and including) the Accrual Cut-Off Date to but (excluding) the Interest Period End Date falling at the end of such Interest Period, the Accrual Cut-Off Date shall be deemed to be an "Interest Observation Date" for each such day.

Each Interest Observation Date shall be deemed a Specified Valuation Date and if, in respect of any Reference Rate, the Scheduled Interest Observation Date is not a Scheduled Trading Day for such Reference Rate or is a Disrupted Day for such Reference Rate, then the Interest Observation Date for such Reference Rate shall be deemed to be the immediately preceding

Accrual Day that is a Scheduled Trading Day and is not a Disrupted Day for such Reference Rate. Therefore, an Interest Observation Date may fall on the same day that another "Interest Observation Date" for another Accrual Day and Reference Rate falls.

"**Accrual Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Accrual Business Day Centre specified in the applicable Issue Terms, and if "Accrual Business Day Centre" is specified to be or to include: (i) "U.S. Government Securities Business Day", then "Accrual Business Day" shall also be any day except a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; or (ii) "TARGET", then "Accrual Business Day" shall also be a day on which the TARGET2 System is open.

"**Accrual Cut-Off Date**" means, in respect of an Interest Period, the day falling on the Specified Accrual Cut-Off Date (or if "**Default Accrual Cut-Off Date**" is specified in the applicable Issue Terms, the fifth Accrual Day) immediately preceding the Interest Period End Date falling at the end of such Interest Period.

"**Scheduled Interest Observation Date**" means, in respect of a Reference Rate, any Accrual Day that would have been an Interest Observation Date but for such day being not a Scheduled Trading Day for such Reference Rate or such day being a Disrupted Day for such Reference Rate.

"**Specified Accrual Cut-Off Date**" means such number of calendar days or Accrual Business Days as specified in the applicable Issue Terms.

(g) *Interest Rate*

The Interest Rate applicable to each Interest Period and/or Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms) will be specified in applicable Issue Terms, and may be specified as any of the following (i) Fixed Interest Rate, (ii) Floating Interest Rate or (iii) CMS Interest Rate.

A different Interest Rate may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

Range Accrual Notes will bear interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (being an "**Interest Amount**") will be payable in arrears on each Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms). Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

Fixed Rate Note Provisions applicable to Range Accrual Notes

If the Interest Rate applicable to any Interest Period and/or Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms) is specified to be a Fixed Interest Rate, the Fixed Rate Note Provisions are deemed to apply and each Range Accrual Note will also be a Fixed Rate Note. Interest payable on each Range Accrual Note will be determined and calculated in accordance with Valuation and Settlement Condition 3.1(b) (*Accrual applicable to Fixed Rate Notes*) as though the applicable Issue Terms specified "Accrual" to be applicable.

Floating Rate Note Provisions applicable to Range Accrual Notes

If the Interest Rate applicable to any Interest Period and/or Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms) is specified to be a Floating Interest Rate, the Floating Rate Note Provisions are deemed to apply and each

Range Accrual Note will also be a Floating Rate Note. The Interest Amount payable on each Range Accrual Note will be determined and calculated in accordance with Valuation and Settlement Condition 3.2(a).

CMS Interest Linked Note Provisions applicable to Range Accrual Notes

If the Interest Rate applicable to any Interest Period and/or Interest Payment Date to which the Range Accrual Note Provisions apply (as specified in the applicable Issue Terms) is specified to be a CMS Interest Rate, the CMS Interest Linked Note Provisions are deemed to apply and each Range Accrual Note will also be a CMS Interest Linked Note. The Interest Amount payable on each Range Accrual Note will be determined and calculated in accordance with Valuation and Settlement Condition 3.2(b).

(h) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Range Accrual Notes as if expressly set out herein.

(i) *Maximum/Minimum Interest Amount*

If any Maximum Interest Amount or Minimum Interest Amount (or both) is specified in the applicable Issue Terms in respect of an Interest Payment Date, then if the Interest Amount for such Interest Payment Date is: (1) greater than such Maximum Interest Amount, the Interest Amount shall be such Maximum Interest Amount, or (2) less than such Minimum Interest Amount, the Interest Amount shall be such Minimum Interest Amount.

If more than one Maximum Interest Amount or Minimum Interest Amount (or both) is specified in the applicable Issue Terms for different Interest Payment Dates, then if the Interest Amount for an Interest Payment Date is (1) greater than the Maximum Interest Amount specified for such Interest Payment Date, the Interest Amount shall be such Maximum Interest Amount, or (2) is less than such Minimum Interest Amount specified for such Interest Payment Date, the Interest Amount shall be such Minimum Interest Amount.

Unless otherwise stated in the applicable Issue Terms, the Minimum Interest Amount shall be deemed to be zero.

(j) *Range Accrual Table*

If Range Accrual Table is set out in the applicable Issue Terms, in respect of each Interest Period ending on (but excluding) an Interest Period End Date:

(A) the Barrier will be each amount specified in the Range Accrual Table in the column entitled "Barrier";

(B) the Lower Range will be each amount specified in the Range Accrual Table in the column entitled "Lower Range";

(C) the Upper Range will be each amount specified in the Range Accrual Table in the column entitled "Upper Range";

(D) the relevant Reference Observation will be specified in the Range Accrual Table in the column entitled "Reference Observation" and if the Reference Observation is not expressed as a single Reference Rate, any Reference Rate, Reference Rate One or Reference Rate Two will be specified in the Reference Observation Table in the column entitled "Reference Rate(s)" (or if applicable, the columns entitled "Reference Rate One(s)" and "Reference Rate Two(s)"); and

(E) the relevant Interest Rate for such Interest Period will be specified in the Range Accrual Table in the column entitled "Interest Rate",

in each case, in the row corresponding to the date (specified in the column "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall.

"**Range Accrual Table**" means the table specified as such in the applicable Issue Terms.

"**Reference Observation Table**" means the table specified as such in the applicable Issue Terms.

5. **Digital Notes**

(a) *Interest Rate for Digital Notes*

If the applicable Issue Terms specify the Digital Note Provisions to be applicable to the Notes ("**Digital Notes**"), then the Interest Rate (the "**Digital Interest Rate**") in respect of each Interest Period and/or Interest Payment Date to which the Digital Note Provisions apply (as specified in the applicable Issue Terms) will either be:

(i) the Back Up Rate; or

(ii) if the Digital Reference Rate as of the Digital Determination Date is:

(A) if "Greater than the Reserve Rate" is specified under Reserve Rate Reference in the applicable Issue Terms, greater than the Reserve Rate;

(B) if "Greater than or equal to the Reserve Rate" is specified under Reserve Rate Reference in the applicable Issue Terms, greater than or equal to the Reserve Rate;

(C) if "Less than the Reserve Rate" is specified under Reserve Rate Reference in the applicable Issue Terms, less than the Reserve Rate; or

(D) if "Less than or equal to the Reserve Rate" is specified under Reserve Rate Reference in the applicable Issue Terms, less than or equal to the Reserve Rate,

the Digital Rate, all as determined by the Calculation Agent.

(b) *Determination of Reference Rate*

For the purposes of the Conditions and, in particular, Valuation and Settlement Condition 3, the Back Up Rate, the Digital Reference Rate, the Reserve Rate (including each Specified Rate (as defined below) and the Digital Rate are each a "Reference Rate" and the applicable Issue Terms will specify whether such Reference Rate is: (i) a Fixed Interest Rate, (ii) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply, (iii) a CMS Interest Rate, (iv) a Spread Interest Rate, (v) a Relevant Spread Rate or (vi) a Spread Reference Rate.

In relation to each Reference Rate (including any Back Up Rate, the Digital Reference Rate, the Reserve Rate (and/or any Specified Rate) and/or the Digital Rate), depending on which one of (i), (ii), (iii), (iv), (v) or (vi) above is specified in relation to such Reference Rate, the applicable Issue Terms will specify in relation to such Reference Rate, all the relevant terms for such Reference Rate, including any Interest Determination Date, any Margin, any Interest Participation Rate, any Spread Note Provisions, any Minimum Reference Rate and/or any Maximum Reference Rate, in each case in accordance with the relevant provisions for a Fixed Interest Rate, Floating Interest Rate, CMS Interest Rate, Spread Interest Rate, Relevant Spread Rate or Spread Reference Rate (or any combination of the foregoing), in each case, as contained in the Conditions and, in the case of Notes that are not Exempt Notes, in the Pro Forma Final Terms or, in the case of Exempt Notes, in the Pro Forma Pricing Supplement.

The Reserve Rate may also be the sum of more than one rate (each a "**Specified Rate**") or one rate less another rate (each a "**Specified Rate**").

For the avoidance of doubt, where the Reference Rate (including any Back Up Rate, the Digital Reference Rate, the Reserve Rate (and/or any Specified Rate) and/or the Digital Rate) is to be determined by reference to either the relevant provisions for a Floating Interest Rate or CMS Interest Rate, all back up provisions relating to a Floating Interest Rate or CMS Interest Rate, as applicable, as contained in the Valuation and Settlement Conditions shall also apply in relation to the determination of such Reference Rate(s), as applicable.

A different Back Up Rate, Digital Reference Rate, Reserve Rate and/or Digital Rate may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

(c) *Fixed Rate Note Provisions applicable to Digital Notes*

Each Digital Note will also be a Fixed Rate Note and interest will be determined and calculated as provided in Valuation and Settlement Condition 3.1(b) (*Accrual applicable to Fixed Rate Notes*) as though the applicable Issue Terms specified "Accrual" to be applicable and the Digital Interest Rate was a Fixed Interest Rate. As with all Fixed Rate Notes, Digital Notes will bear interest from (and including) the Interest Commencement Date at the Interest Rate (determined in accordance with paragraph (a) above) and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (an "**Interest Amount**") will be payable in arrears on each Interest Period and/or Interest Payment Date to which the Digital Note Provisions apply (as specified in the applicable Issue Terms). Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

Valuation and Settlement Condition 3.8 (*Definitions*) shall apply to Digital Notes as if expressly set out herein.

(d) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Digital Notes as if expressly set out herein.

6. **Digital Band Notes**

(a) *Interest Rate for Digital Band Notes*

If the Issue Terms specify Digital Band Note Provisions to be applicable to the Notes ("**Digital Band Notes**"), then the Interest Rate (the "**Digital Band Interest Rate**") in respect of each Interest Period and/or Interest Payment Date to which the Digital Band Note Provisions apply (as specified in the applicable Issue Terms) will be determined as follows:

(i) where "Reference Rate Only" is specified as applicable in the applicable Issue Terms, by reference to within which band of specified fixed rates (the "**Band**") set out in the applicable Issue Terms, the reference rate (the "**Reference Rate**") specified as applicable for such Interest Period and/or Interest Payment Date on the Interest Determination Date specified for such Interest Period and/or Interest Determination Date in the applicable Issue Terms, falls; or

(ii) where "Reference Rate One minus Reference Rate Two" is specified as applicable in the applicable Issue Terms, by reference to within which band of specified fixed rates (the "**Band**") set out in the applicable Issue Terms, the result (the "**Result**") of the reference rate specified in the applicable Issue Terms as "Reference Rate One" minus the reference rate specified in the applicable issue Terms as "Reference Rate Two", in each case as specified as applicable for such Interest Period and/or Interest Payment Date on the Interest Determination Date specified for such Interest Period and/or Interest Determination Date in the applicable Issue Terms, falls.

In each case of sub-paragraphs (i) and (ii), the Interest Rate in respect of an Interest Period will be the rate of interest specified in the applicable Issue Terms (which may be a Fixed Interest Rate, a Floating Interest Rate, a CMS Interest Rate or a rate equal to Band Rate One minus Band Rate Two, and plus or minus a Margin (if any is specified in the applicable Issue Terms in relation to such rate) as the "**Band Rate**" for the Band in which, in the case of sub-paragraph (A), the Reference Rate falls or, in the case of sub-paragraph (B), the Result falls. The applicable Issue Terms will specify for each Band (each of which will be numerically identified as "Band 1" or "Band 2" etc. as necessary) the appropriate Band Rate for the relevant Band.

(b) *Determination of Reference Rate*

For the purposes of the Conditions and, in particular, Valuation and Settlement Condition 3, the Reference Rate, Reference Rate One and/or Reference Rate Two, as applicable, are each a "Reference Rate" and the applicable Issue Terms will specify whether such Reference Rate is (i) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply; or (ii) a CMS Interest Rate.

For the purposes of the Conditions and in particular Valuation and Settlement Condition 3, the Band Rate, Band Rate One and/or Band Rate Two, as applicable, are each a "Reference Rate" and the applicable Issue Terms will specify whether such Reference Rate is (i) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply; or (ii) a CMS Interest Rate.

In relation to each Reference Rate (including any Reference Rate One, Reference Rate Two, Band Rate, Band Rate One and/or Band Rate Two, as applicable), depending on which one of (i) or (ii) above is specified in relation to such Reference Rate, the applicable Issue Terms will specify in relation to such Reference Rate, all the relevant terms for such Reference Rate, including the Interest Determination Date, any Margin, any Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate in each case in accordance with the relevant provisions for a Floating Interest Rate or CMS Interest Rate, in each case, as contained in the Conditions and, in the case of Notes that are not Exempt Notes, in the Pro Forma Final Terms or, in the case of Exempt Notes, in the Pro Forma Pricing Supplement.

For the avoidance of doubt, where the Reference Rate (including any Reference Rate One, Reference Rate Two, Band Rate, Band Rate One and/or Band Rate Two, as applicable) will be determined by reference to either the relevant provisions for a Floating Interest Rate or CMS Interest Rate, all back up provisions relating to a Floating Interest Rate or CMS Interest Rate, as applicable, as contained in the Valuation and Settlement Conditions shall also apply in relation to the determination of such Reference Rate(s), as applicable.

A different Reference Rate, Reference Rate One and/or Reference Rate Two, as applicable, may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms. In addition, a different Band Rate, Band Rate One and/or Band Rate Two, as applicable, may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

(c) *Fixed Rate Note Provisions applicable to Digital Band Notes*

Each Digital Band Note for which the Band Rate is a Fixed Interest Rate will also be a Fixed Rate Note and interest will be determined and calculated as provided in Valuation and Settlement Condition 3.1(b) (*Accrual applicable to Fixed Rate Notes*) as though the applicable Issue Terms specified "Accrual" to be applicable and the Digital Band Interest Rate was a Fixed Interest Rate. As with all Fixed Rate Notes, Digital Band Notes for which the Band Rate is a Fixed Interest Rate will bear interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (an "**Interest Amount**") will be payable in arrears on the Interest Payment Date(s) in each year specified in the applicable Issue Terms. Such Interest Amount will be payable on each Interest Payment Date

in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

(d) *Floating Rate Note Provisions applicable to Digital Band Notes*

Each Digital Band Note for which the Band Rate is a Floating Interest Rate or a CMS Interest Rate or determined by reference to the relevant provisions for a Floating Interest Rate or a CMS Interest Rate will also be a Floating Rate Note or CMS Interest Linked Note (as applicable), and interest will be determined and calculated as provided in Valuation and Settlement Condition 3.2(a) (*Floating Rate Notes*) or 3.2(b) (*CMS Interest Linked Notes*), as applicable and in the applicable Issue Terms as though the Band Rate was a Floating Interest Rate or a CMS Interest Rate, as applicable. As with all Floating Rate Notes and CMS Interest Linked Notes, Digital Band Notes for which the Band Rate is a Floating Interest Rate or CMS Interest Rate or determined by reference to the relevant provisions for a Floating Interest Rate or CMS Interest Rate will bear interest from (and including) the Interest Commencement Date at the Interest Rate (determined in accordance with paragraph (a) above) and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (an "**Interest Amount**") will be payable in arrears on the Interest Payment Date(s) in each year specified in the applicable Issue Terms. Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

(e) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Digital Band Notes as if expressly set out herein.

(f) *Definitions*

Valuation and Settlement Condition 3.8 (*Definitions*) shall apply to Digital Band Notes as if expressly set out herein.

7. **Inverse Floating Rate Notes**

(a) *Interest Rate for Inverse Floating Rate Notes*

If the applicable Issue Terms specify the Inverse Floating Rate Note Provisions to be applicable to the Notes ("**Inverse Floating Rate Notes**"), then the Interest Rate (the "**Inverse Floating Interest Rate**") in respect of each Interest Period and/or Interest Payment Date to which the Inverse Floating Rate Note Provisions apply (as specified in the applicable Issue Terms) will be a fixed interest rate specified in the applicable Issue Terms (the "**Inverse Fixed Rate**") minus the Inverse Reference Rate specified in the applicable Issue Terms, plus or minus (as specified in the applicable Issue Terms) the Margin (Inverse Floating Interest Rate) (if any specified in the applicable Issue Terms), and multiplied by the Interest Participation Rate (Inverse Floating Interest Rate) (if any specified in the applicable Issue Terms), all as determined by the Calculation Agent.

The "**Inverse Reference Rate**" means a rate specified as such in the applicable Issue Terms, which may be (A) one reference rate (a "**Specified Rate**") or (B) one reference rate (a "**Specified Rate 1**") minus another reference rate (a "**Specified Rate 2**", and together with Specified Rate 1, each a "**Specified Rate**"). The applicable Issue Terms will also specify in relation to each Specified Rate whether it is: (i) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply, or (ii) a CMS Interest Rate, or (iii) a Spread Interest Rate, (iv) a Relevant Spread Rate, or (v) a Spread Reference Rate.

For the purposes of applying Valuation and Settlement Conditions 3.2 (*Interest on Floating Rate Notes and CMS Interest Linked Notes*) and 8 (*Spread Notes*), each reference to "Specified Rate" shall be construed as a reference to a "Reference Rate".

(b) *Determination of Specified Rate*

In relation to the Inverse Reference Rate (and each Specified Rate), depending on which one of (i), (ii), (iii), (iv) or (v) above is specified in relation to such Specified Rate, the applicable Issue Terms will specify in relation to such Specified Rate, all the relevant terms for such Inverse Reference Rate or Specified Rate, including for the Inverse Reference Rate and each Specified Rate, the Interest Determination Date, any Margin, any Interest Participation Rate, any Spread Note Provisions, any Minimum Reference Rate and/or any Maximum Reference Rate in each case, in accordance with the relevant provisions for a Floating Interest Rate, CMS Interest Rate, Spread Interest Rate, a Relevant Spread Rate or Spread Reference Rate, in each case, as contained in the Conditions and, in the case of Notes that are not Exempt Notes, in the Pro Forma Final Terms or, in the case of Exempt Notes, in the Pro Forma Pricing Supplement.

For the avoidance of doubt, where the Inverse Reference Rate and/or a Specified Rate is determined by reference to either the relevant provisions for a Floating Interest Rate or CMS Interest Rate, all back up provisions relating to a Floating Interest Rate or CMS Interest Rate, as applicable, as contained in the Valuation and Settlement Conditions shall also apply in relation to the determination of such rate(s), as applicable.

A different Inverse Fixed Rate, Inverse Reference Rate and/or Specified Rate may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

(c) *Floating Rate Note Provisions applicable to Inverse Floating Rate Notes*

Each Inverse Floating Rate Note for which any Specified Rate is a Floating Interest Rate or a CMS Interest Rate or determined by reference to the relevant provisions for a Floating Interest Rate or a CMS Interest Rate will also be a Floating Rate Note or CMS Interest Linked Note (as applicable), and interest will be determined and calculated as provided in Valuation and Settlement Condition 3.2(a) (*Floating Rate Notes*) or 3.2(b) (*CMS Interest Linked Notes*), as applicable and in the applicable Issue Terms as though the Specified Rate was a Floating Interest Rate or a CMS Interest Rate, as applicable.

As with all Floating Rate Notes and CMS Interest Linked Notes, Inverse Floating Rate Notes for which a Specified Rate is a Floating Interest Rate or CMS Interest Rate or determined by reference to the relevant provisions for a Floating Interest Rate or CMS Interest Rate (as applicable) will bear interest from (and including) the Interest Commencement Date at the Interest Rate (determined in accordance with paragraph (a) above) and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (an "**Interest Amount**") will be payable in arrears on the Interest Payment Date(s) in each year specified in the applicable Issue Terms. Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

Valuation and Settlement Condition 3.8 (*Definitions*) shall apply to Inverse Floating Rate Notes as if expressly set out herein.

(d) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Inverse Floating Rate Notes as if expressly set out herein.

8. **Spread Notes**

(a) **Interest Rate for Spread Notes**

If the applicable Issue Terms specify the Spread Note Provisions to be applicable to the Notes (the "**Spread Notes**"), then the Interest Rate (the "**Spread Interest Rate**") in respect of each Interest Period and/or Interest Payment Date to which the Spread Note Provisions apply (as

specified in the applicable Issue Terms) will be the Relevant Spread Rate in respect of such Interest Period and/or Interest Payment Date, plus or minus (as specified in the applicable Issue Terms) the Margin (Spread Interest Rate) (if any is specified in the applicable Issue Terms), and multiplied by the Interest Participation Rate (Spread Interest Rate) (if any is specified in the applicable Issue Terms), all as determined by the Calculation Agent.

The "**Relevant Spread Rate**" in respect of each Interest Period and/or Interest Payment Date will be:

(i) if "Option One" is specified to be applicable, an amount equal to (A) one (1), minus (B) the result of Spread Rate 1 minus Spread Rate 2; or

(ii) if "No Option One" is specified to be applicable, an amount equal to (A) Spread Rate 1, minus (B) Spread Rate 2; or

(iii) if "Spread Cap" is specified to be applicable, an amount determined in accordance with the following formula:

$$Min[(\text{Rate X} \pm \text{Spread Cap Margin}); (\text{V\%} + \{\text{Multiplier} \times [\text{Rate Y} - \text{Rate Z}]\})]$$

If any Reference Rate is specified herein or in the applicable Issue Terms to be a "Spread Interest Rate", "Relevant Spread Rate" or "Spread Reference Rate", the relevant Reference Rate will be determined in accordance with the provisions set out in this Valuation and Settlement Condition 8, as though each reference to "Interest Rate" were a reference to "Reference Rate".

(b) *Definitions*

The following terms shall have the respective meanings set out below (and terms not defined in this Valuation and Settlement Condition 8 shall have the meanings given to such terms in Valuation and Settlement Condition 3.8 (*Definitions*):

"**Interest Participation Rate (Spread Interest Rate)**" means, in respect of a Relevant Spread Rate for an Interest Period and/or Interest Payment Date, an Interest Participation Rate specified as such in the applicable Issue Terms corresponding to such Relevant Spread Rate.

"**Margin (Spread Interest Rate)**" means, in respect of a Relevant Spread Rate for an Interest Period and/or Interest Payment Date, a Margin specified as such in the applicable Issue Terms corresponding to such Relevant Spread Rate.

"***Min***" means, when followed by a series of amounts inside brackets, whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

"**Multiplier**" means an amount specified as such in the applicable Issue Terms.

"**Rate X**" means any of Spread Rate 1, Spread Rate 2 or Spread Rate 3, specified as such in the applicable Issue Terms.

"**Rate Y**" means any of Spread Rate 1, Spread Rate 2 or Spread Rate 3, specified as such in the applicable Issue Terms.

"**Rate Z**" means any of Spread Rate 1, Spread Rate 2 or Spread Rate 3, specified as such in the applicable Issue Terms.

"**Spread Cap Margin**" means, in respect of a Relevant Spread Rate for an Interest Period and/or Interest Payment Date, the Margin specified as such for such Interest Period and/or Interest Payment Date in the applicable Issue Terms, provided that if: (i) the Spread Cap Margin is a percentage rate per annum preceded by a "+" (plus) sign, the reference to "± Spread Cap Margin" in the formula set out in paragraph (iii) of the definition of "Relevant Spread Rate" above shall be construed as "+ Spread Cap Margin", and (ii) the Spread Cap Margin is a percentage rate per annum preceded by a "–" (minus) sign, the reference to "±

Spread Cap Margin" in the formula set out in paragraph (iii) of the definition of "Relevant Spread Rate" above shall be construed as "– Spread Cap Margin".

"**Spread Rate 1**" means, in respect of an Interest Period and/or Interest Payment Date, a Spread Reference Rate specified as such in the applicable Issue Terms, plus or minus any Spread Rate 1 Margin, and multiplied by any Spread Rate 1 Interest Participation Rate.

"**Spread Rate 1 Interest Participation Rate**" means an Interest Participation Rate specified as such in the applicable Issue Terms.

"**Spread Rate 1 Margin**" means a Margin specified as such in the applicable Issue Terms.

"**Spread Rate 2**" means, in respect of an Interest Period and/or Interest Payment Date, a Spread Reference Rate specified as such in the applicable Issue Terms, plus or minus any Spread Rate 2 Margin, and multiplied by any Spread Rate 2 Interest Participation Rate.

"**Spread Rate 2 Interest Participation Rate**" means an Interest Participation Rate specified as such in the applicable Issue Terms.

"**Spread Rate 2 Margin**" means a Margin specified as such in the applicable Issue Terms.

"**Spread Rate 3**" means, in respect of an Interest Period and/or Interest Payment Date, a Spread Reference Rate specified as such in the applicable Issue Terms, plus or minus any Spread Rate 3 Margin, and multiplied by any Spread Rate 3 Interest Participation Rate.

"**Spread Rate 3 Interest Participation Rate**" means an Interest Participation Rate specified as such in the applicable Issue Terms.

"**Spread Rate 3 Margin**" means a Margin specified as such in the applicable Issue Terms.

"**V%**" means an amount (expressed as a percentage rate per annum) specified as such in the applicable Issue Terms.

(c) *Determination of Spread Reference Rate*

The "**Spread Reference Rate**" shall be the rate specified as such in the applicable Issue Terms, and may be expressed as:

(i) a single Reference Rate;

(ii) the sum of two or more Reference Rates (as specified in the applicable Issue Terms); or

(iii) Reference Rate One minus Reference Rate Two.

A different Spread Reference Rate(s) (and, if applicable, calculated from different Reference Rates) may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

Where:

"**Reference Rate One**" means, in respect of an Interest Period and/or Interest Payment Date, a Reference Rate specified as such in the applicable Issue Terms and determined in accordance with paragraph (d) below.

"**Reference Rate Two**" means, in respect of an Interest Period and/or Interest Payment Date, a Reference Rate specified as such in the applicable Issue Terms and determined in accordance with paragraph (d) below.

(d) *Determination of Reference Rate*

In relation to a Reference Rate, the applicable Issue Terms will specify whether it is (i) a Fixed Interest Rate, (ii) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination will apply; or (iii) a CMS Interest Rate.

In relation to each Reference Rate, depending on which one of (i), (ii) or (iii) above is specified in relation to such Reference Rate, the applicable Issue Terms will specify in relation to such Reference Rate, all the relevant terms for such Reference Rate, including any Interest Determination Date, any Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, in each case, in accordance with the relevant provisions for Fixed Rate Notes, Floating Rate Notes or CMS Interest Linked Notes, in each case as contained in the Conditions and, in the case of Notes that are not Exempt Notes, in the Pro Forma Final Terms or, in the case of Exempt Notes, the Pro Forma Pricing Supplement.

For the avoidance of doubt, where a Reference Rate is determined by reference to any of the Floating Rate Note Provisions or the CMS Interest Linked Note Provisions, as specified in the applicable Issue Terms, all back up provisions relating to a Floating Interest Rate, CMS Interest Rate, as applicable, as contained in the Valuation and Settlement Conditions shall also apply in relation to the determination of such rate(s), as applicable.

A different Reference Rate(s) may apply in respect of different Interest Periods and Interest Payment Dates, as specified in the applicable Issue Terms.

(e) *Fixed Rate Note Provisions applicable to Spread Notes*

Each Spread Note will also be a Fixed Rate Note and interest payable on Spread Notes will be determined and calculated as provided in Valuation and Settlement Condition 3.1(b) (*Accrual applicable to Fixed Rate Notes*) as though the applicable Issue Terms specified "Accrual" to be applicable and the Spread Interest Rate was a Fixed Interest Rate. As with all Fixed Rate Notes, Spread Notes will bear interest from (and including) the Interest Commencement Date at the Interest Rate (determined in accordance with paragraph (a) above) and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (being an "**Interest Amount**") will be payable in arrears on the Interest Payment Date(s) in each year specified in the applicable Issue Terms. Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

(f) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Spread Notes as if expressly set out herein, and for the purposes hereof, each Spread Reference Rate, Spread Rate 1, Spread Rate 2 and Spread Rate 3 shall be deemed to be a "Reference Rate".

9. **Zero Coupon Notes**

If the applicable Issue Terms specify the Zero Coupon Note Provisions to be applicable to the Notes (the "**Zero Coupon Notes**"), then the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated by the Calculation Agent as an amount (the "**Amortised Face Amount**") in accordance with General Condition 5(d) (*Early Redemption Amount*) of the General Conditions unless otherwise specified in the applicable Issue Terms.

10. **Previous Coupon Linked Notes**

(a) *Interest Rate for Previous Coupon Linked Notes*

If the applicable Issue Terms specify the Previous Coupon Linked Note Provisions to be applicable to the Notes (the "**Previous Coupon Linked Notes**"), then the Interest Rate (the "**Previous Coupon Linked Interest Rate**") in respect of each Interest Period and/or Interest Payment Date to which the Previous Coupon Linked Note Provisions apply (as specified in the

applicable Issue Terms) (such Interest Period, a "**Previous Coupon Linked Period**", and such Interest Payment Date, a "**Previous Coupon Linked Payment Date**") shall be an amount equal to the Previous Coupon Reference Rate, plus or minus (as specified in the applicable Issue Terms) the Margin (Previous Coupon Linked Interest Rate) (if any is specified in the applicable Issue Terms in relation to the Previous Coupon Reference Rate for such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date), and further multiplied by the Interest Participation Rate (Previous Coupon Linked Interest Rate) (if any is specified in the applicable Issue Terms in relation to the Previous Coupon Reference Rate for such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date).

If the applicable Issue Terms specify a different Margin (Previous Coupon Linked Interest Rate) and/or a different Interest Participation Rate (Previous Coupon Linked Interest Rate) for a Previous Coupon Reference Rate in respect of different Previous Coupon Linked Periods and/or Previous Coupon Linked Payment Dates, the Margin (Previous Coupon Linked Interest Rate) and/or Interest Participation Rate (Previous Coupon Linked Interest Rate) shall be construed to apply to such Previous Coupon Reference Rate in respect of each Previous Coupon Linked Period and/or each Previous Coupon Linked Payment Date.

The following terms shall have the respective meanings set out below (and terms not defined in this Valuation and Settlement Condition 10 shall have the meanings given to such terms in Valuation and Settlement Condition 3.8 (*Definitions*):

"**Interest Participation Rate (Previous Coupon Linked Interest Rate)**" means, in respect of each Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, the Interest Participation Rate specified as such in the applicable Issue Terms.

"**Margin (Previous Coupon Linked Interest Rate)**" means, in respect of each Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, the Margin specified as such in the applicable Issue Terms.

"**Previous Coupon**" means, in respect of each Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, the Previous Coupon Linked Interest Rate in respect of the Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date immediately preceding such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date, provided that if the interest basis applicable to the Interest Period and/or Interest Payment Date immediately preceding such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date is not "Previous Coupon Linked Notes", the Previous Coupon shall be the Interest Rate determined in accordance with the interest basis applicable to such Interest Period and/or Interest Payment Date (as set out in the Interest Basis Table).

"**Previous Coupon Reference Rate**" means, in respect of each Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, the Previous Coupon, plus or minus (as specified in the applicable Issue Terms) (i) Rate 1, multiplied by Rate 1 Participation Rate (if any is specified in the applicable Issue Terms in relation to Rate 1 for such Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date), plus or minus (as specified in the applicable Issue Terms) (ii) Rate 2, multiplied by Rate 2 Participation Rate (if any is specified in the applicable Issue Terms in relation to Rate 2 for such Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date).

"**Rate 1**" means, in respect of a Previous Coupon Reference Rate for a Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, (i) a Fixed Interest Rate, (ii) a Floating Interest Rate, (iii) a CMS Interest Rate, (iv) Spread Interest Rate, (v) Relevant Spread Rate, (vi) a Spread Reference Rate or (vii) any other Reference Rate specified as such in the applicable Issue Terms in relation to the determination of such Previous Coupon Reference Rate for such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date, provided that if the applicable Issue Terms specify Rate 1 to be not applicable, it shall be deemed to be equal to zero. If any Rate 1 specified in relation to the determination of a Previous Coupon Reference Rate is a different rate in respect of two or more Previous Coupon

Linked Periods and/or Previous Coupon Linked Payment Dates (as applicable), the Rate 1 in respect of: (x) each Previous Coupon Linked Period ending on (but excluding) an Interest Period End Date, shall be each Reference Rate specified in the Rate Table in the column entitled "Rate 1" in the row corresponding to the date (specified in the column "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall; and (y) each Previous Coupon Linked Payment Date, shall be each Reference Rate specified in the Rate Table in the column entitled "Rate 1" in the row corresponding to the date (specified in the column "Previous Coupon Linked Payment Date") on which such Previous Coupon Linked Payment Date is scheduled to fall.

"**Rate 1 Participation Rate**" means an Interest Participation Rate specified as such in the applicable Issue Terms.

"**Rate 2**" means, in respect of a Previous Coupon Reference Rate for a Previous Coupon Linked Period and/or Previous Coupon Linked Payment Date, (i) a Fixed Interest Rate, (ii) a Floating Interest Rate, (iii) a CMS Interest Rate, (iv) Spread Interest Rate, (v) Relevant Spread Rate, (vi) a Spread Reference Rate or (vii) any other Reference Rate specified as such in the applicable Issue Terms in relation to the determination of such Previous Coupon Reference Rate for such Previous Coupon Linked Period and/or such Previous Coupon Linked Payment Date, provided that if the applicable Issue Terms specify Rate 2 to be not applicable, it shall be deemed to be equal to zero. If any Rate 2 specified in relation to the determination of a Previous Coupon Reference Rate is a different rate in respect of two or more Previous Coupon Linked Periods and/or Previous Coupon Linked Payment Dates (as applicable), the Rate 2 in respect of: (x) each Previous Coupon Linked Period ending on (but excluding) an Interest Period End Date, shall be each Reference Rate specified in the Rate Table in the column entitled "Rate 2" in the row corresponding to the date (specified in the column "Interest Period End Date(s)") on which such Interest Period End Date is scheduled to fall; and (y) each Previous Coupon Linked Payment Date, shall be each Reference Rate specified in the Rate Table in the column entitled "Rate 2" in the row corresponding to the date (specified in the column "Previous Coupon Linked Payment Date") on which such Previous Coupon Linked Payment Date is scheduled to fall.

"**Rate 2 Participation Rate**" means an Interest Participation Rate specified as such in the applicable Issue Terms.

(b) *Fixed Rate Note Provisions applicable to Previous Coupon Linked Notes*

Each Previous Coupon Linked Note will also be a Fixed Rate Note and interest payable on Previous Coupon Linked Notes will be determined and calculated as provided in Valuation and Settlement Condition 3.1(b) (*Calculation of Interest Amount*) above and in the applicable Issue Terms. As with all Fixed Rate Notes, Previous Coupon Linked Notes will bear interest from (and including) the Interest Commencement Date at the Interest Rate (determined in accordance with paragraph (a) above) and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest (being an "**Interest Amount**") will be payable in arrears on the Interest Payment Date(s) in each year specified in the applicable Issue Terms. Such Interest Amount will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

(c) *Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*

Valuation and Settlement Condition 3.3 (*Maximum/Minimum Interest Rates and Maximum/Minimum Reference Rates*) shall apply to Previous Coupon Linked Notes as if expressly set out herein, and for the purposes hereof, each Previous Coupon Reference Rate, Rate 1 and Rate 2 shall be deemed to be a "Reference Rate".

11. **Switcher Option**

If the applicable Issue Terms specify the "Switcher Option" to be applicable, the Issuer may, having given (in the case of Registered Notes) the number of days' notice specified in the applicable Issue Terms or, if none is so specified:

(i) not less than, five nor more than 60 days' notice to the Noteholders in accordance with General Condition 13 (*Notices*) of the General Conditions; and

(ii) not less than five days' notice to the Registrar,

(which notices shall be irrevocable) exercise the option (a "**Switcher Option**") switch the interest basis (which may be a zero or an interest bearing basis) on the Notes from the existing interest basis (if any) to the New Interest Basis specified in the applicable Issue Terms. Any Switcher Option shall become effective from and including the Switcher Interest Commencement Date and the Notes shall cease to bear interest (if any) on the existing interest basis and shall bear interest at the New Interest Basis from and including the Switcher Interest Commencement Date.

If so specified in the applicable Issue Terms, the Issuer may be able to exercise the Switcher Option more than once and to one or more specified New Interest Basis (Bases).

If a "Conversion Amount per Calculation Amount payable by the Issuer" is specified in the applicable Issue Terms, the Issuer shall pay such amount per Calculation Amount to the Noteholders on the relevant Switcher Payment Date, such payment to be made in accordance with and subject to the Conditions.

12. **Automatic Change of Interest Basis**

If the applicable Issue Terms specify "Automatic Change of Interest Basis" to be applicable, then the Interest Rate in respect of an Interest Period and/or Interest Payment Date will be determined in accordance with the interest basis applicable to such Interest Period and/or Interest Payment Date, which will be in respect of:

(a) any Interest Payment Date, the interest basis set forth in the Interest Basis Table in the column entitled "Type of Notes" in the row corresponding to the date (specified in the column entitled "Interest Payment Date(s)") on which such Interest Payment Date is scheduled to fall; or

(b) (i) the Interest Period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first succeeding Interest Period End Date after the Interest Commencement Date, the interest basis set forth in the Interest Basis Table in the column entitled "Type of Notes" in the row corresponding to the date (specified in the column entitled "Interest Period End Date") on which such first Interest Period End Date is scheduled to fall; and (ii) each successive Interest Period beginning on (and including) an Interest Period End Date and ending on (but excluding) next succeeding Interest Period End Date, the interest basis set forth in the Interest Basis Table in the column entitled "Type of Notes" in the row corresponding to the date (specified in the column entitled "Interest Period End Date") on which such next succeeding Interest Period End Date (on which such Interest Period ends) is scheduled to fall.

SECTION F.2 – PRO FORMA FINAL TERMS

Final Terms dated [●]

[Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]

Issue of [*Specify Aggregate Principal Amount of Tranche/(specify aggregate number of Units of Tranche) Units of (specify principal amount of each Unit)*] [*Title of Notes*]
[Guaranteed by Citigroup Global Markets Limited][2]
Under the U.S.$30,000,000,000 Global Medium Term Note Programme

[The Notes do not constitute a participation in a collective investment scheme in the meaning of the Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority (FINMA) thereunder. Accordingly, neither the Notes nor holders of the Notes benefit from protection under the Federal Act on Collective Investment Schemes or supervision by the Swiss Financial Market Supervisory Authority (FINMA) and investors are exposed to the credit risk of the Issuer [and the CGMFL Guarantor][2].][3]

[Any person making or intending to make an offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive may only do so[:

(a) in those Public Offer Jurisdictions mentioned in item 8 of Part B below, provided such person is one of the persons mentioned in item 8 of Part B below and that such offer is made during the Offer Period specified for such purpose therein; or

(b) or otherwise][4] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

None of the Issuer[, the CGMFL Guarantor][2] and any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in any other circumstances.][4]

The expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in the Relevant Member State).

The Notes [and the CGMFL Deed of Guarantee][2] have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law. [The Notes [and the CGMFL Deed of Guarantee][2] are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.][5] [The Notes are being offered and sold solely to "qualified institutional buyers" ("**QIBs**") in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder ("**Rule 144A**"). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes

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1 Delete as applicable.

2 Delete where the Issuer is Citigroup Inc.

3 Include this legend where the Notes are offered in Switzerland.

4 Consider including this legend where a non-exempt offer of Notes is anticipated.

5 Include for Notes offered in reliance on Regulation S.

to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.][6] The Notes [and the CGMFL Deed of Guarantee][2] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Prospectus.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

The Notes are English Law Notes[that are also [Swedish Notes [(and therefore the Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden)]] [and] [Finnish Notes [(and therefore the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list)].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled ["*Terms and Conditions of the Notes*", the Valuation and Settlement Schedule and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [and the Supplement[s]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer[, the CGMFL Guarantor][2] and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented].

The Base Prospectus [and the Supplement[s]] [and the translation of the Summary into [*insert language required by any relevant Public Offer Jurisdictions*]] [is] [are] available for viewing at the offices of the Paying Agents and on the website of the Central Bank of Ireland (www.centralbank.ie). [In addition, this Final Terms is available [on the website of the Central Bank of Ireland (www.centralbank.ie) and] [*insert method of publication required in any relevant Public Offer Jurisdiction(s)*].] (*N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Irish Stock Exchange but are publicly offered*).

[*Use this paragraph if the Base Prospectus has not been supplemented*: For the purposes hereof, "**Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus in relation to the Programme dated [●].]

[*Use this paragraph if the Base Prospectus has been supplemented*: For the purposes hereof, "**Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] "**Supplement [No.[●]]**")[, a Supplement (No.[●]) dated [●] ([the] "**Supplement [No.[●]]**")] [and a Supplement (No.[●]) dated [●] ("**Supplement No.[●]**" and, together with Supplement No.[●] [and Supplement No. [●]], the "**Supplements**")].]

[6] Include for Notes offered in reliance on Rule 144A.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth under the section[s] entitled "*Terms and Conditions of the Notes*", [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [as supplemented by the Supplement[s]].

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Current Base Prospectus [and the Supplement[s] thereto, which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus [as supplemented by the Supplement[s] thereto] and are incorporated by reference into the Current Base Prospectus. Full information on the Issuer[, the CGMFL Guarantor][2] and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [and the Supplement[s] thereto] and the Current Base Prospectus [and the Supplement[s] thereto].

The Base Prospectus [and the Supplement[s] to the Base Prospectus] and the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus [and the translation of the Summary into [*insert language required by any relevant Public Offer Jurisdictions*]] are available for viewing at the offices of the Paying Agents and on the website of the Central Bank of Ireland (www.centralbank.ie). [In addition, this [Final Terms is available [on the website of the Central Bank of Ireland (www.centralbank.ie) and] [*insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (*N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Irish Stock Exchange but are publicly offered*).

[*Use this paragraph if the Conditions have not been amended by way of a Supplement to the Base Prospectus:* For the purposes hereof, "**Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus relating to the Programme dated [●].]

[Use this paragraph if the Conditions have been amended by way of a Supplement to the Base Prospectus: For the purposes hereof, "**Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No. [●]) dated [●] ([the] "**Supplement [to the Base Prospectus]** [**No.** [●]]") [and a Supplement (No. [●]) dated [●] ("**Supplement No. [●]**" and, together with Supplement No. [●], the "**Supplements to the Base Prospectus**")].]

[*Use this paragraph if the Current Base Prospectus has not been supplemented:* For the purposes hereof, "**Current Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus relating to the Programme dated [●].]

[*Use this paragraph if the Current Base Prospectus has been supplemented:* For the purposes hereof, "**Current Base Prospectus**" means the [Citigroup Inc./CGMFL] Rates Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No. [●]) dated [●] ([the] "**Supplement [to the Current Base Prospectus]** [**No.** [●]]") [and a Supplement (No. [●]) dated [●] ("**Supplement No. [●]**" and, together with Supplement No. [●], the "**Supplements to the Current Base Prospectus**")].]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Final Terms*]

[*When completing any final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

1.	(i)	Issuer:	[Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]
	(ii)	Guarantor:	[Citigroup Global Markets Limited/Not Applicable]

			(*N.B. Only Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A are guaranteed by Citigroup Global Markets Limited*)
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable] [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [●]/[the Issue Date]]
3.	Specified Currency or Currencies:		[*specify currency*]
4.	Aggregate Principal Amount:		
	(i)	Series:	[●][Units (each Unit being [●] in principal amount of the Notes)]
	(ii)	Tranche:	[●][Units (each Unit being [●] in principal amount of the Notes)] [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments being made in respect of a Calculation Amount shall be construed to such payments being made in respect of a Unit]
5.	Issue Price:		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*]] (*insert for fungible issues, if applicable*)
6.	(i)	Specified Denominations:	[●][Unit] (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*) (*The minimum Specified Denomination/principal amount represented by a Unit is EUR 1,000*) (*In respect of Swedish Notes and Finnish Notes, there shall be one denomination only.*)
	(ii)	Calculation Amount:	[●][Unit] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations*)
7.	(i)	Issue Date:	[●]

	(ii) Interest Commencement Date:	[*specify*/As set out in the table at paragraph 10 below/Issue Date/Not Applicable] (*Where there is more than one interest basis then the Interest Commencement Date for each interest basis should be specified by inserting the Interest Basis Table at paragraph 10, the form of which is in Drafting Notes Schedule 1*)
8.	Maturity Date:	[*specify date*][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention] [Interest Payment Date falling in or nearest to [●]]
9.	Type of Notes:	[Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes/DIR Inflation Linked Notes/CMS Interest Linked Notes/Inverse Floating Rate Notes/Range Accrual Notes/Digital [Band] Notes/Spread Notes/Previous Coupon Linked Notes] [The Notes are Zero Coupon Notes and do not bear or pay any interest.] [The Notes are Credit Linked Interest Notes] [As set out in the table at paragraph 10 below] (*The Notes may be one or more of the types described above and as further set out below*)
10.	Automatic Change of Interest Basis:	[Applicable[: As set out in the table below *(specify the Interest Commencement Date, Interest Period End Date(s) and/or Interest Payment Date(s) and Type of Notes by inserting the Interest Basis Table, the form of which is in Drafting Notes Schedule 1)*]/[*Describe changes*] /Not Applicable]
11.	Put/Call Options:	[Issuer Call as specified in item 17(i) below] [Investor Put as specified in item 17(ii) below] [Not Applicable]
12.	(i) Status of the Notes:	Senior
	(ii) Status of the CGMFL Deed of Guarantee:	[Senior][Not Applicable] (*Not applicable for Notes issued by Citigroup Inc.*)

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

13.	Provisions applicable to Underlying Linked Notes:	[Applicable – the provisions in the Valuation and Settlement Schedule apply (subject as provided in any relevant Underlying Schedule)/the Credit Linked Interest Conditions apply (as set out in Underlying Schedule 3)][Not Applicable] (*the following information may be tabulated if there is more than one Underlying*)
	(i) Underlying:	[*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
	(A) Description of Underlying(s):	[*specify each Underlying/Reference Entity (for Credit*

		Linked Interest Notes)]
	(B) Classification:	[Inflation Index (*this applies for both Inflation Rate Notes and DIR Inflation Linked Notes*)]/[Rate (*this would normally only apply for Range Accrual Notes and can otherwise be deleted*)][Reference Entity (*this applies only for Credit Linked Interest Notes*)] (*specify for each Underlying/Reference Entity*)
	(C) Electronic Page:	[●] (*specify for each Underlying/Reference Entity*)
(ii)	Particulars in respect of each Underlying:	(*Delete the sub-paragraphs which are not applicable*)
	Inflation Index/Indices:	(*specify for each Inflation Index*)
	(A) Fallback Bond:	[Applicable: The definition set out in Inflation Index Condition 1 shall apply/(*specify*)][Not Applicable]
	(B) Revision of level of Inflation Index:	[Revision/No Revision] (*NB: If neither "Revision" nor "No Revision" is specified, "No Revision" will be deemed to apply*)]
	[Rate(s):	*(Specify for each Rate, and the following information may be tabulated if there is more than one Rate)*
	(A) Valuation Time:	[*(specify)*]
	(B) Scheduled Trading Day:	[A Business Day][A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in [●] (*specify each*)] [A day on which the TARGET2 System is open] [A U.S. Government Securities Business Day] (*This would normally only apply for certain Range Accrual Notes and can otherwise be deleted*)
	[Reference Entity:	(*specify for each Reference Entity*)
	Reference Obligation(s):	[●] (*specify each*)
	I. The obligation[s] identified as follows:	
	• Primary Obligor:	[●]
	• Guarantor:	[●]
	• Maturity:	[●]
	• Coupon	[●]
	• CUSIP/ISIN:	[●]]
(iii)	Elections in respect of each type of Underlying:	(*Delete the sub-paragraphs which are not applicable*) (*the following information may be tabulated*)

[Inflation Index/Indices:

(A)	Reference Month(s):	[In respect of a Valuation Date [(*specify*)]]
(B)	Manifest Error Cut-off Date:	[2 Business Days prior to the [relevant] Payment Date/*specify*] (*NB: If no Manifest Error Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)
(C)	Revision Cut-off Date:	[2 Business Days prior to the [relevant] Payment Date/*specify*] (*NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)

[Rate/Rates:

(A)	ISDA Fallback Determination:	[Applicable/Not Applicable] (*if Not Applicable, the following provisions are Not Applicable*)
	I. Floating Rate Option:	[(*specify*)/Not Applicable]
	II. Designated Maturity:	[(*specify*)/Not Applicable]
(B)	Correction Provisions:	[Applicable/Not Applicable]

[Reference Entity:	[Applicable/Not Applicable] (*if Not Applicable, the following provisions are Not Applicable*)
(A) Credit Events:	[Applicable/Not Applicable] (*select all that are applicable from the following*) [Bankruptcy] [Failure to Pay] [Grace Period Extension [Applicable/Not Applicable] [If Applicable: Grace Period: [●]] [Governmental Intervention] [Obligation Default] [Obligation Acceleration] [Repudiation/Moratorium] [Restructuring] Provisions relating to Multiple Holder Obligation:

		Credit Linked Interest Condition 3(f) [Applicable/Not Applicable]
(B)	Succession Event Backstop Date:	[Applicable/Not Applicable]
(C)	All Guarantees:	[Applicable/Not Applicable]
(D)	[Transaction Type:	Specify or Not Applicable [If specified, delete the remaining sub-paragraphs of this paragraph]
	(a) Calculation Agent City:	[●]
	(b) [Default Requirement:	[●]]
	(c) [Payment Requirement:	[●]]
	(d) [Credit Event Backstop Date:	[Applicable/Not Applicable]]
	(e) [Conditions to Settlement:	Notice of Publicly Available Information [Applicable/Not Applicable] [If Applicable: Public Source(s): [●]] Specified Number: [●]]]
	(f) [Obligation(s):	
	I. Obligation Category:	[Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] (*select one only*)
	II. Obligation Characteristics:	[Not Subordinated] [Specified Currency: [●][Standard Specified Currencies]] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [●]] [Not Domestic Law]

			[Listed] [Not Domestic Issuance] (*select all of which apply*)
		III. Additional Obligation(s):	[●][Reference Assets]]
		(g) [Excluded Obligation(s):	[●]]
	(iv)	Trade Date:	[●]
	(v)	Hedging Disruption Early Termination Event:	[Applicable/Not Applicable]
	(vi)	Section 871(m) Event:	[Applicable/Not Applicable]

PROVISIONS RELATING TO CREDIT LINKED INTEREST NOTES

14.	Credit Linked Interest Notes Provisions:	[Applicable – the Notes are Credit Linked Interest Notes and the provisions in Underlying Schedule 3 – Credit Linked Interest Conditions apply][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [For the avoidance of doubt, following the occurrence of a Credit Event Determination Date (as specified in Schedule 3 – Credit Linked Interest Conditions), no interest will be payable on the Credit Linked Interest Notes for the period from and including the Interest Payment Date immediately preceding the Credit Event Determination Date to but excluding the Maturity Date]

PROVISIONS RELATING TO ANY INTEREST AMOUNT

15.		Interest Provisions:	[Applicable/Not Applicable – the Notes do not bear or pay interest] [Payment of interest is also subject to the "Provisions relating to Credit Linked Interest Notes" as specified in items 13 and 14 above] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	(A)	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
		Interest Rate[s]:	[[●] per cent. per annum/Fixed Interest Rate (*specify Fixed Interest Rate if Accrual is applicable*)]
		Specified Fixed Rate[s]:	[[●] per cent. per annum] [As set out in the Rate Table] (*specify each Specified Fixed Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) [Not Applicable]

Interest Amount[s]:	[[●] per Calculation Amount] [As set out in the Interest Table] (*specify each Interest Amount if more than one by inserting an Interest Table, the form of which is in Drafting Notes Schedule 1*) [As specified in Valuation and Settlement Condition 3.1(b)]
Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on][●]] [As set out in the Interest Table] (*specify each Broken Amount if more than one by inserting an Interest Table, the form of which is in Drafting Notes Schedule 1*) [Not Applicable]
Interest Payment Date(s) to which the Fixed Rate Note Provisions apply:	[[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below] [As set out in the Interest Table] (*if more than one fixed interest amount and/or broken amount, specify Interest Payment Dates to which each fixed rate applies by inserting an Interest Table, the form of which is in Drafting Notes Schedule 1*)

[EITHER:

I.	Accrual:	Not Applicable

[OR:

I.	Accrual:	Applicable
II.	Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below] [Not Applicable]
III.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Period End Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
IV.	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360] [Eurobond Basis]

			[30E/360 (ISDA)] [1/1]
	V.	Determination Dates:	[[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)] [Not Applicable]
	VI.	Margin(s) (for the Specified Fixed Rate):	[Not Applicable/[+/-][●] per cent. per annum] [As set out in the Rate Table] (*specify each Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	VII.	Interest Participation Rate (for the Specified Fixed Rate):	[●]/[Not Applicable] [As set out in the Rate Table] (*specify each Interest Participation Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(B)	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Specified Period(s)/ Specified Interest Payment Date(s) to which the Floating Rate Note Provisions apply:	[[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below]
	II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the [Reference Rate/Floating Rate] Table] (*specify each Interest Period End Date by inserting a Reference Rate Table or Floating Rate Table (as applicable), the form of which is in Drafting Notes Schedule 1*)
	III.	Manner in which the Floating Interest Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination] applies
	IV.	Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s):	[Calculation Agent]/[●]
	V.	Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below] [Not Applicable]
	VI.	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs*

		of this paragraph)
	• Reference Rate:	[*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)] [As set out in the Reference Rate Table] (*specify the Reference Rate (and other details of such Reference Rate) which applies to each Interest Period ending on an Interest Period End Date by inserting a Reference Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Designated Maturity:	[●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [As set out in the Reference Rate Table] [Not Applicable]
	• Specified Time:	[●][As set out in the Reference Rate Table] [As specified in Valuation and Settlement Condition 3.8] [Not Applicable]
	• Relevant Financial Centre:	[●][As set out in the Reference Rate Table] [As specified in Valuation and Settlement Condition 3.8] [Not Applicable]
	• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [(*Specify e.g. any relevant Valuation Date(s)*)/[(*specify*)] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [(*specify*)] prior to the start of each Interest Period/First day of each Interest Period/[(*specify*)] day on which the TARGET2 System is open prior to the start of each Interest Period] [As specified in Valuation and Settlement Condition 3.8] [As set out in the Reference Rate Table]
	• Page:	[●][As set out in the Reference Rate Table]
	• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.8] [As set out in the Reference Rate Table]]
VII.	ISDA Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• Floating Rate Option:	[●][As set out in the Floating Rate Table] (*specify the Floating Rate Option (and other details of such Floating Rate Option) which applies to each Interest Period ending on an Interest Period End Date by inserting a Floating Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Designated Maturity:	[●][As set out in the Floating Rate Table]

		• Reset Date:	[●][First day of the relevant Interest Period] [As set out in the Floating Rate Table]
	VIII.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	IX.	Margin(s) (for the Screen Rate (if Screen Rate Determination applies) or the ISDA Rate (if ISDA Rate Determination applies)):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	X.	Minimum Interest Rate (for Floating Interest Rate):	[●] [See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*)
	XI.	Maximum Interest Rate (for Floating Interest Rate):	[●] [See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	XII.	Day Count Fraction:	[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)]
	XIII.	Interest Participation Rate (for the Screen Rate (if Screen Rate Determination applies) or the ISDA Rate (if ISDA Rate Determination applies)):	[●]/[Not Applicable] (*specify each Interest Participation Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(C)	Inflation Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Payment Date(s) to which the Inflation Rate Note	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See

	Provisions apply:	General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Payment Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [Not Applicable]
III.	Interest Amount Inflation Index:	(*specify Underlying*)
IV.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
V.	UCL Relevant Months Prior:	(*specify*) months
VI.	UCL 12 + Relevant Months Prior:	(*specify*) months
VII.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1]
VIII.	Interest Participation Rate (IPR):	[●] [Not Applicable] (*specify each Interest Participation Rate if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
IX.	Minimum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Minimum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
X.	Maximum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Maximum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(D)	DIR Inflation Linked Note Provisions:	[Applicable / Not Applicable] (*If not applicable, delete the remaining sub-paragraph*

		of this paragraph)
I.	Interest Payment Date(s) to which the DIR Inflation Linked Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Payment Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [Not Applicable]
III.	DIR Index:	(*Specify Underlying*)
IV.	Base Index Figure:	[●]
V.	Margin:	[Not Applicable / [+1-] [●] per amount per annum] (*specify each Margin if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VI.	Index Month A:	[*Specify number of calendar months*] calendar months
VII.	Index Month B:	[*Specify number of calendar months*] calendar months
VIII.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 [●]] [Actual/360] [30E/360 (ISDA)] [1/1]
IX.	Interest Participation Rate (IPR):	[●] [Not Applicable] (*specify each Interest Participation Rate if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
X.	Minimum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Minimum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
XI.	Maximum Interest	[[●] per Calculation Amount] [Not Applicable] (*specify each Maximum Interest Amount if different for each*

		Amount:	*Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(E)	CMS Interest Linked Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Payment Date(s) to which the CMS Interest Linked Note Provisions apply:	[[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below]
	II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table below] (*specify each Interest Period End Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	III.	Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s):	[Calculation Agent]/[●]
	IV.	Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below] [Not Applicable]
	V.	CMS Interest Rate:	[Single CMS Interest Rate/Worse of CMS Interest Rates/CMS Spread Interest Rate]

	[**CMS Reference Rate [1]**] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert heading "CMS Reference Rate 1"*)	[**CMS Reference Rate 2**] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert this column*)
• Relevant Swap Rate:	[EUR/GBP/USD/Mid-Market] Swap Rate	[[EUR/GBP/USD/Mid-Market] Swap Rate
• Designated Maturity:	[●] [month[s]/year[s]]	[●] [month[s]/year[s]]
[• Relevant Financial Centre:] (*Insert if Relevant Swap Rate is Mid-Market Swap Rate*)	[●] [As specified in Valuation and Settlement Condition 3.8]	[●] [As specified in Valuation and Settlement Condition 3.8]
• Relevant Time:	[●]	[●]
• Reference	[●]	[●]

	Currency:		
	• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]
	• Page:	[●]	[●]
	• Reference Banks:	[●] [As specified in Valuation and Settlement Condition 3.2(b)(iv)]	[●] [As specified in Valuation and Settlement Condition 3.2(b)(iv)]
	• Minimum Reference Rate (for CMS Reference Rate):	[●] [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	[●] [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Maximum Reference Rate (for CMS Reference Rate):	[●] [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	[●] [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VI.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]	
VII.	Margin [1] (for CMS Reference Rate [1]):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)	
	[Margin 2 (for CMS Reference Rate 2):]	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	
VIII.	Minimum Interest Rate (for CMS Interest Rate):	[●][See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	

	IX.	Maximum Interest Rate (for CMS Interest Rate):	[●][See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	X.	Day Count Fraction:	[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)]
	XI.	Interest Participation Rate [1] (for CMS Reference Rate [1]):	[●]/[Not Applicable] (*specify each Interest Participation Rate [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph XII*)
	XII.	Interest Participation Rate 2 (for CMS Reference Rate 2):	[●]/[Not Applicable] (*specify each Interest Participation Rate 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(ii)	[Interest Underlying Valuation Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Valuation Disruption (Scheduled Trading Days):	[Move in Block/Value What You Can/Not Applicable][The provisions of Valuation and Settlement Condition 2(c)[(i)] [applies/do not apply] [Modified Following Scheduled Trading Day/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Valuation and Settlement Condition 2(c) do not apply to that Rate*)
	(B)	Valuation Disruption (Disrupted Days):	[Move in Block/Value What You Can/Not Applicable] [Valuation and Settlement Condition 2(d)(i) applies]
	(C)	Valuation Roll:	[●]/[eight] [Not Applicable] (If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight) (*This would normally only apply for certain Range Accrual Notes and can otherwise be deleted*)]

			(*In the case of Range Accrual Notes, the provisions of Valuation and Settlement Condition 2 will apply instead of this paragraph (ii)*)
(iii)	Inverse Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Inverse Floating Rate Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Inverse Fixed Rate:	[●] (*If there is more than one Inverse Fixed Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
	III.	Inverse Reference Rate:	[●] (*If there is more than one Inverse Reference Rate for different Interest Periods, this information may be set out in a "Rate Table"*) (*Include details of whether the Inverse Reference Rate is (A) one Reference Rate (a "**Specified Rate**") or (B) one Reference Rate (a "**Specified Rate 1**") minus another Reference Rate (a "**Specified Rate 2**", and together with Specified Rate 1, each a "**Specified Rate**"). Also include details in relation to the Inverse Reference Rate and each Specified Rate whether it is (a) a Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) a CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, in all cases this would include being determined by reference to the Spread Note Provisions as appropriate. If any Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*)
	IV.	Margin(s) (Inverse Floating Interest Rate):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin (Inverse Floating Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	V.	Interest Participation Rate(s) (Inverse Floating Interest Rate):	[●]/[Not Applicable] (*specify each Interest Participation Rate (Inverse Floating Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	VI.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day*

			Convention]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
	VII.	Minimum Interest Rate (for the Inverse Floating Interest Rate):	[●][Not Applicable] (*If there is more than one Minimum Interest Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
	VIII.	Maximum Interest Rate (for the Inverse Floating Interest Rate):	[●][Not Applicable] (*If there is more than one Maximum Interest Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
(iv)	Range Accrual Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Range Accrual Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Interest Rate[s]:	[Fixed Interest Rate: see paragraph 15(i)(A) above/Floating Interest Rate: see paragraph 15(i)(B) above/CMS Interest Rate: see paragraph 15(i)(E) above] (*specify each rate of interest if more than one by inserting a Range Accrual Table, the form of which is in Drafting Notes Schedule 1*)
	III.	Single Reference Observation:	[Applicable/Not Applicable]
	IV.	Dual Reference Observation:	[Applicable/Not Applicable]
	V.	Reference Observation [1] (*insert "Reference Observation 1" if Dual Reference Observation is applicable*):	[*specify what the Reference Observation will be from the options set out in Valuation and Settlement Condition 4 and specify details of the or each Reference Rate and where there is more than one Reference Rate, whether the Barrier is different for each Reference Rate for each relevant interest period. If Dual Reference Observation is specified to be applicable, specify what the Reference Observation will be for each of Reference Observation 1 and Reference Observation 2*] [As set out in the Schedule hereto] (*If Reference Observation (or if Dual Reference Observation is applicable, Reference Observation 1) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	VI.	Barrier [1] (*insert "Barrier 1" if Dual*	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range*

	Reference Observation is applicable):	*Accrual Table, the form of which is in Drafting Notes Schedule 1, and where there is more than one Reference Rate, whether the Barrier [1] is different for each Reference Rate*] [Not Applicable]
	Barrier Reference:	[Greater than the Barrier [1]/Greater than or equal to the Barrier [1]/Less than the Barrier [1]/Less than or equal to the Barrier [1]] (*insert "Barrier 1" if Dual Reference Observation is applicable*) [Not Applicable]
VII.	Lower Range [1] (*insert "Lower Range 1" if Dual Reference Observation is applicable*):	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	Lower Range [1] Option (*insert "Lower Range 1 Option" if Dual Reference Observation is applicable*):	[[Greater than or equal to/Greater than] the Lower Range [1]] [Not Applicable]
VIII.	Upper Range [1] (*insert "Upper Range 1" if Dual Reference Observation is applicable*):	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	Upper Range [1] Option (*insert "Upper Range 1 Option" if Dual Reference Observation is applicable*):	[[Less than or equal to/Less than] the Upper Range [1]] [Not Applicable]
IX.	Reference Rate [One(s)] (for Reference Observation [1]): (*insert "Reference Observation 1" if Dual Reference Observation is applicable*)	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii) below] [Not Applicable] (*Insert details of the or each Reference Rate [One(s)], including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If the Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If there is more than one Reference Rate [One(s)], repeat this paragraph for each Reference Rate [One(s)]*) [As set out in the Schedule hereto] (*If Reference Rate [One(s)] is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	[Reference Rate Two(s) (for Reference Observation [1]):]	[[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii)

(*insert if applicable*)	below] (*Insert details of the or each Reference Rate Two by repeating sub-paragraphs of the paragraph above for Reference Rate Two, including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If there is more than one Reference Rate Two, repeat this paragraph for each Reference Rate Two*) [As set out in the Schedule hereto] (*If Reference Rate Two(s) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)]

(*insert and re-number the following paragraphs if "Dual Reference Observation" is applicable*)

[X.]	Reference Observation 2:	[*specify what the Reference Observation 2 will be from the options set out in Valuation and Settlement Condition 4 and specify details of the or each Reference Rate and where more than one Reference Rate whether the Barrier is different for each Reference Rate for each relevant interest period*] [As set out in the Schedule hereto] (*If Reference Observation 2 is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	[Barrier 2:] (*insert if Barrier 1 is specified*)	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1, and where there is more than one Reference Rate, whether the Barrier 2 is different for each Reference Rate*] [Not Applicable]
	[Barrier Reference:] (*insert if Barrier 2 is specified*)	[Greater than the Barrier 2/Greater than or equal to the Barrier 2/Less than the Barrier 2/Less than or equal to the Barrier 2]
	[Lower Range 2:] (*insert if Lower Range 1 is specified*)	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	[Lower Range 2 Option:] (*insert if Lower Range 2 is specified*)	[[Greater than or equal to/Greater than] the Lower Range 2] [Not Applicable]
	[Upper Range 2:] (*insert if Upper Range 1 is specified*)	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	[Upper Range 2 Option:] (*insert if Upper Range 2 is specified*)	[[Less than or equal to/Less than] the Upper Range 2] [Not Applicable]
	Reference Rate [One(s)] (for Reference	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread

	Observation 2):	Rate/Spread Reference Rate: see paragraph 15(vii) below] [Not Applicable] (*Insert details of the or each Reference Rate [One(s)], including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If the Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If there is more than one Reference Rate [One(s)], repeat this paragraph for each Reference Rate [One(s)]*) [As set out in the Schedule hereto] (*If Reference Rate [One(s)] is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	[Reference Rate Two(s) (for Reference Observation 2):] (*insert if applicable*)	[[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii) below] (*Insert details of the or each Reference Rate Two by repeating sub-paragraphs of the paragraph above for Reference Rate Two, including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If there is more than one Reference Rate Two, repeat this paragraph for each Reference Rate Two*) [As set out in the Schedule hereto] (*If Reference Rate Two(s) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)]
X.	Accrual Days:	[calendar days/Business Days]
XI.	Accrual Business Day Centre:	[●] [Not Applicable] (*N.B. this relates to the definition of "Accrual Business Day", specify this if the Specified Accrual Cut-Off Date is a specified number of Accrual Business Days. This is not applicable if the Accrual Cut-Off Date is the Default Accrual Cut-Off Date*)
XII.	Accrual Cut-Off Date (*the "Accrual Cut-Off Date" is the specified number of calendar days or Accrual Business Days preceding the last day of the relevant Interest Period (Specified Accrual Cut-Off Date) and shall be five Accrual Days if "Default Accrual Cut-Off Date" is specified*):	[Specified Accrual Cut-Off Date] [Default Accrual Cut-Off Date]

	–	Specified Accrual Cut-Off Date:	[●] [calendar day/Accrual Business Day] [Not Applicable]
	XIII.	Any or All:	[Any][All][Not Applicable]
	XIV.	Minimum Interest Rate:	[See paragraph [15(i)(A)/15(i)(B)/15(i)(E)] above] [Not Applicable]
	XV.	Maximum Interest Rate:	[See paragraph [15(i)(A)/15(i)(B)/15(i)(E)] above] [Not Applicable]
	XVI.	Minimum Interest Amount:	[[●] per Calculation Amount] [As set out in the Rate Table] [Not Applicable] (*If there is more than one Minimum Interest Amount for different Interest Periods, this information may be set out in a "Rate Table"*)
	XVII.	Maximum Interest Amount:	[[●] per Calculation Amount] [As set out in the Rate Table] [Not Applicable] (*If there is more than one Maximum Interest Amount for different Interest Periods, this information may be set out in a "Rate Table"*)
(v)	Digital Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Digital Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Back Up Rate:	[●] [*Include details of whether the Back Up Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]
	III.	Digital Reference Rate:	[●] [*Include details of whether the Digital Reference Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases*

		specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate]
IV.	Reserve Rate:	[●] [*Include details of whether the Reserve Rate will be the sum of more than one rate (each a "Specified Rate") or one rate less another rate (each a "Specified Rate") and whether the Reserve Rate or each Specified Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]
V.	Digital Rate:	[●] [*Include details of whether the Digital Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]
VI.	Reserve Rate Reference:	[Greater than the Reserve Rate/Greater than or equal to the Reserve Rate/Less than the Reserve Rate/Less than or equal to the Reserve Rate]
VII.	Minimum Interest Rate (for the Digital Interest Rate):	[●][Not Applicable]
VIII.	Maximum Interest Rate (for the Digital Interest Rate):	[●][Not Applicable]

	IX.	Digital Determination Date:	[●]
	[X.	Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(vi)	Digital Band Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Digital Band Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Reference Rate Only or Reference Rate One minus Reference Rate Two:	[Reference Rate Only/Reference Rate One minus Reference Rate Two] applicable
	III.	[Reference Rate:]	[●] (*Where there are different Reference Rate(s) for different Interest Periods and/or Interest Payment Dates, specify in relation to each Reference Rate(s), the Interest Period(s) and/or Interest Payment Dates, to which it applies*) [*Include details of the or each Reference Rate, as applicable, and whether the Reference Rate is a (a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]
		[Reference Rate One:]	[●] (*Where there are different Reference Rate Ones for different Interest Periods and/or Interest Payment Dates, specify in relation to each Reference Rate One, the Interest Period(s) and/or Interest Payment Dates, to which it applies*) [*Include details of the or each Reference Rate One, as applicable, and whether Reference Rate One is a*

(a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required]

[Reference Rate Two:] [●]

(*Where there are different Reference Rate Twos, for different Interest Periods and/or Interest Payment Dates specify in relation to each Reference Rate Two, the Interest Period(s) and/or Interest Payment Dates, to which it applies*)

[*Include details of the or each Reference Rate Two, as applicable, and whether Reference Rate Two is a (a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

IV. Bands: (*Where there are different Bands for different Interest Periods and/or Interest Payment Dates, specify in relation to each Band the Interest Period and/or Interest Payment Dates to which it applies*)

(i) Band 1: [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [less than] [less than or equal to] [●] per cent.;

(ii) Band 2: [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [greater than][greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.;

[(iii) (*only include Band 3 if applicable*): [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [greater than][greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.;]

(*if there are additional bands occurring after band 3 but before the last occurring band which shall be as described below repeat (iii) above for such additional bands but with the relevant band levels*)

[[●] Band [●] (*to be numerically labelled as the last band so if four bands in total this would be "Band 4"*) [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [greater than] [greater than or equal to] [●] per cent.]

V. (A) Band Rate in relation to Band 1: (*Where there are different Band Rates for different Interest Periods and/or Interest Payment Dates, specify in relation to each Band Rate the Interest Periods and/or Interest Payment Dates to which it applies*)

[*Include details of the Band Rate for Band 1 and whether the Band Rate in relation to Band 1 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 1, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 1 and whether Band Rate One in relation to Band 1 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 1 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 1 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 1 and whether Band Rate Two in relation to Band 1 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to*

Band 1 is determined pursuant to (iv) above of "Band Rate in relation to Band 1 above")

(B) Band Rate in relation to Band 2: [●]

[*Include details of the Band Rate for Band 2 and whether the Band Rate in relation to Band 2 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 2, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 2 and whether Band Rate One in relation to Band 2 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 2 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 2 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 2 and whether Band Rate Two in relation to Band 2 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 2 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 2 above"*)

[(C) Band Rate in relation to Band 3 (*only include if applicable*): [●]

[*Include details of the Band Rate for Band 3 and whether the Band Rate in relation to Band 3 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate*

Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 3, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 3 and whether Band Rate One in relation to Band 3 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 3 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 3 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 3 and whether Band Rate Two in relation to Band 3 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 3 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 3 above"*)

(*if there are additional band rates occurring after the band rate in relation to band 3 but before the last occurring band rate which shall be as described below, repeat (C) above for all such additional band rates but with all the relevant band rate details*)

[(D)] Band Rate in relation to Band [●]: [●]

[*Include details of the Band Rate for the last Band and whether the Band Rate in relation to the last Band is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination*

	applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to the last Band, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required]
[Band Rate One:]	[●] [*Include details of Band Rate One in relation to the last Band and whether Band Rate One in relation to the last Band is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*] (*Only applicable if the Band Rate in relation to the last Band is determined pursuant to paragraph (iv) of "Band Rate in relation to Band [●] above"*)
[Band Rate Two:]	[●] [*Include details of Band Rate Two in relation to the last Band and whether Band Rate Two in relation to the last Band is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*] (*Only applicable if the Band Rate in relation to the last Band is determined pursuant to paragraph (iv) of "Band Rate in relation to Band [●] above"*) (*If there are additional bands repeat as necessary and modify as above for all additional bands*)
VI. Minimum Interest Rate (for the Digital Band Interest Rate):	[●]/[Not Applicable]
VII. Maximum Interest Rate (for the Digital Band Interest Rate):	[●]/[Not Applicable]
[VIII. Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business*

			Day Convention]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(vii)	Spread Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Spread Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Margin(s) (Spread Interest Rate):	[Not Applicable/[+/-] [●] per cent. per annum] (*specify each Margin (Spread Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	III.	Interest Participation Rate(s) (Spread Interest Rate):	[●]/[Not Applicable] (*specify each Interest Participation Rate (Spread Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	IV.	Option One or No Option One:	[Option One] [No Option One] [applicable] [Not Applicable]
	V.	Spread Cap:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	•	V%:	[●]
	•	Multiplier:	[●]
	•	Spread Cap Margin:	[Not Applicable/[+/-] [●] per cent. per annum] (*specify each Spread Cap Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	•	Rate X:	Spread Rate [1/2/3]
	•	Rate Y:	Spread Rate [1/2/3]
	•	Rate Z:	Spread Rate [1/2/3]
	VI.	Spread Rate 1:	[Spread Reference Rate] [plus/minus] [Spread Rate 1 Margin][, and multiplied by Spread Rate 1 Interest Participation Rate] [Not Applicable] *(Specify whether the Spread Reference Rate for Spread Rate 1 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and*

		whether Screen Rate Determination or ISDA Determination applies, or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)
•	Spread Rate 1 Interest Participation Rate:	[●]/[Not Applicable]
•	Spread Rate 1 Margin:	[●]/[Not Applicable]
VII.	Spread Rate 2:	[Spread Reference Rate] [plus/minus] [Spread Rate 2 Margin][, and multiplied by Spread Rate 2 Interest Participation Rate] [Not Applicable] *(Specify whether the Spread Reference Rate for Spread Rate 2 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies, or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)*
•	Spread Rate 2 Interest Participation Rate:	[●]/[Not Applicable]
•	Spread Rate 2 Margin:	[●]/[Not Applicable]
VIII.	Spread Rate 3:	[Spread Reference Rate] [plus/minus] [Spread Rate 3 Margin][, and multiplied by Spread Rate 3 Interest Participation Rate] [Not Applicable] (*Specify whether the Spread Reference Rate for Spread Rate 3 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*)

	• Spread Rate 3 Interest Participation Rate:	[●]/[Not Applicable]
	• Spread Rate 3 Margin:	[●]/[Not Applicable]
	IX. Minimum Interest Rate (for the Spread Interest Rate):	[●]/[Not Applicable]
	X. Maximum Interest Rate (for the Spread Interest Rate):	[●]/[Not Applicable] (*Insert the following if any relevant rate is determined by reference to Spread Note Provisions or specified as Spread Reference Rate*)
	[XI. Spread Reference Rate:	(*Specify whether Spread Reference Rate is (i) one Reference Rate or (ii) the sum of specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*)]
	[XII. Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(viii)	Previous Coupon Linked Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Interest Period(s) and/or Interest Payment Date(s) to which the Previous Coupon Linked Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)

II.	Previous Coupon Reference Rate:	Previous Coupon[, [plus/minus] [(i)] Rate 1][, multiplied by Rate 1 Participation Rate] [, [plus/minus] (ii) Rate 2][, multiplied by Rate 2 Participation Rate] (*If Previous Coupon Reference Rate is different for each Interest Period, insert the Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
•	Rate 1 (for determination of a Previous Coupon Reference Rate):	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate/(*specify other Reference Rate*)] [As set out in the Rate Table for Previous Coupon Linked Notes] [Not Applicable] (*Specify details of all other relevant terms for each Reference Rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting (if such Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate), the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required). If Rate 1 is different for each Interest Period, insert also a Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
•	Rate 1 Participation Rate:	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes]
•	Rate 2 (for determination of a Previous Coupon Reference Rate):	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate/(*specify other Reference Rate*)] [Not Applicable] [As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify details of all other relevant terms for each Reference Rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting (if such Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate), the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If Rate 2 is different for each Interest Period, insert also a Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
•	Rate 2 Participation Rate:	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes]
•	Minimum Reference Rate (for the Previous Coupon Reference Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] *(Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*

•	Maximum Reference Rate (for the Previous Coupon Reference Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] *(Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*
V.	Margin(s) (Previous Coupon Linked Interest Rate):	[Not Applicable/[+/-][ ] per cent. per annum]/[As set out in the Rate Table for Previous Coupon Linked Notes] *(specify each Margin (Previous Coupon Linked Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*
VI.	Interest Participation Rate(s) (Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] *(specify each Interest Participation Rate (Previous Coupon Linked Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*
VII.	Minimum Interest Rate (for the Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/ [As set out in the Rate Table for Previous Coupon Linked Notes] *(Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)*
VIII.	Maximum Interest Rate (for the Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/ [As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
[IX.	Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table for Previous Coupon Linked Notes] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)

PROVISIONS RELATING TO ZERO COUPON NOTES

16.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Amortisation Yield:	[Not Applicable]/[[●] [per cent. per annum]]
(ii)	Reference Price:	[●]

(iii) Day Count Fraction in relation to Early Redemption Amounts: [[30/360]

[Actual/360]

[Actual/365]]

[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

17. Redemption Provisions:

(i) Issuer Call: [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(A) Optional Redemption Date(s): [●]

(B) Optional Redemption Amount: [●] per Calculation Amount

(C) If redeemable in part:

(1) Minimum Redemption Amount: [[●] per Calculation Amount][Not Applicable]

(2) Maximum Redemption Amount: [[●] per Calculation Amount][Not Applicable]

(D) Notice period: [As set out in General Condition 5(e) (*Redemption at the Option of the Issuer*) of the General Conditions] [Not less than [(*specify*)] Business Days]

(*N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)

(ii) Investor Put: [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(A) Optional Redemption Date(s): [●]

(B) Optional Redemption Amount: [●] per Calculation Amount

(C) Notice period: [As set out in General Condition 5(f) (*Redemption at the Option of holders of Notes*) of the General Conditions] [Not less than [(*specify*)] Business Days]

(*N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a*

		minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
(iii)	Redemption Amount:	[●] (*specify*) per Calculation Amount
(iv)	Early Redemption Amount:	[Fair Market Value] [Principal Amount plus accrued interest] [Amortised Face Amount] [Other] (*specify an amount only*)

PROVISIONS RELATING TO SWITCHER OPTION

18.	Switcher Option:		[Applicable/Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Switcher Interest Commencement Date(s):	[●]
	(B)	New Interest Basis:	[*include details of the New Interest Basis or the or each Switcher Interest Commencement Date including cross referring to relevant paragraphs herein and including any relevant Interest Determination Date and/or Margin and/or Interest Participation Rate*]
	(C)	Conversion Amount per Calculation Amount payable by the Issuer:	[*include details of any conversion amount payable by the Issuer and the relevant Switcher Interest Commencement Date in respect of which it is payable if more than one*][Not Applicable]
	(D)	Switcher Payment Date:	[●]/[Not Applicable]
	(E)	Notice period:	[As set out in Valuation and Settlement Condition 11 (*Switcher Option*) of the Valuation and Settlement Conditions] [Not less than [(*specify*)] Business Days]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	[Registered Notes Regulation S Global Registered Note Certificate (U.S.$[●] principal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.$[●] principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])] [Swedish Notes - insert details (*including details of the Swedish Notes Issuing and Paying Agent and the provisions of the Fiscal Agency Agreement which*

		apply to the Notes)]
		[Finnish Notes – *insert details (including details of the Finnish Notes Issuing and Paying Agent*)]
20.	New Global Note/New Safekeeping Structure:	[No/Yes – New [Global Note/Safekeeping Structure] applies] [Not Applicable]
21.	Business Centre(s):	[●] (*N.B. this paragraph relates to the definition of Business Day in General Condition 19 (Definitions) of the General Conditions*)
22.	Business Day Jurisdiction(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*] (*N.B. this paragraph relates to the date and place of payment for the purposes of the definition of Payment Day in General Condition 6(f) (Payment Days) of the General Conditions*)
23.	Redenomination:	[Not Applicable/[Applicable: The provisions of General Condition 16 (*Redenomination*) of the General Conditions apply]
24.	Consolidation provisions:	[Not Applicable/[The provisions of General Condition 12 (*Further Issues*) of the General Conditions apply] [The Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden - *only applicable in case of Swedish Notes*] [The Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list]
25.	Realisation Disruption:	[Applicable/Not Applicable]
26.	Name and address of Calculation Agent:	[Citibank, N.A./Citigroup Global Markets Limited/Citigroup Global Markets Inc.] [(acting through its (*specify*) department/group (or any successor department/group))] at [●]]
27.	Determinations:	[Sole and Absolute Determination/Commercial Determination]

Signed on behalf of the Issuer:

By: …….
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from on or around [●]] [Not Applicable] Tranche [●] of the Notes has been admitted to trading on [*specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from [●]] (*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*)
[Estimated expenses relating to admission to trading:	[●]]**

2. RATINGS

Ratings:	The Notes are [not] rated. [The rating of the Notes is: (i) [S&P: [●]] (ii) [Moody's: [●]] (iii) [Fitch: [●]] (iv) [[Other]: [●]] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]* [[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.]] [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in

accordance with Regulation (EC) No. 1060/2009 (as amended). [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation.[As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan / Australia / the USA / Canada / Hong Kong / Singapore / Argentina / Mexico (delete as appropriate)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration] may be used in the European Union by the relevant market participants.*]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in

the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

[[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation].

The European Securities Markets Authority has indicated that ratings issued in [Japan / Australia / the USA / Canada / Hong Kong / Singapore / Argentina / Mexico (delete as appropriate)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[*If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its*

application under the CRA Regulation]

[*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*)

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

[*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

[Save for any fees payable to [the Dealer[s]/the Distributors/*specify*]/Save as discussed in ["*Subscription and sale and transfer and selling restrictions*"]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer[. The [Dealers/Distributors] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the CGMFL Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]]]

(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive*)

4. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i)	[Reasons for the Offer:	[●] (*See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here*)]
(ii)	Estimated net proceeds:	[●] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding*)
(iii)	[Estimated total expenses:	[●] (*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"*)]*

5. [**YIELD** (*Fixed Rate Notes only*)

[Indication of yield/Unified Yield Rate]:	[specify rate of range of rates] (*specify Unified Yield Rate for Non-exempt Offers in the Republic of Hungary only*)

[Calculated as [*include specific details of method of calculation in summary form*] on the Issue Date]*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **HISTORICAL INFORMATION CONCERNING THE UNDERLYING***

Details of historic [LIBOR/EURIBOR/NIBOR/STIBOR/CIBOR/TIBOR/HIBOR/BBSW/BKBM] rates can be obtained from [●]]]

Performance of Inflation Index of effect on value of investment and associated risks and other information concerning the Inflation Index: (*Inflation Rate and DIR Inflation Linked Notes only*)

[*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident*]

[*Need to include details of where past and future performances and volatility of [the/each] index can be obtained*] [*Need to include the name of [the/each] index need to include details of where the information about [the/each] index can be obtained*]

[*Include any disclaimer wording required by the Index Sponsor(s)*]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]]]

Performance of Reference Entity of effect on value of investment and associated risks and other information concerning the Reference Entity: (Credit Linked Interest Notes only)

[*Information about the past and further performance of the or each Reference Entity is available from the applicable Electronic Page(s) specified for such Reference Entity in Part A above*]

7. **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]/[Not Applicable]
CUSIP:	[●]/[Not Applicable]
WKN:	[●]/[Not Applicable]
Valoren:	[●]/[Not Applicable]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable:	[Not Applicable/*give name(s) and number(s)* [and references to the [Relevant Clearing System/(*specify*)] shall be deemed to be references to such clearing system] [The Notes will be accepted for settlement in Euroclear UK & Ireland Limited ("**CREST**") via the CREST Depositary Interest ("**CDI**") mechanism] [Euroclear Sweden AB]/[Euroclear Finland Oy]
Delivery:	Delivery [versus/free of] payment

Names and address of the Swedish Notes Issuing and Paying Agent (if any):	[Nordea Bank AB (publ), Smålandsgatan 17, 105 71 Stockholm, Sweden]/[Not Applicable]
Names and address of the Finnish Notes Issuing and Paying Agent (if any):	[Nordea Bank Finland Plc, Aleksis Kiven Katu 3-5, Helsinki, Finland]/[Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met] (*include this text if "yes" selected*) [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names [and addresses of the Lead Manager and the other Managers and underwriting commitments]*:	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*)
(iii)	[Date of [Subscription] Agreement:	[Not Applicable][*specify*]]

(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(vi)	[Total commission and concession:	[None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [(*specify type of fee or commission*)] payable by the Dealer to any distributor is (*specify*) of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein/[up to] (*specify*) per cent. of the Aggregate Principal Amount which comprises the (*specify type of fee or commission*) payable to the [Authorised Offeror]. Investors can obtain more information about this fee by contacting the relevant [Authorised Offeror] or the Dealer at the relevant address(es) set out herein. It is anticipated that the exact amount of the (*specify type of fee or commission*) will be published by the Issuer on the website of the Irish Stock Exchange on or around (*specify*). In addition to (specify any relevant offer price), the [Authorised Offeror] may charge investors in (*specify*) a (specify type of fee or commission) of [up to] (*specify*) per cent. of the Aggregate Principal Amount. Investors can obtain more information about this fee by contacting the [Authorised Offeror] at the address(es) set out herein]
(vii)	Swiss selling restrictions:	[Not Applicable] [The Notes may be offered, sold, advertised or otherwise distributed directly or indirectly, in, into or from Switzerland except to qualified investors as defined in article 10 of the Swiss Collective Investment Schemes Act. For the avoidance of doubt, such offer in Switzerland does not constitute a Non-exempt Offer for the purposes of the Prospectus Directive] (*Include if the Notes are to be publicly offered in Switzerland*)]
(viii)	Non-exempt Offer:	[Not Applicable] [An offer [(the "**[●] Offer**")] of the Notes may be made by [the Dealer(s)] [and [●]] (the "**[●] Initial Authorised Offeror(s)**") other than pursuant to Article 3(2) of the Prospectus Directive [and [●]] during the period from (and including) [●] to (and including) [●] (the "[●] **Offer Period**")]] in [●] ([●])] [[and] any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus and this Final Terms in connection with the Non-exempt Offer and who are identified on the Issuer's website at [www.[●]] as an Authorised Offeror] (together, being persons to whom the issuer has given consent, the [●] Authorised Offerors)

		other than pursuant to Article 3(2) of the Prospectus Directive in [●] during the period from [●] until [●] (the "[●] **Offer Period**"). (*specify for each jurisdiction in which a Non-exempt Offer is being undertaken*) Offers (if any) in any Member State other than the public Offer Jurisdiction(s) will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus [**Authorised Offeror(s)** means [●] [and [●]].] [**Initial Authorised Offeror(s)** means [●] [and [●]].] **Public Offer Jurisdiction(s)** means [●] [and [●]] See further Paragraph 9 Terms and Conditions of Offer below
(ix)	[General Consent:	[Not Applicable][Applicable]]
(x)	[Other conditions to consent:	[Not Applicable][*Add here any other conditions to which the consent given is subject*] (*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make the Offer where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported*)]

9. **TERMS AND CONDITIONS OF THE OFFER**

(*Delete whole section if sub-paragraph 8(viii) above is specified to be Not Applicable*)

Offer Price:	[Issue Price][*specify*]
Conditions to which the Offer is subject:	[Not Applicable/*give details*]
Description of the application process:	[Not Applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give details*]
Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]
Details of the method and time limits for	[Not Applicable/*give details*]

paying up and delivering the Notes:	
Manner in and date on which results of the offer are to be made public:	[Not Applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/*give details*]

10. **UNITED STATES TAX CONSIDERATIONS**

[For U.S. federal income tax purposes, the Issuer will treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Notes.]

Notes:

* Delete if the minimum denomination is greater than or equal to EUR100,000 (or its equivalent)

** Delete if the minimum denomination is less than EUR100,000 (or its equivalent)

PRO FORMA FINAL TERMS DRAFTING NOTES SCHEDULE 1

(*Insert the table below into paragraph 10 of the Pro Forms Final Terms, as required*)

Interest Basis Table		
Interest Commencement Date	**[Interest Period End Date(s) / Interest Payment Date(s)]**	**Type of Notes**
[*specify date*]	[*specify date*]	[Fixed Rate Notes / [and] Floating Rate Notes / [and] Inflation Rate Notes / [and] DIR Inflation Linked Notes / [and] CMS Interest Linked Notes / [and] Inverse Floating Rate Notes / [and] Range Accrual Notes / [and] Digital [Band] Notes / [and] Spread Notes / [and] Previous Coupon Linked Notes]
[*specify date*] (*repeat as required*)	[*specify date*] (*repeat as required*)	[*specify*] (*repeat as required*)

(*Insert the table below into paragraph 15(i)(A) (Fixed Rate Note Provisions) of the Pro Forma Final Terms, as required*)

[Interest Table]	
[Interest Payment Date(s)]	**[Interest Amount/Broken Amount]**
[●] [in each year] [adjusted in accordance with (*Specify Business Day Convention*)/ not adjusted] (See General Condition 6(g))	[[●] per Calculation Amount]

(*Insert the table below into paragraph 15(i)(A) (Fixed Rate Note Provisions) of the Pro Forma Final Terms, as required*)

[Rate Table]			
[Interest Period End Date(s)] [Interest Payment Date(s)]	**[Specified Fixed Rate(s)]**	**[Margin]**[7]	**[Interest Participation Rate]**[8] **[Minimum/Maximum Interest Amount]**[9]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (*repeat as required*)	[●] per cent. per annum (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●]/[Not Applicable] (*repeat as required*)

[7] Delete if Margin is not applicable for all Interest Periods.

[8] Delete if Interest Participation Rate is not applicable for all Interest Periods.

[9] Insert for Range Accrual Notes where Minimum/Maximum Interest Amount is specified for any Interest Period/Interest Payment Date.

(*Insert the table below into paragraph 15(i)(B) (Floating Rate Note Provisions) of the Pro Forma Final Terms if more than one Floating Interest Rate and Screen Rate Determination is applicable, as required*)

[Reference Rate Table]				
Interest Period End Date(s)	**Reference Rate**	**Page**	**[Relevant Financial Centre][10] [Interest Determination Date(s)][11]**	**[Reference Banks][12] [Specified Time][13]**
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[●] month [(the "**Designated Maturity**") (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]	[●]	[●]	[●]

(*Insert table below into paragraph 15(i)(B) (Floating Rate Note Provisions) of the Pro Forma Final Terms if more than one Floating Interest Rate and ISDA Determination is applicable, as required*)

[Floating Rate Table]			
Interest Period End Date(s)	**Floating Rate Option**	**Designated Maturity**	**Reset Date**
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[●]	[●]	[●] [First day of the relevant Interest Period]

[10] Insert if not specified in the Valuation and Settlement Conditions.

[11] Insert if not specified in the Valuation and Settlement Conditions.

[12] Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

[13] Insert if not specified in the Valuation and Settlement Conditions.

(*Insert table below into paragraphs 15(i)(B) (Floating Rate Note Provisions), 15(i)(C) (Inflation Rate Note Provisions), 15(i)(D) (DIR Inflation Linked Note Provisions), 15(i)(E) (CMS Interest Linked Note Provisions) or 15(iii) (Inverse Floating Rate Note Provisions) of the Pro Forma Final Terms if there is more than one Margin, Interest Participation Rate or Minimum/Maximum Interest Rate (as applicable) for different Interest Periods, as required*)

[Rate Table]				
[Interest Period End Date(s)] [Interest Payment Date(s)]	**[Inverse Fixed Rate / Inverse Reference Rate / Specified Rate 1 / Specified Rate 2]**[14]	**[Margin [(Inverse Floating Interest Rate)]]**[15]	**[Interest Participation Rate [(Inverse Floating Interest Rate)]]**[16]	**[Minimum/Maximum Interest Rate]**[17] **[Minimum/Maximum Reference Rate]**[18] **[Minimum/Maximum Interest Amount]**[19]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[●] / [Not Applicable] (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(*Insert table below into paragraph 15(i)(E) (CMS Interest Linked Note Provisions) of the Pro Forma Final Terms if "Worse of CMS Interest Rates" or "CMS Spread Interest Rate" is applicable and there is more than one Margin 1, Margin 2, Interest Participation Rate 1, Interest Participation Rate 2 or Minimum/Maximum Reference Rate (as applicable) in respect of CMS Reference Rate 1 and CMS Reference Rate 2 for different Interest Periods, as required*)

[Rate Table]						
	CMS Reference Rate 1			**CMS Reference Rate 2**		
[Interest Period End Date(s)]	**[Margin 1]**[20]	**[Interest Participation Rate 1]**[21]	**[Minimum/ Maximum Reference Rate]**[22]	**[Margin 2]**[23]	**[Interest Participation Rate 2]**[24]	**[Minimum/ Maximum Reference Rate]**[25]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day*	[Not Applicable / [+/-][●] per cent. per annum]	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum]	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

14 Insert for Inverse Floating Rate Notes if different for each Interest Period/Interest Payment Date.

15 Delete if Margin is not applicable for all Interest Periods.

16 Delete if Interest Participation Rate is not applicable for all Interest Periods.

17 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

18 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

19 Insert for Inflation Rate Notes or Range Accrual Notes if the Minimum/Maximum Interest Amount specified is different for each Interest Period/Interest Payment Date.

20 Delete if Margin is not applicable for all Interest Periods.

21 Delete if Interest Participation Rate is not applicable for all Interest Periods.

22 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

23 Delete if Margin is not applicable for all Interest Periods.

24 Delete if Interest Participation Rate is not applicable for all Interest Periods.

25 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

Convention]/not adjusted]]	(*repeat as required*)			(*repeat as required*)		

(*Insert table below into paragraphs 15(iii) (Inverse Floating Rate Note Provisions) or 15(iv) (Range Accrual Note Provisions) of the Pro Forma Final Terms if there is more than one Minimum/Maximum Reference Rate for different Interest Periods, as required*)

Interest Period End Date(s)	**[reference rate][one[s]][26] [Inverse Reference Rate][27]**	**[reference rate][two[s]][28] [Specified Rate 1][29]**	[**Specified Rate 2**][30]
	[Minimum/Maximum Reference Rate][31]	**[Minimum/Maximum Reference Rate][32]**	**[Minimum/Maximum Reference Rate][33]**
[*insert date(s)*] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(*Insert the table below into paragraph 15(iv) (Range Accrual Note Provisions) of the Pro Forma Final Terms if the Interest Rate, the Barrier or the Upper Range and Lower Range is different for each Interest Period, as required*)

[Range Accrual Table]			
[Interest Period End Date(s)	**[Reference Observation]* [Interest Rate]***	**[Barrier] [Upper Range]**	**[Lower Range]**
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

**insert additional columns for "Interest Rate" and "Reference Observation" for each Interest Period if different*

(*insert table below into paragraph 15(iv) (Range Accrual Note Provisions) of the Pro Forma Final Terms if Dual Reference Observation is applicable, and if the Interest Rate, Barrier 1 and Barrier 2, or the Upper Range 1 and Lower Range 1, Upper Range 2 and Lower Range 2, as applicable, is different for each Interest Period, as required*)

[Range Accrual Table]					
[**Interest Period End Date(s)**	**[Interest Rate]***	**Accrual Condition 1**		**Accrual Condition 2**	
		[Barrier 1] [Lower Range 1] [Reference Observation 1]*	**[Upper Range 1]**	**[Barrier 2] [Lower Range 2] [Reference Observation 2]***	**[Upper Range 2]**
[*insert date(s)*] (*repeat as required*)		[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

**insert additional columns for "Interest Rate", "Reference Observation 1" under the heading "Accrual Condition 1" and "Reference Observation 2" under the heading "Accrual Condition 2", for each Interest Period if different.*

26 Insert for Range Accrual Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

27 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

28 Insert for Range Accrual Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

29 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

30 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

31 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

32 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

33 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

(*insert table below into paragraph 15(vii) (Spread Note Provisions) of the Pro Forma Final Terms if Relevant Spread Rate, or the Margin (Spread Interest Rate), Interest Participation Rate (Spread Interest Rate), Minimum Interest Rate and/or Maximum Interest Rate in respect of the Relevant Spread Rate for each Interest Period is different*)

[Rate Table for Spread Note Provisions]			
[Interest Period End Date(s)]	**[Relevant Spread Rate]**[34]	**[Margin (Spread Interest Rate)]**[35] **[Interest Participation Rate (Spread Interest Rate)]**[36]	**[Minimum/Maximum Interest Rate]**[37]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[No] [Option One] / [Spread Cap] applicable	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(*insert table below into paragraph 15(vii) (Spread Note Provisions) of the Pro Forma Final Terms if Spread Rate 1 Margin, Spread Rate 2 Margin, Spread Rate 1 Interest Participation Rate, Spread Rate 2 Interest Participation Rate, Minimum Reference Rate and/or Maximum Reference Rate for each Interest Period is different*)

Interest Period End Date(s)	**[Spread Rate 1]**		**[Spread Rate 2] [Spread Rate 3]***	
	[Spread Rate 1 Margin]	**[Spread Rate 1 Interest Participation Rate]**[38] **[Minimum/Maximum Reference Rate]***	**[Spread Rate 2 Margin]* [Spread Rate 3 Margin]***	**[Spread Rate 2 Interest Participation Rate] [Spread Rate 3 Interest Participation Rate]**[39] **[Minimum/Maximum Reference Rate]***
[*insert date(s)*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]
**insert, if applicable, an additional column for "Spread Rate 3", and additional columns for "Spread Rate 3 Margin", "Spread Rate 3 Interest Participation Rate" and/or "Minimum/Maximum Reference Rate" if different for each Interest Period.*				

34 Insert if different for each Interest Period.

35 Insert if Margin (Spread Interest Rate) is different for each Interest Period.

36 Insert if Interest Participation Rate (Spread Interest Rate) is different for each Interest Period.

37 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

38 Insert additional columns for Spread Rate 1 Interest Participation Rate or Spread Rate 2 Interest Participation Rate if different for each Interest Period.

39 Insert additional columns for Spread Rate 1 Interest Participation Rate or Spread Rate 2 Interest Participation Rate if different for each Interest Period.

(*insert table below into paragraph 15(viii) (Previous Coupon Linked Note Provisions) of the Pro Forma Final Terms if the Previous Coupon Reference Rate, Rate 1 and Rate 2 for each Interest Period or Interest Payment Date is different*)

[Rate Table for Previous Coupon Linked Notes]				
Previous Coupon Linked Interest Rate				
[Interest Period End Date(s)] [Previous Coupon Linked Payment Date]	**[Margin (Previous Coupon Linked Interest Rate)][40] [Interest Participation Rate (Previous Coupon Linked Interest Rate)][41]**	**[Previous Coupon Reference Rate]**	**[Rate 1][42] [Rate 2][43]**	**[Minimum / Maximum Interest Rate][44]**
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[Not Applicable / [+/-] [●] per cent. per annum] (*repeat as required*)	Previous Coupon[, [plus/minus] [(i)] Rate 1][, multiplied by Rate 1 Participation Rate] [, [plus/minus] (ii) Rate 2][, multiplied by Rate 2 Participation Rate] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*) [Relevant Swap Rate: [EUR/GBP/USD/Mid-Market] Swap Rate Designated Maturity: [●] [Relevant Financial Centre: [●]] Relevant Time: [●] Reference Currency: [●] Interest Determination Date(s): [●] Page: [●] Reference Banks: [●]] (*insert if required*)	[●] / [Not Applicable] (*repeat as required*)

(*insert table below into paragraph 15(viii) (Previous Coupon Linked Note Provisions) of the Pro Forma Final Terms if the Rate 1 Participation Rate, Rate 2 Participation Rate, Minimum / Maximum Reference Rate for each Interest Period or Interest Payment Date is different*)

[Rate Table for Previous Coupon Linked Notes]				
Previous Coupon Reference Rate				
[Interest Period End Date(s)] [Previous Coupon Linked Payment Date]	**Rate 1**		**Rate 2**	
	[Rate 1 Participation Rate][45]	**[Minimum / Maximum Reference Rate][46]**	**[Rate 2 Participation Rate][47]**	**[Minimum / Maximum Reference Rate][48]**
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

40 Delete if Margin is not applicable for all Interest Periods.

41 Delete if Interest Participation Rate is not applicable for all Interest Periods.

42 Delete if Rate 1 for a Previous Coupon Reference Rate is the same for all Interest Periods.

43 Delete if Rate 2 for a Previous Coupon Reference Rate is the same for all Interest Periods.

44 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

45 Delete if Interest Participation Rate is not applicable for all Interest Periods.

46 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

47 Delete if Interest Participation Rate is not applicable for all Interest Periods.

48 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

PRO FORMA FINAL TERMS DRAFTING NOTES SCHEDULE 2

(*Details of Reference Rate(s) (or Specified Rate(s) in the case of Inverse Floating Rate Notes) to be inserted into the Pro Forma Final Terms, as required*)

[Reference Rate [One(s)]/Specified Rate [One] *(insert for Inverse Floating Rate Notes)*:	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate]
(insert if any Reference Rate is a Fixed Interest Rate) [Specified Fixed Rate: *(delete if not applicable)*	[●] per cent. per annum
[Margin (for the Specified Fixed Rate):] *(delete if not applicable)*	[●]
[Interest Participation Rate (for the Specified Fixed Rate):] *(delete if not applicable)*	[●]
(*insert if any Reference Rate is a Floating Interest Rate*) [Manner in which the Floating Interest Rate(s) is/are to be determined:	[Screen Rate Determination / ISDA Determination] applies]
(insert if any Reference Rate is a Floating Interest Rate and Screen Rate Determination is applicable) [Screen Rate Determination:	[Applicable/Not Applicable]
• [Reference Rate:	[*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)] (*if more than one interest rate, specify Interest Period End Dates to which each interest rate applies by inserting a Reference Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
• Designated Maturity:	[●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [Not Applicable]
• Specified Time:	[●][As specified in Valuation and Settlement Condition 3.8][Not Applicable]
• Relevant Financial Centre:	[●][As specified in Valuation and Settlement Condition 3.8][Not Applicable]
• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [(*Specify e.g. any relevant Valuation Date(s)*)/[(*specify*)] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [(*specify*)] prior to the start of each Interest Period/First day of each Interest Period/[(*specify*)] day on which the TARGET2 System is open prior to

	the start of each Interest Period] [As specified in Valuation and Settlement Condition 3.8]	
• Page:	[●]	
• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.8]	
• [Margin (for the Screen Rate):] (*delete if not applicable*)	[●]	
• [Interest Participation Rate (for the Screen Rate):] (*delete if not applicable*)	[●]	
(*insert if any Reference Rate is a Floating Interest Rate and ISDA Determination is applicable*) [ISDA Determination:	[Applicable/Not Applicable]	
• Floating Rate Option:	[●]	
• Designated Maturity:	[●]	
• Reset Date:	[●][First day of the relevant Interest Period]]	
• [Margin (for the ISDA Rate):] (*delete if not applicable*)	[●]	
• [Interest Participation Rate (for the ISDA Rate):] (*delete if not applicable*)	[●]	
(*insert if Reference Rate is a CMS Interest Rate*) [CMS Interest Rate:	[Single CMS Interest Rate/Worse of CMS Interest Rates/CMS Spread Interest Rate]	
	[CMS Reference Rate [1]] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert heading "CMS Reference Rate 1"*)	**[CMS Reference Rate 2]** (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert this column*)
• Relevant Swap Rate:	[EUR/GBP/USD/ Mid-Market] Swap Rate	[[EUR/GBP/USD/ Mid-Market] Swap Rate
• Designated Maturity:	[●][month[s]/year[s]]	[●][month[s]/year[s]]
[• Relevant Financial Centre:] (*Insert if Relevant Swap Rate is Mid-Market Swap Rate*)	[●] [As specified in Valuation and Settlement Condition 3.8]	[●] [As specified in Valuation and Settlement Condition 3.8]
• Relevant Time:	[●]	[●]
• Reference Currency:	[●]	[●]

• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]
• Page:	[●]	[●]
• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.2(b)(iv)]	[●][As specified in Valuation and Settlement Condition 3.2(b)(iv)]
• (*insert if any Reference Rate is subject to a Minimum Reference Rate*) [Minimum Reference Rate:	[●] [Not Applicable]]	[●] [Not Applicable]]
• (*insert if any Reference Rate is subject to a Maximum Reference Rate*) [Maximum Reference Rate:	[●] [Not Applicable]]	[●] [Not Applicable]]
• Margin [1] (for CMS Reference Rate [1]):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)	
• [Margin 2 (for CMS Reference Rate 2):]	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	
• Interest Participation Rate [1] (for CMS Reference Rate [1]):	[●]/[Not Applicable] (*specify each Interest Participation Rate [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)	
• Interest Participation Rate 2 (for CMS Reference Rate 2):	[●]/[Not Applicable] (*specify each Interest Participation Rate 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)]	
[Reference Rate [One(s)/Two(s)] /Specified Rate Two (*insert for Inverse Floating Rate Notes*):]	[Fixed Interest Rate/ Floating Interest Rate/CMS Interest Rate] (*repeat above details as required for Reference Rate Two or if there is more than one Reference Rate Ones, or Specified Rate Two for Inverse Floating Rate Notes*)	

[SCHEDULE TO FINAL TERMS]

(*Insert as a Schedule to the Final Terms as required*)

(Insert if Reference Observation (or if Dual Reference Observation is applicable, Reference Observation 1 and Reference Observation 2) is different for each Interest Period) **[Reference Observation Table]**				
	Reference Observation [1] [2]*			
	Reference Rate [One[s]] (*repeat as required if more than one Reference Rate One*)			
Interest Period End Date(s)	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][49] [Reset Date] [Interest Determination Date(s)][50]	[Reference Banks][51] [Specified Time/Relevant Time][52]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[Specified Fixed Rate: [●] % per annum] [Reference Rate: [●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]] [Floating Rate Option: [●]] month[s] (the Designated Maturity) [●]] [Relevant Swap Rate: [month[s]/year[s]] (the Designated Maturity) [EUR/GBP/USD/Mid-Market] Swap Rate	[●]	[●]	[●]

49 Insert if not specified in the Valuation and Settlement Conditions.

50 Insert if not specified in the Valuation and Settlement Conditions.

51 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

52 Insert if not specified in the Valuation and Settlement Conditions.

	Reference Currency: [●]]			
	[Reference Rate Ones]			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][53] [Reset Date] [Interest Determination Date(s)][54]	[Reference Banks][55] [Specified Time/Relevant Time][56]
	[Reference Rate Two[s]] (*repeat as required if more than one Reference Rate Two*)			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][57] [Reset Date] [Interest Determination Date(s)][58]	[Reference Banks][59] [Specified Time/Relevant Time][60]
	[Reference Rate Two[s]]			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][61] [Reset Date] [Interest Determination Date(s)][62]	[Reference Banks][63] [Specified Time/Relevant Time][64]

** Insert additional columns for Reference Observation 2 if different for each Interest Period*

53 Insert if not specified in the Valuation and Settlement Conditions.

54 Insert if not specified in the Valuation and Settlement Conditions.

55 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

56 Insert if not specified in the Valuation and Settlement Conditions.

57 Insert if not specified in the Valuation and Settlement Conditions.

58 Insert if not specified in the Valuation and Settlement Conditions.

59 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

60 Insert if not specified in the Valuation and Settlement Conditions.

61 Insert if not specified in the Valuation and Settlement Conditions.

62 Insert if not specified in the Valuation and Settlement Conditions.

63 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

64 Insert if not specified in the Valuation and Settlement Conditions.

[ANNEX]

SUMMARY OF THE NOTES

(*insert completed Summary for the Notes where the denomination of the Notes is less than EUR100,000*)]

SECTION F.3 – PRO FORMA PRICING SUPPLEMENT

Pricing Supplement dated [●]

[**Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.**][65]

Issue of [*Specify Aggregate Principal Amount of Tranche/(specify aggregate number of Units of Tranche) Units of (specify principal amount of each Unit)*] [*Title of Notes*]
[Guaranteed by Citigroup Global Markets Limited][66]
Under the U.S.$30,000,000,000 Global Medium Term Note Programme

[**The Notes do not constitute a participation in a collective investment scheme in the meaning of the Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority (FINMA) thereunder. Accordingly, neither the Notes nor holders of the Notes benefit from protection under the Federal Act on Collective Investment Schemes or supervision by the Swiss Financial Market Supervisory Authority (FINMA) and investors are exposed to the credit risk of the Issuer [and the CGMFL Guarantor]**[68].][67]

No prospectus is required in accordance with the Prospectus Directive (as defined below) in relation to Notes which are the subject of this Pricing Supplement.

The Base Listing Particulars referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer[, the CGMFL Guarantor][68] and any Dealer has authorised, nor does any of them authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in the Relevant Member State).

The Notes [and the CGMFL Deed of Guarantee][68] have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law. [The Notes [and the CGMFL Deed of Guarantee][68] are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S) Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.][68] [The Notes are being offered and sold solely to "qualified institutional buyers" ("**QIBs**") in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder ("**Rule 144A**"). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a

[65] Delete as applicable

[66] Delete where the Issuer is Citigroup Inc.

[67] Include this legend where the Notes are offered in Switzerland

[68] Include for Notes offered in reliance on Regulation S

transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.][69] The Notes [and the CGMFL Deed of Guarantee][68] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Listing Particulars.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA"**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

[The Notes are English Law Notes[that are also [Swedish Notes [(and therefore the Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden)]] [and] [Finnish Notes [(and therefore the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list)].]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled ["*Terms and Conditions of the Notes*", the Valuation and Settlement Schedule and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Listing Particulars [and the Supplement[s].

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Listing Particulars [as so supplemented]. Full information on the Issuer[, the CGMFL Guarantor]2 and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars [as so supplemented].

The Base Listing Particulars [and the Supplement[s]] [is] [are] available for viewing at the offices of the Paying Agents and on the website of the Irish Stock Exchange (www.ise.ie). [In addition, this Pricing Supplement is available [(*specify*)]][1].

[*Use this paragraph if the Base Listing Particulars has not been supplemented*: For the purposes hereof, "**Base Listing Particulars**" means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars in relation to the Programme dated [●].]

[*Use this paragraph if the Base Listing Particulars has been supplemented*: For the purposes hereof, "**Base Listing Particulars**" means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No. [●]) dated [●] ([the] "**Supplement [No. [●]]**")[, a Supplement (No. [●]) dated [●] ([the] "**Supplement** [**No.** [●]]")] [and a Supplement (No. [●]) dated [●] ("**Supplement No. [●]**" and, together with [Supplement No. [●]] [and Supplement No. [●],] the "**Supplements**")].]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Listing Particulars with an earlier date*.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth under the section[s] entitled "*Terms and Conditions of the Notes*", [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Listing Particulars [as supplemented by the Supplement[s]].

[69] Include for the Notes offered in reliance on Rule 144A

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Current Base Listing Particulars [and the Supplement[s] thereto, save in respect of the Conditions which are extracted from the Base Listing Particulars [as supplemented by the Supplement[s] thereto] and are incorporated by reference into the Current Base Listing Particulars. Full information on the Issuer[, the CGMFL Guarantor]2 and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars [and the Supplement[s] thereto] and the Current Base Listing Particulars [and the Supplement[s] thereto].

The Base Listing Particulars [and the Supplement[s] to the Base Listing Particulars and the Current Base Listing Particulars [and the Supplement[s] to the Current Base Listing are available for viewing at the offices of the Paying Agents and on the website of the Irish Stock Exchange (www.ise.ie). In addition, this Pricing Supplement is available [(*specify*)].]

[*Use this paragraph if the Conditions have not been amended by way of a Supplement to the Base Listing Particulars*: For the purposes hereof, "**Base Listing Particulars**" means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars relating to the Programme dated [●].]

[*Use this paragraph if the Conditions have been amended by way of a Supplement to the Base Listing Particulars:* For the purposes hereof, "**Base Listing Particulars**" means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No. [●]) dated [●] ([the] "**Supplement** [**to the Base Listing Particulars**] [**No.** [●]]") [and a **Supplement** (No. [●]) dated [●] ("**Supplement No.** [●]" and, together with Supplement No. [●], the "**Supplements to the Base Listing Particulars**")].]

[*Use this paragraph if the Current Base Listing Particulars has not been supplemented*: For the purposes hereof, "**Current Base Listing Particulars**" means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars relating to the Programme dated [●].]

[*Use this paragraph if the Current Base Listing Particulars has been supplemented*: For the purposes hereof, Current Base Listing Particulars means the [Citigroup Inc./CGMFL] Rates Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No. [●]) dated [●] ([the] "**Supplement** [**to the Current Base Listing Particulars**] [**No.** [●]]") [and a Supplement (No. [●]) dated [●] ("**Supplement No.** [●]" and, together with Supplement No. [●], the "**Supplements to the Current Base Listing Particulars**")].]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Pricing Supplement*.]

1.	(i)	Issuer:	[Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][7]
	(ii)	Guarantor:	[Citigroup Global Markets Limited/Not Applicable] (*N.B. Only Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A are guaranteed by Citigroup Global Markets Limited*)
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable] [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [●] /[the Issue Date]]

3.	Specified Currency or Currencies:	[*specify currency*]
4.	Aggregate Principal Amount:	
	(i) Series:	[●] [Units (each Unit being [●] in principal amount of the Notes)]
	(ii) Tranche:	[●] [Units (each Unit being [●] in principal amount of the Notes)] [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments being made in respect of a Calculation Amount shall be construed to such payments being made in respect of a Unit]
5.	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*]] (*insert for fungible issues, if applicable*)
6.	(i) Specified Denominations:	[●] [Unit] (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*) (*In respect of Swedish Notes and Finnish Notes, there shall be one denomination only*)
	(ii) Calculation Amount:	[●] [Unit] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations*)
7.	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*specify*/As set out in the table at paragraph 10 below/Issue Date/Not Applicable] (*Where there is more than one interest basis then the Interest Commencement Date for each interest basis should be specified by inserting the Interest Basis Table at paragraph 10, the form of which is in Drafting Notes Schedule 1*)
8.	Maturity Date:	[*specify date*][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention] [Interest Payment Date falling in or nearest to [●]]
9.	Type of Notes:	[Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes/DIR Inflation Linked Notes/CMS Interest Linked Notes/Inverse Floating Rate Notes/Range Accrual Notes/Digital [Band] Notes/Spread Notes/Previous Coupon Linked Notes] [The Notes are Zero Coupon Notes and do not bear or pay any interest] [The Notes are Credit Linked Interest Notes] [As set out in the

		table at paragraph 10 below] (*The Notes may be one or more of the types described above and as further set out below.*)
10.	Automatic Change of Interest Basis:	[Applicable[: As set out in the table below *(specify the Interest Commencement Date, Interest Period End Date(s) and/or Interest Payment Date(s) and Type of Notes by inserting the Interest Basis Table, the form of which is in Drafting Notes Schedule 1)]/[Describe changes*] /Not Applicable]
11.	Put/Call Options	[Issuer Call as specified in item 17(i) below] [Investor Put as specified in item 17(ii) below] [Not Applicable]
12.	(i) Status of the Notes:	Senior
	(ii) Status of the CGMFL Deed of Guarantee:	[Senior][Not Applicable] (*Not applicable for Notes issued by Citigroup Inc.*)

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

13.	Provisions applicable to Underlying Linked Notes:	[Applicable – the provisions in the Valuation and Settlement Schedule apply (subject as provided in any relevant Underlying Schedule)/the Credit Linked Interest Conditions apply (as set out in Underlying Schedule 3)][Not Applicable] *(the following information may be tabulated if there is more than one Underlying)*
	(i) Underlying:	[*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
	(A) Description of Underlying(s)	[*specify each Underlying/Reference Entity (for Credit Linked Interest Notes)*]
	(B) Classification:	[Inflation Index *(this applies for both Inflation Rate Notes and DIR Inflation Linked Notes)]/*[Rate *(this would normally only apply for Range Accrual Notes and can otherwise be deleted)*][Reference Entity *(this applies only for Credit Linked Interest Notes*)] (*specify for each Underlying/Reference Entity*)
	(C) Electronic Page:	[●] (*specify for each Underlying/Reference Entity*)
	(ii) Particulars in respect of each Underlying:	(*Delete the sub-paragraphs which are not applicable*)
	Inflation Index/Indices:	(*specify for each Inflation Index*)
	(A) Fallback Bond:	[Applicable: The definition set out in Inflation Index Condition 1 shall apply/(*specify*)][Not Applicable]
	(B) Revision of Level of Inflation Index:	[Revision/No Revision]

		(*NB: If neither "Revision" nor "No Revision" is specified, "No Revision" will be deemed to apply*)]
	[Rate(s):	*(Specify for each Rate, and the following information may be tabulated if there is more than one Rate)*
	(A) Valuation Time:	[(*specify*)]
	(B) Scheduled Trading Day:	[A Business Day][A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in [●] (*specify each*)] [A day on which the TARGET2 System is open] [A U.S. Government Securities Business Day] (*This would normally only apply for certain Range Accrual Notes and can otherwise be deleted*)
	[Reference Entity:	(*specify for each Reference Entity*)
	Reference Obligation(s):	[●] (*specify each*)
	I. The obligation[s] identified as follows:	
	• Primary Obligor:	[●]
	• Guarantor:	[●]
	• Maturity:	[●]
	• Coupon:	[●]
	• CUSIP/ISIN:	[●]
(iii)	Elections in respect of each type of Underlying:	(*Delete the sub-paragraphs which are not applicable*) (*the following information may be tabulated*)
	[Inflation Index/Indices:	
	(A) Reference Month(s):	[In respect of a Valuation Date [(*specify*)]]
	(B) Manifest Error Cut-off Date:	[2 Business Days prior to the [relevant] Payment Date/*specify*] (*NB: If no Manifest Error Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)
	(C) Revision Cut-off Date	[2 Business Days prior to the [relevant] Payment Date/*specify*] (*NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)
	[Rate/Rates:	
	(A) ISDA Fallback Determination:	[Applicable/Not Applicable]

	(*if Not Applicable, the following provisions are Not Applicable*)
I. Floating Rate Option:	[(*specify*)/Not Applicable]
II. Designated Maturity:	[(*specify*)/Not Applicable]
(B) Correction Provisions:	[Applicable/Not Applicable]
[Reference Entity:	[Applicable/Not Applicable]
	(*if Not Applicable, the following provisions are Not Applicable*)
(A) Credit Events:	[Applicable/Not Applicable]
	(*select all that are applicable from the following*)
	[Bankruptcy]
	[Failure to Pay]
	[Grace Period Extension [Applicable/Not Applicable]
	[If Applicable:
	Grace Period: [●]]
	[Governmental Intervention]
	[Obligation Default]
	[Obligation Acceleration]
	[Repudiation/Moratorium]
	[Restructuring]
	Provisions relating to Multiple Holder Obligation:
	Credit Linked Interest Condition 3(f)
	[Applicable/Not Applicable]
(B) Succession Event Backstop Date:	[Applicable/Not Applicable]
(C) All Guarantees:	[Applicable/Not Applicable]
(D) [Transaction Type:	Specify or Not Applicable [If specified, delete the remaining sub-paragraphs of this paragraph]
(a) Calculation Agent City:	[●]
(b) [Default Requirement:	[●]]
(c) [Payment Requirement:	[●]]
(d) [Credit Event Backstop Date:	[Applicable/Not Applicable]
(e) [Conditions to Settlement:	Notice of Publicly Available Information
	[Applicable/Not Applicable]

		[If Applicable: Public Source(s): [●]] Specified Number: [●]]]
	(f) Obligation(s):	
	I. Obligation Category:	[Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] (*select one only*)
	II. Obligation Characteristics:	[Not Subordinated] [Specified Currency: [●] [Standard Specified Currencies]] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [●]] [Not Domestic Law] [Listed] [Not Domestic Insurance] (*select all of which apply*)
	III. Additional Obligation(s):	[●] [Reference Assets]]
	(g) [Excluded Obligation(s):	[●]]
(iv)	Trade Date:	[●]
(v)	Hedging Disruption Early Termination Event:	[Applicable/Not Applicable]
(vi)	Section 871(m) Event:	[Applicable/Not Applicable]

PROVISIONS RELATING TO CREDIT LINKED INTEREST NOTES

14.	Credit Linked Interest Notes Provisions:	[Applicable – the Notes are Credit Linked Interest Notes and the provisions in Underlying Schedule 3 – Credit Linked Interest Conditions apply][Not Applicable] (*If not applicable, delete the remaining sub-*

paragraphs of this paragraph)

[For the avoidance of doubt, following the occurrence of a Credit Event Determination Date (as specified in Schedule 3 – Credit Linked Interest Conditions), no interest will be payable on the Credit Linked Interest Notes for the period from and including the Interest Payment Date immediately preceding the Credit Event Determination Date to but excluding the Maturity Date]

PROVISIONS RELATING TO ANY INTEREST AMOUNT

15.	Interest Provisions		[Applicable/Not Applicable – the Notes do not bear or pay interest] [Payment of interest is also subject to the "Provisions relating to Credit Linked Interest Notes" as specified in items 13 and 14 above] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	(A)	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
		Interest Rate[s]:	[[●] per cent. per annum/Fixed Interest Rate (*specify Fixed Interest Rate if Accrual is applicable*)]
		Specified Fixed Rate[s]:	[[●] per cent. per annum] [As set out in the Rate Table] (*specify each Specified Fixed Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) [Not Applicable]
		Interest Amount[s]:	[[●]per Calculation Amount] [As set out in the Interest Table] (*specify each Interest Amount if more than one by inserting an Interest Table, the form of which is in Drafting Notes Schedule 1*) [As specified in Valuation and Settlement Condition 3.1(b)]
		Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on][●]] [As set out in the Interest Table] (*specify each Broken Amount if more than one by inserting an Interest Table, the form of which is in Drafting Notes Schedule 1*) [Not Applicable]
		Interest Payment Date(s) to which the Fixed Rate Note Provisions apply:	[[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below] [As set out in the Interest Table] *(if more than one fixed interest amount and/or broken amount, specify Interest Payment Dates to which each fixed rate applies by inserting an*

		Interest Table, the form of which is in Drafting Notes Schedule 1)
	[EITHER:	
	I. Accrual:	Not Applicable
	[OR:	
	I. Accrual:	Applicable
	II. Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below][Not Applicable]
	III. Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Period End Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	IV. Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [1/1]
	V. Determination Dates:	[[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*] [Not Applicable]
	VI. Margin(s) (for the Specified Fixed Rate):	[Not Applicable/[+/-][●] per cent. per annum] [As set out in the Rate Table] (*specify each Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	VII. Interest Participation Rate (for the Specified Fixed Rate):	[●]/[Not Applicable] [As set out in the Rate Table] (*specify each Interest Participation Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(B)	Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

I.	Specified Period(s)/Specified Interest Payment Date(s) to which the Floating Rate Note Provisions apply:	[[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below]
II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [*specify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the [Reference Rate/Floating Rate] Table] (*specify each Interest Period End Date by inserting a Reference Rate Table or Floating Rate Table (as applicable), the form of which is in Drafting Notes Schedule 1*)
III.	Manner in which the Floating Interest Rate(s) is/are to be determined:	[Screen Rate Determination / ISDA Determination] applies.
IV.	Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s):	[Calculation Agent]/[●]
V.	Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below] [Not Applicable]
VI.	Screen Rate Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• Reference Rate:	[*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)] [As set out in the Reference Rate Table] (*specify the Reference Rate (and other details of such Reference Rate) which applies to each Interest Period ending on an Interest Period End Date by inserting a Reference Rate Table, the form of which is in Drafting Notes Schedule 1)*
	• Designated Maturity:	[●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [As set out in the Reference Rate Table] [Not Applicable]
	• Specified Time:	[●][As set out in the Reference Rate Table] [As specified in Valuation and Settlement Condition 3.8] [Not Applicable]
	• Relevant	[●][As set out in the Reference Rate Table] [As specified in Valuation and Settlement Condition

	Financial Centre:	3.8] [Not Applicable]
	• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [*(Specify e.g. any relevant Valuation Date(s))/[(specify)*] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [(*specify*)] prior to the start of each Interest Period/First day of each Interest Period/[(*specify*)] day on which the TARGET2 System is open prior to the start of each Interest Period] [As specified in Valuation and Settlement Condition 3.8] [As set out in the Reference Rate Table]
	• Page:	[●][As set out in the Reference Rate Table]
	• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.8] [As set out in the Reference Rate Table]]
VII.	ISDA Determination:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• Floating Rate Option:	[●] [As set out in the Floating Rate Table] (*specify the Floating Rate Option (and other details of such Floating Rate Option) which applies to each Interest Period ending on an Interest Period End Date by inserting a Floating Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Designated Maturity:	[●][As set out in the Floating Rate Table]
	• Reset Date:	[●][First day of the relevant Interest Period][As set out in the Floating Rate Table]
VIII.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
IX.	Margin(s) (for the Screen Rate (if Screen Rate Determination applies) or the ISDA Rate (if ISDA Rate Determination applies)):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
X.	Minimum Interest Rate (for Floating Interest Rate):	[●] [See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest*

		Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1)
	XI. Maximum Interest Rate (for Floating Interest Rate):	[●][See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	XII. Day Count Fraction:	[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)]
	XIII. Interest Participation Rate (for the Screen Rate (if Screen Rate Determination applies) or the ISDA Rate (if ISDA Rate Determination applies)):	[●]/[Not Applicable] (*specify each Interest Participation Rate if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(C)	Inflation Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Interest Payment Date(s) to which the Inflation Rate Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Payment Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	II. Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [Not Applicable]
	III. Interest Amount	(*specify Underlying*)

	Inflation Index:	
IV.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
V.	UCL Relevant Months Prior:	(*specify*) months
VI.	UCL 12 + Relevant Months Prior:	(*specify*) months
VII.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30E/360 (ISDA)] [1/1]
VIII.	Interest Participation Rate (IPR):	[●] [Not Applicable] (*specify each Interest Participation Rate if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
IX.	Minimum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Minimum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
X.	Maximum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Maximum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(D)	DIR Inflation Linked Note Provisions:	[Applicable / Not Applicable] (*If not applicable, delete the remaining sub-paragraph of this paragraph*)
I.	Interest Payment Date(s) to which the DIR Inflation Linked Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*specify each Interest Payment Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)

II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [Not Applicable]
III.	DIR Index:	(*Specify Underlying*)
IV.	Base Index Figure:	[●]
V.	Margin:	[Not Applicable / [+1-] [●] per amount per annum] (*specify each Margin if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VI.	Index Month A:	[*Specify number of calendar months*] calendar months
VII.	Index Month B:	[*Specify number of calendar months*] calendar months
VIII.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (●)] [Actual/360] [1/1]
IX.	Interest Participation Rate (IPR):	[●][Not Applicable] (*specify each Interest Participation Rate if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
X.	Minimum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Minimum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
XI.	Maximum Interest Amount:	[[●] per Calculation Amount] [Not Applicable] (*specify each Maximum Interest Amount if different for each Interest Payment Date by tabulating this information in a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(E)	CMS Interest Linked Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
I.	Interest Payment	[[●] [in each [year] [month] from, and including, [

	Date(s) to which the CMS Interest Linked Note Provisions apply:	●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)] [As set out in paragraph 15(iv) below]	
II.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table below] (*specify each Interest Period End Date by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	
III.	Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s):	[Calculation Agent]/[●]	
IV.	Range Accrual Note Provisions:	[Applicable: see paragraph 15(iv) below] [Not Applicable]	
V.	CMS Interest Rate:	[Single CMS Interest Rate/Worse of CMS Interest Rates/CMS Spread Interest Rate]	
		[CMS Reference Rate [1]] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert heading "CMS Reference Rate 1"*)	[CMS Reference Rate 2] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert this column*)
	• Relevant Swap Rate:	[EUR/GBP/USD/Mid-Market] Swap Rate	[[EUR/GBP/USD/Mid-Market] Swap Rate
	• Designated Maturity:	[●][month[s]/year[s]]	[●][month[s]/year[s]]
	• [Relevant Financial Centre:] (*Insert if Relevant Swap Rate is Mid-Market Swap Rate*)	[●] [As specified in Valuation and Settlement Condition 3.8]	[●] [As specified in Valuation and Settlement Condition 3.8]
	• Relevant Time:	[●]	[●]
	• Reference Currency:	[●]	[●]
	• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation

		and Settlement Condition 3.8]	and Settlement Condition 3.8]
	• Page:	[●]	[●]
	• Reference Banks:	[●] [As specified in Valuation and Settlement Condition 3.2(b)(iv)]	[●] [As specified in Valuation and Settlement Condition 3.2(b)(iv)]
	• Minimum Reference Rate (for CMS Reference Rate):	[●][Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	[●][Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Maximum Reference Rate (for CMS Reference Rate):	[●][Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	[●][Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VI.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]	
VII.	Margin [1] (for CMS Reference Rate [1]):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)	
	[Margin 2 (for CMS Reference Rate 2):]	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	
VIII.	Minimum Interest Rate (for CMS Interest Rate):	[●][See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	
IX.	Maximum Interest Rate (for CMS Interest Rate):	[●][See paragraph 15(iv) below] (*insert for Range Accrual Notes*) [Not Applicable]	

		(*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	X. Day Count Fraction:	[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)]
	XI. Interest Participation Rate [1] (for CMS Reference Rate [1]):	[●]/[Not Applicable] (*specify each Interest Participation Rate [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph XII*)
	XII. Interest Participation Rate 2 (for CMS Reference Rate 2):	[●]/[Not Applicable] (*specify each Interest Participation Rate 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
(ii)	[Interest Underlying Valuation Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A) Valuation Disruption (Scheduled Trading Days):	[Move in Block/Value What You Can/Not Applicable][The provisions of Valuation and Settlement Condition 2(c)[(i)] [applies/do not apply] [Modified Following Scheduled Trading Day/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Valuation and Settlement Condition 2(c) do not apply to that Rate*)
	(B) Valuation Disruption (Disrupted Days):	[Move in Block/Value What You Can/Not Applicable] [Valuation and Settlement Condition 2(d)(i) applies]
	(C) Valuation Roll:	[●]/[eight] [Not Applicable] (*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*) (*This would normally only apply for certain Range*

			Accrual Notes and can otherwise be deleted)] (*In the case of Range Accrual Notes, the provisions of Valuation and Settlement Condition 2 are expected to apply instead of this paragraph (ii)*)
(iii)	Inverse Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Inverse Floating Rate Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Inverse Fixed Rate:	[●] (*If there is more than one Inverse Fixed Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
	III.	Inverse Reference Rate:	[●] (*If there is more than one Inverse Reference Rate for different Interest Periods, this information may be set out in a "Rate Table"*) (*Include details of whether the Inverse Reference Rate is (A) one Reference Rate (a "**Specified Rate**") or (B) one Reference Rate (a "**Specified Rate 1**") minus another Reference Rate (a "**Specified Rate 2**", and together with Specified Rate 1, each a "**Specified Rate**"). Also include details in relation to the Inverse Reference Rate and each Specified Rate whether it is (a) a Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) a CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate: in all cases this would include being determined by reference to the Spread Note Provisions as appropriate. If any Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required.*)
	IV.	Margin(s) (Inverse Floating Interest Rate):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin (Inverse Floating Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	V.	Interest Participation Rate(s) (Inverse Floating Interest Rate):	[●]/[Not Applicable] (*specify each Interest Participation Rate (Inverse Floating Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)

VI.	Interest Period End Date(s):	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
VII.	Minimum Interest Rate (for the Inverse Floating Interest Rate):	[●][Not Applicable] (*If there is more than one Minimum Interest Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
VIII.	Maximum Interest Rate (for the Inverse Floating Interest Rate):	[●][Not Applicable] (*If there is more than one Maximum Interest Rate for different Interest Periods, this information may be set out in a "Rate Table"*)
(iv)	Range Accrual Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
I.	Interest Period(s) and/or Interest Payment Date(s) to which the Range Accrual Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
II.	Interest Rate[s]:	[Fixed Interest Rate: see paragraph 15(i)(A) above/Floating Interest Rate: see paragraph 15(i)(B) above/CMS Interest Rate: see paragraph 15(i)(E) above] (*specify each rate of interest if more than one by inserting a Range Accrual Table, the form of which is in Drafting Notes Schedule 1*)
III.	Single Reference Observation:	[Applicable/Not Applicable]
IV.	Dual Reference Observation:	[Applicable/Not Applicable]
V.	Reference Observation [1] (*insert "Reference Observation 1" if Dual Reference Observation is applicable*):	[*specify what the Reference Observation will be from the options set out in Valuation and Settlement Condition 4 and specify details of the or each Reference Rate and where there is more than one Reference Rate, whether the Barrier is different for each Reference Rate for each relevant interest period. If Dual Reference Observation is specified to be applicable, specify what the Reference Observation will be for each of Reference Observation 1 and Reference Observation 2*] [As set out in the Schedule hereto] (*If Reference Observation (or if Dual Reference Observation is*

		applicable, Reference Observation 1) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table)
VI.	Barrier [1] (*insert "Barrier1" if Dual Reference Observation is applicable*):	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1, and where there is more than one Reference Rate, whether the Barrier [1] is different for each Reference Rate*] [Not Applicable]
	Barrier Reference:	[Greater than the Barrier [1]/Greater than or equal to the Barrier [1]/Less than the Barrier [1]/Less than or equal to the Barrier [1]] (*insert "Barrier 1" if Dual Reference Observation is applicable*) [Not Applicable]
VII.	Lower Range [1] (*insert "Lower Range 1" if Dual Reference Observation is applicable*):	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	Lower Range [1] Option (*insert "Lower Range 1 Option" if Dual Reference Observation is applicable*):	[[Greater than or equal to/Greater than] the Lower Range [1]] [Not Applicable]
VIII.	Upper Range [1] (*insert "Upper Range 1" if Dual Reference Observation is applicable*):	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	Upper Range [1] Option (*insert "Upper Range 1 Option" if Dual Reference Observation is applicable*):	[[Less than or equal to/Less than] the Upper Range [1]] [Not Applicable]
IX.	Reference Rate [One(s)] (for Reference Observation [1]): (*insert "Reference Observation 1" if Dual Reference Observation is applicable*)	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii) below] [Not Applicable] (*Insert details of the or each Reference Rate [One(s)], including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If the Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If there is more than one Reference Rate [One(s)], repeat this paragraph for each Reference Rate [One(s)]*) [As set out in the Schedule hereto] (*If Reference Rate [One(s)] is different for each Interest Period, insert the Schedule which contains the Reference*

		Observation Table)
	[Reference Rate Two(s) (for Reference Observation [1]):] (*insert if applicable*)	[[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii) below] (*Insert details of the or each Reference Rate Two by repeating sub-paragraphs of the paragraph above for Reference Rate Two, including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If there is more than one Reference Rate Two, repeat this paragraph for each Reference Rate Two*) [As set out in the Schedule hereto] (*If Reference Rate Two(s) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)]

(*insert and re-number the following paragraphs if "Dual Reference Observation" is applicable*)

[X.]	Reference Observation 2:	[*specify what the Reference Observation 2 will be from the options set out in Valuation and Settlement Condition 4 and specify details of the or each Reference Rate and where more than one Reference Rate whether the Barrier is different for each Reference Rate for each relevant interest period*] [As set out in the Schedule hereto] (*If Reference Observation 2 is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	[Barrier 2:] (*insert if Barrier 1 is specified*)	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1, and where there is more than one Reference Rate, whether the Barrier 2 is different for each Reference Rate*] [Not Applicable]
	[Barrier Reference:] (*insert if Barrier 2 is specified*)	[Greater than the Barrier 2/Greater than or equal to the Barrier 2/Less than the Barrier 2/Less than or equal to the Barrier 2]
	[Lower Range 2:] (*insert if Lower Range 1 is specified*)	[●] [As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	[Lower Range 2 Option:] (*insert if Lower Range 2 is specified*)	[[Greater than or equal to/Greater than] the Lower Range 2] [Not Applicable]

	Upper Range 2:] (*insert if Upper Range 1 is specified*)	[●][As set out in the Range Accrual Table] [*specify for each relevant interest period by inserting the Range Accrual Table, the form of which is in Drafting Notes Schedule 1*] [Not Applicable]
	[Upper Range 2 Option:] (*insert if Upper Range 2 is specified*)	[[Less than or equal to/Less than] the Upper Range 2] [Not Applicable]
	Reference Rate [One(s)] (for Reference Observation 2):	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate: see paragraph 15(vii) below] [Not Applicable] (*Insert details of the or each Reference Rate [One(s)], including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If the Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate, insert the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If there is more than one Reference Rate [One(s)], repeat this paragraph for each Reference Rate [One(s)]*) [As set out in the Schedule hereto] (*If Reference Rate [One(s)] is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)
	[Reference Rate Two(s) (for Reference Observation 2):] (*insert if applicable*)	[[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Reference Rate: see paragraph 15(vii) below] (*Insert details of the or each Reference Rate Two by repeating sub-paragraphs of the paragraph above for Reference Rate Two, including any Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate. If there is more than one Reference Rate Two, repeat this paragraph for each Reference Rate Two*) [As set out in the Schedule hereto] (*If Reference Rate Two(s) is different for each Interest Period, insert the Schedule which contains the Reference Observation Table*)]
XI.	Accrual Days:	[calendar days/Business Days]
XII.	Accrual Business Day Centre:	[●] [Not Applicable] (*N.B. this relates to the definition of "Accrual Business Day", specify this if the Specified Accrual Cut-Off Date is a specified number of Accrual Business Days. This is not applicable if the Accrual Cut-Off Date is the Default Accrual Cut-Off Date*)
XIII.	Accrual Cut-Off Date (*the "Accrual Cut-Off Date" is the specified*	[Specified Accrual Cut-Off Date] [Default Accrual Cut-Off Date]

	number of calendar days or Accrual Business Days preceding the last day of the relevant Interest Period (Specified Accrual Cut-Off Date) and shall be five Accrual Days if "Default Accrual Cut-Off Date" is specified):	
–	Specified Accrual Cut-Off Date:	[●] [calendar day/Accrual Business Day] [Not Applicable]
XIV.	Any or All:	[Any][All][Not Applicable]
XV.	Minimum Interest Rate:	[See paragraph [15(i)(A)/15(i)(B)/15(i)(E)] above] [Not Applicable]
XVI.	Maximum Interest Rate:	[See paragraph [15(i)(A)/15(i)(B)/15(i)(E)] above] [Not Applicable]
XVII.	Minimum Interest Amount:	[●] per Calculation Amount] [As set out in the Rate Table] [Not Applicable] (*If there is more than one Minimum Interest Amount for different Interest Periods, this information may be set out in a "Rate Table"*)
XVIII.	Maximum Interest Amount:	[[●] per Calculation Amount] [As set out in the Rate Table] [Not Applicable] (*If there is more than one Maximum Interest Amount for different Interest Periods, this information may be set out in a "Rate Table"*)
(v)	Digital Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
I.	Interest Period(s) and/or Interest Payment Date(s) to which the Digital Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
II.	Back Up Rate:	[●] [*Include details of whether the Back Up Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by*

reference to the Spread Note Provisions as appropriate]

III. Digital Reference Rate: [●]

[*Include details of whether the Digital Reference Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]

IV. Reserve Rate: [●]

[*Include details of whether the Reserve Rate will be the sum of more than one rate (each a "Specified Rate") or one rate less another rate (each a "Specified Rate") and whether the Reserve Rate or each Specified Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]

V. Digital Rate: [●]

[*Include details of whether the Digital Rate is a (i) Fixed Interest Rate or (ii) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (iii) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate (by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required), in all cases this would include being determined by reference to the Spread Note Provisions as appropriate*]

VI. Reserve Rate Reference: [Greater than the Reserve Rate/Greater than or equal to the Reserve Rate/Less than the Reserve

			Rate/Less than or equal to the Reserve Rate]
	VII.	Minimum Interest Rate (for the Digital Interest Rate):	[●][Not Applicable]
	VIII.	Maximum Interest Rate (for the Digital Interest Rate):	[●][Not Applicable]
	IX.	Digital Determination Date:	[●]
	[X.	Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(vi)	Digital Band Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period(s) and/or Interest Payment Date(s) to which the Digital Band Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II.	Reference Rate Only or Reference Rate One minus Reference Rate Two:	[Reference Rate Only/Reference Rate One minus Reference Rate Two] applicable
	III.	[Reference Rate:]	[●] (*Where there are different Reference Rate(s) for different Interest Periods and/or Interest Payment Dates, specify in relation to each Reference Rate(s), the Interest Period(s) and/or Interest Payment Dates, to which it applies*) [*Include details of the or each Reference Rate, as applicable, and whether the Reference Rate is a (a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Reference Rate One:] [●]

(*Where there are different Reference Rate Ones for different Interest Periods and/or Interest Payment Dates, specify in relation to each Reference Rate One, the Interest Period(s) and/or Interest Payment Dates, to which it applies*)

[*Include details of the or each Reference Rate One, as applicable, and whether Reference Rate One is a (a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Reference Rate Two:] [●]

(*Where there are different Reference Rate Twos, for different Interest Periods and/or Interest Payment Dates specify in relation to each Reference Rate Two, the Interest Period(s) and/or Interest Payment Dates, to which it applies*)

[*Include details of the or each Reference Rate Two, as applicable, and whether Reference Rate Two is a (a) Floating Interest Rate, and whether Screen Rate Determination applies or ISDA Determination applies, or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, Interest Participation Rate, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

IV. Bands: (*Where there are different Bands for different Interest Periods and/or Interest Payment Dates, specify in relation to each Band the Interest Period and/or Interest Payment Dates to which it applies*)

(i) Band 1: [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [less than] [less than or equal to] [●] per cent.;

(ii) Band 2: [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [greater than][greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.;

[(iii) (*only include Band 3 if applicable*): [The Reference Rate] [Reference Rate One

minus Reference Rate Two] is [greater than][greater than or equal to] [●] but [less than] [less than or equal to] [●] per cent.;]

(*if there are additional bands occurring after band 3 but before the last occurring band which shall be as described below repeat (iii) above for such additional bands but with the relevant band levels*)

[(●) Band [●] (*to be numerically labelled as the last band so if four bands in total this would be "Band 4"*) [The Reference Rate] [Reference Rate One minus Reference Rate Two] is [greater than] [greater than or equal to] [●] per cent.]

V. (A) Band Rate in relation to Band 1: (*Where there are different Band Rates for different Interest Periods and/or Interest Payment Dates, specify in relation to each Band Rate the Interest Periods and/or Interest Payment Dates to which it applies*)

[*Include details of the Band Rate for Band 1 and whether the Band Rate in relation to Band 1 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 1, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 1 and whether Band Rate One in relation to Band 1 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 1 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 1 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 1 and whether Band Rate Two in relation to Band 1 is a (a) Floating Interest Rate and whether*

Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required]

(*Only applicable if the Band Rate in relation to Band 1 is determined pursuant to (iv) above of "Band Rate in relation to Band 1 above"*)

(B) Band Rate in relation to Band 2: [●]

[*Include details of the Band Rate for Band 2 and whether the Band Rate in relation to Band 2 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 2, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 2 and whether Band Rate One in relation to Band 2 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 2 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 2 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 2 and whether Band Rate Two in relation to Band 2 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as*

sub-paragraphs of this paragraph, as required]

(*Only applicable if the Band Rate in relation to Band 2 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 2 above"*)

[(C) Band Rate in relation to Band 3 (*only include if applicable*): [●]

[*Include details of the Band Rate for Band 3 and whether the Band Rate in relation to Band 3 is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to Band 3, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to Band 3 and whether Band Rate One in relation to Band 3 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 3 is determined pursuant to paragraph (iv) of "Band Rate in relation to Band 3 above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to Band 3 and whether Band Rate Two in relation to Band 3 is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to Band 3 is determined pursuant to paragraph (iv) of*

"Band Rate in relation to Band 3 above")

(*if there are additional band rates occurring after the band rate in relation to band 3 but before the last occurring band rate which shall be as described below, repeat (C) above for all such additional band rates but with all the relevant band rate details*)

[(D)] Band Rate in relation to Band [●]: [●]

[*Include details of the Band Rate for the last Band and whether the Band Rate in relation to the last Band is a (i) Fixed Interest Rate or (ii) Floating Interest Rate Note, and whether Screen Rate Determination applies or ISDA Determination applies or (iii) CMS Interest Rate, or (iv) to be Band Rate One minus Band Rate Two, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin in relation to the last Band, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

[Band Rate One:] [●]

[*Include details of Band Rate One in relation to the last Band and whether Band Rate One in relation to the last Band is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required*]

(*Only applicable if the Band Rate in relation to the last Band is determined pursuant to paragraph (iv) of "Band Rate in relation to Band [●] above"*)

[Band Rate Two:] [●]

[*Include details of Band Rate Two in relation to the last Band and whether Band Rate Two in relation to the last Band is a (a) Floating Interest Rate and whether Screen Rate Determination applies or ISDA Determination applies or (b) CMS Interest Rate, and in all cases specify details of all other relevant terms e.g. any relevant Interest Determination Date, Margin, any Minimum Reference Rate and/or any Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this*

		paragraph, as required] (*Only applicable if the Band Rate in relation to the last Band is determined pursuant to paragraph (iv) of "Band Rate in relation to Band [●] above"*) (*If there are additional bands repeat as necessary and modify as above for all additional bands*)
	VI. Minimum Interest Rate (for the Digital Band Interest Rate):	[●]/[Not Applicable]
	VII. Maximum Interest Rate (for the Digital Band Interest Rate):	[●]/[Not Applicable]
	[VIII. Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions) [As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(vii)	Spread Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Interest Period(s) and/or Interest Payment Date(s) to which the Spread Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II. Margin(s) (Spread Interest Rate):	[Not Applicable/[+/-] [●] per cent. per annum] (*specify each Margin (Spread Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	III. Interest Participation Rate(s) (Spread Interest Rate):	[●]/[Not Applicable] (*specify each Interest Participation Rate (Spread Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	IV. Option One or No Option One:	[Option One] [No Option One] [applicable] [Not Applicable]
	V. Spread Cap:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• V%:	[●]
	• Multiplier:	[●]

	• Spread Cap Margin:	[Not Applicable/[+/-] [●] per cent. per annum] (*specify each Spread Cap Margin if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Rate X:	Spread Rate [1/2/3]
	• Rate Y:	Spread Rate [1/2/3]
	• Rate Z:	Spread Rate [1/2/3]
VI.	Spread Rate 1:	[Spread Reference Rate] [plus/minus] [Spread Rate 1 Margin][, and multiplied by Spread Rate 1 Interest Participation Rate] [Not Applicable] *(Specify whether the Spread Reference Rate for Spread Rate 1 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies, or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)*
	• Spread Rate 1 Interest Participation Rate:	[●]/[Not Applicable]
	• Spread Rate 1 Margin:	[●]/[Not Applicable]
VII.	Spread Rate 2:	[Spread Reference Rate] [plus/minus] [Spread Rate 2 Margin][, and multiplied by Spread Rate 2 Interest Participation Rate] [Not Applicable] *(Specify whether the Spread Reference Rate for Spread Rate 2 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies, or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)*
	• Spread Rate 2 Interest Participation Rate:	[●]/[Not Applicable]

	• Spread Rate 2 Margin:	[●]/[Not Applicable]
VIII.	Spread Rate 3:	[Spread Reference Rate] [plus/minus] [Spread Rate 3 Margin][, and multiplied by Spread Rate 3 Interest Participation Rate] [Not Applicable] *(Specify whether the Spread Reference Rate for Spread Rate 3 is (i) one Reference Rate or (ii) the sum of two or more specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)*
	• Spread Rate 3 Interest Participation Rate:	[●]/[Not Applicable]
	• Spread Rate 3 Margin:	[●]/[Not Applicable]
IX.	Minimum Interest Rate (for the Spread Interest Rate):	[●]/[Not Applicable]
X.	Maximum Interest Rate (for the Spread Interest Rate):	[●]/[Not Applicable] *(Insert the following if any relevant rate is determined by reference to Spread Note Provisions or specified as Spread Reference Rate)*
[XI.	Spread Reference Rate:	*(Specify whether Spread Reference Rate is (i) one Reference Rate or (ii) the sum of specified Reference Rates or (iii) Reference Rate One minus Reference Rate Two and, in each case, whether each such rate is (a) a Fixed Interest Rate, or (b) a Floating Interest Rate and whether Screen Rate Determination or ISDA Determination applies or (c) a CMS Interest Rate, and in all cases specify details of all other relevant terms for each such rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required)*]
[XII.	Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)

		[As set out in the Rate Table] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)
(viii)	Previous Coupon Linked Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	I. Interest Period(s) and/or Interest Payment Date(s) to which the Previous Coupon Linked Note Provisions apply:	[●] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)
	II. Previous Coupon Reference Rate:	Previous Coupon[, [plus/minus] [(i)] Rate 1][, multiplied by Rate 1 Participation Rate] [, [plus/minus] (ii) Rate 2][, multiplied by Rate 2 Participation Rate] (*If Previous Coupon Reference Rate is different for each Interest Period, insert the Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
	• Rate 1 (for determination of a Previous Coupon Reference Rate):	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate/(*specify other Reference Rate*)] [As set out in the Rate Table for Previous Coupon Linked Notes] [Not Applicable] (*Specify details of all other relevant terms for each Reference Rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting (if such Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate), the details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required). If Rate 1 is different for each Interest Period, insert also a Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
	• Rate 1 Participation Rate:	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes]
	• Rate 2 (for determination of a Previous Coupon Reference Rate):	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate/Spread Interest Rate/Relevant Spread Rate/Spread Reference Rate/(*specify other Reference Rate*)] [As set out in the Rate Table for Previous Coupon Linked Notes] [Not Applicable] (*Specify details of all other relevant terms for each Reference Rate e.g. any relevant Interest Determination Date, Margin, any Interest Participation Rate, any Minimum Reference Rate and/or Maximum Reference Rate, by inserting (if such Reference Rate is a Fixed Interest Rate, Floating Interest Rate or CMS Interest Rate), the*

		details set out in Drafting Notes Schedule 2 as sub-paragraphs of this paragraph, as required. If Rate 2 is different for each Interest Period, insert also a Rate Table, the form of which is set out in Drafting Notes Schedule 1)
	• Rate 2 Participation Rate:	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes]
	• Minimum Reference Rate (for the Previous Coupon Reference Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
	• Maximum Reference Rate (for the Previous Coupon Reference Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
V.	Margin (Previous Coupon Linked Interest Rate):	[Not Applicable/[+/-][ ] per cent. per annum] [As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify each Margin (Previous Coupon Linked Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VI.	Interest Participation Rate (Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify each Interest Participation Rate (Previous Coupon Linked Interest Rate) if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VII.	Minimum Interest Rate (for the Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
VIII.	Maximum Interest Rate (for the Previous Coupon Linked Interest Rate):	[●]/[Not Applicable]/[As set out in the Rate Table for Previous Coupon Linked Notes] (*Specify for each Interest Payment Date/Interest Period if different by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)
[IX.	Interest Period End Date(s):] (*insert if required*)	[Each] [Interest Payment Date(s)/[●]] [in each [year] [month] from, and including, [●] to and including, [●]] [adjusted in accordance with [s*pecify Business Day Convention*]/not adjusted] (See General Condition 6(g) (*Business Day Convention*) of the General Conditions)

		[As set out in the Rate Table for Previous Coupon Linked Notes] (*Interest Period End Date(s) may be set out in a "Rate Table" if required*)

PROVISIONS RELATING TO ZERO COUPON NOTES

16.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Amortisation Yield:	[Not Applicable]/[[●] [per cent. per annum]]
(ii)	Reference Price:	[●]
(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[[30/360] [Actual/360] [Actual/365]] [Not Applicable]

PROVISIONS RELATING TO REDEMPTION

17.	Redemption Provisions:	
(i)	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Optional Redemption Date(s):	[●]
(B)	Optional Redemption Amount:	[●] per Calculation Amount
(C)	If redeemable in part:	
(1)	Minimum Redemption Amount:	[[●] per Calculation Amount][Not Applicable]
(2)	Maximum Redemption Amount:	[[●] per Calculation Amount][Not Applicable]
(D)	Notice period:	[As set out in General Condition 5(e) (*Redemption at the Option of the Issuer*) of the General Conditions] [Not less than [(*specify*)] Business Days] (*N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
(ii)	Investor Put:	[Applicable/Not Applicable]

		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A) Optional Redemption Date(s):	[●]
	(B) Optional Redemption Amount:	[●] per Calculation Amount
	(C) Notice period:	[As set out in General Condition 5(f) (*Redemption at the Option of holders of Notes*) of the General Conditions] [Not less than [(*specify*)] Business Days] (*N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
(iii)	Redemption Amount:	[●] (*specify*) per Calculation Amount
(iv)	Early Redemption Amount:	[Fair Market Value] [Principal Amount plus accrued interest] [Amortised Face Amount] [Other]

PROVISIONS RELATING TO SWITCHER OPTION

18.	Switcher Option:		[Applicable/Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Switcher Interest Commencement Date(s):	[●]
	(B)	New Interest Basis:	[*include details of the New Interest Basis or the or each Switcher Interest Commencement Date including cross referring to relevant paragraphs herein and including any relevant Interest Determination Date and/or Margin and/or Interest Participation Rate*]
	(C)	Conversion Amount per Calculation Amount payable by the Issuer:	[*include details of any conversion amount payable by the Issuer and the relevant Switcher Interest Commencement Date in respect of which it is payable if more than one*][Not Applicable]
	(D)	Switcher Payment Date:	[●]/[Not Applicable]
	(E)	Notice period:	[As set out in Valuation and Settlement Condition 11 (*Switcher Option*) of the Valuation and Settlement Conditions] [Not less than [(*specify*)] Business Days]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	[Registered Notes Regulation S Global Registered Note Certificate (U.S.$[●] principal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.$[●] principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])] [Swedish Notes - *insert details (including details of the Swedish Notes Issuing and Paying Agent and the provisions of the Fiscal Agency Agreement which apply to the Notes*)] [Finnish Notes – *insert details (including details of the Finnish Notes Issuing and Paying Agent*]]
20.	New Global Note/New Safekeeping Structure:	[No/Yes – New [Global Note/Safekeeping Structure] applies] [Not Applicable]
21.	Business Centre(s):	[●] (*N.B. this paragraph relates to the definition of Business Day in General Condition 19 (Definitions) of the General Conditions*)
22.	Business Day Jurisdiction(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*] (*N.B. this paragraph relates to the date and place of payment for the purposes of the definition of Payment Day in General Condition 6(f) (Payment Days) of the General Conditions*)
23.	Redenomination:	[Not Applicable/[Applicable: The provisions of General Condition 16 (*Redenomination*) of the General Conditions apply]
24.	Consolidation provisions:	[Not Applicable/[The provisions of General Condition 12 (*Further Issues*) of the General Conditions apply] [The Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden - *only applicable in case of Swedish Notes*] [The Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list]

25.	Realisation Disruption:	[Applicable/Not Applicable]
26.	[Other final terms]	[Not Applicable/*give details*] [The Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden - *only applicable in case of Swedish Notes*] The Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list.]
27.	Name and address of Calculation Agent:	[Citibank, N.A./Citigroup Global Markets Limited/Citigroup Global Markets Inc.] [(acting through its (specify) department/group (or any successor department/group))] at [●]]
28.	Determinations:	[Sole and Absolute Determination/Commercial Determination]
29.	[Additional selling restrictions:	[Not Applicable/*give details*] [The Notes may be offered, sold, advertised or otherwise distributed directly or indirectly, in, into or from Switzerland except to qualified investors as defined in article 10 of the Swiss Collective Investment Schemes Act] (*Include if the Notes are to be publicly offered in Switzerland*)]

[RESPONSIBILITY

[(*Relevant third party information*) has been extracted from (*specify source*). [Each of the][70]/[The][71] Issuer [and the CGMFL Guarantor][72] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

Signed on behalf of the Issuer:

By: .....
Duly authorised

[70] Delete where the Issuer is Citigroup Inc.

[71] Delete where the Issuer is CGMFL.

[72] Delete where the Issuer is Citigroup Inc.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from on or around [●]] [Not Applicable] Tranche [●] of the Notes has been admitted to trading on [*specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from [●]] (*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*)
Estimated expenses relating to admission to trading:	[●]

2. RATINGS

Ratings:	The Notes are [not] rated. [The rating of the Notes is: (i) [S&P: [●]] (ii) [Moody's: [●]] (iii) [Fitch: [●]] (iv) [[Other]: [●]] [[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.]] [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[*Insert the legal*

name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation.[As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/ Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the European Union by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by

the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

[[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the CRA Regulation].

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/ Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[*If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation*]

	[*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*)

3. **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]/[Not Applicable]
CUSIP:	[●]/[Not Applicable]
WKN:	[●]/[Not Applicable]
Valoren:	[●]/[Not Applicable]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable:	[Not Applicable/*give name(s) and number(s)* [and references to the [Relevant Clearing System/(specify)] shall be deemed to be references to such clearing system] [The Notes will be accepted for settlement in Euroclear UK & Ireland Limited ("**CREST**") via the CREST Depositary Interest ("**CDI**") mechanism] [Euroclear Sweden AB]/[Euroclear Finland Oy]
Delivery:	Delivery [versus/free of] payment
Names and address of the Swedish Notes Issuing and Paying Agent (if any):	[Nordea Bank AB (publ), Smålandsgatan 17, 105 71 Stockholm, Sweden]/[Not Applicable]
Names and address of the Finnish Notes Issuing and Paying Agent (if any):	[Nordea Bank Finland Plc, Aleksis Kiven Katu 3-5, Helsinki, Finland]/[Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]

(*include this text if "yes" selected*)

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

4. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names [and addresses of the Lead Manager and the other Managers and underwriting commitments]:	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*)
(iii)	[Date of [Subscription] Agreement:	[Not Applicable][*specify*]]
(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(vi)	[Total commission and concession:	[None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [(*specify type of fee or commission*)] payable by the Dealer to any distributor is (*specify*) of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein]

5. **UNITED STATES TAX CONSIDERATIONS**

[For U.S. federal income tax purposes, the Issuer will treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable

yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●] per cent. compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Notes.]

PRO FORMA PRICING SUPPLEMENT DRAFTING NOTES SCHEDULE 1

(*Insert the table below into paragraph 10 of the Pro Forma Pricing Supplement, as required*)

Interest Basis Table		
Interest Commencement Date	**[Interest Period End Date(s) / Interest Payment Date(s)]**	**Type of Notes**
[*specify date*]	[*specify date*]	[Fixed Rate Notes / [and] Floating Rate Notes / [and] Inflation Rate Notes / [and] DIR Inflation Linked Notes / [and] CMS Interest Linked Notes / [and] Inverse Floating Rate Notes / [and] Range Accrual Notes / [and] Digital [Band] Notes / [and] Spread Notes / [and] Previous Coupon Linked Notes]
[*specify date*] (*repeat as required*)	[*specify date*] (*repeat as required*)	[*specify*] (*repeat as required*)

(*Insert the table below into paragraph 15(i)(A) (Fixed Rate Note Provisions) of the Pro Forma Pricing Supplement, as required*)

[Interest Table]	
[Interest Payment Date(s)]	**[Interest Amount/Broken Amount]**
[●] [in each year] [adjusted in accordance with (*Specify Business Day Convention*)/ not adjusted] (See General Condition 6(g))	[[●] per Calculation Amount]

(*Insert the table below into paragraph 15(i)(A) (Fixed Rate Note Provisions) of the Pro Forma Pricing Supplement, as required*)

[Rate Table]			
[Interest Period End Date(s)] [Interest Payment Date(s)]	**[Specified Fixed Rate(s)]**	**[Margin]**[73]	**[Interest Participation Rate]**[74] **[Minimum/Maximum Interest Amount]**[75]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (*repeat as required*)	[●] per cent. per annum (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

[73] Delete if Margin is not applicable for all Interest Periods.

[74] Delete if Interest Participation Rate is not applicable for all Interest Periods.

[75] Insert for Range Accrual Notes where Minimum/Maximum Interest Amount is specified for any Interest Period/Interest Payment Date.

(*Insert the table below into paragraph 15(i)(B) (Floating Rate Note Provisions) of the Pro Forma Pricing Supplement if more than one Floating Interest Rate and Screen Rate Determination is applicable, as required*)

[Reference Rate Table]				
Interest Period End Date(s)	**Reference Rate**	**Page**	**[Relevant Financial Centre]**[76] **[Interest Determination Date(s)]**[77]	**[Reference Banks]**[78] **[Specified Time]**[79]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[●] month [(the "**Designated Maturity**") (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]	[●]	[●]	[●]

(*Insert table below into paragraph 15(i)(B) (Floating Rate Note Provisions) of the Pro Forma Pricing Supplement if more than one Floating Interest Rate and ISDA Determination is applicable, as required*)

[Floating Rate Table]			
Interest Period End Date(s)	**Floating Rate Option**	**Designated Maturity**	**Reset Date**
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[●]	[●]	[●] [First day of the relevant Interest Period]

76 Insert if not specified in the Valuation and Settlement Conditions.

77 Insert if not specified in the Valuation and Settlement Conditions.

78 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

79 Insert if not specified in the Valuation and Settlement Conditions.

(*Insert table below into paragraphs 15(i)(B) (Floating Rate Note Provisions), 15(i)(C) (Inflation Rate Note Provisions), 15(i)(D) (DIR Inflation Linked Note Provisions), 15(i)(E) (CMS Interest Linked Note Provisions) or 15(iii) (Inverse Floating Rate Note Provisions) of the Pro Forma Pricing Supplement if there is more than one Margin, Interest Participation Rate or Minimum/Maximum Interest Rate (as applicable) for different Interest Periods, as required*)

[Rate Table]				
[Interest Period End Date(s)] [Interest Payment Date(s)]	**[Inverse Fixed Rate / Inverse Reference Rate/ Specified Rate 1 / Specified Rate 2]**[80]	**[Margin [(Inverse Floating Interest Rate)]]**[81]	**[Interest Participation Rate [(Inverse Floating Interest Rate)]]**[82]	**[Minimum/Maximum Interest Rate]**[83] **[Minimum/Maximum Reference Rate]**[84] **[Minimum/Maximum Interest Amount]**[85]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[●] / [Not Applicable] (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(*Insert table below into paragraph 15(i)(E) (CMS Interest Linked Note Provisions) of the Pro Forma Pricing Supplement if "Worse of CMS Interest Rates" or "CMS Spread Interest Rate" is applicable and there is more than one Margin 1, Margin 2, Interest Participation Rate 1, Interest Participation Rate 2 or Minimum/Maximum Reference Rate (as applicable) in respect of CMS Reference Rate 1 and CMS Reference Rate 2 for different Interest Periods, as required*)

[Rate Table]						
	CMS Reference Rate 1			**CMS Reference Rate 2**		
[Interest Period End Date(s)]	**[Margin 1]**[86]	**[Interest Participation Rate 1]**[87]	**[Minimum/ Maximum Reference Rate]**[88]	**[Margin 2]**[89]	**[Interest Participation Rate 2]**[90]	**[Minimum/ Maximum Reference Rate]**[91]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as*	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as*	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

80 Insert for Inverse Floating Rate Notes if different for each Interest Period/Interest Payment Date.

81 Delete if Margin is not applicable for all Interest Periods.

82 Delete if Interest Participation Rate is not applicable for all Interest Periods.

83 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

84 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

85 Insert for Inflation Rate Notes or Range Accrual Notes if the Minimum/Maximum Interest Amount specified is different for each Interest Period/Interest Payment Date.

86 Delete if Margin is not applicable for all Interest Periods.

87 Delete if Interest Participation Rate is not applicable for all Interest Periods.

88 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

89 Delete if Margin is not applicable for all Interest Periods.

90 Delete if Interest Participation Rate is not applicable for all Interest Periods.

91 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

adjusted]]	*required*)			*required*)		

(*Insert table below into paragraphs 15(iii) (Inverse Floating Rate Note Provisions) or 15(iv) (Range Accrual Note Provisions) of the Pro Forma Pricing Supplement if there is more than one Minimum/Maximum Reference Rate for different Interest Periods, as required*)

Interest Period End Date(s)	**[reference rate][one[s]][92] [Inverse Reference Rate][93]**	**[reference rate][two[s]][94] [Specified Rate 1][95]**	[**Specified Rate 2**][96]
	[Minimum/Maximum Reference Rate][97]	**[Minimum/Maximum Reference Rate][98]**	**[Minimum/Maximum Reference Rate][99]**
[*insert date(s)*] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(Insert the table below into paragraph 15(iv) (Range Accrual Note Provisions) of the Pro Forma Pricing Supplement if the Interest Rate, the Barrier or the Upper Range and Lower Range is different for each Interest Period, as required)

[Range Accrual Table]			
[Interest Period End Date(s)	**[Reference Observation]* [Interest Rate]***	**[Barrier] [Upper Range]**	**[Lower Range]**
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

**insert additional columns for "Interest Rate" and "Reference Observation" for each Interest Period if different*

(*insert table below into paragraph 15(iv) (Range Accrual Note Provisions) of the Pro Forma Pricing Supplement if Dual Reference Observation is applicable, and if the Interest Rate, Barrier 1 and Barrier 2, or the Upper Range 1 and Lower Range 1, Upper Range 2 and Lower Range 2, as applicable, is different for each Interest Period, as required*)

[Range Accrual Table]					
Interest Period End Date(s)	**[Interest Rate]***	**Accrual Condition 1**		**Accrual Condition 2**	
		[Barrier 1] [Lower Range 1] [Reference Observation 1]*	**[Upper Range 1]**	**[Barrier 2] [Lower Range 2] [Reference Observation 2]***	**[Upper Range 2]**
[*insert date(s)*] (*repeat as required*)		[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

**insert additional columns for "Interest Rate", "Reference Observation 1" under the heading "Accrual Condition 1" and "Reference Observation 2" under the heading "Accrual Condition 2", for each Interest Period if different.*

92 Insert for Range Accrual Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

93 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

94 Insert for Range Accrual Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

95 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

96 Insert for Inverse Floating Rate Notes if Minimum/Maximum Reference Rate is different for any Interest Period.

97 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

98 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

99 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

(*insert table below into paragraph 15(vii) (Spread Note Provisions) of the Pro Forma Pricing Supplement if Relevant Spread Rate, or the Margin (Spread Interest Rate), Interest Participation Rate (Spread Interest Rate), Minimum Interest Rate and/or Maximum Interest Rate in respect of the Relevant Spread Rate for each Interest Period is different*)

[Rate Table for Spread Note Provisions]			
[Interest Period End Date(s)]	**[Relevant Spread Rate]**[100]	**[Margin (Spread Interest Rate)]**[101] **[Interest Participation Rate (Spread Interest Rate)]**[102]	**[Minimum/Maximum Interest Rate]**[103]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[No] [Option One] / [Spread Cap] applicable	[Not Applicable / [+/-][●] per cent. per annum] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*)

(*insert table below into paragraph 15(vii) (Spread Note Provisions) of the Pro Forma Pricing Supplement if Spread Rate 1 Margin, Spread Rate 2 Margin, Spread Rate 1 Interest Participation Rate, Spread Rate 2 Interest Participation Rate, Minimum Reference Rate and/or Maximum Reference Rate for each Interest Period is different*)

Interest Period End Date(s)	**[Spread Rate 1]**		**[Spread Rate 2] [Spread Rate 3]***	
	[Spread Rate 1 Margin]	**[Spread Rate 1 Interest Participation Rate]**[104] **[Minimum/Maximum Reference Rate]***	**[Spread Rate 2 Margin]* [Spread Rate 3 Margin]***	**[Spread Rate 2 Interest Participation Rate] [Spread Rate 3 Interest Participation Rate]**[105] **[Minimum/Maximum Reference Rate]***
[*insert date(s)*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	+/- [*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]
**insert, if applicable, an additional column for "Spread Rate 3", and additional columns for "Spread Rate 3 Margin", "Spread Rate 3 Interest Participation Rate" and/or "Minimum/Maximum Reference Rate" if different for each Interest Period.*				

100 Insert if different for each Interest Period.

101 Insert if Margin (Spread Interest Rate) is different for each Interest Period.

102 Insert if Interest Participation Rate (Spread Interest Rate) is different for each Interest Period.

103 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

104 Insert additional columns for Spread Rate 1 Interest Participation Rate or Spread Rate 2 Interest Participation Rate if different for each Interest Period.

105 Insert additional columns for Spread Rate 1 Interest Participation Rate or Spread Rate 2 Interest Participation Rate if different for each Interest Period.

(*insert table below into paragraph 15(viii) (Previous Coupon Linked Note Provisions) of the Pro Forma Pricing Supplement if the Previous Coupon Reference Rate, Rate 1 and Rate 2 for each Interest Period or Interest Payment Date is different*)

[Rate Table for Previous Coupon Linked Notes]				
Previous Coupon Linked Interest Rate				
[Interest Period End Date(s)] [Previous Coupon Linked Payment Date]	**[Margin (Previous Coupon Linked Interest Rate)]**[106] **[Interest Participation Rate (Previous Coupon Linked Interest Rate)]**[107]	**[Previous Coupon Reference Rate]**	**[Rate 1]**[108] **[Rate 2]**[109]	**[Minimum / Maximum Interest Rate]**[110]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]	[Not Applicable / [+/-] [●] per cent. per annum] (*repeat as required*)	Previous Coupon[, [plus/minus] [(i)] Rate 1][, multiplied by Rate 1 Participation Rate] [, [plus/minus] (ii) Rate 2][, multiplied by Rate 2 Participation Rate] (*repeat as required*)	[●] / [Not Applicable] (*repeat as required*) [Relevant Swap Rate: [EUR/GBP/USD/Mid-Market] Swap Rate Designated Maturity: [●] [Relevant Financial Centre: [●]] Relevant Time: [●] Reference Currency: [●] Interest Determination Date(s): [●] Page: [●] Reference Banks: [●]] (*insert if required*)	[●] / [Not Applicable] (*repeat as required*)

(*insert table below into paragraph 15(viii) (Previous Coupon Linked Note Provisions) of the Pro Forma Pricing Supplement if the Rate 1 Participation Rate, Rate 2 Participation Rate, Minimum / Maximum Reference Rate for each Interest Period or Interest Payment Date is different*)

[Rate Table for Previous Coupon Linked Notes]				
Previous Coupon Reference Rate				
[Interest Period End Date(s)] [Previous Coupon Linked Payment Date]	**Rate 1**		**Rate 2**	
	[Rate 1 Participation Rate][111]	**[Minimum / Maximum Reference Rate]**[112]	**[Rate 2 Participation Rate]**[113]	**[Minimum / Maximum Reference Rate]**[114]
[*insert date(s)*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)	[*specify*] (*repeat as required*)]

106 Delete if Margin is not applicable for all Interest Periods.

107 Delete if Interest Participation Rate is not applicable for all Interest Periods.

108 Delete if Rate 1 for a Previous Coupon Reference Rate is the same for all Interest Periods.

109 Delete if Rate 2 for a Previous Coupon Reference Rate is the same for all Interest Periods.

110 Delete if Minimum/Maximum Interest Rate is not applicable for all Interest Periods.

111 Delete if Interest Participation Rate is not applicable for all Interest Periods.

112 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

113 Delete if Interest Participation Rate is not applicable for all Interest Periods.

114 Delete if Minimum/Maximum Reference Rate is not applicable for all Interest Periods.

PRO FORMA PRICING SUPPLEMENT DRAFTING NOTES SCHEDULE 2

(*Details of Reference Rate(s) (or Specified Rate(s) in the case of Inverse Floating Rate Notes) to be inserted into the Pro Forma Pricing Supplement, as required*)

[Reference Rate [One(s)]/Specified Rate [One] *(insert for Inverse Floating Rate Notes)*:	[Fixed Interest Rate/Floating Interest Rate/CMS Interest Rate]
(insert if any Reference Rate is a Fixed Interest Rate) [Specified Fixed Rate: *(delete if not applicable)*	[●] per cent. per annum
[Margin (for the Specified Fixed Rate):] *(delete if not applicable)*	[●]
[Interest Participation Rate (for the Specified Fixed Rate):] *(delete if not applicable)*	[●]
(insert if any Reference Rate is a Floating Interest Rate) [Manner in which the Floating Interest Rate(s) is/are to be determined:	[Screen Rate Determination / ISDA Determination] applies]
(insert if any Reference Rate is a Floating Interest Rate and Screen Rate Determination is applicable) [Screen Rate Determination:	[Applicable/Not Applicable]
• [Reference Rate:	[*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)] (*if more than one interest rate, specify Interest Period End Dates to which each interest rate applies by inserting a Reference Rate Table, the form of which is set out in Drafting Notes Schedule 1*)
• Designated Maturity:	[●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [Not Applicable]
• Specified Time:	[●][As specified in Valuation and Settlement Condition 3.8][Not Applicable]
• Relevant Financial Centre:	[●][As specified in Valuation and Settlement Condition 3.8][Not Applicable]

• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [(*Specify e.g. any relevant Valuation Date(s)*)/[(*specify*)] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [(*specify*)] prior to the start of each Interest Period/First day of each Interest Period/[(*specify*)] day on which the TARGET2 System is open prior to the start of each Interest Period] [As specified in Valuation and Settlement Condition 3.8]
• Page:	[●]
• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.8]
• [Margin (for the Screen Rate):] *(delete if not applicable)*	[●]
• [Interest Participation Rate (for the Screen Rate):] *(delete if not applicable)*	[●]
(*insert if any Reference Rate is a Floating Interest Rate and ISDA Determination is applicable*) [ISDA Determination:	[Applicable/Not Applicable]
• Floating Rate Option:	[●]
• Designated Maturity:	[●]
• Reset Date:	[●][First day of the relevant Interest Period]]
• [Margin (for the ISDA Rate):] *(delete if not applicable)*	[●]
• [Interest Participation Rate (for the ISDA Rate):] *(delete if not applicable)*	[●]
(*insert if Reference Rate is a CMS Interest Rate*) [CMS Interest Rate:	[Single CMS Interest Rate/Worse of CMS Interest Rates/CMS Spread Interest Rate]
	[CMS Reference Rate [1]] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS*
	[CMS Reference Rate 2] (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS*

	Spread Interest Rate", insert heading "CMS Reference Rate 1")	*Spread Interest Rate", insert this column*)
• Relevant Swap Rate:	[EUR/GBP/USD/ Mid-Market] Swap Rate	[[EUR/GBP/USD/ Mid-Market] Swap Rate
• Designated Maturity:	[●][month[s]/year[s]]	[●][month[s]/year[s]]
[• Relevant Financial Centre:] (*Insert if Relevant Swap Rate is Mid-Market Swap Rate*	[●] [As specified in Valuation and Settlement Condition 3.8]	[●] [As specified in Valuation and Settlement Condition 3.8]
• Relevant Time:	[●]	[●]
• Reference Currency:	[●]	[●]
• Interest Determination Date(s):	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]	[Daily/Periodic] Rate Determination is applicable: [●] [As specified in Valuation and Settlement Condition 3.8]
• Page:	[●]	[●]
• Reference Banks:	[●][As specified in Valuation and Settlement Condition 3.2(b)(iv)]	[●][As specified in Valuation and Settlement Condition 3.2(b)(iv)]
(insert if any Reference Rate is subject to a Minimum Reference Rate) [Minimum Reference Rate:	[●] [Not Applicable]]	[●] [Not Applicable]]
(insert if any Reference Rate is subject to a Maximum Reference Rate) [Maximum Reference Rate:	[●] [Not Applicable]]	[●] [Not Applicable]]
• Margin [1] (for CMS Reference Rate [1]):	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)	
• Margin 2 (for CMS Reference Rate 2):]	[Not Applicable/[+/-][●] per cent. per annum] (*specify each Margin 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)	

• Interest Participation Rate [1] (for CMS Reference Rate [1]):	[●]/[Not Applicable] (*specify each Interest Participation Rate [1] if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*) (*If CMS Interest Rate is "Worse of CMS Interest Rates" or "CMS Spread Interest Rate", insert the following sub-paragraph*)
• Interest Participation Rate 2 (for CMS Reference Rate 2):	[●]/[Not Applicable] (*specify each Interest Participation Rate 2 if more than one by inserting a Rate Table, the form of which is in Drafting Notes Schedule 1*)]
[Reference Rate [One(s)/Two(s)] /Specified Rate Two (*insert for Inverse Floating Rate Notes*):]	[Fixed Interest Rate/ Floating Interest Rate/CMS Interest Rate] (*repeat above details as required for Reference Rate Two or if there is more than one Reference Rate Ones, or Specified Rate Two for Inverse Floating Rate Notes*)

[SCHEDULE TO PRICING SUPPLEMENT]

(*Insert as a Schedule to the Pricing Supplement as required*)

(Insert if Reference Observation (or if Dual Reference Observation is applicable, Reference Observation 1 and Reference Observation 2) is different for each Interest Period) **[Reference Observation Table]**				
	Reference Observation [1] [2]*			
	Reference Rate [One[s]] (*repeat as required if more than one Reference Rate One*)			
Interest Period End Date(s)	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][115] [Reset Date] [Interest Determination Date(s)][116]	[Reference Banks][117] [Specified Time/Relevant Time][118]
[Interest Payment Date(s) / [●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]] (See General Condition 6(g))	[Specified Fixed Rate: [●] % per annum] [Reference Rate: [●] month[s] [(the Designated Maturity) (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR / LIBOR / STIBOR / NIBOR / CIBOR / TIBOR / HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]] [Floating Rate Option: [●]] month[s] (the Designated Maturity) [●]] [Relevant Swap Rate: [month[s]/year[s]] (the Designated Maturity) [EUR/GBP/USD/Mid-Market] Swap Rate Reference Currency: [●]]	[●]	[●]	[●]

115 Insert if not specified in the Valuation and Settlement Conditions.

116 Insert if not specified in the Valuation and Settlement Conditions.

117 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

118 Insert if not specified in the Valuation and Settlement Conditions.

	[Reference Rate Ones]			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][119] [Reset Date] [Interest Determination Date(s)][120]	[Reference Banks][121] [Specified Time/Relevant Time][122]
	[Reference Rate Two[s]] (*repeat as required if more than one Reference Rate Two*)			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][123] [Reset Date] [Interest Determination Date(s)][124]	[Reference Banks][125] [Specified Time/Relevant Time][126]
	[Reference Rate Two[s]]			
	Specified Fixed Rate/Reference Rate/Floating Rate Option/Relevant Swap Rate	[Page]	[Relevant Financial Centre][127] [Reset Date] [Interest Determination Date(s)][128]	[Reference Banks][129] [Specified Time/Relevant Time][130]

** Insert additional columns for Reference Observation 2 if different for each Interest Period*

119 Insert if not specified in the Valuation and Settlement Conditions.

120 Insert if not specified in the Valuation and Settlement Conditions.

121 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

122 Insert if not specified in the Valuation and Settlement Conditions.

123 Insert if not specified in the Valuation and Settlement Conditions.

124 Insert if not specified in the Valuation and Settlement Conditions.

125 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

126 Insert if not specified in the Valuation and Settlement Conditions.

127 Insert if not specified in the Valuation and Settlement Conditions.

128 Insert if not specified in the Valuation and Settlement Conditions.

129 Insert if Reference Rate is other than LIBOR, EURIOBOR, BBSW or BKBM.

130 Insert if not specified in the Valuation and Settlement Conditions.

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SECTION I – CITIGROUP INC. PRESS RELEASE OF 14 JULY 2014

EXHIBIT 99.1

For Immediate Release
Citigroup Inc. (NYSE: C)
July 14, 2014

Citigroup Announces Comprehensive Settlement with Residential Mortgage-Backed Securities Working Group

New York -- Citigroup today announced that it has reached an agreement to settle the ongoing investigation of the Residential Mortgage-Backed Securities (RMBS) Working Group, part of the Financial Fraud Enforcement Task Force. Today's agreement resolves actual and potential civil claims by the U.S. Department of Justice (the DOJ), several state attorneys general (State AGs), and the Federal Deposit Insurance Corporation (the FDIC) relating to RMBS and collateralized debt obligations (CDOs) issued, structured or underwritten by Citi between 2003 and 2008.

Under the terms of the settlement, Citigroup will pay a total of $4.5 billion in cash and provide $2.5 billion in consumer relief. The cash portion consists of a $4 billion civil monetary payment to the DOJ and $500 million in compensatory payments to the State AGs and the FDIC. The consumer relief will be in the form of financing provided for the construction and preservation of affordable multifamily rental housing, principal reduction and forbearance for residential loans, as well as other direct consumer benefits from various relief programs. Citigroup has agreed to provide the consumer relief by the end of 2018.

Michael Corbat, Chief Executive Officer of Citigroup, said, "The comprehensive settlement announced today with the U.S. Department of Justice, state attorneys general, and the FDIC resolves all pending civil investigations related to our legacy RMBS and CDO underwriting, structuring and issuance activities. We also have now resolved substantially all of our legacy RMBS and CDO litigation. We believe that this settlement is in the best interests of our shareholders, and allows us to move forward and to focus on the future, not the past."

In connection with the settlement, Citigroup will take a charge of approximately $3.8 billion pre-tax in the second quarter of 2014. Citigroup will issue its second quarter results via press release at approximately 8 a.m. today.

# # #

Citi

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

Additional information may be found at www.citigroup.com | Twitter: @Citi | YouTube: www.youtube.com/citi | Blog: http://blog.citigroup.com | Facebook: www.facebook.com/citi | LinkedIn: www.linkedin.com/company/citi

Certain statements in this release, including Citi's agreement to provide the required consumer relief under the settlement by the end of 2018, are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results and capital and other financial condition may differ materially from those included in these statements due to a variety of factors. More information about these factors and other factors that may affect Citi's future results is contained in Citi's filings with the U.S. Securities and Exchange Commission, including without limitation the "Risk Factors" section of Citi's 2013 Annual Report on Form 10-K. Any forward-looking statements made by or on behalf of Citigroup speak only as to the date they are made, and Citi does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

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SECTION J – ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CGMFL GUARANTOR

CITIGROUP GLOBAL MARKETS LIMITED

(Registered Number: 01763297)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2012

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2012

The Directors present their Report and the audited financial statements of Citigroup Global Markets Limited ("the Company") for the year ended 31 December 2012.

The Financial Statements are prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The Directors 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 the assessment is provided in the following sections of the financial statements:

- principal activities, strategic direction and challenges and uncertainties are described in the business review;
- a financial summary, including the profit and loss account and balance sheet, is provided in the financial results section on pages 20 to 22; and
- objectives, policies and processes for managing market, credit, liquidity and operational risk, and the Company's approach to capital management and allocation, as described in note 28 'Financial instruments and risk management'.

Business review and principal activities

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. and is authorised by the Financial Services Authority ("FSA") under the Financial Services and Markets Act 2000. On 1 April 2013, the FSA was dissolved and replaced by two new bodies, the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") who will regulate the Company going forward. For the purposes of these financial statements, the regulatory body is referred to as the FSA. The Company 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. The Company also markets securities owned by other group undertakings on a commission basis.

During 2012 the Financial Reporting Council (FRC) revised the financial reporting standards for the United Kingdom and Republic of Ireland, fundamentally reforming financial reporting and which will be effective for periods beginning on or after 1 January 2015, as described in note 1 'Principal accounting policies – (a) Basis of presentation.

On 24 February 2012 Standard and Poor's issued the Company with an A/A-1 short-term counterparty credit rating.

The Company's 2012 results have once again been significantly impacted by the challenging operating environment, as macroeconomic concerns, including in the United States and the Eurozone, continued to affect investment and corporate confidence resulting in reduced market activity. The Company continues to focus on its client driven franchise and has withdrawn from a number of proprietary businesses.

The Company's pre-tax losses for the year to 31 December 2012 were $313 million, compared to losses of $338 million for 2011. Losses after tax were $351 million (2011: loss of $358 million).

Income
Total income net of interest expense was $2,767 million, a marginal decline from the previous year reflecting lower fee revenues from the Company's intercompany transfer pricing arrangements, offset by improved performance in the Company's core business.

Commission income and fees fell from $2,090 million to $1,517 million, driven by lower trading management fees in the Fixed Income business. This business benefitted in 2011 from the market impact of Eurozone uncertainty and global geo-political concerns.

Net dealing income increased from $1,127 million to $1,313 million, reflecting improved performance in the Equities and Credit businesses as actions were taken to address underperforming desks and market conditions improved relative to 2011.

Net interest payable moved from $296 million to $63 million. This represents a combination of reduction in interest on collateralized financing transactions and the Company's repayment of subordinated debt in 2012.

Other income was $54 million. This represents the Company's gain on sale of its shares in the London Metal Exchange in December 2012.

Costs
Operating expenses are down 4.0% over the period despite an adverse FX impact. This was driven by reduced compensation as average headcount over the period dropped by 154. Additionally the Company benefitted from a release of balance sheet provisions and a decrease in exchange fees as cash trading volumes fell.

Balance sheet
Total assets of $266 billion at 31 December 2012 were 13% lower than at 31 December 2011. As part of the strategic management of the Company's balance sheet there was a compression of intercompany swaps, which combined with spread tightening on credit default swaps, resulted in a 36% reduction in derivative assets. Trading securities, collateralized financing transactions and derivatives make up a significant portion of the assets.

Total liabilities of $255 billion at 31 December 2012 were 14% lower than at 31 December 2011. This is primarily due to a 33% decrease in derivative liabilities which has the same drivers as the reduction in derivative assets.

The Company repaid $4,480 million in subordinated debt in 2012. The repayments were made as follows; $2,000 million on 31 January 2012, $1,484 million on 13 July 2012 and $996 million on 12 October 2012.

A capital contribution was made to the Company by Citigroup Global Markets Europe Limited ("CGMEL") of $284 million on 13 July 2012. The capital contribution was made in order to augment the Company's regulatory capital resources.

Post balance sheet events

On 22 February 2013 Fitch Ratings issued the Company with an A/F1 issuer default rating.

Key financial performance indicators

In addition to the financial results of the Company, senior management consider the following key financial indicators:

- amount of capital compared to local regulatory requirements
- liquidity requirements in respect of the Company's highly stressed (stress 2) and severely stressed (stress 4) liquidity scenarios
- level of expenses

The Company's strategy continues to be to take advantage of opportunities for the further development of its business. The Company believes that the European sovereign debt crisis and its potential impact on the global markets and growth will likely continue to create macro uncertainty and remain an issue until the market, investors and Citigroup's clients and customers believe that a comprehensive resolution to the crisis has been structured, and is achievable. Such uncertainty could have a continued negative impact on investor activity, and thus on the Company's activity levels and results in 2013. Compounding this continuing macroeconomic uncertainty is the ongoing uncertainty facing the Company, its business and related entities as a result of the numerous regulatory initiatives underway in the UK and globally. Together the Risk Factors section of this Directors' Report and Note 28 to the financial statements provides information on some of the key risks to which the Company is exposed.

Risk factors

The continued disruptions in global financial markets have increased the risks and uncertainties identified by Citigroup globally and other Financial Service companies. Given the Company's ultimate reliance on the support of our parent, the below is an extract of the risk factors impacting Citigroup Inc, our Group Parent, from its 2012 annual report on form 10-K. Please note that the references to Citi in this section mean Citigroup Inc.

Regulatory risk

Citi Faces Ongoing Significant Regulatory Changes and Uncertainties in the U.S. and Non-U.S. Jurisdictions in Which It Operates That Negatively Impact the Management of Its Businesses, Results of Operations and Ability to Compete.
Citi continues to be subject to significant regulatory changes and uncertainties both in the U.S. and the non-U.S. jurisdictions in which it operates. As discussed throughout this section, the complete scope and ultimate form of a number of provisions of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and other regulatory initiatives in the U.S. are still being finalized and, even when finalized, will likely require

Risk factors (continued)

Regulatory risk (continued)

significant interpretation and guidance. These regulatory changes and uncertainties are compounded by numerous regulatory initiatives underway in non-U.S. jurisdictions in which Citi operates.

Certain of these initiatives, such as prohibitions or restrictions on proprietary trading or the requirement to establish "living wills," overlap with changes in the U.S., while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, currently do not. Even when U.S. and international initiatives overlap, in many instances they have not been undertaken on a coordinated basis and areas of divergence have developed with respect to scope, interpretation, timing, structure or approach.

Citi could be subject to additional regulatory requirements or changes beyond those currently proposed, adopted or contemplated, particularly given the ongoing heightened regulatory environment in which financial institutions operate. For example, in connection with their orderly liquidation authority under Title II of the Dodd-Frank Act, U.S. regulators may require that bank holding companies maintain a prescribed level of debt at the holding company level. In addition, under the Dodd-Frank Act, U.S. regulators may require additional collateral for inter-affiliate derivative and other credit transactions which, depending upon rulemaking and regulatory guidance could be significant. There also continues to be discussion of potential GSE reform which would likely affect markets for mortgages and mortgage securities in ways that cannot currently be predicted. The heightened regulatory environment has resulted not only in a tendency toward more regulation, but toward the most prescriptive regulation as regulatory agencies have generally taken a conservative approach to rulemaking, interpretive guidance and their general ongoing supervisory authority.

Regulatory changes and uncertainties make Citi's business planning more difficult and could require Citi to change its business models or even its organizational structure, all of which could ultimately negatively impact Citi's results of operations as well as realization of its deferred tax assets (DTAs). For example, regulators have proposed applying limits to certain concentrations of risk, such as through single counterparty credit limits or legal lending limits, and implementation of such limits currently or in the future could require Citi to restructure client or counterparty relationships and could result in the potential loss of clients.

Further, certain regulatory requirements could require Citi to create new subsidiaries instead of branches in foreign jurisdictions, or create subsidiaries to conduct particular businesses or operations (so-called "subsidiarization"). This could, among other things, negatively impact Citi's global capital and liquidity management and overall cost structure. Unless and until there is sufficient regulatory certainty, Citi's business planning and proposed pricing for affected businesses necessarily include assumptions based on possible or proposed rules or requirements, and incorrect assumptions could impede Citi's ability to effectively implement and comply with final requirements in a timely manner. Business planning is further complicated by the continual need to review and evaluate the impact on Citi's businesses of ongoing rule proposals and final rules and interpretations from numerous regulatory bodies, all within compressed timeframes.

Citi's costs associated with implementation of, as well as the ongoing, extensive compliance costs associated with, new regulations or regulatory changes will likely be substantial and will negatively impact Citi's results of operations. Given the continued regulatory uncertainty, however, the ultimate amount and timing of such impact going forward cannot be predicted. Also, compliance with inconsistent, conflicting or duplicative regulations, either within the U.S. or between the U.S. and non-U.S. jurisdictions, could further increase the impact on Citi. For example, the Dodd-Frank Act provided for the elimination of "federal preemption" with respect to the operating subsidiaries of federally chartered institutions such as Citibank, N.A., which allows for a broader application of state consumer finance laws to such subsidiaries. As a result, Citi is now required to conform the consumer businesses conducted by operating subsidiaries of Citibank, N.A. to a variety of potentially conflicting or inconsistent state laws not previously applicable, such as laws imposing customer fee restrictions or requiring additional consumer disclosures. Failure to comply with these or other regulatory changes could further increase Citi's costs or otherwise harm Citi's reputation.

Uncertainty persists regarding the competitive impact of these new regulations. Citi could be subject to more stringent regulations, or could incur additional compliance costs, compared to its U.S. competitors because of its global footprint. In addition, certain other financial intermediaries may not be regulated on the same basis or to the same extent as Citi and consequently may have certain competitive advantages. Moreover, Citi could be subject to more, or more stringent, regulations than its foreign competitors because of several U.S. regulatory initiatives, particularly with respect to Citi's non-U.S. operations.

Risk factors (continued)

Regulatory risk (continued)

Differences in substance and severity of regulations across jurisdictions could significantly reduce Citi's ability to compete with its U.S. and non-U.S. competitors and further negatively impact Citi's results of operations. For example, Citi conducts a substantial portion of its derivatives activities through Citibank, N.A.

Pursuant to the CFTC's current and proposed rules on cross-border implications of the new derivatives registration and trading requirements under the Dodd-Frank Act, clients who transact their derivatives business with overseas branches of Citibank, N.A. could be subject to U.S. registration and other derivatives requirements. Clients of Citi and other large U.S. financial institutions have expressed an unwillingness to continue to deal with overseas branches of U.S. banks if the rules would subject them to these requirements. As a result, Citi could lose clients to non-U.S. financial institutions that are not subject to the same compliance regime.

Continued Uncertainty Regarding the Timing and Implementation of Future Regulatory Capital Requirements Makes It Difficult to Determine the Ultimate Impact of These Requirements on Citi's Businesses and Results of Operations and Impedes Long-Term Capital Planning.
During 2012, U.S. regulators proposed the U.S. Basel III rules that would be applicable to Citigroup and its depository institution subsidiaries, including Citibank, N.A. U.S. regulators also adopted final rules relating to Basel II.5 market risk that were effective on January 1, 2013. This new regulatory capital regime will increase the level of capital required to be held by Citi, not only with respect to the quantity and quality of capital (such as capital required to be held in the form of common equity), but also as a result of increasing Citi's overall risk-weighted assets.

There continues to be significant uncertainty regarding the overall timing and implementation of the final U.S. regulatory capital rules. For example, while the U.S. Basel III rules have been proposed, additional rulemaking and interpretation is necessary to adopt and implement the final rules. Overall implementation phase-in will also need to be finalized by U.S. regulators, and it remains to be seen how U.S. regulators will address the interaction between the new capital adequacy rules, Basel I, Basel II, Basel II.5 and the proposed "standardized" approach serving as a "floor" to the capital requirements of "advanced approaches" institutions, such as Citigroup. As a result, the ultimate impact of this new regime on Citi's businesses and results of operations cannot currently be estimated.

Based on the proposed regulatory capital regime, the level of capital required to be held by Citi will likely be higher than most of its U.S. and non-U.S. competitors, including as a result of the level of DTAs recorded on Citi's balance sheet and its strategic focus on emerging markets (which could result in Citi having higher risk-weighted assets under Basel III than those of its global competitors that either lack presence in, or are less focused on, such markets). In addition, while the Federal Reserve Board has yet to finalize any capital surcharge framework for U.S. "global systemically important banks" (G-SIBs), Citi is currently expected to be subject to a surcharge of 2.5%, which will likely be higher than the surcharge applicable to most of Citi's U.S. and non-U.S. competitors. Competitive impacts of the proposed regulatory capital regime could further negatively impact Citi's businesses and results of operations.

Citi's estimated Basel III capital ratios necessarily reflect management's understanding, expectations and interpretation of the proposed U.S. Basel III requirements as well as existing implementation guidance. Furthermore, Citi must incorporate certain enhancements and refinements to its Basel II.5 market risk models, as required by both the Federal Reserve Board and the OCC, in order to retain the risk-weighted asset benefits associated with the conditional approvals received for such models. Citi must also separately obtain final approval from these agencies for the use of certain credit risk models that would also yield reduced risk-weighted assets, in part, under Basel III.

All of these uncertainties make long-term capital planning by Citi's management challenging. If management's estimates and assumptions with respect to these or other aspects of U.S. Basel III implementation are not accurate, or if Citi fails to incorporate the required enhancement and refinements to its models as required by the Federal Reserve Board and the OCC, then Citi's ability to meet its future regulatory capital requirements as it projects or as required could be negatively impacted, or the business and financial consequences of doing so could be more adverse than expected.

Risk factors (continued)

Regulatory risk (continued)

The Ongoing Implementation of Derivatives Regulation Under the Dodd-Frank Act Could Adversely Affect Citi's Derivatives Businesses, Increase Its Compliance Costs and Negatively Impact Its Results of Operations.
Derivatives regulations under the Dodd-Frank Act have impacted and will continue to substantially impact the derivatives markets by, among other things: (i) requiring extensive regulatory and public reporting of derivatives transactions; (ii) requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities; (iii) requiring the collection and segregation of collateral for most uncleared derivatives; and (iv) significantly broadening limits on the size of positions that may be maintained in specified derivatives. These market structure reforms will make trading in many derivatives products more costly, may significantly reduce the liquidity of certain derivatives markets and could diminish customer demand for covered derivatives. These changes could negatively impact Citi's results of operations in its derivatives businesses.

Numerous aspects of the new derivatives regime require costly and extensive compliance systems to be put in place and maintained. For example, under the new derivatives regime, certain of Citi's subsidiaries have registered as "swap dealers," thus subjecting them to extensive ongoing compliance requirements, such as electronic recordkeeping (including recording telephone communications), real-time public transaction reporting and external business conduct requirements (e.g., required swap counterparty disclosures), among others. These requirements require the successful and timely installation of extensive technological and operational systems and compliance infrastructure, and Citi's failure to effectively install such systems subject it to increased compliance risks and costs which could negatively impact its earnings and result in regulatory or reputational risk. Further, new derivatives-related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients. To the extent that Citi's connectivity, product offerings or services for clients in these businesses is deficient, this could further negatively impact Citi's results of operations

Additionally, while certain of the derivatives regulations under the Dodd-Frank Act have been finalized, the rulemaking process is not complete, significant interpretive issues remain to be resolved and the timing for the effectiveness of many of these requirements is not yet clear. Depending on how the uncertainty is resolved, certain outcomes could negatively impact Citi's competitive position in these businesses, both with respect to the crossborder aspects of the U.S. rules as well as with respect to the international coordination and timing of various non-U.S. derivatives regulatory reform efforts. For example, in mid-2012, the European Union (EU) adopted the European Market Infrastructure Regulation which requires, among other things, information on all European derivative transactions be reported to trade repositories and certain counterparties to clear "standardized" derivatives contracts through central counterparties. Many of these non- U.S. reforms are likely to take effect after the corresponding provisions of the Dodd-Frank Act and, as a result, it is uncertain whether they will be similar to those in the U.S. or will impose different, additional or even inconsistent requirements on Citi's derivatives activities. Complications due to the sequencing of the effectiveness of derivatives reform, both among different components of the Dodd-Frank Act and between the U.S. and other jurisdictions, could result in disruptions to Citi's operations and make it more difficult for Citi to compete in these businesses.

The Dodd-Frank Act also contains a so-called "push-out" provision that, to date, has generally been interpreted to prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives, although the ultimate scope of the provision is not certain. Citi currently conducts a substantial portion of its derivatives-dealing activities within and outside the U.S. through Citibank, N.A., its primary insured depository institution. The costs of revising customer relationships and modifying the organizational structure of Citi's businesses or the subsidiaries engaged in these businesses remain unknown and are subject to final regulations or regulatory interpretations, as well as client expectations. While this push-out provision is to be effective in July 2013, U.S. regulators may grant up to an initial two-year transition period to each depository institution. In January 2013, Citi applied for an initial two-year transition period for Citibank, N.A.

The timing of any approval of a transition period request, or any parameters imposed on a transition period, remains uncertain. In addition, to the extent that certain of Citi's competitors already conduct these derivatives activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any restructuring of its business for push-out purposes. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision remains unclear, and it is possible that Citi could lose market share or profitability in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

Risk factors (continued)

Regulatory risk (continued)

It Is Uncertain What Impact the Proposed Restrictions on Proprietary Trading Activities Under the Volcker Rule Will Have on Citi's Market-Making Activities and Preparing for Compliance with the Proposed Rules Necessarily Subjects Citi to Additional Compliance Risks and Costs.
The "Volcker Rule" provisions of the Dodd-Frank Act are intended in part to restrict the proprietary trading activities of institutions such as Citi. While the five regulatory agencies required to adopt rules to implement the Volcker Rule have each proposed their rules, none of the agencies has adopted final rules. Instead, in July 2012, the regulatory agencies instructed applicable institutions, including Citi, to engage in "good faith efforts" to be in compliance with the Volcker Rule by July 2014. Because the regulations are not yet final, the degree to which Citi's market-making activities will be permitted to continue in their current form remains uncertain. In addition, the proposed rules and any restrictions imposed by final regulations will also likely affect Citi's trading activities globally, and thus will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to all of their activities outside of the U.S.

As a result of this continued uncertainty, preparing for compliance based only on proposed rules necessarily requires Citi to make certain assumptions about the applicability of the Volcker Rule to its businesses and operations. For example, as proposed, the regulations contain exceptions for marketmaking, underwriting, risk-mitigating hedging, certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking." Because the regulations are not yet final, Citi is required to make certain assumptions as to the degree to which Citi's activities in these areas will be permitted to continue. If these assumptions are not accurate, Citi could be subject to additional compliance risks and costs and could be required to undertake such compliance on a more compressed time frame when regulators issue final rules. In addition, the proposed regulations would require an extensive compliance regime for the "permitted" activities under the Volcker Rule. Citi's implementation of this compliance regime will be based on its "good faith" interpretation and understanding of the proposed regulations, and to the extent its interpretation or understanding is not correct, Citi could be subject to additional compliance risks and costs. Like the other areas of ongoing regulatory reform, alternative proposals for the regulation of proprietary trading are developing in non-U.S. jurisdictions, leading to overlapping or potentially conflicting regimes. For example, in the U.K., the so-called "Vickers" proposal would separate investment and commercial banking activity from retail banking and would require ring-fencing of U.K. domestic retail banking operations coupled with higher capital requirements for the ring-fenced assets. In the EU, the so-called "Liikanen" proposal would require the mandatory separation of proprietary trading and other significant trading activities into a trading entity legally separate from the legal entity holding the banking activities of a firm. It is likely that, given Citi's worldwide operations, some form of the Vickers and/or Liikanen proposals will eventually be applicable to a portion of Citi's operations. While the Volcker Rule and these non-U.S. proposals are intended to address similar concerns—separating the perceived risks of proprietary trading and certain other investment banking activities in order not to affect more traditional banking and retail activities—they would do so under different structures, resulting in inconsistent regulatory regimes and increased compliance and other costs for a global institution such as Citi.

Regulatory Requirements in the U.S. and in Non-U.S. Jurisdictions to Facilitate the Future Orderly Resolution of Large Financial Institutions Could Negatively Impact Citi's Business Structures, Activities and Practices.
The Dodd-Frank Act requires Citi to prepare and submit annually a plan for the orderly resolution of Citigroup (the bank holding company) under the U.S. Bankruptcy Code in the event of future material financial distress or failure. Citi is also required to prepare and submit a resolution plan for its insured depository institution subsidiary, Citibank, N.A., and to demonstrate how Citibank is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and "interdependencies," among other things, and require substantial effort, time and cost across all of Citi's businesses and geographies. These resolution plans are subject to review by the Federal Reserve Board and the FDIC.

If the Federal Reserve Board and the FDIC both determine that Citi's resolution plans are not "credible" (which, although not defined, is generally believed to mean the regulators do not believe the plans are feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption and without exposing taxpayers to loss), and Citi does not remedy the deficiencies within the required time period, Citi could be required to restructure or reorganize businesses, legal entities, or operational systems and intracompany transactions in ways that could negatively impact its operations, or be subject to restrictions on growth. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations.

Risk factors (continued)

Regulatory risk (continued)

In addition, other jurisdictions, such as the U.K., have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are different from the U.S. requirements and from each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes required by Citi's regulators in the U.S.

Additional Regulations with Respect to Securitizations Will Impose Additional Costs, Increase Citi's Potential Liability and May Prevent Citi from Performing Certain Roles in Securitizations.
Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd- Frank Act contains a number of provisions that affect securitizations. These provisions include, among others, a requirement that securitizers in certain transactions retain un-hedged exposure to at least 5% of the economic risk of certain assets they securitize and a prohibition on securitization participants engaging in transactions that would involve a conflict with investors in the securitization. Many of these requirements have yet to be finalized. The SEC has also proposed additional extensive regulation of both publicly and privately offered securitization transactions through revisions to the registration, disclosure, and reporting requirements for asset-backed securities and other structured finance products. Moreover, the proposed capital adequacy regulations are likely to increase the capital required to be held against various exposures to securitizations. The cumulative effect of these extensive regulatory changes as well as other potential future regulatory changes cannot currently be assessed. It is likely, however, that these various measures will increase the costs of executing securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations, expose Citi to additional potential liability for securitization transactions and make it impractical for Citi to execute certain types of securitization transactions it previously executed. As a result, these effects could impair Citi's ability to continue to earn income from these transactions or could hinder Citi's ability to use such transactions to hedge risks, reduce exposures or reduce assets with adverse risk-weighting in its businesses, and those consequences could affect the conduct of these businesses. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could negatively delay or restrict any future recovery of these sectors of the securitization markets, and thus the opportunities for Citi to participate in securitization transactions in such sectors.

Market and economic risks

There Continues to Be Significant Uncertainty Arising from the Ongoing Eurozone Debt and Economic Crisis, Including the Potential Outcomes That Could Occur and the Impact Those Outcomes Could Have on Citi's Businesses, Results of Operations or Financial Condition, as well as the Global Financial Markets and Financial Conditions Generally.
Several European countries, including Greece, Ireland, Italy, Portugal and Spain (GIIPS), continue to experience credit deterioration due to weaknesses in their economic and fiscal situations. Concerns have been raised, both within the European Monetary Union (EMU) as well as internationally, as to the financial, political and legal effectiveness of measures taken to date, and the ability of these countries to adhere to any required austerity, reform or similar measures. These ongoing conditions have caused, and are likely to continue to cause, disruptions in the global financial markets, particularly if they lead to any future sovereign debt defaults and/or significant bank failures or defaults in the Eurozone.

The impact of the ongoing Eurozone debt and economic crisis and other developments in the EMU could be even more significant if they lead to a partial or complete break-up of the EMU. The exit of one or more member countries from the EMU could result in certain obligations relating to the exiting country being redenominated from the Euro to a new country currency. Redenomination could be accompanied by immediate revaluation of the new currency as compared to the Euro and the U.S. dollar, the extent of which would depend on the particular facts and circumstances. Any such redenomination/revaluation would cause significant legal and other uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and would likely lead to complex, lengthy litigation. Redenomination/revaluation could also be accompanied by the imposition of exchange and/or capital controls, required functional currency changes and "deposit flight."

Risk factors (continued)

Market and economic risks (continued)

The ongoing Eurozone debt and economic crisis has created, and will continue to create, significant uncertainty for Citi and the global economy. Any occurrence or combination of the events described above could negatively impact Citi's businesses, results of operations and financial condition, both directly through its own exposures as well as indirectly. For example, at times, Citi has experienced widening of its credit spreads and thus increased costs of funding due to concerns about its Eurozone exposure. In addition, U.S. regulators could impose mandatory loan loss and other reserve requirements on U.S. financial institutions, including Citi, if a particular country's economic situation deteriorates below a certain level, which could negatively impact Citi's earnings, perhaps significantly. Citi's businesses, results of operations and financial condition could also be negatively impacted due to a decline in general global economic conditions as a result of the ongoing Eurozone crises, particularly given its global footprint and strategy. In addition to the uncertainties and potential impacts described above, the ongoing Eurozone crisis and/or partial or complete break-up of the EMU could cause, among other things, severe disruption to global equity markets, significant increases in bond yields generally, potential failure or default of financial institutions (including those of systemic importance), a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession.

While Citi endeavors to mitigate its credit and other exposures related to the Eurozone, the potential outcomes and impact of those outcomes resulting from the Eurozone crisis are highly uncertain and will ultimately be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning.

The Continued Uncertainty Relating to the Sustainability and Pace of Economic Recovery in the U.S. and Globally Could Have a Negative Impact on Citi's Businesses and Results of Operations. Moreover, Any Significant Global Economic Downturn or Disruption, Including a Significant Decline in Global Trade Volumes, Could Materially and Adversely Impact Citi's Businesses, Results of Operations and Financial Condition.

Like other financial institutions, Citi's businesses have been, and could continue to be, negatively impacted by the uncertainty surrounding the sustainability and pace of economic recovery in the U.S. as well as globally. This continued uncertainty has impacted, and could continue to impact, the results of operations in, and growth of, Citi's businesses. Among other impacts, continued economic concerns can negatively affect Citi's ICG businesses, as clients cut back on trading and other business activities, as well as its Consumer businesses, including its credit card and mortgage businesses, as continued high levels of unemployment can impact payment and thus delinquency and loss rates. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities to spur economic growth or otherwise, such as by maintaining a low interest rate environment, can also have an impact on Citi's businesses and results of operations. For example, actions by the Federal Reserve Board can impact Citi's cost of funds for lending, investing and capital raising activities and the returns it earns on those loans and investments, both of which affect Citi's net interest margin. Moreover, if a severe global economic downturn or other major economic disruption were to occur, including a significant decline in global trade volumes, Citi would likely experience substantial loan and other losses and be required to significantly increase its loan loss reserves, among other impacts. A global trade disruption that results in a permanently reduced level of trade volumes and increased costs of global trade, whether as a result of a prolonged "trade war" or some other reason, could significantly impact trade financing activities, certain trade dependent economies (such as the emerging markets in Asia) as well as certain industries heavily dependent on trade, among other things. Given Citi's global strategy and focus on the emerging markets, such a downturn and decrease in global trade volumes could materially and adversely impact Citi's businesses, results of operation and financial condition, particularly as compared to its competitors. This could include, among other things, a potential that any such losses would not be tax benefitted, given the current environment.

Concerns About the Level of U.S. Government Debt and a Downgrade (or a Further Downgrade) of the U.S. Government Credit Rating Could Negatively Impact Citi's Businesses, Results of Operations, Capital, Funding and Liquidity.

Concerns about the level of U.S. government debt and uncertainty relating to fiscal actions that may be taken to address these and related issues have, and could continue to, adversely affect Citi. In 2011, Standard & Poor's loweredits long-term sovereign credit rating on the U.S. government from AAA to AA+, and Moody's and Fitch both placed such rating on negative outlook.

Risk factors (continued)

Market and economic risks (continued)

According to the credit rating agencies, these actions resulted from the high level of U.S. government debt and the continued inability of Congress to reach an agreement to ensure payment of U.S. government debt and reduce the U.S. debt level. Among other things, a future downgrade (or further downgrade) of U.S. debt obligations or U.S. government-related obligations, or concerns that such a downgrade might occur, could negatively affect Citi's ability to obtain funding collateralized by such obligations and the pricing of such funding as well as the pricing or availability of Citi's funding as a U.S. financial institution. Any further downgrade could also have a negative impact on financial markets and economic conditions generally and, as a result, could have a negative impact on Citi's businesses, results of operations, capital, funding and liquidity.

Citi's Extensive Global Network Subjects It to Various International and Emerging Markets Risks as well as Increased Compliance and Regulatory Risks and Costs.
During 2012, international revenues accounted for approximately 57% of Citi's total revenues. In addition, revenues from the emerging markets (which Citi generally defines as the markets in Asia (other than Japan, Australia and New Zealand), the Middle East, Africa and central and eastern European countries in EMEA and the markets in Latin America) accounted for approximately 44% of Citi's total revenues in 2012. Citi's extensive global network subjects it to a number of risks associated with international and emerging markets, including, among others, sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, socio-political instability, nationalization, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries, such as Argentina and Venezuela, with strict foreign exchange controls that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In such cases, Citi could be exposed to a risk of loss in the event that the local currency devalues as compared to the U.S. dollar. There have also been instances of political turmoil and other instability in some of the countries in which Citi operates, including in certain countries in the Middle East and Africa, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. Similar incidents in the future could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Additionally, given its global focus, Citi could be disproportionately impacted as compared to its competitors by an economic downturn in the international and/or emerging markets, whether resulting from economic conditions within these markets, the ripple effect of the ongoing Eurozone crisis, the global economy generally or otherwise. If a particular country's economic situation were to deteriorate below a certain level, U.S. regulators could impose mandatory loan loss and other reserve requirements on Citi, which could negatively impact its earnings, perhaps significantly. In addition, countries such as China, Brazil and India, each of which are part of Citi's emerging markets strategy, have recently experienced uncertainty over the pace and extent of future economic growth. Lower or negative growth in these or other emerging market economies could make execution of Citi's global strategy more challenging and could adversely affect Citi's results of operations.

Citi's extensive global operations also increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act, which can be more acute in less developed markets and thus require substantial investment in compliance infrastructure. Any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its general reputation. Further, Citi provides a wide range of financial products and services to the U.S. and other governments, to multi-national corporations and other businesses, and to prominent individuals and families around the world. The actions of these clients involving the use of Citi products or services could result in an adverse impact on Citi, including adverse regulatory and reputational impact.

Liquidity risks

The Maintenance of Adequate Liquidity Depends on Numerous Factors, Including Those Outside of Citi's Control such as Market Disruptions and Increases in Citi's Credit Spreads.
As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets or negative perceptions about the financial services industry in general, or negative investor perceptions of Citi's liquidity, financial position or creditworthiness in particular.

Risk factors (continued)

Liquidity risks (continued)

Market perception of sovereign default risks, including those arising from the ongoing Eurozone debt crisis, can also lead to inefficient money markets and capital markets, which could further impact Citi's availability and cost of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the credit and capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors and factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to and cost of funding. As a holding company, Citigroup relies on dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citigroup's subsidiaries are subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments. Limitations on the payments that Citigroup receives from its subsidiaries could also impact its liquidity.

The Credit Rating Agencies Continuously Review the Ratings of Citi and Certain of Its Subsidiaries, and Reductions in Citi's or Its More Significant Subsidiaries' Credit Ratings Could Have a Negative Impact on Citi's Funding and Liquidity Due to Reduced Funding Capacity, Including Derivatives Triggers That Could Require Cash Obligations or Collateral Requirements.
The credit rating agencies, such as Fitch, Moody's and S&P, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi's and its more significant subsidiaries' long-term/senior debt and short-term/ commercial paper, as applicable, are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and assumptions and conditions affecting the financial services industry and markets generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. A ratings downgrade by Fitch, Moody's or S&P could negatively impact Citi's ability to access the capital markets and other sources of funds as well as the costs of those funds, and its ability to maintain certain deposits. A ratings downgrade could also have a negative impact on Citi's funding and liquidity due to reduced funding capacity, including derivative triggers, which could take the form of cash obligations and collateral requirements.

In addition, a ratings downgrade could also have a negative impact on other funding sources, such as secured financing and other margined transactions for which there are no explicit triggers, as well as on contractual provisions which contain minimum ratings thresholds in order for Citi to hold third-party funds.

Moreover, credit ratings downgrades can have impacts which may not be currently known to Citi or which are not possible to quantify. For example, some entities may have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. In addition, certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain contracts or market instruments with Citi in response to ratings downgrades. Changes in customer and counterparty behavior could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses.

Legal Risks

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Investigations, and Inquiries That Could Result in Substantial Losses. These Matters Are Often Highly Complex and Slow to Develop, and Results Are Difficult to Predict or Estimate.
At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. These proceedings, examinations, investigations and inquiries could result, individually or collectively, in substantial losses. In the wake of the financial crisis of 2007–2009, the frequency with which such proceedings, investigations and inquiries are initiated, and the severity of the remedies sought, have increased substantially, and the global judicial,

Risk factors (continued)

Legal Risks (continued)

regulatory and political environment has generally become more hostile to large financial institutions such as Citi. Many of the proceedings, investigations and inquiries involving Citi relating to events before or during the financial crisis have not yet been resolved, and additional proceedings, investigations and inquiries relating to such events may still be commenced. In addition, heightened expectations by regulators and other enforcement authorities for strict compliance could also lead to more regulatory and other enforcement proceedings seeking greater sanctions for financial institutions such as Citi.

For example, Citi is currently subject to extensive legal and regulatory inquiries, actions and investigations relating to its historical mortgagerelated activities, including claims regarding the accuracy of offering documents for residential mortgage-backed securities and alleged breaches of representation and warranties relating to the sale of mortgage loans or the placement of mortgage loans into securitization trusts. Citi is also subject to extensive legal and regulatory inquiries, actions and investigations relating to, among other things, submissions made by Citi and other panel banks to bodies that publish various interbank offered rates, such as the London Inter-Bank Offered Rate (LIBOR), or other rates or benchmarks. Like other banks with operations in the U.S., Citi is also subject to continuing oversight by the OCC and other bank regulators, and inquiries and investigations by other governmental and regulatory authorities, with respect to its anti-money laundering program. Other banks subject to similar or the same inquiries, actions or investigations have incurred substantial liability in relation to their activities in these areas, including in a few cases criminal convictions or deferred prosecution agreements respecting corporate entities as well as substantial fines and penalties.

Moreover, regulatory changes resulting from the Dodd-Frank Act and other recent regulatory changes—such as the limitations on federal preemption in the consumer arena, the creation of the Consumer Financial Protection Bureau with its own examination and enforcement authority and the "whistle-blower" provisions of the Dodd-Frank Act—could further increase the number of legal and regulatory proceedings against Citi. In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct cannot always be deterred or prevented and could subject Citi to additional liability.

All of these inquiries, actions and investigations have resulted in, and will continue to result in, significant time, expense and diversion of management's attention. In addition, proceedings brought against Citi may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories.

The outcome of such proceedings is difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued.

Business and operational risks

Citi May Be Unable to Reduce Its Level of Expenses as It Expects, and Investments in Its Businesses May Not Be Productive.

Citi continues to pursue a disciplined expense-management strategy, including re-engineering, restructuring operations and improving the efficiency of functions. In December 2012, Citi announced a series of repositioning actions designed to further reduce its expenses and improve its efficiency. However, there is no guarantee that Citi will be able to reduce its level of expenses, whether as a result of the recently-announced repositioning actions or otherwise, in the future. Citi's ultimate expense levels also depend, in part, on factors outside of its control. For example, as a result of the extensive legal and regulatory proceedings and inquiries to which Citi is subject, Citi's legal and related costs remain elevated, have been, and are likely to continue to be, subject to volatility and are difficult to predict. In addition, expenses incurred in Citi's foreign entities are subject to foreign exchange volatility. Further, Citi's ability to continue to reduce its expenses as a result of the wind-down of Citi Holdings will also decline as Citi Holdings represents a smaller overall portion of Citigroup. Moreover, investments Citi has made in its businesses, or may make in the future, may not be as productive as Citi expects or at all.

Risk factors (continued)

Business and operational risks (continued)

Citi's Operational Systems and Networks Have Been, and Will Continue to Be, Subject to an Increasing Risk of Continually Evolving Cybersecurity or Other Technological Risks, Which Could Result in the Disclosure of Confidential Client or Customer Information, Damage to Citi's Reputation, Additional Costs to Citi, Regulatory Penalties and Financial Losses.
A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its global consumer banking, credit card and Transaction Services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities.

Although Citi devotes significant resources to maintain and regularly upgrade its systems and networks with measures such as intrusion and detection prevention systems and monitoring firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access; loss or destruction of data (including confidential client information); account takeovers; unavailability of service; computer viruses or other malicious code; cyber attacks; and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Additional challenges are posed by external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs to Citi (such as repairing systems or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has been subject to intentional cyber incidents from external sources, including (i) denial of service attacks, which attempted to interrupt service to clients and customers; (ii) data breaches, which aimed to obtain unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. For example, in 2012 Citi and other U.S. financial institutions experienced distributed denial of service attacks which were intended to disrupt consumer online banking services.

While Citi's monitoring and protection services were able to detect and respond to these incidents before they became significant, they still resulted in certain limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale. In addition, because the methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods.

Third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites, and developing software for new products and services. These relationships allow for the storage and processing of customer information, by third party hosting of or access to Citi websites, which could result in service disruptions or website defacements, and the potential to introduce vulnerable code, resulting in security breaches impacting Citi customers. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform job functions, and restricting third-party processing to systems stored within Citi's data centers, ongoing threats may result in unauthorized access, loss or destruction of data or other cyber incidents with increased costs and consequences to Citi such as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber attacks through third parties.

Risk factors (continued)

Business and operational risks (continued)

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Citi's Performance and the Performance of Its Individual Businesses Could Be Negatively Impacted If Citi Is Not Able to Hire and Retain Qualified Employees for Any Reason.
Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically, Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. Citi's ability to attract and retain employees depends on numerous factors, including without limitation, its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. The banking industry has and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation. Moreover, given its continued focus on the emerging markets, Citi is often competing for qualified employees in these markets with entities that have a significantly greater presence in the region or are not subject to significant regulatory restrictions on the structure of incentive compensation. If Citi is unable to continue to attract and retain qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Incorrect Assumptions or Estimates in Citi's Financial Statements Could Cause Significant Unexpected Losses in the Future, and Changes to Financial Accounting and Reporting Standards Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.
Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. GAAP, including determining credit loss reserves, reserves related to litigation and regulatory exposures and mortgage representation and warranty claims, DTAs and the fair value of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect, Citi could experience unexpected losses, some of which could be significant.

Moreover, the Financial Accounting Standards Board (FASB) is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of Citi's financial statements, including those areas where Citi is required to make assumptions or estimates.

For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the impairment on financial instruments and accounts for hedges. The FASB has also proposed a new accounting model intended to require earlier recognition of credit losses. The accounting model would require a single "expected credit loss" measurement objective for the recognition of credit losses for all financial instruments, replacing the multiple existing impairment models in U.S. GAAP, which generally require that a loss be "incurred" before it is recognized.

As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, Citi could be required to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally. In addition, the FASB continues its convergence project with the International Accounting Standards Board (IASB) pursuant to which U.S. GAAP and International Financial Reporting Standards (IFRS) may be converged. Any transition to IFRS could further have a material impact on how Citi records and reports its financial results.

Risk factors (continued)

Business and operational risks (continued)

Changes Could Occur in the Method for Determining LIBOR and It Is Unclear How Any Such Changes Could Affect the Value of Debt Securities and Other Financial Obligations Held or Issued by Citi That Are Linked to LIBOR, or How Such Changes Could Affect Citi's Results of Operations or Financial Condition.
As a result of concerns about the accuracy of the calculation of the daily LIBOR, which is currently overseen by the British Bankers' Association (BBA), the BBA has taken steps to change the process for determining LIBOR by increasing the number of banks surveyed to set LIBOR and to strengthen the oversight of the process. In addition, recommendations relating to the setting and administration of LIBOR were put forth in September 2012, and the U.K. government has announced that it intends to incorporate these recommendations in new legislation.

It is uncertain what changes, if any, may be required or made by the U.K. government or other governmental or regulatory authorities in the method for determining LIBOR. Accordingly, it is not certain whether or to what extent any such changes could have an adverse impact on the value of any LIBOR-linked debt securities issued by Citi, or any loans, derivatives and other financial obligations or extensions of credit for which Citi is an obligor. It is also not certain whether or to what extent any such changes would have an adverse impact on the value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to Citi or on Citi's overall financial condition or results of operations.

Citi May Incur Significant Losses If Its Risk Management Processes and Strategies Are Ineffective, and Concentration of Risk Increases the Potential for Such Losses.
Citi's independent risk management organization is structured so as to facilitate the management of the principal risks Citi assumes in conducting its activities—credit risk, market risk and operational risk—across three dimensions: businesses, regions and critical products. Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations. Market risk encompasses both liquidity risk and 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. Operational risk is the risk for loss resulting from inadequate or failed internal processes, systems or human factors, or from external events, and includes reputation and franchise risk associated with business practices or market conduct in which Citi is involved. Managing these risks is made especially challenging within a global and complex financial institution such as Citi, particularly given the complex and diverse financial markets and rapidly evolving market conditions in which Citi operates.

Citi employs a broad and diversified set of risk management and mitigation processes and strategies, including the use of various risk models, in analyzing and monitoring these and other risk categories. However, these models, processes and strategies are inherently limited because they involve techniques, including the use of historical data in some circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which it operates nor can it anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management processes, strategies or models are ineffective in properly anticipating or managing these risks.

In addition, concentrations of risk, particularly credit and market risk, can further increase the risk of significant losses. At December 31, 2012, Citi's most significant concentration of credit risk was with the U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector. Concentrations of risk can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future.

Redenomination and devaluation risk

As referenced above in the 10K risk factors, the ongoing Eurozone debt crisis and other developments in the European Monetary Union (EMU) could lead to the withdrawal of one or more countries from the EMU or a partial or complete break-up of the EMU. See also "Risk Factors—Market and Economic Risks" on page 8-9. If one or more countries were to leave the EMU, certain obligations relating to the exiting country could be redenominated from the Euro to a new country currency. While alternative scenarios could develop, redenomination could be accompanied by immediate devaluation of the new currency as compared to the Euro and the U.S. dollar.

The Company, like other financial institutions with substantial operations in the EMU, is exposed to potential redenomination and devaluation risks arising from (i) Euro-denominated assets and/or liabilities located or held within the exiting country that are governed by local country law ("local exposures"), as well as (ii) other Euro-denominated assets and liabilities, such as loans, securitized products or derivatives, between entities outside of the exiting country and a client within the country that are governed by local country law ("offshore exposures"). However, the actual assets and liabilities that could be subject to redenomination and devaluation risk are subject to substantial legal and other uncertainty.

The Company has been, and will continue to be, engaged in contingency planning for such events, particularly with respect to Greece, Ireland, Italy, Portugal and Spain ("GIIPS"). Generally, to the extent that the Company's local and offshore assets are approximately equal to its liabilities within the exiting country, and assuming both assets and liabilities are symmetrically redenominated and devalued, the Company believes that its risk of loss as a result of a redenomination and devaluation event would not be material. However, to the extent its local and offshore assets and liabilities are not equal, or there is asymmetrical redenomination of assets versus liabilities, the Company could be exposed to losses in the event of a redenomination and devaluation. Moreover, a number of events that could accompany a redenomination and devaluation, including a drawdown of unfunded commitments or "deposit flight," could exacerbate any mismatch of assets and liabilities within the exiting country.

The Company's redenomination and devaluation exposures to the GIIPS as at 31 December 2012 are not additive to its credit risk exposures to such countries. Rather, the Company's credit risk exposures in the affected country would generally be reduced to the extent of any redenomination and devaluation of assets. As at 31 December 2012, the Company estimates that it had net asset exposure subject to redenomination and devaluation in Italy and Spain, principally relating to net trading exposures. Redenomination and devaluation exposure in Greece, Ireland, and Portugal were not significant.

Any estimates of redenomination/devaluation exposure are subject to ongoing review and necessarily involve numerous assumptions, including which assets and liabilities would be subject to redenomination in any given case, the availability of purchased credit protection and the extent of any utilization of unfunded commitments. In addition, other events outside of the Company's control— such as the extent of any deposit flight and devaluation, the imposition of exchange and/or capital controls, or any required timing of functional currency changes and the accounting impact thereof —could further negatively impact the Company in such an event. Accordingly, in an actual redenomination and devaluation scenario, the Company's exposures could vary considerably based on the specific facts and circumstances

Any estimates of redenomination/devaluation exposure are subject to ongoing review and necessarily involve numerous assumptions, including which assets and liabilities would be subject to redenomination in any given case, the availability of purchased credit protection and the extent of any utilization of unfunded commitments, each as referenced above. In addition, other events outside of the Company's control— such as the extent of any deposit flight and devaluation, the imposition of exchange and/or capital controls, or any required timing of functional currency changes and the accounting impact thereof —could further negatively impact the Company in such an event. Accordingly, in an actual redenomination and devaluation scenario, the Company's exposures could vary considerably based on the specific facts and circumstances.

Financial instruments

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

DIRECTORS' REPORT
for the year ended 31 December 2012

Dividends

During the year the Company paid dividends totalling $nil (2011: $nil).

Directors and their interests

The Directors who held office during the year ended 31 December 2012 were:

J P Asquith	(appointed 31 October 2012)
J D K Bardrick	(resigned 8 August 2012)
D J Challen	
M L Corbat	(resigned 19 November 2012)
J C Cowles	
S H Dean	(appointed 26 April 2012)
M Falco	(resigned 22 August 2012)
P McCarthy	(appointed 16 May 2012)
D L Taylor	

Directors' indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 and 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Employment of disabled people

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. Opportunities for training, career development and promotion of disabled persons are, as far as possible, identical to those available to other employees who are not disabled.

Suppliers

It is the Company's policy to ensure that suppliers are paid within 60 days of invoice date or as may be otherwise agreed between the Company and the respective supplier. Otherwise, the Company does not follow any code or standard on payment practice.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the business.

Charitable donations and political contributions

During the year the Company made charitable donations of $234,381 (2011: $724,746). No political contributions were made during the year (2011: $nil).

Disclosure of information to auditors

In accordance with section 418, Companies Act 2006 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. This statement is made subject to all the provisions of section 418.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

J D Robson
Secretary

3 April 2013

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 MEMBERS OF CITIGROUP GLOBAL MARKETS LIMITED

We have audited the financial statements of Citigroup Global Markets Limited for the year ended 31 December 2012 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 17, 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 2012 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 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 Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

3 April 2013

CITIGROUP GLOBAL MARKETS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Commission income and fees	**4**	1,517	2,090
Net dealing income		1,313	1,127
Interest receivable	**5**	1,282	1,338
Interest payable	**5**	(1,345)	(1,634)
Gross profit		2,767	2,921
Operating expenses	**7**	(3,125)	(3,255)
Other finance expense	**8**	(9)	(3)
Other income / (expense)		54	(1)
Operating loss ordinary activities before taxation		(313)	(338)
Tax on losses on ordinary activities	**11(a)**	(38)	(20)
Loss for the financial year		(351)	(358)

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Loss for the financial year		(351)	(358)
Net movement in STRGL in respect of the pension scheme	**8**	(75)	(50)
Total recognised loss for the financial year		(426)	(408)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Loss for the financial year		(351)	(358)
Capital Contribution	**27**	284	503
Share based payment transactions	**9**	(154)	231
Other recognised gains and losses relating to the year (net)		(75)	(50)
Opening shareholder's funds		10,415	10,089
Closing shareholder's funds		10,119	10,415

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

BALANCE SHEET
as at 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Fixed assets			
Tangible fixed assets	**12**	211	202
Fixed Asset Investments	**13**	36	26
		247	228
Current assets			
Debtors	**15**	126,874	132,063
Investments	**17**	134,862	170,393
Cash at bank and in hand	**19**	3,517	3,714
		265,253	306,170
Creditors: amounts falling due within one year			
Creditors	**21**	249,496	285,755
Subordinated loans	**24**	-	5,980
		249,496	291,735
Net current assets		15,757	14,435
Total assets, less current liabilities		16,004	14,663
Creditors: amounts falling due after more than one year			
Creditors	**21**	254	41
Subordinated loans	**24**	5,700	4,200
		5,954	4,241
Provisions for liabilities	**25**	42	112
Net assets excluding net pension asset		10,008	10,310
Net pension asset	**8**	111	105
Net assets		10,119	10,415
Capital and reserves			
Called up share capital	**26**	1,500	1,500
Capital reserve	**27**	6,989	6,705
Profit and loss account	**27**	1,630	2,210
Shareholder's funds		10,119	10,415

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

The financial statements on pages 20 to 66 were approved by the Directors on 3 April 2013 and were signed on their behalf by:

J C Cowles
Director

Registered Number: 01763297

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 financial statements have been prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The risks and uncertainties identified by the parent group, which lead to the Company's reliance on parental support are discussed further in the Directors' Report on pages 2 to 18. Taking these risk factors into account 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.

The principal accounting policies have been applied consistently throughout the current and preceding year except for the following standards that have been adopted for the first time:

- The Company has applied the amendments to FRS 29 (IFRS 7) 'Financial Instruments: Disclosures' - transfers of financial assets. The amendment enhances the disclosure requirements on transfers of financial assets that are derecognised in their entirety' and financial assets that are not derecognised in their entirety but for which the entity retains continuing involvement. The effective date is for annual periods beginning on or after 1 July 2011. This has been incorporated in the Notes to the financial statements within Note 22 Derecognition of financial assets and financial liabilities.

During 2012 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.

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 Citigroup Global Markets Europe Limited ("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.

1. Principal accounting policies (continued)

(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 collateralized 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, collateralized financing transactions and derivatives.

Trading assets and liabilities 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 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.

Repurchase and resale agreements
Repurchase and resale agreements are treated as collateralized 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 collateralized 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 collateralized 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 collateralized 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.

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 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 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.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Other financial assets also include a small amount of investments in subsidiaries and unquoted equity investments whose fair value cannot be reliably determined and therefore are carried at cost.

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.

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 discussion.

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.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

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 discharged, cancelled or expired.

(c) Physical commodities

Physical commodities inventory is carried at the lower of cost or market (LOCOM) with related gains or losses reported in Net dealing income. Realized 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.

(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) Shares in subsidiary undertakings

Fixed asset investments are stated at cost, less any write down for diminution in value regarded as permanent.

(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.

1. Principal accounting policies (continued)

(i) Taxation (continued)

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.

(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%

1. Principal accounting policies (continued)

(l) Share-based incentive plans (continued)

However, 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.

(m) Profit sharing plan

In October 2010, the Committee approved awards under the 2010 Key Employee Profit Sharing Plan (KEPSP) which may entitle participants to profit-sharing payments based on an initial performance measurement period of 1 January 2010 until 31 December 2012. Generally, if a participant remains employed and all other conditions to vesting and payment are satisfied, the participant will be entitled to an initial payment in 2013, as well as a holdback payment in 2014. The payment may be reduced based on performance during the subsequent holdback period (generally, January 1, 2013 through December 31, 2013). If the vesting and performance conditions are satisfied, a participant's initial payment will equal 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. The initial payment will be paid after 20 January 2013, but no later than 15 March 2013.

These have been accounted for on an accrual basis, 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 collateralized 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 collateralized interest-rate related derivatives. Previously, the Company used the currency of the derivative (e.g., the US London Interbank Offered Rate curves for US dollar derivatives) as the discount rate for these collateralized interest-rate related derivatives.

Pension
The Company participates in nine locally operated defined benefit schemes. 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.

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

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 Program are measured by applying an option pricing model, taking into account the terms and conditions of the program. 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.

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 credit valuation adjustments 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 2012 the Company recorded CVA losses of $13 million (2011: $166 million gains). This was mainly due to the narrowing of the Company's credit spreads partially offset by the narrowing of investment grade spreads in the market. The total adjustment recorded in the balance sheet at the year-end was an increase of $256 million (2011: increase of $269 million).

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.

No segmental analysis of revenue, profit before taxation or net assets has been presented because the Directors are of the opinion that operations are global and the Company's principal activities comprise one segment.

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

	2012 $ Million	2011 $ Million
Interest receivable comprises:		
Interest on current asset investments and collateralised financing transactions at fair value through profit and loss	1,274	1,322
Interest on debtors and cash assets not at fair value through profit and loss	8	16
	1,282	1,338
Interest payable comprises:		
Interest on collateral held and collateralised financing transactions at fair value through profit and loss	471	711
Interest on borrowings not at fair value through profit and loss	874	923
	1,345	1,634

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

	2012 $ Million	2011 $ Million
Gains and losses on financial assets and financial liabilities held for trading:		
Net dealing income	1,335	1,150
Interest receivable	1,274	1,322
Interest payable	(471)	(711)
Gains and losses on financial assets "designated at fair value through profit or loss":		
Net dealing expense	(21)	(23)
	2,117	1,738

7. Operating expenses

	2012 $ Million	2011 $ Million
Operating expenses include:		
Employee remuneration	1,218	1,347
Share-based incentive expense (Note 9)	329	308
Payroll taxes	213	143
Pension costs		
- defined benefit scheme (Note 8)	10	14
- defined contribution scheme	49	60
Depreciation (Note 12)	51	42
Auditor's remuneration:		
Audit of these financial statements	1.16	1.29
Amounts receivable by the company's auditor and its associates in respect of:		
Audit related assurance services	0.77	0.67

The Company employed an average of 3,993 (2011: 4,147) 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 ("PLAS") 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.

A revised contribution rate until 31 March 2017 is 43.1% of salary (2011: 29.2%) as a revised Schedule of Contributions has come into force. This has been partially offset by a reduction in the Pensionable Payroll.

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 current service costs will increase as the members of the scheme approach retirement.

During 2012, contributions to the value of $93,039,154 (2011: $ 107,193,000) were paid into the scheme including a funding contribution of $21,005,160 (2011: $78,221,700) on finalisation of the Citifinancial and AVCO scheme merger into PLAS and $39,782,500 arising from the Triennial formal valuation of the legacy PLAS plan.

Expected regular employer contributions to be paid into the scheme during 2013 are $33,598,721 (2012: $28,346,700).

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 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 2012 are as follows:

	2012	2011	2010
Inflation	3.3%	3.4%	3.5%
Rate of general long-term increase in salaries	3.3%	3.4%	5.0%
Rate of increase to pensions in payment			
- Pensions accrued from 1 May 2005	2.4%	2.2%	2.1%
- Pensions accrued prior to 1 May 2005	3.0%	2.9%	3.0%
Discount rate for scheme liabilities	4.7%	4.8%	5.3%

The Retail Price Index ("RPI") and Consumer Price Index ("CPI") are used in the calculation of the "Rate of increase to pensions in payment". As at 31 December 2011, the most common assumed difference between RPI and CPI was 1%, with some companies adopting larger differences over 2012. In October 2012, the Office for National Statistics (ONS) published their consultation on changes to the calculation of RPI to reduce or eliminate the formula effects between CPI and RPI. The outcome of the consultation was not known until 10 January 2013, when the ONS announced that RPI would continue in its present form.

The announcement has no effect on the choice of assumption at an earlier balance sheet date, because it is regarded as a non-adjusting event after the reporting period. However, there is a requirement to disclose the impact of such events when it is considered material under FRS21. Because the markets had been anticipating some change to RPI, had assumptions been set at 10 January 2013, the RPI assumption would have been 0.3% higher affecting both the fair value of plan assets and the present value of plan obligations.

The net impact of this announcement has been viewed as immaterial and has not been adjusted for in the Company's financial statements as at 31st December 2012.

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 2012.

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

	Expected return				Fair value	
	2012	2011	2010	2009	2012	2011
					$ Million	$ Million
Equities	0.0%	0.0%	0.0%	8.3%	-	-
Government bonds	3.1%	2.8%	4.1%	4.3%	906	826
Corporate bonds	4.3%	4.1%	5.3%	0.0%	569	429
Insured Pensions	4.7%	4.8%	5.3%	0.0%	1	-
Other	2.8%	2.9%	4.2%	4.5%	4	80
Total market value of assets					1,480	1,335

8. **Pension costs** (continued)

Analysis of amounts recognised in profit and loss account:

	2012 $ Million	2011 $ Million
Current service cost	10	14
Expense recognised in the profit and loss account	10	14

Analysis of other finance income:

	2012 $ Million	2011 $ Million
Expected return on pension scheme assets	45	43
Interest on pension scheme liabilities	(54)	(46)
Net return	(9)	(3)

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

	2012 $ Million	2011 $ Million
Actual return less expected return on pension scheme assets	(13)	145
Experience gains and losses arising on the scheme liabilities	(30)	(58)
Unrecognised surplus in respect of FRS 17 para 41	(28)	(138)
Impact of foreign exchange	(4)	1
Net movement in STRGL in respect of the pension scheme	(75)	(50)
Cumulative amount of losses recognised in STRGL	(465)	(390)

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 $166 million (2011: $138 million).

Reconciliation to the balance sheet:

	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million
Total market value of assets	1,480	1,340	903	899	662
Present value of scheme liabilities	(1,203)	(1,097)	(844)	(870)	(562)
Net pension asset excluding unrecognised asset	277	243	59	29	100
Unrecognised asset due to FRS 17 para 41	(166)	(138)	-	-	-
Total	111	105	59	29	100

8. Pension costs (continued)

	2012 $ Million	2011 $ Million
Surplus in scheme at beginning of the year	105	59
Current service cost	(10)	(14)
Contributions	93	107
Transfer in of Citifinancial and AVCO schemes	-	9
Other finance expense	(9)	(3)
Actuarial (loss)/gain	(43)	87
Foreign exchange adjustment	3	(2)
Unrecognised asset due to FRS 17 para 41	(28)	(138)
Surplus in scheme at end of year	111	105

The impact of para 41 limitation in FRS 17:

	2012 $ Million	2011 $ Million
Fair value of scheme assets	1,480	1,340
Defined benefit obligation	(1,203)	(1,097)
Net asset	277	243
Present value of service cost over next 10 years	(111)	(105)
Unrecognisable surplus in respect of FRS 17 para 41	166	138

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

	2012 $ Million	2011 $ Million
Opening defined benefit obligation	1,097	844
Current service cost	10	14
Interest cost	54	46
Actuarial lossess on scheme liabilities	30	58
Net benefits paid out	(39)	(24)
Transfer in of Citifinancial and AVCO schemes	-	171
Foreign exchange adjustment	51	(12)
Closing defined benefit obligation	1,203	1,097

8. Pension costs (continued)

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

	2012 $ Million	2011 $ Million
Opening fair value of scheme assets	1,202	903
Expected return on scheme assets	45	43
Actuarial (losses)/gains on scheme assets	(13)	145
Contributions by the employer	93	107
Net benefits paid out	(39)	(24)
Transfer in of Citifinancial and AVCO schemes	-	180
Unrecognised asset due to FRS 17 para 41	(28)	(138)
Foreign exchange adjustment	54	(14)
Closing fair value of scheme assets	1,314	1,202

The actual return on assets is as follows:

	2012 $ Million	2011 $ Million
Expected return on assets	45	43
Actuarial (losses)/gains on scheme assets	(13)	145
Actual return on assets	32	188

History of experience gains and losses:

	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million	2007 $ Million
Difference between expected and actual return on scheme assets	(13)	145	(12)	36	(134)	30
Experience losses on scheme liabilities	-	-	-	(35)	(6)	(15)
Total amount recognised in STRGL	(75)	(50)	11	(121)	(6)	86

9. Share-based incentive plans

As part of the Company's remuneration program 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 programs are administered by the Personnel and Compensation Committee of the Citigroup Inc Board of the Directors, which is composed entirely of non-employee directors.

In the share award program 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 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.

9. Share-based incentive plans (continued)

(i) Stock award program

The Company participates in Citigroup's Capital Accumulation Program ('CAP') program, 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 ratably over a three or four year period beginning on or about the first anniversary of the award date. Continuous employment within Citigroup is generally required to vest in CAP and other stock award programs.

The program 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 programs, 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.

In 2010 the Company awarded Deferred Cash Stock Unit's ("DCSU"). None were awarded subsequently. The DCSU has been accounted for as a cash settled liability which fully amortised and vested in 2012.

As part of both 2010 and 2011 remuneration the Company entered into an arrangement referred to as an "EU Short Term" award. The award will be delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

Total restricted and deferred stock awarded:

	2012	2011	2010*	2009*
Shares awarded	6,488,348	7,197,950	6,259,496	968,143
Weighted average fair market value per share	$30.54	$49.96	$35.20	$46.70

* adjusted for 2011 reserve stock split

(ii) Stock option program

The Company also participates in a number of Citigroup stock option programs 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.

Options granted since January 2005 typically vest 25% each year over four years and have six-year terms. Options granted in 2004 and 2003 typically also have six-year terms but vest in thirds each year over three years, with the first vesting date occurring 17 months after the grant date. The sale of underlying shares acquired through the exercise of employee stock options granted since 2003 is restricted for a two-year period (and the shares are subject to stock ownership commitment of senior employees thereafter).

9. Share-based incentive plans (continued)

(ii) Stock option program (continued)

Prior to 2003, Citigroup options, including options granted since the date of the merger of Citicorp and Travelers Group, Inc., generally had a 10 year term and vested at a rate of 20% per year over five years, with the first vesting occurring 12 to 18 months following the grant date.

Certain options, mostly granted prior to 1 January 2003, permit an employee exercising an option under certain conditions to be granted new options (reload options) in an amount equal to the number of common shares used to satisfy the exercise price and the withholding taxes due upon exercise. The reload options are granted for the remaining term of the related original option and vest after six months. An option may not be exercised using the reload method unless the market price on the date of exercise is at least 20% greater than the option exercise price. Reload options have been treated as separate grants from the related original grants. Reload options are intended to encourage employees to exercise options at an earlier date and to retain the shares so acquired, in furtherance of the Company's long-standing policy of encouraging increased employee stock ownership.

Since 2009 the Company has made discretionary grants of options to eligible employees pursuant to the broad-based Citigroup Employee Option Grant (CEOG) Program 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.

The stock option activity with respect to 2012 and 2011 under Citigroup stock option plans is as follows:

	2012		2011	
	Options	Weighted average exercise price $	Options	Weighted average exercise price $
Outstanding, beginning of year	5,173,123	55.6	6,893,478	72.8
Granted	-	-	275,000	49.1
Forfeited	(111,373)	120.0	(680,636)	64.5
Exercised	-	-	(41,370)	40.8
Transfers to/from other Citi entities	(44,168)	34.6	(1,088,700)	84.0
Expired	(130,303)	443.0	(184,648)	491.5
Outstanding, end of year	4,887,279	44.0	5,173,124	55.6
Exercisable, end of year	4,728,074	43.83	3,057,827	63.31

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

The weighted average share price at the exercise date for options exercised during the year was $nil (2011: $45.02).

9. Share-based incentive plans (continued)

(ii) Stock option program (continued)

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2011:

	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	4,985,413	3.98	42.52	2,883,440	42.25
$50.00 - $399.90	44,468	2.98	245.85	34,904	245.86
$400.00 - $449.90	98,083	0.12	420.91	94,323	420.90
≥ $450.00	45,160	0.37	519.84	45,160	519.84
	5,173,124	3.86	55.61	3,057,827	63.31

Fair value assumptions

Reload options have been treated as separate grants from the related original grants. The result of this program is that employees generally will exercise options as soon as they are able and, therefore, these options have shorter expected lives. Shorter option lives result in lower valuations using a Binomial option model. However, such values are expensed more quickly due to the shorter vesting period of reload options. In addition, since reload options are treated as separate grants, the existence of the reload feature results in a greater number of options being valued.

Shares received through option exercises under the reload program, as well as certain other options granted, are subject to restrictions on sale. Discounts have been applied to the fair value of options granted to reflect these sale restrictions.

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.

	2012	**2011**
Weighted average fair value for options granted during the year	$0.00	$3.44
Weighted average expected life		
Original grants	3 years	4 years
Reload grants	0 years	0 years
Option life	3 years	4 years
Valuation assumptions		
Expected volatility (per annum)	42.56%	41.08%
Risk-free interest rate	0.38%	0.63%
Expected annual dividend yield per share	0.13%	0.11%
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.

	2012 $ million	2011 $ million
Awards granted in 2012		
Stock Awards	137	-
Stock Options	-	-
Awards granted in 2011		
Stock Awards	80	191
Stock Options	1	2
Awards granted in 2010		
Stock Awards	44	54
Stock Options	1	2
Awards granted in 2009		
Stock Awards	10	5
Stock Options	5	14
Awards granted in 2008 or earlier		
Stock Awards	3	28
Stock Options	-	-
Cash accrued	48	12
Total Expense (Note 7)	329	308
Fair value adjustment of intercompany recharges in profit and loss account (Note 27)	(154)	231
Total carrying amount of equity-settled transaction liability	496	348
Total carrying amount of cash-settled transaction liability	21	38

10. Directors' remuneration

Directors' remuneration in respect of services to the Company was as follows:

	2012 $'000	2011 $'000
Aggregate emoluments	8,380	9,689
Contributions to money purchase pension scheme	39	15
	8,419	9,704

The contributions to the money purchase pension schemes are accruing to four of the Directors (2011: four). Five of the Directors (2011: nine) of the Company participate in parent company share and share option plans and, during the year, none of the Directors (2011: none) exercised options.

The remuneration of the highest paid Director was $2,586,448 (2011: $3,501,645) and accrued pension of $nil (2011: $nil). The highest paid Director did not (2011: 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

	2012 $ Million	2011 $ Million
Current tax:		
Overseas current tax	29	30
UK corporation tax	-	-
Adjustment in respect of overseas tax for previous years	3	(4)
Total current tax (Note 11(b))	32	26
Deferred tax:		
Origination and reversal of timing differences - overseas	1	(7)
Adjustment in respect of deferred tax for earlier years - overseas	5	1
Total deferred tax	6	(6)
Tax charge on ordinary activities	38	20

(b) Factors affecting tax charge for the year

	2012 $ Million	2011 $ Million
Loss on ordinary activities before tax	(313)	(338)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(77)	(90)
Effects of:		
Expenses not deductible for tax purposes	17	18
Foreign tax deductions	(7)	(8)
Depreciation in excess of capital allowances	(5)	19
Accrued interest paid	(45)	(26)
Other timing differences	30	63
Pensions	(29)	(15)
Overseas tax in respect of European branch operations and dividends received	29	30
Group relief for nil consideration	116	39
Adjustments in relation to previous years	3	(4)
Current tax charge for year	32	26

(c) Factors that may affect future tax charges:

The Company has not recognised a deferred tax asset of $524 million (2011: $554 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 and 21% from 1 April 2014. While the reduction in corporate tax rate to 23% has already been enacted, the further reduction are expected to be enacted in the 2013 Finance Act. This results in a weighted average rate of 24.5% for 2012 (2011: 26.5%).

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 2012	292	7	299
Additions	59	2	61
Disposals	(4)	-	(4)
At 31 December 2012	347	9	356
Accumulated depreciation			
At 1 January 2012	92	5	97
Charge for the year (Note 7)	50	1	51
Disposals	(3)	-	(3)
At 31 December 2012	139	6	145
Net book value			
At 31 December 2012	208	3	211
At 31 December 2011	200	2	202

13. Fixed asset investments

	Unlisted Investments 2012 $ Million	Unlisted Investments 2011 $ Million
Cost		
At 1 January	26	49
Additions	10	5
Disposals	-	(28)
At 31 December	36	26

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2012 $'000	2011 $'000
Cost		
At 1 January	2,470	1,404
Additions	783	1,066
At 31 December	3,253	2,470

During 2012 the Company incorporated two new 100% subsidiaries in Luxembourg, Citigroup Global Markets Funding Luxembourg SaRL and Citigroup Global Markets Funding Luxembourg SCA.

Details of principal Group subsidiary undertakings held at 31 December 2012 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%

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 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	131,450	3,412	-	-	134,862	134,862
Collateralised financing transactions	100,252	-	-	-	100,252	100,252
Cash collateral pledged	-	-	4,968	-	4,968	4,968
Trade debtors	-	-	21,248	-	21,248	21,248
Other debtors	-	-	92	-	92	92
Fixed asset investments	-	-	-	36	36	36
	231,702	3,412	29,825	36	264,975	264,975
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	30,066	-	-	-	30,066	30,066
Trade creditors	-	-	-	18,311	18,311	18,311
Other creditors and accruals	-	-	-	1,156	1,156	1,156
Subordinated loans	-	-	-	5,700	5,700	6,760
	216,060	-	-	39,241	255,301	256,361

31 December 2011	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	-	-	3,714	-	3,714	3,714
Current asset investments	167,506	2,887	-	-	170,393	170,393
Collateralised financing transactions	104,516	-	-	-	104,516	104,516
Cash collateral pledged	-	-	6,651	-	6,651	6,651
Trade debtors	-	-	20,264	-	20,264	20,264
Other debtors	-	-	385	-	385	385
Fixed asset investments	-	-	-	26	26	26
	272,022	2,887	31,014	26	305,949	305,949
Bank loans and overdrafts	-	-	-	5,261	5,261	5,261
Collateralised financing transactions	81,388	-	-	-	81,388	81,388
Derivatives	144,496	-	-	-	144,496	144,496
Cash collateral held	-	-	-	8,741	8,741	8,741
Securities sold but not yet purchased	27,083	-	-	-	27,083	27,083
Trade creditors	-	-	-	18,034	18,034	18,034
Other creditors and accruals	-	-	-	715	715	715
Subordinated loans	-	-	-	10,180	10,180	10,924
	252,967	-	-	42,931	295,898	296,642

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 2012.

14. Financial assets and liabilities accounting classifications and fair values (continued)

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 following table shows an analysis of financial assets and liabilities classified as held for trading or designated at fair value by fair value hierarchy:

31 December 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ Million	**$ Million**	**$ Million**	**$ Million**
Financial assets held for trading				
Current asset investments				
Derivatives	58	88,352	3,447	91,857
Government bonds	20,463	4,109	77	24,649
Eurobonds and other corporate bonds	13	11,091	679	11,783
Equities	4,899	1,614	60	6,573
Collateralised financing transactions	-	100,252	-	100,252
	25,433	205,418	4,263	235,114
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	3,412	-	3,412
	25,433	**208,830**	**4,263**	**238,526**
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	25,907	4,140	19	30,066
	25,937	**185,375**	**4,748**	**216,060**

31 December 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ Million	**$ Million**	**$ Million**	**$ Million**
Financial assets held for trading				
Current asset investments				
Derivatives	133	137,180	5,384	142,697
Government bonds	12,349	1,748	329	14,426
Eurobonds and other corporate bonds	67	5,193	835	6,095
Equities	2,736	1,521	31	4,288
Collateralised financing transactions	-	104,516	-	104,516
	15,285	250,158	6,579	272,022
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	2,887	-	2,887
	15,285	**253,045**	**6,579**	**274,909**
Financial liabilities held for trading				
Derivatives	109	139,430	4,957	144,496
Collateralised financing transactions	-	81,388	-	81,388
Securities sold but not yet purchased	22,740	4,117	226	27,083
	22,849	**224,935**	**5,183**	**252,967**

14. Financial assets and liabilities accounting classifications and fair values (continued)

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 as 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 recognize 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.

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.

14. Financial assets and liabilities accounting classifications and fair values (continued)

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, corporate bonds and equities; such items are classified as Level 1 of the fair value hierarchy. Examples include some government bonds and exchange-traded equities.

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 collateralized interest rate 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.

14. Financial assets and liabilities accounting classifications and fair values (continued)

The movement on level 3 items for the year was:

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	(1,052)	-	(138)	679
Equities	31	7	19	(22)	-	25	60
	6,579	(866)	1,901	(1,390)	(916)	(1,045)	4,263

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	4,748

2011	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	7,553	(1,729)	126	(206)	(1,491)	1,131	5,384
Government bonds	467	(18)	1,092	(496)	(428)	(288)	329
Eurobonds and other corporate bonds	605	154	877	(1,221)	397	23	835
Equities	239	(115)	26	(57)	-	(62)	31
	8,864	(1,708)	2,121	(1,980)	(1,522)	804	6,579

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	7,851	(621)	(22)	25	(1,132)	(1,144)	4,957
Securities sold but not yet purchased	1,820	(299)	-	61	(1,561)	205	226
	9,671	(920)	(22)	86	(2,693)	(939)	5,183

Issuances are not included within the above tables as they have an immaterial impact on level 3 changes in 2012 and 2011.

Included in the Level 3 balance at 31 December 2012 above are intercompany assets of $1,888 million (2011: $2,273 million) and liabilities of $2,501 million (2011: $2,017 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 2012 and 2011.

Transfers in/out 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 contributor to the Level 3 financial instrument decrease over 2012 focussed on Credit Markets, specifically with the settlement of positions across the Credit Correlation businesses.

Movements across purchases and issuances were driven by trading securities across the Securitised Markets and Rates businesses.

Transfers between Level 3 and Level 2 were driven by the Emerging Markets Credit Trading business, as transparency improved across a number of different trading securities.

During the year, total changes in fair value, representing a loss of $1,506 million (2011: $788 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 downside impact of using reasonable possible alternative assumptions for the valuation techniques, for both observable and unobservable market data, has been quantified as approximately $251 million (2011: $162 million).

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 Derivatives: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Credit and Securitized Markets: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Commodity Derivatives: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

15. Debtors

The following amounts are included in debtors:

	2012 $ Million	2011 $ Million
Amounts due within one year:		
Trade debtors	21,248	20,264
Collateralised financing transactions	100,252	104,516
Cash collateral pledged	4,968	6,651
Physical commodities	296	220
Other debtors	92	385
Prepayments and accrued income	6	9
Corporation tax recoverable	-	1
Amounts due in greater than one year:		
Deferred tax asset (Note 20)	12	17
	126,874	132,063

Included within debtors are the following balances due from group undertakings:

	2012 $ Million	2011 $ Million
Amounts due within one year:		
Trade debtors	6,050	6,309
Collateralised financing transactions	24,844	20,609
Cash collateral pledged	806	872
Other debtors	13	336
	31,713	28,126

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 $123.5 billion. The fair value of the collateral accepted that has been re-pledged at 31 December 2012 was $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 2012 were $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

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:

	2012 $ Million	2011 $ Million
Government bonds	24,649	14,426
Eurobonds and other corporate bonds	11,778	8,982
Equities - listed on a recognised UK exchange	2,049	14
- listed elsewhere	4,524	4,274
Certificates of deposit	5	-
Derivatives (Note 18)	91,857	142,697
	134,862	170,393

Eurobonds and other corporate bonds include $3,412 million (2011: $2,887 million) of bonds that are "designated at fair value" and the remainder are classified as "held for trading".

18. Derivatives

	2012 Fair Value		2011 Fair Value	
	Asset $ Million	Liability $ Million	Asset $ Million	Liability $ Million
Swap agreements, swap options and interest rate cap and floor agreements	76,806	79,277	121,975	121,008
Index and equity options and similar contractual commitments	7,732	9,411	11,747	13,785
Other options and contractual commitments	7,319	7,457	8,975	9,703
	91,857	96,145	142,697	144,496

19. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2012 $ Million	2011 $ Million
Cash at bank held by third parties	2,131	2,104
Cash at bank held by other group undertakings	1,386	1,610
	3,517	3,714

Included within cash held by third parties is $1,652 million (2011: $1,746 million) that is held on behalf of clients in segregated accounts. Included within cash held by other group undertakings is $147 million (2011: $536 million) on behalf of clients in segregated accounts.

20. Deferred tax asset

The following amounts are included within deferred tax:

	2012 $ Million	2011 $ Million
Short term timing differences	12	17
At 1 January	17	12
Prior year adjustment	(5)	(1)
Released during the year	-	6
At 31 December	12	17

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 $524 million (2011: $554 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.

	2012 $ Million	2011 $ Million
Amounts falling due within one year:		
Securities sold, but not yet purchased	30,066	27,083
Derivatives (Note 18)	96,145	144,496
Collateralised financing transactions	89,849	81,388
Cash collateral held	7,669	8,741
Bank loans and overdrafts	6,405	5,261
Trade creditors	18,057	17,998
Other creditors and accruals	1,156	715
Payroll taxes	149	73
	249,496	285,755
Amounts falling due in greater than one year:		
Trade creditors	254	36
Payroll taxes	-	5
	254	41

21 Creditors (continued)

Included within creditors are the following balances due to group undertakings:

	2012 $ Million	2011 $ Million
Amounts falling due within one year:		
Collateralised financing transactions	11,757	14,566
Cash collateral held	2,763	3,799
Bank loans and overdrafts	6,376	5,014
Trade creditors	2,725	4,483
	23,621	27,862
Amounts falling due in greater than one year:		
Trade creditors	254	36

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 collateralized 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 collateralized financing liability is recognised and the securities remain on balance sheet.

As at 31 December 2012 the Company recognised $36,918 million of assets with an associated $26,391 million of collateralized financing liabilities.

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.

	2012 $ Million	2011 $ Million
Unamortised balance at 1 January	50	76
Deferral on new transactions	4	18
Recognised in profit and loss during the period:		
- amortisation	(26)	(44)
Unamortised balance at 31 December	28	50

24. Subordinated loans

The subordinated loans form part of the Company's regulatory capital resources held to meet the capital adequacy requirements of the FSA and can only be repaid with their consent.

The following amounts were included within subordinated loans:

	2012 $ Million	2011 $ Million
Amounts falling due in less than one year	-	5,980
Amounts falling due between one and five years	1,500	-
Amounts falling due after five years	4,200	4,200
	5,700	10,180

The subordinated loans, on which interest is payable at market rates, are due to other group undertakings.

As at 31 December 2011 the Company had subordinated debt of $5,980 million falling due within one year. The Company rolled $1,500 million of short term subordinated loan borrowings which is now due in December 2014 and repaid $4,480 million to Citigroup Financial Products Inc during 2012. The repayments were made as follows; $2,000 million on 31 January 2012, $1,484 million on 13 July 2012 and $996 million on 12 October 2012.

At 31 December 2012, the Company had in place the following subordinated loan facilities:

Facilities with other group undertakings:	Total facilities available $ Million	Drawn down $ Million
Facilities falling due between one and five years	16,500	1,500
Facilities falling due after five years	5,000	4,200
	21,500	5,700

25. Provisions for liabilities

	Restructuring provision $ Million	Litigation provisions $ Million	Other provisions $ Million	Total $ Million
At 1 January 2012	65	13	34	112
Charge to profits	31	2	24	57
Provisions utilised	(84)	(2)	(42)	(128)
Exchange adjustments	-	-	1	1
At 31 December 2012	12	13	17	42

The restructuring provision relates to the provision for the cost of staff redundancies and compensation. The full amount is expected to be fully utilised in 2013. 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:

	2012 $ Million	2011 $ 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	350
	1,994	1,994
Allotted, called-up and fully paid:		
1,149,626,620 ordinary shares of $1 each	1,150	1,150
350,000,000 convertible non-redeemable preference shares of $1 each	350	350
	1,500	1,500

The convertible non-redeemable preference shares of $1 each carry an entitlement to a fixed non-cumulative preferential dividend of an amount per share per annum, as detailed in the Company's articles. The convertible non-redeemable preference share dividend shall be paid annually on 31 December in each year ending on that date or on such date and in respect of such period as the Directors may in their discretion determine. These convertible non-redeemable preference shares confer 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. These convertible non-redeemable preference shares do not permit holders to vote at general meetings of the Company unless a dividend declared on those shares has not been paid on the due date. On a return of capital on liquidation or otherwise, the convertible non-redeemable preference shares rank in priority to the ordinary shares.

27. Reserves

The Company's reserves comprise:

	Capital reserve $ Million	Profit and loss account $ Million	Total $ Million
At 1 January 2012	6,705	2,210	8,915
Profit for the year	-	(351)	(351)
Total recognised gains and losses	-	(75)	(75)
Share based payment transactions	-	(154)	(154)
Dividends	-	-	-
Capital contribution	284	-	284
At 31 December 2012	6,989	1,630	8,619

The capital reserve includes capital contributions from the parent company, which are distributable.

A capital contribution of $284 million was made on the 13 July 2012 to the Company by CGMEL. The capital contribution was made in order to reinforce the Company's regulatory capital excess.

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 our clients (usually in the over-the-counter market);
- to satisfy our clients requirements to buy or sell investments;
- as a result of underwriting activites; and
- to economically hedge positions in our own books created by the business noted above.

In addition to the activities noted above, the Company 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 in the Company's derivative transactions are banks and other financial institutions. The risks involved in derivatives include market, credit, liquidity and operational risk.

The majority of the financial instruments are held as part of portfolios which are maintained and monitored by the business. The positions thus maintained will result from the Company's normal market activities. The Company aims to maintain a variety of economic hedging strategies. Individual businesses are allocated risk limits based on a wide range of market factors and are required to maintain portfolios within those limits. As such they are responsible for maintaining economic hedges at a macro level.

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 before the Company transacts in new financial instruments or services. This process includes the setting of any limits applicable to the new business.

The market uncertainty places additional importance on the risk management policies and procedures which are outlined below. The Citigroup risk management framework as established by the Chief Risk Officer is used as the basis to manage risk in the Company. The Company believes that effective risk management is of primary importance to its success. Accordingly, the Company's risk management process is designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. As part of Citigroup, the risk management framework is designed to balance corporate oversight with independent risk management functions. The risk management framework is based on guiding principles established by the Chief Risk Officer of Citigroup:

- a common risk capital model to evaluate risks;
- a defined risk appetite, aligned with business strategy;
- accountability through a common framework to manage risks;
- risk decisions based on analytics;
- authority and independence of Risk Managers; and
- empowering Risk Managers 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

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 who are the 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 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 our business activities;
- the risk architecture group, which seeks to ensure we have integrated systems and common metrics, and thereby allows us 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 our critical regulatory relationships as well as risk communications.

Risk aggregation and stress testing
The Chief Risk Officer, as noted above, is expected to monitor and control 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.

Stress tests are undertaken across Citigroup, mark-to-market, available-for-sale, and amortised cost portfolios. These firm-wide stress reports seek to measure the potential impact to Citigroup and its component businesses including the risk within the Company of very large changes in various types of key risk factors (e.g. interest rates, credit spreads), as well as the potential impact of a number 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 Citigroup 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 Citigroup that may occur, directly or indirectly, as a result of hypothetical scenarios, based on judgmental analysis from independent risk managers.

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 Citigroup that impact our outlook on 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 then serve as the starting point for developing risk management and mitigation strategies.

28 Financial instruments and risk management (continued)

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.

Market risks are measured in accordance with established standards to seek to ensure consistency across businesses and the ability to aggregate like risk at the Citigroup level. Independent market risk management establishes, after discussion with each business, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of Citigroup's and the Company's overall risk appetite. 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 in 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. 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 market risk factors, including factors that track the specific issuer risk in debt and equity securities.

Citigroup uses 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 less than three exceptions per year. Periods of unstable market conditions could increase the number 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 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.

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 ongoing appropriateness of exposure levels and limits.

28 Financial instruments and risk management (continued)

Market risk (continued)

A VaR trigger is in place for the Company that seeks to ensure any excesses are discussed and resolved between risk and the business and entity management.

Although 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 the 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 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 is performed on portfolios on a regular basis to estimate the impact of extreme market movements. It is performed on both individual portfolios, as well as on aggregations of portfolios and businesses. Independent Market Risk Management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises and uses the information to make judgements as to the ongoing appropriateness 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

The following table summarises trading price risk by disclosing the Company's calculated average VaR during the reporting period, together with the VaR as at 31 December:

	2012 $ Million						
	Equity risk	**Interest rate risk**	**Foreign exchange risk**	**Distressed debt**	**Commodity risk**	**Covariance adjustment**	**Overall VaR**
Average	8.5	15.7	1.6	1.4	4.1	0.3	31.6
As at 31 December	14.1	11.2	(0.4)	3.6	1.5	0.1	30.1

	2011 $ Million						
	Equity risk	**Interest rate risk**	**Foreign exchange risk**	**Distressed debt**	**Commodity risk**	**Covariance adjustment**	**Overall VaR**
Average	18.9	33.7	3.6	0.9	3.2	(0.2)	60.1
As at 31 December	10.1	33.7	0.1	0.5	10.3	(0.9)	53.8

28 Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that a party 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;
- consistent risk rating standards, applicable to every Citigroup obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

The Company uses derivatives as both 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.

The Company seeks to reduce 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.

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 2012	**Maximum exposure $ Million**	**Offset $ Million**	**Exposure to credit risk (net) $ Million**
Cash	3,517	-	3,517
Current asset investments	134,862	(90,690)	44,172
Collateralised financing transactions	100,252	(16,713)	83,539
Cash collateral pledged	4,968	-	4,968
Trade debtors	21,248	(6,152)	15,096
Other debtors	92	-	92
Fixed asset investments	36	-	36
	264,975	(113,555)	151,420

31 December 2011	**Maximum exposure $ Million**	**Offset $ Million**	**Exposure to credit risk (net) $ Million**
Cash	3,714		3,714
Current asset investments	170,393	(152,909)	17,484
Collateralised financing transactions	104,516	(14,327)	90,189
Cash collateral pledged	6,651		6,651
Trade debtors	20,264	(7,983)	12,281
Other debtors	385		385
Fixed asset investments	26		26
	305,949	(175,219)	130,730

28 Financial instruments and risk management (continued)

Credit risk (continued)

The current asset investments offset amount in the above table relates to exposures where the counter party 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 collateralized 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 where, as a result there is 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 specially collateralized, 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 collateralized financing transactions and derivatives was distributed as follows:

Industry	**2012**	**2011**
	%	**%**
Commercial and universal banks	32.7	39.0
Insurance and fund management	3.5	4.2
Brokers and investment banks	7.7	10.2
Other (including Corporates, SPVs and Hedge Funds)	56.1	46.6
	100	100

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. We use 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. Wrong-way risk is mitigated through the use of enforceable netting agreements and margining.

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 in current asset investment and derivative transactions. The table below shows the exposure to counterparties for current asset investments and derivatives as at 31 December as rated by Moody's, S&P and Fitch.

	Government bonds		**Eurobonds and corporate bonds**		**Derivatives**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	%	**%**	**%**	**%**	**%**	**%**
AAA / AA / A	72.5	98.0	55.0	66.9	52.6	54.8
BBB	21.5	0.5	18.2	11.2	11.6	1.5
BB / B	4.9	1.0	7.2	10.8	1.4	0.3
CCC or below	-	-	1.4	2.3	-	0.2
Unrated	1.1	0.5	18.2	8.8	34.4	43.2
	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.

28 Financial instruments and risk management (continued)

Liquidity risk

The Company defines Liquidity risk as the risk that the firm 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 firm.

The Company's funding and liquidity objectives are to maintain liquidity to fund its exiting asset base as well as grow its core business, while at the same time 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.

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 for the Company, as well as the 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 the Company. The funding and liquidity plan includes analysis of the balance sheet as well as 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 liquidity pool which includes highly liquid government bonds.

Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on the balance sheet and liquidity position, and to identify viable funding alternatives that can be utilized. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and political and economic conditions. These conditions include standard and stressed market conditions as well as firm-specific events.

A wide range of liquidity stress tests are important for monitoring liquidity risk across Citigroup. Some span liquidity events over a full year, some may cover an intense period of one month. These potential liquidity events are useful to ascertain potential mismatches between liquidity sources and uses over a variety of horizons and liquidity limits are set accordingly. To monitor the liquidity of a unit, those stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily.

Given the range of potential stresses, Citigroup Inc 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 that are in a variety of adverse market conditions, or idiosyncratic disruptions.

28 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 balance sheet date to the contractual maturity date. Note that in managing liquidity risk, management use certain assumptions based on behavioural characteristics which differ from the contractual maturity dates shown below:

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	134,862	134,862	-	-	-	-
Collateralised financing transactions	100,252	26,780	68,457	1,219	2,524	1,272
Cash collateral pledged	4,968	-	4,968	-	-	-
Trade debtors	21,248	-	21,248	-	-	-
Other debtors	92	-	92	-	-	-
Fixed asset investments	36	-	-	-	-	36
Total financial assets	264,975	162,220	97,704	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	30,066	-	30,066	-	-	-
Trade creditors	18,311	-	18,057	-	254	-
Other creditors and accruals	1,156	-	1,156	-	-	-
Subordinated loans	5,700	-	-	-	1,500	4,200
Total financial liabilities	247,632	112,500	117,715	9,636	3,581	4,200
Net liquidity gap	17,343	49,720	(20,011)	(8,417)	(1,057)	(2,892)
Cumulative liquidity gap		49,720	29,709	21,292	20,235	17,343

28 Financial instruments and risk management (continued)

Liquidity risk (continued)

31 December 2011	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	3,714	1,357	-	-	2,357	-
Current asset investments	170,393	170,393	-	-	-	-
Collateralised financing transactions	104,516	-	86,420	2,627	15,469	-
Cash collateral pledged	6,651	-	6,651	-	-	-
Trade debtors	20,264	-	20,264	-	-	-
Other debtors	385	-	385	-	-	-
Fixed asset investments	26	-	-	-	-	26
Total financial assets	305,949	171,750	113,720	2,627	17,826	26

	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	5,261	1,985	3,276	-	-	-
Collateralised financing transactions	81,388	-	61,408	9,357	10,623	-
Derivatives	144,496	144,496	-	-	-	-
Securities sold but not yet purchased	27,083	-	27,083	-	-	-
Trade creditors	18,034	-	17,998	-	36	-
Other creditors and accruals	715	-	715	-	-	-
Subordinated loans	10,180	-	-	-	5,980	4,200
Total financial liabilities	287,157	146,481	110,480	9,357	16,639	4,200
Net liquidity gap	18,792	25,269	3,240	(6,730)	1,187	(4,174)
Cumulative liquidity gap		25,269	28,509	21,779	22,966	18,792

The table below analyses the Company's liabilities into 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 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

31 December 2011	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	12,339	-	120	361	7,060	4,798
Total financial liabilities	12,339	-	120	361	7,060	4,798

28 Financial instruments and risk management (continued)

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 honor 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 to economic, financial, sociopolitical 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 materially lower than the exposure amounts disclosed below and is sized appropriately relative to its operations in these countries.

The sovereign entities of all the countries disclosed below, as well as the financial institutions and corporations domiciled in these countries, are important clients to the Company and in the global Citigroup franchise. Citigroup fully expects to maintain its presence in these markets to service all of its global customers. As such, 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. Given the interest in the area, the table below outlines the Group's exposures to these countries as of 31 December.

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

28 Financial instruments and risk management (continued)

Country Risk (continued)

2011 **$ Millions**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	(20)	(2)	144	-	(3)	119
Net trading exposure	49	66	231	(2)	(114)	230
Net current funded exposure	29	64	375	(2)	(117)	349
Net current funded credit exposure:						
Sovereigns	-	-	29	-	-	29
Financial institutions	4	(2)	99	-	(3)	98
Corporations	(24)	-	16	-	-	(8)
Total net current funded credit exposure	(20)	(2)	144	-	(3)	119

The exposure detailed above is the nominal exposure without the benefit of any collateral but it reflects the benefit of margin and credit protection. The net trading exposures are marked to market daily and levels vary as the positions are maintained consistent with customer needs. As such, the Company's net exposure is significantly less.

The Company does not have any exposure to unfunded commitments.

Operational risk (unaudited)

Operational risk is 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 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.

Framework
The Company's approach to operational risk is defined in the Citigroup Risk and Control Self-Assessment/Operational Risk Policy. The objective of the policy is to establish a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. The operational risk standards aim to facilitate the effective communication of operational risk. Information about operational risk, historical losses and the control environment is reported and summarised for the Audit Committee, Senior Management and for the 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 FSA has approved this model, including a 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 reflect qualitative data regarding the operational risk and control environment.

28 Financial instruments and risk management (continued)

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 policy to continue to maintain a strong capital base to support the business and regulatory capital requirements at all times. The composition and amount of capital will be commensurate with the regulations in force, including CRD4 in the future.

Capital forecasts are prepared taking into account strategic growth plans, seasonal activity and changes in the future regulatory environment. Capital forecasts are updated monthly and reviewed at least quarterly.

The Company maintains an internal capital buffer in excess of the Financial Services Authority minimum regulatory capital requirement.

Regulatory capital (unaudited)

The Company's capital adequacy position is managed and monitored in accordance with the prudential requirements of the FSA, the UK financial services regulator. The Company must at all times meet the relevant minimum capital requirements of the FSA. The Company has established processes and controls in place to monitor and manage its capital adequacy position.

Under the FSA's minimum capital standards, the Company is required to maintain an excess of total capital resources over its capital resources 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 one capital, which includes ordinary share capital, retained earnings and capital reserves;
- tier two capital, which includes qualifying long-term subordinated liabilities; and
- tier three 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 one capital; and qualifying short-term subordinated loan capital may not exceed 250 per cent of tier one 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 maintain 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, as is 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:

	2012 $ Million	2011 $ Million
Tier one capital	10,285	10,221
Tier two capital	4,104	4,200
Tier three capital	1,273	5,980
Deductions	(218)	(366)
Total regulatory capital resources	15,444	20,035

29. Other commitments

a) Letters of credit

As at 31 December 2012, the Company had $35 million (2011: $325 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 2012, the Company had no capital commitments (2011: $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 www.citigroup.com/citi/corporategovernance/ar.htm.

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 tlxed 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).

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 Jinaneial 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
1 P Asquith
D *1* Challen (Chairman)
S H Dean
D L Taylor

Executive
1 Bardrick (appointed 17 September 2013)
1 C Cowles
P McCarthy
Z Turek (appointed lO 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 Atarch 2014

Incorporated in England and Wales
Registered office: Citigroup Centre. Canada Square, Canary Wharf, London **E**14 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 rhe 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 JCG 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 pnont1es 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 contldence 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 $ I\ilillion	Change $ I\'lillion	Change in$%
Commission incorre and fees	1,618	1,517	101	7%
Net dealing incorre	1.085	1,313	(228)	(17%)
Interest receivable	897	1.282	(385)	(30%)
Interest payable	(797)	(I,345)	548	41%
Gross profit	2,803	2,767	36	1%
Operating expenses	(3,021)	(3,125)	104	3%
Other incorre and expenses	9	45	(36)	
Operating loss ordinary acthities 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.

:-Jet 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 signitlcant 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 $ JVJillion	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)	
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	!,265	1,630	(365)	(22%)
Shareholder's funds	12,754	10,119	2,635	26%

*In 201:1 the Company voluntarily adopted settlement date accounting. replacing trade date accounting. Comparative infonnation has been restated accordingly (*See* Note l(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.

Business review and financial results *(continued)*

The Company repaid$ L500 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 suftlciently 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.

Derails surrounding the Company's capital management policies and procedures are detailed in :"lote 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	Basel3 LCR	Basel3 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 fultllling 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 m 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 EC 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 Cnion. 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, whichcanbefoundat -

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. Sueh 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 iV/arclz 2014

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London El4 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 protlt 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 tlnancial 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 tlnancial 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 tlnancial statements arc prepared is consistent with the financial statements.

:\-tatters 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.

Richard Faulkner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
El4 5GL

27'h 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)	(L345)
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	ll(a)	(25)	(38)
Loss for the financial year			(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			(426)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

for the year ended 31 December 2013

	Notes	2013 $Million	2012 $1\lillion
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	10.11

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 tl:xed 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 ""'ithin one year			
Creditors	21	217,219	240.762
		217.219	240,762
Net current assets		16,796	15,757
Total assets, less current lial:ilities		17,067	16,004
Creditors: amounts falling due after more than one year			
Creditors	21	160	254
Subordinated loans	24	4,200	
		4,360	5.954
Provisions for Iial:ilities	25	56	42
Net assets excluding net pension asset		12,651	10.008
Net pension asset	8	103	111
et assets		12,754	10.119
Capital and resenes			
Called up share capital	26	1,500	1,500
Capital reserve	27	9.989	6,989
Pro tit and loss account	27	1,265	L630
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 l(a)).

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

J Bardri.wl{
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 tlnancial 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 $ 1\'lillion	2013 Trade Date $Million	Variance $1\-lillion	2012 Restated $!\'lillion	2012 $!\'Jillion	Variance $ 1\'lillion
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 l 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 l 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 I, "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 classitled 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 protlt 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 tlnancing 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 arc 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 tlows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and retlected 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 prol1t and loss account.

Determitwtion 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 tlows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the tinancial 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 arc 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 1s 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 bofh 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 detlned benefit obligations, the current service cost and any past service costs are included in fhe 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.

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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**	**Year2**	**Year3**	**Year4**
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 (4Tranches)	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 signitlcant 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 l(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 retlect 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 int1ation, 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 ret1ect 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 retlect 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. .'vlanagement 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 arc subject to non-performance risk. This process identifies specific, point-in• time future cash tlows 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-spceific 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 (20 12: $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 I 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

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 yeaL

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 detlned 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 flnalisation of the Citifinancial and AVCO scheme merger into PLAS and S39.8 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	

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		(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)	
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 $!VIillion
Total market value of assets	1.543	1.480	IJ40	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	$Million

TheimpactofPara4llimitationinFRS 17:

	2013 $ Million	2012 $ Million
Fair value of scheme assets	1,543	1,480
Defined benefit obligation	(1,325)	(1
Net asset	218	
Present value of service cost over next 12 years [1]	(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
Actuariallossess on scheme liabilities	67	30
Net benefits paid out	(38)	(39)
Foreign exchange adjustment	29	51
Closing defined benefit obligation	L325	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)
exchange adjustment	36	54
Closing fair value of scheme assets		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		

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)	Y'	(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 in STRGL	(50)	(75)	(50)	II	

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 participant<> (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 specitlc 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 20|0. 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 CK 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 awrage exercise price $	Options	Weighted awrage 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 awrage contractual life remaining	Weighted awrage exercise price $	Number Exercisable	Weighted awrage 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	
2:$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 p.-ices	Number outs tanding	Weighted awrage contractual life remaining	Weighted awrage exercise p.-ice $	Number Exercisable	Weighted awrage exercise p.-ice $
<$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	Ll67	0.04	543.8	Ll67	543.80
	4,887,279	2.96		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
Weightedawrage fair v.llue for options granted during the year	$0.00	$0.00
Weighted awrage expected life		
Option life	2 years	3 years
Valuation assumptions		
Expected volatility (per annum)	37.23'k	42.56%
Risk-free interest rate	0.45%	0.38%
Expected annual dividend yield per share	0.0S'K	O.!Yk
Expected annual forfeitures	9.62%	9.62'k

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 rranted in 2011		
Stock Awards	24	80
Stock Options		
Awards granted in 2010		
Stock Awards	(7)	44
Stock Options		
Awards granted in 2009		
Stock Awards	(2)	10
Stock Options		5
Awards granted in 2008 or earlier		
Stock Awards		
Stock Options		
Cash accrued	8	48
Total Expense (Note 7)	224	329
Fair value adjustment of intercompany recharges in protit and loss reserve (Note 27)	(83)	(!54)
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
		8,419

The contributions to the money purchase pension schemes are accruing to five of the Directors (20!2: 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 (20!2: $2.586,448) and accrued pension of $3,222 (2012: $nil). The highest paid Director did not (20!2: 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 1l(b))	26	32
Deferred tax:		
Origination and reversal of timing differences - overseas	(l)	
Adjustment in respect of deferred tax for earlier years - overseas		5
Total deferred tax	(!)	
Tax charge on ordinary activities	25	38

11. Tax on profit on ordinary activities (continued)

(b) Factors affecting ta'l: 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 of23.25% (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	

(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 l April 2012 reduced from 26% to 24%. The UK Government has announced that the rate will reduce to 23% from l April 2013, to 21% from l April 2014 and to 20% from l April 2015. While the reduction in corporate tax rate to *23ck* 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%).

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	4
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	
Net book value			
At 31 December 2013	213	8	221
At 31 December 2012	208		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		

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2013 $'000	2012 $'000
Cost		
At 1 January		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%

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO **THE FINANCIAL STATEMENTS**

14. Financial assets and liabilities accounting classifications and fair values

The table below sets out the Company's classitlcation of each class of financial assets and liabilities, and their fair values.

31 December 2013	Held for Trading $Million	Designated at fair V<llue $ lVIillion	Loans and receiwbles $lVIillion	Other amortised cost $ lVIillion	Total carrying amount $ l\illion	Fair V<llue $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
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
					434	222,237

31 December 2012*	Held for Trading $ JVIillion	Designated at fair V<llue $Million	Loans and receiwbles $Million	Other amortised cost $ lVIillion	Total carrying amount $ lVIillion	Fair V<llue $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	!.156
Subordinated loans				5,700	5.700	6.760
	215.868			30.700	246.567	247.627

'1n 20 n the Company voluntarily adopted settlement date aceo unting. replacing trade date aceo untlng, Com pararivc infonn atio n has ht:e n res tatcd accordingly(Se¢ Note lta)l.

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	Levell $Million	Level2 $Million	Level3 $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
Collatera1ised 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
	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 purchas.cd			20	
	24.644	168,862	3,396	197,162

31 December 2012*	Levell $Million	Level2 $Million	Level3 $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				12
	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 acl..'ounting. Comparative informatlnn 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 ref1ects whether the inputs to those valuation techniques are observable or unobservable. Observable inputs ret1ect market data obtained from independent sources, while unobservable inputs ret1ect the Company's market assumptions.

The types of inputs have created the following fair value hierarchy are described below:

- Level I: 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 !(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 I. In some eases 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 arc 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.

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 l 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 l 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 (OJS) 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 tlows 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.

14. Financial assets and liabilities accounting classifications and fair values (continued)
The movement on Level 3 items for the year was:

2013	Atl January $Million	Gain/(loss) recorded in the profit and loss statement $Million	Purchases $Million	Sales $Million	Settlements $Million	Transfer from/(to) Le•ell and Le>el 2 $Million	At31 December $Million
Financial assets held for trading							
Current asset investments							
Derivatives	3.447	(771)	13	(11)	(551)	614	2.741
CJOvernment bonds	77	(23)	!13	(143)		(5)	19
Eurobonds and other corporate bonds	679	439	1.663	(1.480)	(0)	(!59)	1.14!
Fljuities	60	24	42	(37)	(6)	29	III
Collateralised financing transactions			292		(391)	442	343
	4,263					20	4,355

Financial liabilities held for trading	At 1 January $Million	(Gain)lloss recorded in the profit and loss statement $Million	Purchases $Million	Sales $Million	Settlements $ 1\>lillion	Transfer from/(tol Le>ell and Le>el 2 $ 1\illion	At31 December $ 1\>illion
Derivatives	4.729	(222)	145	5	(1.588)	307	3.376
Long Tenn Debt		1			(!)		0
Securities sold but not yet purchased	19	(16)		90	(91)	!8	20
						325	3,396

2012*	At 1 January $Million	Gain/(loss) recorded in the profit and loss statement $Million	Purcha es $Million	Sales $Million	Settlements $Million	Transfer from/(to) Levell and Level2 $Million	At31 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		1.079	(1.061)		(138)	670
Equities	31	7	19	(23)	-	25	59
						5)	4,253

Financial liabilities held for trading	Atl January $Million	(Gain)!loss recorded in the profit and loss statement $ Jillion	Purchases $Million	Sales $Million	Settlements $Million	Transfer from/(to) Levell and Level2 $Million	At31 December $Million
Derivatives	4.957	585	(7)	29	(997)	162	4.729
Long Tenn Debt		(3j			113	(llO)	
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 !(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: $2,50 I million).

14. Financial assets and liabilities accounting classifications and t'air 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 l and Level2 during the years ended 31 December 2013 and 2012.

Valuation process t'or Level3 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.

15. Debtors

The following amounts are included in debtors:

	2013 $:\llillion	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
	III	118,841

*In 2013 the Company voluntarily adopted settlement date aecounting, replacing trade date accounting. Comparative information has been restated accordingly (See Note l(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 the voluntarily adopted scnlcmem date accounting, replacing trade date accounting. c,)mparativc information has hccn restated a-.:conlingly (Sec l (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.

CITIGROUP GLOBAL MARKETS LIMITED

NOTES **TO THE FINANCIAL STATEMENTS**

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	
Certitlcates of deposit	1	5
Commercial Paper	52	
Derivatives (Note 18)	77,648	91,857
	119,574	134.1

*In 2013 the Company voluntarily adopted settlement date accounting. replacing tmde date accounting. Comparative information has been restated accordingly (See Note lfa)).

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 Boor 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	145

19. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2013 $!Vlillion	2012 $!Vlillion
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 $!Vfillion	2012 $!Vfillion
Short term timing differences	13	12
At I January	12	17
Prior year adjustment		(5)
Increase during the year		
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	
	21	[illegible]
Amounts falling due in greater than one year:		
Trade creditors	160	254

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

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 20!3 the Company voluntarily adopted settlement date accounting. replacing trade date accounting. Comparative information has been restated accordingly (See Note l(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 collatcralised 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 l 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

CITIGROUP GLOBAL MARKETS LIMITED

NOTES **TO THE FINANCIAL STATEMENTS**

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 $ lVfillion	2012 $ 1\<fillion
Amounts falling due between one and tive 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 witb other group undertakings:	Total facilities available $ 1\<fillion	Total facilities a"ailable $ 1\<fillion
Facilities expiring between one and five years	5,000	21.500
Facilities expiring after five years		
		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 l January 2013	12	13	17	42
Charge to profits	73		14	88
Provisions utilised	(71)		(3)	(74)
At 31 December 2013	14	14	28	

The restructuring prov1s1on 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.

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NOTES TO THE FINANCIAL STATEMENTS

26. Called up share capital

The Company's share capital comprises:

	2013 $Million	2012 $!VIillion
Authorised:		
[,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	
Allotted, called-up and fully paid:		
1,499,626,620 ordinary shares of $1 each	1,500	Li50
350,000,000 convertible non-redeemable preference shares of $1 each		350
	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 reser\e $Million	Profit and loss account $Million	Total $Million
At l January 2013	6.989	1,630	8.619
Loss fortheyear		(234)	(234)
Net movement in STRGLin respect of pension scheme		(50)	(50)
Share based payment tmnsactions		(83)	(83)
Dividends		0	0
Capital contribution	3,000	0	**3,000**
At 31 December 2013	==9;,;.9;,;,8,;.9	==;:;;1.2;;;;6;;;.5	===== ! ="2=5=4

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 tlrms.

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 he 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 retlect 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 retlect intra-day exposures: and
- VaR is unlikely to retlect 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	Connnodity risk	Distressed deht	Comriance 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	Connnodity risk	Distressed debt	Comriance 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:

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28 **Financial instruments and risk management** (continued)

31 December 2013	Total $Million	On demand $Million	3 months & less $Million	3-12 months $Million	1-5 years $Million	More than 5 years $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		IS 1,656	79,004	1,113	1.078	1,161

	Total $Million	On demand $Million	3 months & less $Million	3-12 months $Million	1-5 years $Million	More than 5 years $:\-Iillion
Bank loans and overdratis	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

CITIGROUP GLOBAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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	9L857				
Collateralised financing transactions	100,252	26,780	68,457	1,219	2.524	L272
Cash collateral pledged	4,968		4,968			
Trade debtors	13215		13215			
Other debtors	92		92			
Fixed asset investments	36					36
Total financial assets	256,240	161,519	89,670	L219	2,524	1,308

	Total $Million	On demand $Million	3 months & less $Million	3- 12 months $Million	1 5 years $:Vlillion	More than 5 years $:Vlillion
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 l(a)).

The table below assigns the Company's liabilities to relevant maturity groupings based on the remaining contractual future undiscounted cash tlows up to maturity. The amounts disclosed in the table are the contractual undiscounted cash tlows, 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	Co:n:tractual value $ Million	On■ $!\Jillion	JI>Onth!: <tt ss $Million	■ 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 .....t $Million	3 n>OJ'iihs or le"s $ Million	3- 12 JI>Onth.s $ I\Iil&n	■ – 5 .Yea.:rs $ I\tillion	!\'!ore than 5 .I-.:t:\'1 $ I'>Bllion
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.

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	**$1\!lillion**	**$1\lillion**
Cash	2,805		2,805
Current asset investments	119,574	(67,170)	52,403
Collateralised t1nancing 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		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 volnntarily adopted settlement date accounting. replacing trade date accounting. Comparative information has been restated accordingly (See Note l(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 specit1cally 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 Corpomtes, SPVs and Hedge Funds)	33.2	56.1
		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/AAIA	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
CCCorbe1ow	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	J()(J.O

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 arc 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 tlnancial 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 $]\;Jillions	Greece	Ireland	Italy	Portugal	Spain	Total
Net current funded credit exposure		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		39	24		3	67
Corporations			4		2	6
Total net current funded credit exposure		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		44	11	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 benetlts 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//

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 (EYIIR).

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 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.

Recove;y 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. whichcanbefoundat

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 l 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 l 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	**2012**
	$Million	**$ lillion**
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 Ill 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.

CITIGROUP GLOBAL MARKETS LIMITED

NOTES **TO THE FINANCIAL STATEMENTS**

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 El4 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	EIVIE\	Ja{IDI	Latin America	North America	Total Regional	Other / Corp	Total
Revenue by region	**$Million**	**$Million**	**$Million**	**$Million**	**$·Million**	**$ lillion**	**$Million**	**$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
Assetby 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)	(I)	34	(23)		(23)

* Other / Corporate items relate to Intercompany Revenues as mentioned in the Strategic Report.

SECTION K – REPORT AND AUDITED FINANCIAL STATEMENTS OF CGMFL

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 agree threon)

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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L-2520 Luxembourg

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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.

KPMG Luxembourg S.à r.l. a Luxembourg private limited company and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

T.V.A. LU 24982177
Capital 12 500 €
R.C.S. Luxembourg B 149133

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.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

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%).

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.

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:			Allotted, called-up and fully paid
	Number of unlimited shares	Number of limited shares	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.

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.