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## Non-collateralised Structured Products

### Base Listing Document relating to Structured Products to be issued by



## Citigroup Global Markets Europe AG

*(a stock corporation (Aktiengesellschaft) founded  
in Germany under German law)*

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to us and our standard warrants (“**Warrants**”), callable bull/bear contracts (“**CBBCs**”) and other structured products (together, the “**Structured Products**”) to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda.

We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**The Structured Products are complex products. Investors should exercise caution in relation to them. The Structured Products involve derivatives. Investors should not invest in the Structured Products unless they fully understand and are willing to assume the risks associated with them. Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the Structured Products.**

**The Structured Products constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness and have no rights under the Structured Products against (a) the company which has issued the underlying securities; (b) the fund which has issued the underlying securities, or its trustee (if applicable) or manager (if applicable); or (c) the index compiler of any underlying index or any company constituting the underlying index. If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any). The Issuer is subject to the exercise of the bail-in powers under the Single Resolution Mechanism Regulation and the German legislation for implementation of the Bank Recovery and Resolution Directive.**

**Sponsor**

**Citigroup Global Markets Asia Limited**

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## IMPORTANT INFORMATION

### What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or an invitation to the public to subscribe for or to acquire any Structured Products.

### What documents should you read before investing in the Structured Products?

You must read this document (including any addendum to this document to be issued from time to time) together with the relevant launch announcement and supplemental listing document (including any addendum to such launch announcement and supplemental listing document to be issued from time to time) (together, “**Listing Documents**”) before investing in the Structured Products. You should carefully study the risk factors set out in the Listing Documents.

### Is there any guarantee or collateral for the Structured Products?

No. Our obligations under the Structured Products are neither guaranteed by any third party, nor collateralised with any of our assets or other collateral. When you purchase our Structured Products, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the Structured Products, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

### Are we regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission referred to in Rule 15A.13(3)?

We are not regulated by any of the bodies referred to in Rule 15A.13(2) or (3). We are regulated by the European Central Bank, together with *Bundesanstalt für Finanzdienstleistungsaufsicht* (“**BaFin**”) and Deutsche Bundesbank.

### Are we rated by any credit rating agencies?

Our credit ratings as of the day immediately preceding the date of this document are:

<i>Rating Agency</i>	<i>Rating (outlook)</i>
Moody’s Investors Service, Inc. (“ <b>Moody’s</b> ”)	A1 (Stable)
S&P Global Ratings (“ <b>S&amp;P</b> ”)	A+ (Stable)

The credit ratings are only an assessment by the rating agencies of our overall financial capacity to pay its debts.

A1 is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade ratings (including 1, 2 and 3 sub-grades) assigned by Moody’s. A+ is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade ratings (including + or – sub-grades) assigned by S&P. Please refer to the brief guide in Appendix 4 to this document to what such credit ratings mean.

Rating agencies usually receive a fee from companies that they rate.

When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- (a) a credit rating is not a recommendation to buy, sell or hold the Structured Products;
- (b) ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;

- (c) a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the day immediately preceding the date of this document are for reference only. Any downgrading of our ratings could result in a reduction in the value of the Structured Products;
- (d) a credit rating is not an indication of the liquidity or volatility of the Structured Products; and
- (e) a credit rating may be downgraded if our credit quality declines.

#### **The Structured Products are not rated.**

Our credit ratings are subject to change or withdrawal at any time within each rating agency's sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to our ratings from time to time.

#### **Are we subject to any litigation?**

Save as disclosed in this document, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

#### **Authorisation for the issue of the Structured Products**

The issue of the Structured Products was authorised by resolutions of our management board on 27 March 2019.

#### **Has our financial position changed since last financial year-end?**

Save as disclosed in Appendices 5 and 6 to this document, there has been no material adverse change in our financial or trading position since 31 December 2025.

#### **Do you need to pay any transaction cost?**

The Stock Exchange charges a trading fee of 0.00565 per cent, the Securities and Futures Commission charges a transaction levy of 0.0027 per cent, and the Accounting and Financial Reporting Council charges a transaction levy of 0.00015 per cent, for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Structured Products. The levy for the investor compensation fund is currently suspended.

#### **Do you need to pay any tax?**

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the purchase price of each Structured Product. See the section headed "**Taxation**" for further information.

#### **Where can you read the relevant documents?**

Copies of the following documents are available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at <http://www.citiwarrants.com>:

- (a) our base listing document dated 29 April 2025 for our audited financial statements for the fiscal year ended 31 December 2024;
- (b) (i) this document and any addendum to this document; and
- (ii) the other Listing Documents (including the launch announcement and supplemental listing document), as long as the relevant series of the Structured Products is listed on the Stock Exchange,

which include our updated audited financial statements and our latest unaudited interim financial statements (if any); and

- (c) the consent letter of our auditor ("**Auditor**").

以上各文件可於香港交易所披露易網站([www.hkexnews.hk](http://www.hkexnews.hk))以及本公司網站(<http://www.citiwarrants.com>)瀏覽。

**Has the Auditor consented to the inclusion of its report to the Listing Documents?**

Our Auditor has given and has not withdrawn its written consent to the inclusion of its report dated 10 April 2026 in this document and/or the references to its name in the Listing Documents, in the form and context in which they are included. Its reports were not prepared for incorporation into this document.

The Auditor does not hold our shares or shares in our subsidiaries, nor does it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

**Authorised representatives**

Guillaume Besson and Ellen Li, both of 48 Floor, Champion Tower, 3 Garden Road, Central, Hong Kong, are our authorised representatives.

**Service of process agent**

We have authorised Citigroup Global Markets Asia Limited, which is presently at 50th Floor, Champion Tower, Three Garden Road, Central, Hong Kong, to accept on our behalf service of process and any other notices required to be served on us in Hong Kong.

**How can you get further information about us?**

You may visit [www.citiwarrants.com](http://www.citiwarrants.com) to obtain further information about us and our Structured Products.

You must note that the information on our website will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by us, including the Structured Products.

**Governing law of the Structured Products**

All contractual documentation for the Structured Products will be governed by, and construed in accordance with, the laws of Hong Kong.

**The Listing Documents are not the sole basis for making an investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the Structured Products or the underlying asset of the Structured Products.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by us.

The Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

This document has not been reviewed by the Securities and Futures Commission. You are advised to exercise caution in relation to the offer of the Structured Products.

**Capitalised terms**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the General Conditions set out in Appendix 1 and the Product Conditions applicable to the relevant series of Structured Products set out in Appendix 2 and Appendix 3 (together, the “**Conditions**”).

## OVERVIEW OF WARRANTS

### What is a Warrant?

A Warrant is a type of derivative warrants.

A derivative warrant linked to a share of a company, a unit or share of a fund, an index or other asset (“**Underlying Assets**”, each an “**Underlying Asset**”) is an instrument which gives the holder an investment exposure to the Underlying Asset by reference to a pre-set price or level called the Exercise Price or Strike Level on the Expiry Date. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

### How and when can you get back your investment?

Our Warrants are European style warrants. This means they will be automatically exercised on the Expiry Date, entitling the holder to a potential cash amount called the “**Cash Settlement Amount**” (if positive) according to the Conditions in the Listing Documents.

You will receive the Cash Settlement Amount (if any) less any Exercise Expenses upon expiry. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable to you upon expiry and you will lose all of your investment in the Structured Products.

### How do our Warrants work?

The potential payoff upon expiry of the Warrants is calculated by us by reference to the difference between:

- (a) for Warrants linked to a share or unit, the Exercise Price and the Average Price; and
- (b) for Warrants over index, the Strike Level and the Closing Level.

#### *Call Warrant*

A call Warrant is suitable for an investor holding a bullish view of the price or level of the Underlying Asset during the term of the Warrant.

A call Warrant will be exercised if the Average Price or Closing Level is greater than the Exercise Price or Strike Level (as the case may be). The more the Average Price or Closing Level exceeds the Exercise Price or Strike Level (as the case may be), the higher the payoff upon expiry. If the Average Price or Closing Level is at or below the Exercise Price or Strike Level (as the case may be), an investor in the call Warrant will lose all of his investment.

#### *Put Warrant*

A put Warrant is suitable for an investor holding a bearish view of the price or level of the Underlying Asset during the term of the Warrant.

A put Warrant will be exercised if the Average Price or Closing Level is below the Exercise Price or Strike Level (as the case may be). The more the Average Price or Closing Level is below the Exercise Price or Strike Level (as the case may be), the higher the payoff upon expiry. If the Exercise Price or Strike Level is at or below the Average Price or Closing Level (as the case may be), an investor in the put Warrant will lose all of his investment.

### What are the factors determining the price of a derivative warrant?

The price of a warrant generally depends on the prevailing price/exchange rate/level of the Underlying Asset. However, throughout the term of a warrant, its price will be influenced by a number of factors, including:

- (a) the Exercise Price or Strike Level of the warrants;
- (b) the value and volatility of the price/exchange rate/the level of the Underlying Asset (being a measure of the fluctuation in the price/exchange rate/level of the Underlying Asset);
- (c) the time remaining to expiry: generally, the longer the remaining life of the warrant, the greater its value;
- (d) interim interest rates and expected dividend payments or other distributions on the Underlying Asset or on any components comprising the underlying index;

- (e) the liquidity of the Underlying Asset or the futures contracts relating to the underlying index;
- (f) the supply and demand for the warrant;
- (g) our related transaction cost; and
- (h) our creditworthiness.

**What is your maximum loss?**

Your maximum loss in Warrants will be limited to your entire investment amount plus any transaction cost.

**How can you get information about the warrants after issue?**

You may visit our website at *http://www.citiwarrants.com* to obtain further information on our Warrants or any notice given by us in relation to our Warrants.

## OVERVIEW OF CBBCS

### What are CBBCs?

CBBCs are a type of Structured Products that track the performance of an Underlying Asset. CBBCs can be issued on different types of Underlying Assets as prescribed by the Stock Exchange from time to time, including:

- (a) shares listed on the Stock Exchange;
- (b) Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index and Hang Seng China H-Financials Index;
- (c) exchange traded funds (“ETF”) listed on the Stock Exchange; and/or
- (d) overseas shares, indices, currencies, commodities (such as oil, gold and platinum) or commodity futures.

A list of eligible Underlying Assets for CBBCs is available on the website of the HKEX at [https://www.hkex.com.hk/products/securities/structured-products/trading-information-and-historical-data?sc\\_lang=en](https://www.hkex.com.hk/products/securities/structured-products/trading-information-and-historical-data?sc_lang=en).

CBBCs are issued either as bull CBBCs or bear CBBCs, allowing you to take either bullish or bearish positions on the Underlying Asset.

Bull CBBCs are designed for investors who have an optimistic view on the Underlying Asset. Bear CBBCs are designed for investors who have a pessimistic view on the Underlying Asset.

CBBCs have a mandatory call feature (“Mandatory Call Event”) and, subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate our CBBCs upon the occurrence of a Mandatory Call Event. See “**What is the mandatory call feature of CBBCs?**” below for further information.

There are 2 categories of CBBCs, namely:

- (a) Category R CBBCs; and
- (b) Category N CBBCs.

Your entitlement following the occurrence of a Mandatory Call Event will depend on the category of the CBBCs. See “**Category R CBBCs vs. Category N CBBCs**” below for further information.

If no Mandatory Call Event occurs, the CBBCs will be exercised automatically on the Expiry Date by payment of a Cash Settlement Amount (if any) on the Settlement Date. The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price/Closing Level of the Underlying Asset on the Valuation Date and the Strike Price/Strike Level. See “**Category R CBBCs vs. Category N CBBCs**” below.

### What is the mandatory call feature of CBBCs?

#### *Mandatory Call Event*

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs. A Mandatory Call Event occurs if the Spot Price/Spot Level of the Underlying Asset is:

- (a) at or below the Call Price/Call Level (in the case of a bull CBBC); or
- (b) at or above the Call Price/Call Level (in the case of a bear CBBC),

at any time during the Observation Period.

The Observation Period starts from and includes the Observation Commencement Date of the relevant CBBCs and ends on and includes the Trading Day immediately preceding the Expiry Date.

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed and such modification and amendment as may be prescribed by the Stock Exchange from time to time:

- (a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event; and

(b) where the Mandatory Call Event occurs during a pre-opening session or closing difference between the Strike Price/Strike auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session,

will be invalid and will be cancelled, and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to:

- (a) in respect of CBBCs over single equities listed on the Stock Exchange or CBBCs over exchange traded fund, the Stock Exchange's automatic order matching and execution system time at which the Spot Price is at or below the Call Price (in the case of a bull CBBC) or is at or above the Call Price (in the case of a bear CBBC); or
- (b) in respect of CBBCs over index, the time the relevant Spot Level is published by the Index Compiler at which the Spot Level is at or below the Call Level (in the case of a bull CBBC) or is at or above the Call Level (in the case of a bear CBBC),

subject to the rules and requirements as prescribed by the Stock Exchange from time to time.

#### *Category R CBBCs vs. Category N CBBCs*

The launch announcement and supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are Category R CBBCs or Category N CBBCs.

“**Category R CBBCs**” refer to CBBCs for which the Call Price/Call Level is different from their Strike Price/Strike Level. In respect of a series of Category R CBBCs, you may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The amount of the Residual Value payable (if any) is calculated by reference to:

- (a) in respect of a series of bull CBBCs, the difference between the Minimum Trade Price/Minimum Index Level of the Underlying Asset and the Strike Price/Strike Level; and

(b) in respect of a series of bear CBBCs, the difference between the Strike Price/Strike Level and the Maximum Trade Price/Maximum Index Level of the Underlying Asset.

“**Category N CBBCs**” refer to CBBCs for which the Call Price/Call Level is equal to their Strike Price/Strike Level. In respect of a series of Category N CBBCs, you will not receive any cash payment following the occurrence of a Mandatory Call Event.

You must read the applicable Conditions and the relevant launch announcement and supplemental listing document to obtain further information on the calculation formula of the Residual Value applicable to Category R CBBCs.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of bull CBBCs, the Minimum Trade Price/Minimum Index Level of the Underlying Asset is equal to or less than the Strike Price/Strike Level; or
- (b) in the case of a series of bear CBBCs, the Maximum Trade Price/Maximum Index Level of the Underlying Asset is equal to or greater than the Strike Price/Strike Level.

#### **How is the funding cost calculated?**

The issue price of a series of CBBCs represents the difference between the initial reference spot price/spot level of the Underlying Asset as at the launch date of the CBBC and the Strike Price/Strike Level, plus the applicable funding cost.

The initial funding cost applicable to each series of CBBCs will be specified in the relevant launch announcement and supplemental listing document and will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price/Strike Level, the prevailing interest rate, the expected life of the CBBCs, expected notional dividends or distributions in respect of the Underlying Asset and the margin financing provided by us.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant launch announcement and supplemental listing document.

#### **Do you own the Underlying Asset?**

CBBCs convey no interest in the Underlying Asset. We may choose not to hold the Underlying Asset or any derivatives contracts linked to the Underlying Asset. There is no restriction through the issue of the CBBCs on the ability of us and/or our affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying Asset or any derivatives products linked to the Underlying Asset.

#### **Where can you find the Product Conditions applicable to our CBBCs?**

You should review the Product Conditions applicable to each type of the CBBCs before your investment.

The Product Conditions applicable to each type of our CBBCs are set out in Parts A, B and C of Appendix 3 (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

#### **What are the factors determining the price of a series of CBBCs?**

Although the price of a series of CBBCs tend to follow closely the movement in the value of the Underlying Asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one unit of the Underlying Asset), movement in the price of the series of CBBCs may not always follow closely the movement in the value of the Underlying Asset.

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the Strike Price/Strike Level and the Call Price/Call Level;
- (b) the likelihood of the occurrence of a Mandatory Call Event;
- (c) for Category R CBBCs only, the probable range of the Residual Value payable upon the occurrence of a Mandatory Call Event;
- (d) the time remaining to expiry;

(e) the interim interest rates and expected dividend payments or other distributions on the Underlying Asset or on any components comprising the underlying index;

(f) the supply and demand for the CBBCs;

(g) the probable range of the Cash Settlement Amounts;

(h) the liquidity of the Underlying Asset or futures contracts relating to the underlying index;

(i) our related transaction cost; and

(j) our creditworthiness.

#### **What is your maximum loss in CBBCs?**

Your maximum loss in CBBCs will be limited to your entire investment amount plus any transaction cost.

#### **How can you get information about the CBBCs after issue?**

You may visit our website at <http://www.citiwarrants.com> to obtain further information on CBBCs or any notice given by us in relation to our CBBCs.

## INFORMATION ABOUT US

### 1. BUSINESS HISTORY AND DEVELOPMENT OF THE ISSUER

#### 1.1 Business history of the Issuer

The Issuer is Citigroup Global Markets Europe AG, Frankfurt am Main, Germany.

The Issuer was founded in Germany and is entered in the commercial register of the Local Court of Frankfurt/Main under registration number HRB 88301. The legal entity identifier is 6TJCK1B7E7UTXP528Y04.

Prior to the merger of Citigroup Global Markets Deutschland GmbH with Citibank AG & Co. KGaA on 12 September 2003, the Issuer conducted business under the name Citibank AG & Co. KGaA.

Citibank AG & Co. KGaA emerged from the organic restructuring of Citibank Aktiengesellschaft on 4 August 2003. Citibank Aktiengesellschaft had operated under this name since 7 October 1992 and, prior thereto, had conducted business as Citibank Invest Kapitalanlagegesellschaft mbH. In connection with the reorganisation of the Citicorp companies in Germany, Citibank Invest Kapitalanlagegesellschaft took over the banking operations from the former Citibank AG, which was then renamed Citibank Beteiligungen Aktiengesellschaft.

Citigroup Global Markets Deutschland GmbH emerged on 4 August 2003 from an organic restructuring of Citigroup Global Markets Deutschland AG, which until 4 April 2003 had traded under the name of Salomon Brothers AG. Upon the merger of Citigroup Global Markets Deutschland GmbH into Citibank AG & Co. KGaA, any and all rights and duties of Citigroup Global Markets Deutschland GmbH passed automatically to Citibank AG & Co. KGaA as the universal legal successor (Gesamtrechtsnachfolger). Citigroup Global Markets Deutschland GmbH was dissolved.

#### Spin-off agreement 2008

Prior to the reorganization of the German part of Citigroup in 2008, which is described in more detail below, the sole shareholder of both the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and the former general partner of the Issuer, Citigroup Global Markets Management AG, was Citicorp Deutschland GmbH, which in turn was a wholly-owned subsidiary of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG committed to transfer, inter alia, all of its shares in Citicorp Deutschland GmbH to a third party. However, the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and its former general partner, Citigroup Global Markets Management AG, were explicitly excluded from this transfer.

In order to retain the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and its former general partner, Citigroup Global Markets Management AG, within the German Citigroup Group a spin-off was carried out. Citicorp Deutschland GmbH agreed to transfer to Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG with retroactive effect as of 2 January 2008 (i) all shares in the Issuer, (ii) all shares in the Issuer's former general partner, (iii) the control and profit (loss) transfer agreement between Citicorp Deutschland GmbH as controlling entity and the Issuer as controlled entity, (iv) the control profit (loss) transfer agreement between Citicorp Deutschland GmbH as controlling entity and the Issuer's former general partner as controlled entity, and (v) the silent partnership agreement between Citicorp Deutschland GmbH as silent partner and the Issuer. The spin-off agreement has become effective on 25 September 2008.

The sole managing general partner of the Issuer was Citigroup Global Markets Management AG, Frankfurt am Main. The sole limited shareholder was Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, which was also the sole shareholder of Citigroup Global Markets Management AG.

#### Change in legal form of the Issuer and merger of its former general partner 2010

On 17 September 2009, Citigroup Global Markets Deutschland AG & Co. KGaA has changed its fiscal year by resolution of the General Meeting. With effect from 1 December 2009 the fiscal year began on 1 December of each year and ended on 30 November of the following year. The reporting year 2009 therefore was a short fiscal year which began on 1 January 2009 and ended on 30 November 2009.

In order to simplify the current group structure of Citigroup Group and to achieve associated reductions in costs, the annual general meeting of the Issuer further resolved on 21 April 2010 to transform the Issuer into a public limited company (Aktiengesellschaft) under German law and henceforth operate under the name Citigroup Global Markets Deutschland AG. The change in legal form became effective on 10 June 2010 when it was filed in the commercial register.

In addition and following the change in legal form of Citigroup Global Markets Deutschland AG & Co. KGaA, Citigroup Global Markets Management AG was merged with the Issuer. Upon completion of the merger, which became effective on 23 June 2010 when it was filed in the commercial register, Citigroup Global Markets Management AG as the Issuer's former general partner ceased to exist. All rights and obligations passed automatically to the Issuer as its universal legal successor (Gesamtrechtsnachfolger).

#### Exit of the silent partner as of 30 November 2015

The silent partner contribution of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG was repaid by the Issuer as of 30 November 2015. As contribution therefore, the Issuer received a capital infusion from Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG for the same amount, which was then apportioned to the Issuer's capital reserves. These transactions resulted in an increase in the regulatory equity capital.

#### Change of fiscal year as of 1 January 2017

On 29 August 2016, and pursuant to a shareholder resolution Citigroup Global Markets Deutschland AG & Co. KGaA elected to change its fiscal. The fiscal year had previously begun on 1 December of a given year and ended on 30 November of the following year. Effective 1 January 2017, the fiscal year began on 1 January of a given year and end on 31 December of the same year. A short financial year had been established for the period of 1 December 2016 through 31 December 2016.

#### Restructuring of business activities in April 2018

On 27 April 2018 the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Banking Business was transferred to a German limited partnership by way of a hive-down and new formation pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (Umwandlungsgesetz; "**UmwG**"), followed by an accretion at Citibank Europe plc. Following the completion of the transfer, the ownership structure of the Issuer has been changed within the Group.

### *Hive-down of the Banking Business*

As transferring entity, the Issuer transferred all assets, rights and liabilities predominantly allocable to the Banking Business to a newly established German limited partnership (“**Hive-Down Vehicle**”) as acquiring entity by way of partial universal succession, in return for a limited partnership interest in the Hive-Down Vehicle involving a limited partnership contribution (contribution under the partnership agreement (Pflichteinlage) and liable contribution (Haftsumme)) of 1,000 euros. The general partner (Komplementär; personally liable partner) of the Hive-Down Vehicle was Citibank Europe plc. The assets, rights and liabilities of the Issuer which were not allocable to the Banking Business – in particular the Issuer’s own issuances business – were not transferred to the Hive-Down Vehicle and were therefore not affected by this measure.

The hive-down effective date was 1 January 2018, 00.00 hrs. From this point in time onwards, the Issuer’s actions and transactions with respect to the Banking Business have, in the internal relationship between the parties, been deemed to have been made for the account of the Hive-Down Vehicle.

The hive-down plan was notarised on 13 April 2018 and the hive-down took effect upon its registration in the Issuer’s commercial register on 27 April 2018 (“**Closing Date**”). At that point in time, the assets belonging to the Banking Business (including any related liabilities) were transferred to the Hive-Down Vehicle by way of partial universal succession.

### *Accretion of the Banking Business at Citibank Europe plc*

Upon registration of the hive-down on the Closing Date, the Issuer sold and transferred its limited partnership interest in the Hive-Down Vehicle to the only other partner of the Hive-Down Vehicle, Citibank Europe plc. Thus, all partnership assets of the Hive-Down Vehicle (in particular the Banking Business) were transferred, automatically and by virtue of law, to Citibank Europe plc by way of universal succession (“**Accretion**”).

### *Change in the ownership of the Issuer*

Upon registration of the hive-down in the Issuer’s commercial register and the accretion on the Closing Date, the Issuer’s previous parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, sold and transferred the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited has become the new parent company of the Issuer. With effect from 24.00 hrs on the Closing Date, the existing control and profit (loss) transfer agreement between the Issuer and its previous parent company was terminated.

### Change of fiscal year as of 28 April 2018

On 31 January 2018, and pursuant to a shareholder resolution Citigroup Global Markets Deutschland AG elected to change its fiscal year again. Effective 28 April 2018, the fiscal year began on 28 April of a given year and ended on 27 April of the following year. A short financial year had been established for the period of 1 January 2018 through 27 April 2018.

### Change in the name of the Issuer as of 15 June 2018 and change of fiscal year

The General Meeting of the Issuer resolved on 30 May 2018 to henceforth operate under the name Citigroup Global Markets Europe AG. The change in the name became effective on 15 June 2018 when it was registered in the commercial register.

In addition, Citigroup Global Markets Deutschland AG has changed its fiscal year pursuant to the resolution of the General Meeting on 30 May 2018. Recently, the fiscal year began on 28 April of a year and ended on 27 April of the following year. Effective 1 January 2019, the fiscal year begins on 1 January of a given year and ends on 31 December of the following year. A short financial year had been established for the period of 28 April 2018 through 31 December 2018.

### The Issuer as a CRR Credit Institution

Pursuant to Article 4 (1)(1)(b) of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, “**CRR**”), which was introduced in the course of the European regulations on significant investment firms, the Issuer falls into the category of (significant) credit institutions. The Issuer has complied with the resulting obligation to submit an application for permission to operate as a CRR credit institution by 26 June 2021. The application for permission has been approved on 17 October 2022. Thus, with effect from 18 October 2022, the Issuer shall be subject to the direct supervision of the European Central Bank as supervisory authority.

Discontinuation of the issuance and trading of leveraged products and investment products for retail investors in Europe.

On 2 April 2024, the Management Board of the Issuer announced its decision to cease future issuances of leveraged products and investment products for retail investors in Europe from 2024.

## **1.2 Development of the Issuer**

There have been no recent events that are to a material extent relevant to an evaluation of the Issuer’s solvency.

## **2. BUSINESS OVERVIEW OF THE ISSUER**

### **2.1 Principal Activities**

#### *2.1.1 Overview*

The Issuer is a CRR – credit institution pursuant to Article 4 (1)(1)(b) of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, “**CRR**”) in conjunction with § 32 (1) sentence 3 of the German Banking Act (*Kreditwesengesetz*, “**KWG**”) and has been regulated by the European Central Bank, BaFin and Deutsche Bundesbank since 18 October 2022. In addition, the Single Resolution Board (SRB) is responsible for resolution planning and execution, collaborating with BaFin’s ABF 11 department in the Internal Resolution Team (IRT).

The Issuer provides the whole range of products offered by Citigroup in the areas of Markets, Investment Banking and Research and is Citi’s EEA Broker Dealer Entity operating in and from the European Union (‘**EU**’) to serve EEA target market clients and to provide global clients access to European Markets. Target market clients include large international corporates, financial institutions, institutional investors (such as asset managers, insurance companies and financial lenders) and government and public sector entities (including municipalities). Under its product offering, the Issuer also issues leveraged products in Hong Kong.

Clients are offered access to global markets, global products and venues as well as local markets expertise through Citi’s extensive global network across the globe. CGME serves as the entry point for its clients to access these global capabilities. In this context, the Issuer benefits in particular from its integration into Citigroup’s global network with a presence in more than 90 countries.

Since 31 December 2023 the Issuer has been operating as its own intermediate EU parent undertaking (IPU) under the requirements of Directive (EU) 2019/878 (CRD V).

## 2.1.2 Markets

Within Markets, the Issuer provides, inter alia, sales services, trade execution and risk management solutions to its clients and offers global Citi clients indirect access to EEA markets through established financial markets infrastructure, across asset classes and business lines:

- Commodities
- Equities (incl. Futures and Derivatives Clearing)
- Foreign Exchange
- Markets Treasury and Financing
- Rates
- Spread Products

### (a) Commodities

The Issuer offers sales service and trading including (but not limited to) for spot products as well as OTC derivatives (e.g., forwards, swaps, options) with commodities as underlying (e.g., metals, electricity, gas, coal, oil).

### (b) Equities

The Issuer offers sales service and trading including (but not limited to) for listed stocks, ETFs, convertible bonds, structured products, exchange traded and OTC derivatives, securities financing as well as futures and derivatives clearing.

#### Leveraged products issued in Hong Kong

The Issuer issues leveraged products in Hong Kong. The securities reference primarily shares, share indexes, and exchange-traded funds (or other underlying asset as we may propose to reference). The publicly offered securities are listed on exchange(s) and are sold exclusively over stock exchange(s). The European warrants business is in wind down.

### (c) Foreign Exchange

The Issuer offers sales service and trading including (but not limited to) for foreign exchange spot and derivatives.

### (d) Markets Treasury and Financing

The Issuer offers client financing (market making) in Secured Financing Transactions and firm financing, sourcing liquidity to cover long and short positions. The desk is also a key partner for CGME's Treasury function and thereby responsible for the execution of funding transactions needed to satisfy the Issuer's liquidity requirements and the execution of the FX trades needed to cover the exposures arising from the Issuer's business activities.

(e) Rates

The Issuer offers sales service and trading including (but not limited to) for highly liquid interest-bearing securities (Government bonds, Medium Term Notes (“MTNs”), Covered Bonds, Inflation-linked bonds, Pfandbriefe) and derivatives (Interest Rate Swaps, Swaptions, Forwards, Cross-currency swaps, Overnight Index Swaps (“OIS”), Caps and Floors, Inflation Swaps, Exotics such as Range Accruals).

(f) Spread Products

The Issuer offers sales service and trading including (but not limited to) for investment grade, high-yield and distressed bond markets as well as credit derivatives and structured credit products.

### 2.1.3 Investment Banking, Capital Markets & Advisory

Investment Banking, Corporate Banking and Commercial Banking

(a) Investment Banking (IB)

The IB division provides advice on mergers and acquisitions (M&A), equity and debt capital markets solutions for corporations, financial investors/ private equity, governments and financial institutions.

On the basis of long-term established and sustainable customer relationships, the IB line of business is in a position to offer its customers a full range of products and thus realize competitive advantages through closely interlinked cooperation with the Markets & business units and other group units of Citigroup.

The IB business area’s task is to expand its market position as one of the first points of contact for strategic corporate finance topics, such as acquisitions and capital market financing. Unlike many other market players, IB offers a wide range of advisory and financial services for institutional clients, benefiting from Citigroup’s global presence.

Within IB, equity and debt capital markets solutions are delivered by Equity Capital Markets (ECM) and Debt Capital Markets (DCM):

- ECM comprises the entire range of products for raising equity capital through listed and unlisted companies. This includes private capital, primary and secondary equity raises via the execution, placement and settlement of IPOs and capital increases, such as rights issues, accelerated equity offerings and equity linked products. In addition, ECM supports clients in the placement of existing shares (secondary placement) e.g. via accelerated equity placements or equity linked transactions.
- DCM supports clients in the acquisition and structuring of new issues of interest-bearing securities and related transactions for customers of the private (companies and financial institutions) and public (federal government and federal states).

The services offered by ECM and DCM can be divided into the following areas:

- Origination - advising clients on the issuance of equity and debt instruments.
- Execution - execution of the issuance of equity and debt instruments, including book-building, advising clients on allocation and settlement.

#### *2.1.4 Research*

The Issuer operates as primary distributor of independent research publications for the EEA.

#### *2.1.5 Treasury*

Corporate Treasury's main responsibilities are to manage the liquidity risk and non-trading market risk of the Issuer and ensure that it is adequately funded and liquid. Corporate Treasury achieves this by managing the Issuer to a set of liquidity and capital metrics. Corporate Treasury work closely with Businesses, Risk, Finance and Operations to assess funding, liquidity and capital risks and requirements. The Asset and Liability Committee is the key forum where these topics are discussed and determined with all key stakeholders.

#### *2.1.6 Special significance of brokering transactions for other Citigroup companies*

The vast majority of the Issuer's commission income is income from transfer pricing arrangements, which the Issuer receives for brokering & investment banking transactions between the Issuer's customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, "GRA"), which primarily provides for a revenue split. This applies to all major business areas. There is a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, Citigroup Global Markets Inc., New York and Citibank, N.A., London.

The income generated by brokering transactions entails no risks of credit default and market price.

#### *2.1.7 Derogation from generally described business procedures*

In general, the Issuer is authorised to handle any and all transactions that are permissible under the Issuer's articles of association and licence. Where the Registration Document of the Issuer describes the procedures by which transactions relating to certain business areas are brokered to other enterprises within the Citigroup Group, such procedures may be deviated from at any time, particularly in individual cases.

### **2.2 Principal markets**

The Issuer is incorporated in Germany. Its branch network encompasses France, Italy, Spain and the United Kingdom and covers mainly EEA domiciled clients as target market. The UK branch runs on unlicensed activity, mostly in Markets Operations. In addition, the Issuer issues leveraged products in Hong Kong.

### **3. ORGANISATIONAL STRUCTURE**

The Issuer is a member of Citigroup Group. As a public limited company, it is managed by the executive board. The Issuer is 100% owned by Citigroup Global Markets Limited with registered offices in London which in turn is an indirect 100% owned subsidiary of Citigroup Inc. (USA).

## RISK FACTORS

*Not all of the risk factors described below will be applicable to a particular series of Structured Products. Please consider all risks carefully prior to investing in any Structured Products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the Structured Products. Please read the following section together with the risk factors set out in the relevant launch announcement and supplemental listing document.*

### General risks relating to us

#### *Non-collateralised Structured Products*

The Structured Products are not secured on any of our assets or any collateral. Each series of Structured Products constitutes our general unsecured contractual obligations and of no other person and will rank equally with our other unsecured contractual obligations and with our unsecured and unsubordinated debt. At any given time, the number of our Structured Products outstanding may be substantial.

#### *Credit risk*

If you purchase our Structured Products, you are relying upon our creditworthiness and have no rights under these products against:

- (a) any company which issues the underlying shares;
- (b) the fund which issues the underlying securities or its trustee (if applicable) or manager (if applicable); or
- (c) any index compiler of the underlying index.

As our obligations under the Structured Products are unsecured, we do not guarantee the repayment of your investment in any Structured Product.

If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

Any downgrading of our ratings could result in a reduction in the value of the Structured Products.

#### *No deposit liability or debt obligation*

We are obliged to deliver to you the Cash Settlement Amount under the General Conditions and the relevant Product Conditions of each series of Structured Product upon expiry. We do not

intend (expressly, implicitly or otherwise) to create a deposit liability or a debt obligation of any kind by the issue of any Structured Product.

#### *Conflicts of interest*

We and Citigroup Inc. together with its subsidiaries (the “**Group**” or “**Citigroup Group**”) engages in financial activities for our own account or the account of others. The Group, in connection with our other business activities, may possess or acquire material information about the Underlying Assets to which a Structured Product is linked. Such activities may involve or otherwise affect the Underlying Assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of Structured Products by us. Such actions and conflicts may include, without limitation, the purchase and sale of securities and exercise of creditor rights. The Group:

- (a) has no obligation to disclose such information about the Underlying Assets or such activities. The Group and our officers and directors may engage in any such activities without regard to the issue of Structured Products by us or the effect that such activities may directly or indirectly have on any Structured Product;
- (b) may from time to time engage in transactions involving the Underlying Assets for our proprietary accounts and/or for accounts under our management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the price or level of the Underlying Assets and consequently upon the value of the relevant series of Structured Products;
- (c) may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider;

- (d) may issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products; and
- (e) may also act as underwriter in connection with future offerings of shares, units or other securities or may act as financial adviser to the issuer, or sponsor, as the case may be, of any such share or other security, the trustee (if applicable) or the manager (if applicable) of the ETF. Such activities could present certain conflicts of interest and may affect the value of the Structured Products.

*Not the ultimate holding company of the Group*

We are not the ultimate holding company of the Group to which we belong.

*Insolvency risk*

There is a risk that the Issuer may not be able to meet its obligations arising from the securities, or may not be able to meet them in a timely manner or in full. This risk may materialize in particular if certain risks described in detail below under “Liquidity risk”, “Credit risks” or “Market price risks” materialize.

There are no contracts with other companies of the Citigroup Group that contain any obligations of a company of the Citigroup Group to stand in for the Issuer’s liabilities in the event of a shortfall in the Issuer’s assets to prevent insolvency or liquidation of the Issuer. In particular, there are also no guarantees from other companies of the Citigroup Group for the Issuer’s liabilities.

If insolvency proceedings are opened against the Issuer, holders of securities can only assert their claims in accordance with the legal provisions of the German Insolvency Code (*Insolvenzordnung*). Holders of securities will then receive a sum of money which is calculated according to the amount of the so-called insolvency quota. This amount of money will regularly not come close to the purchase price paid by the security holder for the securities (including transaction costs incurred). **Insolvency of the Issuer may even lead to partial or total loss of the amount paid by the security holder in connection with the purchase of the securities (risk of total loss).**

*Liquidity risk*

Liquidity describes the ability of a financial institution to increase assets and meet obligations. Liquidity risk is the risk that the Issuer will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral requirements, as well as the risk that the Issuer is unable to obtain sufficient liquidity or liquidity only at increased market rates when required. The Issuer is managed in accordance within the liquidity risk section of the minimum requirements for risk management (*Mindestanforderungen an das Risikomanagement, “MaRisk”*) issued by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungen, “BaFin”*) as well as the European Banking Authority Guidelines, in addition to that of the internal Liquidity Risk Management Policy of Citigroup Inc.

If the Issuer faces liquidity shortfalls, the Issuer may not be able to fulfill its obligations under the securities it has issued in a timely manner or at all. Liquidity shortfalls may result from the occurrence of certain risks described in detail below under “Credit risks” or “Market price risks”. However, the occurrence of other risks also entails a corresponding risk of liquidity shortfalls. In particular, the risks mentioned in the risk category “Operational risks” are relevant in this respect. If one of the risks mentioned has a particular effect on the Issuer’s liquidity, this is explicitly stated within the respective risk description.

Other risks that can lead to liquidity shortfalls are, for example, a financial market crisis that leads to financial instability and to a reduction in the volume and availability of short, medium and long-term liquidity on the market. Such a situation could lead to an increasing dependence on central bank liquidity. In addition, the credit risk, especially between banks, could increase substantially and lead to a reduction in interbank business. This could have a negative impact on the Issuer’s ability to refinance itself in line with its activities and to comply with the minimum requirements regarding liquidity.

The realisation of the liquidity risk may have a material adverse effect on the financial and liquidity position of the Issuer. **Should the Issuer potentially not be able to fulfil its obligations under the securities issued by it in a timely manner or at all, this may result in the value of**

**the securities issued by the Issuer falling significantly or investors losing all or part of their invested capital (risk of total loss).**

#### *Credit risks*

The Issuer is exposed to the risk that third parties which owe the Issuer money, securities or other assets will not perform their obligations. These parties include the Issuer's clients, trading counterparties, clearing agents, exchanges, clearing houses and other financial institutions. These parties may default on their obligations to the Issuer due to lack of liquidity, operational failure, bankruptcy, or other reasons.

Credit risk (also known as counterparty risk), including issuer risk and country risk, is significantly influenced by various unforeseeable factors in connection with economic and political developments, such as recessions, sector-specific market developments, currency risks, changes in tax and monetary policy, natural disasters (including pandemics, for example), wars, changes in legislation or regulatory requirements, liquidity and expectations of the capital markets and consumer behaviour with regard to investment and saving.

The occurrence of credit risks can have a significant negative impact on the Issuer's financial position. A significant deterioration in the Issuer's financial position may, for example, lead to liquidity shortfalls at the Issuer or a deterioration in the Issuer's solvency.

Therefore, the consequence of the occurrence of credit risks can be a considerable loss in value of the securities issued by the Issuer. Under certain conditions, this may also result in a partial or total loss of the amount paid by security holders in connection with the purchase of the securities (risk of total loss).

#### *Market price risks*

Market risk is the risk of losses as a result of changes in market prices, in particular as a result of changes in foreign exchange rates, interest rates, equity and commodities prices as well as price fluctuations of goods and derivatives. Market risks primarily result from adverse and unexpected developments in the economic environment, the competitive position, the interest rates, equity and exchange rates as well as in the prices of commodities. Changes in market prices may, not

least, result from the fact that there is suddenly no market for a product and therefore no market price can be determined. Credit and country specific risks or internal events resulting from price movements of the underlying assets are also considered as market risk.

The most important types of trading businesses for the Issuer from a market risk management perspective are:

- Fixed Income Finance business (e.g. securities financing transactions and derivatives)
- EUR Investment Grade (IG) Corporate Bonds business (e.g. bonds)
- EEA Cash Equities business (e.g. listed stocks and exchange traded funds)
- EEA Strategic Equities Solutions business (e.g. listed stocks and derivatives)
- X-Value Adjustments (XVA) management (e.g. credit default swaps and other products)
- A tail of own issued leveraged products (e.g. warrants, knock-out warrants, others residual position from the ongoing winddown)

For measuring the derivative trading activities, the Issuer is connected to the group-wide risk monitoring system. It cannot be ruled out that risk monitoring systems do not or not sufficiently identify risks and/or that respective measures for the compensation of risks are not sufficient. The Issuer may incur losses as a result of ineffective risk management processes and strategies.

The occurrence of losses regularly has a negative impact on the financial position of the Issuer. A significant deterioration in the financial situation of the Issuer, e.g., as a result of the occurrence of significant losses, can lead, for example, to liquidity shortfalls at the Issuer or a deterioration in the Issuer's solvency.

Under certain conditions, the realization of market price risks may result in a significant decline in the value of the securities issued by the Issuer or in securities holders losing all or part of their invested capital (risk of total loss).

### *Risks due to the EU recovery and resolution regime*

At European Union (“EU”) level, the EU institutions have enacted Directive 2014/59/EU, as amended from time to time, which defines a framework for the recovery and resolution of certain entities (the so-called Bank Recovery and Resolution Directive, the “**BRRD**”) as well as Regulation (EU) No 806/2014 of the European Parliament and the Council of 15 July 2014, as amended from time to time, which establishes a uniform procedure for resolution of certain entities established within the euro area (the so-called Single Resolution Mechanism Regulation – “**SRM Regulation**”).

The BRRD has been implemented in the Federal Republic of Germany by the Restructuring and Resolution Act (Sanierungs- und Abwicklungsgesetz – “**SAG**”) while the SRM Regulation is directly applicable in Germany. Under the SRM Regulation, the Issuer – being a significant credit institution directly supervised by the European Central Bank – is subject to the resolution decisions that might be adopted by the European Single Resolution Board (the “**Single Resolution Board**”) and in close cooperation with the European Central Bank, the European Council, the European Commission and the national resolution authorities.

BaFin as the national resolution authority with competence over the Issuer, would implement such resolution decisions adopted by the Single Resolution Board by exercising its powers under the SAG and in accordance with the conditions laid down in national law.

Subject to certain conditions and exceptions, the competent resolution authority is, inter alia, empowered to permanently write down liabilities of the institutions, including those from Structured Products issued by the Issuer, or to convert them into equity instruments. Furthermore, the debtor of the Structured Products (therefore the Issuer) can obtain another risk profile than originally or the original debtor can be replaced by another debtor (who can possess a fundamental other risk profile or another solvency than the Issuer) following resolutions of the competent resolution authority with regard to the SRM Regulation, the SAG and other applicable rules and regulations. Any such regulatory measure can significantly affect the market value of the Structured Products as well as their volatility and might significantly increase the

risk characteristics of the investor’s investment decision. Investors in Structured Products may lose all or part of their invested capital in a pre-insolvency scenario (risk of total loss).

### *Brokering of transactions for other Group companies and division of labor within Citigroup Group*

The vast majority of the Issuer’s commission income is income from transfer pricing arrangements, which the Issuer receives for brokering & investment banking transactions between the Issuer’s customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, “**GRA**”), which primarily provides for a revenue split. This applies to all major business areas. There is a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, Citigroup Global Markets Inc., New York and Citibank, N.A., London.

If a decision is taken within the Citigroup Group that the responsibilities in question should be reallocated among other Group companies, then the Issuer could lose a significant source of income.

### *Pension fund risk*

Pension fund risks are risks for which there is an obligation to make additional contributions to the Issuer’s pension fund resulting from an economic loss.

The Issuer has shares in various pension funds for which there is a risk of the Issuer’s obligation to make additional contributions due to minimum return targets. The risks result from an interest-induced change in the valuation of the pension obligations and the fluctuations in the value of the fund assets.

If the Issuer must make an additional contribution, this may have an adverse effect on the financial position of the Issuer. The result can be a significant loss in value of the securities issued by the Issuer. Under certain conditions, investors may also lose at least part of their invested capital if this risk is materialized.

## *Operational risks*

The Issuer defines operational risk as the risk of loss resulting from the inadequacy or failure of internal procedures, people, and systems and/or from external events.

- Risks of fraud

There are internal and external fraud risks such as bribery, insider trading, market manipulation or data theft as well as other criminal acts.

In connection with the realisation of fraud risks, there is the possibility of financial losses of the Issuer or reputational risks which may have an adverse effect on the financial position of the Issuer. This in turn may be reflected in the value of the securities issued by the Issuer and may lead to the partial loss of the amount paid by security holders in connection with the purchase of the securities.

- Personnel risk

The Issuer as a credit institution has a high demand for qualified and specially trained professionals and managers, e.g., equity and derivatives traders, interest rate and foreign exchange traders, but also specialists in advising on mergers and acquisitions (“M&A”) or specialists in corporate finance. The Equity Capital Markets unit, which advises and supports listed companies in raising equity capital, and the Debt Capital Markets unit, which supports group companies in the acquisition and structuring of new issues of interest-bearing securities or related transactions for private and public sector clients, also rely on specially trained professionals and managers. There is a risk of high staff turnover in this area and the risk that the Issuer will be unable to retain a sufficient staff of qualified personnel. The higher the fluctuation of qualified and specially trained professionals and managers and the less qualified personnel can be tied to the Issuer, the greater the personnel risk. The personnel risk also reflects the risk that the Issuer’s employees may knowingly or negligently violate established regulations or the firm’s business ethics standards.

If the personnel risk materialises, this may result in adverse effects on the Issuer’s business operations with the consequence that the value of the securities issued by the Issuer may fall and investors who have invested in these securities may at least partially lose their in-vested capital.

- Information risk

There is a risk that information, which was generated, received, transmitted, or stored within or outside the Issuer’s place of business, can no longer be accessed. Furthermore, such in-formation may be of poor quality, or have been wrongly handled or improperly obtained. For example, if the Issuer receives no information from financial information services or stock exchanges or only information of poor quality or if the information received is incorrect, e.g., in relation to data relevant for determining prices of securities issued by the Issuer, this may have a direct negative impact on trading in the securities. The information risk also includes risks resulting from systems and are used for processing information.

In connection with the realisation of an information risk, negative effects on the Issuer’s business operations may result with the consequence that, for example, customers of the Issuer cannot be served in accordance with their expectations and requirements and may turn away from the Issuer as a business partner. The loss of customers and the associated negative effects on the Issuer’s earnings may result in a decline in the value of the securities issued by the Issuer and investors who have invested in these securities may at least partially lose their invested capital. The more frequently information is not available for the reasons set out above, or the poorer the quality of information that the Issuer receives from third parties, the greater the likelihood of the occurrence of losses and the financial consequences for the Issuer’s business and earnings, as well as the potential consequences regarding the value of the securities issued by the Issuer.

- Outsourcing risk

The Issuer has outsourced many functions that are essential for duly managing and controlling its transactions and the risks resulting therefrom to other companies within and outside of the Citigroup Group. This includes, for example, the reports to the transaction register in accordance with Regulation (EU) No. 648/2012 (“EMIR”) and transaction reporting to BaFin in accordance with Regulation (EU) No. 600/2014 (“MiFIR”). In addition, parts of the settlement of products such as cash equities, equities derivatives, commodities, fixed income and the corresponding middle office functions were transferred within the group.

The outsourcing of processes to service providers has increased operational risk.

If the companies to which such functions have been outsourced fail to comply with their contractual obligations within the prescribed time or at all, then this could also impair the Issuer’s ability to timely meet its obligations under the securities it has issued. This risk is all the greater the more frequently or more companies fail to meet their contractual obligations or fail to meet them in a timely manner.

- Settlement risk

There is a risk that a business transaction is incorrectly processed or that transactions are executed which are different from the intentions and expectations of the Issuer’s management.

Sometimes the Issuer uses manual processes that can lead to such errors. Errors can occur, for example, in connection with dividend payments due to incorrect accounting or when securities issued by the Issuer are adjusted due to corporate actions.

Should this risk materialise, it may also affect the Issuer’s ability to meet its obligations under the securities it has issued in a timely manner.

### *Tax risks*

Future changes in tax laws as well as changes in tax law due to changed interpretations of the law by tax courts or tax authorities cannot be ruled out. Furthermore, tax assessments issued to the Issuer are regularly subject to review. This is a common procedure whereby the tax authorities may still claim additional taxes years after the original tax assessment has been issued.

Additional tax claims can have a significant negative impact on the financial position of the Issuer. A significant deterioration in the Issuer’s financial position may, for example, lead to liquidity shortfalls at the Issuer or deterioration in the Issuer’s solvency.

Therefore, the realisation of tax risks may, under certain conditions, result in a loss of value of the securities issued by the Issuer or, even at maturity, at least a partial loss of the amount that security holders paid when purchasing the securities.

### *Legal risks and risks arising from the legal environment*

The Issuer views legal risks as any and all risks resulting from binding contracts and governing legislation. Regulatory risks result from the legal environment in which the Issuer does business, such as the requirements that are imposed on the compliance function under the Circular “05/2023 (BA) – Minimum Requirements for Risk Management – MaRisk” and under “05/2018 (WA) – Minimum Requirements Imposed on Compliance Functions and Other Duties of Performance, Organization and Transparency – MaComp” published by BaFin or further supervisory requirements of the regulatory authorities.

Failure to comply with these requirements may result in legal or regulatory proceedings or investigations, or in claims for damages, fines or other penalties imposed on the Issuer.

The realization of legal risks or an increase in regulatory requirements may significantly increase the Issuer’s operating expenses and may have negative impacts on the Issuer’s earnings and financial position with the result that the value of the securities issued by the Issuer may decline in value and investors who have invested in these securities may partially lose their invested capital. The greater the increase in the Issuer’s operating expenses, the more negative effects this would

have on the Issuer's earnings and financial position and thus potentially on the value of the securities issued by the Issuer.

**The military action by Russia in Ukraine, and related sanctions, export controls and similar actions or laws could adversely affect the Issuer's and Citigroup Groups' business activities and customers**

Following the military action by Russia in Ukraine, the United States has imposed, and is likely to impose material additional, financial, and economic sanctions and export controls against certain Russian organizations and/or individuals, with similar actions implemented and/or planned by the European Union, the United Kingdom, and other jurisdictions. Sanctions and export controls, as well as any actions by Russia, could adversely affect the Issuer's and Citigroup Group's business activities and customers in and from Ukraine. Any negative impact of Russia's actions in Ukraine, and related sanctions, export controls and similar actions or laws on Citigroup, including the Issuer, could adversely affect the ability of the Issuer, to fulfil its obligations under the securities, and the value of and return. On 18 February 2026, Citi announced it has signed and closed the sale of AO Citibank. This transaction marks the conclusion of Citi's presence in Russia, encompassing all of Citi's Russian businesses.

**General risks in relation to Structured Products**

*You may lose all your investment in the Structured Products*

Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest, time value, market and/or political risks. Structured Products may expire worthless.

Options, warrants and equity linked instruments are priced primarily on the basis of the price or level of the Underlying Asset, the volatility of the Underlying Asset's price or level and the time remaining to expiry of the Structured Product.

The price of Structured Products generally may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or total loss of the purchase price of the Structured Products. Assuming all other factors are held constant, the more the underlying share price, unit price or index level of a Structured Product moves in a direction against you and the shorter its

remaining term to expiration, the greater the risk that you will lose all or a significant part of your investment.

"European Style" Structured Products are only exercisable on their respective Expiry Dates and may not be exercised by you prior to the relevant Expiry Date. Accordingly, if on such Expiry Date the Cash Settlement Amount is zero or negative, you will lose the value of your investment.

The risk of losing all or any part of the purchase price of a Structured Product upon expiration means that, in order to recover and realise a return on your investment, you must generally anticipate correctly the direction, timing and magnitude of any change in the price or level of the Underlying Asset specified in the relevant launch announcement and supplemental listing document.

Changes in the price or level of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price or level of the Underlying Asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price or level of the relevant Underlying Asset does not move in the anticipated direction.

*The value of the Structured Products may be disproportionate or opposite to the movement in price or level of the Underlying Assets*

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Asset. The market values of Structured Products are linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the price or level of the Underlying Assets increases, the value of the Structured Product decreases.

If you intend to purchase any series of Structured Products to hedge against the market risk associated with investing in the Underlying Asset specified in the relevant launch announcement and supplemental listing document, you should recognise the complexities of utilizing Structured Products in this manner. For example, the value of the Structured Products may not exactly correlate with the price or level of the Underlying Asset. Due to fluctuations in supply and demand for

Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset.

#### *Possible illiquidity of secondary market*

It is not possible to predict if and to what extent a secondary market may develop in any series of Structured Products and at what price such series of Structured Products will trade in the secondary market and whether such market will be liquid or illiquid. The fact that the Structured Products are listed does not necessarily lead to greater liquidity than if they were not listed.

A lessening of the liquidity of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

While we have, or will appoint, a liquidity provider for the purposes of making a market for each series of Structured Products, there may be circumstances outside our control or the appointed liquidity provider's control where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted, and/or without limitation, frustrated. In such circumstances we will use our best endeavours to appoint an alternative liquidity provider.

#### *Interest rates*

Value of the Structured Products in the secondary market may be sensitive to movements in interest rates. A variety of factors influence interest rates such as macroeconomic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Structured Products at any time prior to valuation of the Underlying Assets relating to the Structured Products.

#### *Time decay*

The settlement amount of certain series of Structured Products at any time prior to expiration may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount will reflect, among other things, a "**time value**" of the Structured Products. The "**time value**" of the Structured Products will depend upon, among others, the length of the period remaining to expiration and expectations

concerning the range of possible future prices or levels of the Underlying Assets. The value of a Structured Product is likely to decrease over time. Therefore, the Structured Products should not be viewed as products for long term investments.

#### *Taxes*

You may be required to pay stamp duties or other taxes or other documentary charges. If you are in doubt as to your tax position, you should consult your own independent tax advisers. In addition, you should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. See the section headed "**Taxation**" for further information.

#### *Modification to the Conditions*

Under the Conditions, we may, without your consent, effect any modification of the terms and conditions applicable to the Structured Products or the Instrument which, in our opinion is:

- (a) not materially prejudicial to the interests of the holder of the Structured Products generally (without considering the circumstances of any individual holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

#### *Possible early termination for illegality or impracticability*

If we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, it has become or it will become illegal or impracticable:

- (a) for us to perform our obligations under the Structured Products in whole or in part as a result of (i) the adoption of or any change in any relevant law or regulation or (ii) the promulgation of, or any change, in the interpretation by any court, tribunal, governmental, administrative, legislative,

regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation, (each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for us or our affiliates to maintain our hedging arrangements with respect to the Structured Product due to a Change in Law Event,

we may terminate early such Structured Products. If we terminate early the Structured Products, we will, if and to the extent permitted by applicable law, pay an amount determined by us in good faith and in commercially reasonable manner to be the fair market value notwithstanding the illegality or impracticability less the cost to us of unwinding any related hedging arrangements. Such amount may be substantially less than your initial investment and may be zero.

#### *Exchange rate risk*

There may be an exchange rate risk in the case of cash settled Structured Products where the Cash Settlement Amount will be converted from a foreign currency into the Settlement Currency. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Structured Products. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies.

#### **Risks in relation to the Underlying Asset**

##### *You have no right to the Underlying Asset*

Unless specifically indicated in the Conditions, you will not be entitled to any:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the underlying shares or units would normally be entitled to; or

- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

#### *Valuation risk*

An investment in Structured Products may involve valuation risk with regards to the Underlying Asset to which the particular series of Structured Products relate. The price or level of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors, speculation and, where the Underlying Asset is an index, changes in the formula for or the method of calculating the index.

You must be experienced with dealings in these types of Structured Products and must understand the risks associated with dealings in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any Structured Product in light of your particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the relevant Structured Product relates.

#### *Adjustment related risk*

Certain events relating to the Underlying Asset require or, as the case may be, permit us to make certain adjustments or amendments to the Conditions. You have limited anti-dilution protection under the Conditions of the Structured Products. We may, in our sole and absolute discretion, adjust, among other things, the Entitlement, the Exercise Price, the Strike Level or any other terms (including without limitation the closing price or the closing level of the Underlying Asset) of any series of Structured Product. However, we are not required to make an adjustment for every event that may affect an Underlying Asset, in which case the market price of the Structured Product and the return upon the expiry of the Structured Product may be affected.

In the case of Structured Products which relate to an index, the level of the index may be published by the index compiler at a time when one or more shares comprising the index are not trading. If this occurs on the Valuation Date but such occurrence does not constitute a Market Disruption Event under the Conditions, then the value of such

share(s) may not be included in the level of the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method.

#### *Suspension of trading*

Prior to the Expiry Date, if trading or dealing in the Underlying Assets is suspended on the Stock Exchange, trading or dealing in the relevant series of Structured Product will be suspended for a similar period.

If an Underlying Asset is an index of Hang Seng family (including but not limited to Hang Seng Index, Hang Seng China Enterprises Index or Hang Seng TECH Index) (each a “**Hang Seng Family Index**”), you should note that:

- (a) in the event that there is a disruption to normal index level dissemination by the index compiler, being Hang Seng Indexes Company Limited and that, upon the index level dissemination disruption, there is a failure by the index compiler to provide a periodic publication of index level with respect to the index on its website under its contingency mode (“**Index Disruption Event**”) and the index compiler publishes a notice (“**Disruption Notice**”) regarding the occurrence of such Index Disruption Event, trading of the Structured Products linked to the index will be suspended as soon as practicable after the publication of such Disruption Notice (“**Index Disruption Trading Halt**”); and
- (b) trading of the relevant Structured Products will be resumed as soon as practicable after the publication of index notice by the index compiler regarding the resumption of normal index level dissemination of the relevant index (“**Index Disruption Trading Resumption**”).

In addition, if an Underlying Asset is an index (other than Hang Seng Family Indices) and the calculation and/or publication of the index level by the index compiler is suspended for whatever reasons, trading in the relevant series of Structured Products may be suspended for a similar period. The value of the Structured Products will decrease

over time as the length of the period remaining to expiration becomes shorter. You should note that in the case of a prolonged suspension period, the market price of the Structured Products may be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the Structured Products. This may adversely affect your investment in the Structured Products.

In addition, in the case of CBBCs, a mandatory call event may occur upon the resumption of index level dissemination by the index compiler, regardless of the time interval of index level dissemination or whether the trading of the affected CBBCs on the Stock Exchange has been resumed or not. This may also adversely affect your investment in the Structured Products.

You should also note that all unmatched orders of the affected Structured Products will remain in place during the Index Disruption Trading Halt and will not be automatically cancelled. Automatic order matching of the affected Structured Products will be resumed on the Stock Exchange upon the Index Disruption Trading Resumption. You should contact your broker or agent as soon as possible before the Index Disruption Trading Resumption if you wish to cancel any unmatched order of the affected Structured Products.

You should also note that if trading in the Underlying Asset remains suspended at the time the relevant Structured Products expire, we may pay to you the Cash Settlement Amount as determined by us in good faith and in a commercially reasonable manner, which may be substantially less than your initial investment and may be zero.

#### *Risks relating to the trading arrangements in the event of the occurrence of an Index Disruption Event in respect of any Hang Seng Family Index*

In connection with the occurrence of an Index Disruption Event in respect of any Hang Seng Family Index, the Stock Exchange will implement the following trading arrangement in respect of the relevant series of Structured Products:

- (a) the Index Disruption Trading Halt; and
- (b) following the Index Disruption Trading Halt, the Index Disruption Trading Resumption after publication of a notice by the index

compiler regarding resumption of normal index level dissemination of the relevant index.

You should note that there are potential risks (including without limitation, any delay, failure, mistake or error) associated with the Stock Exchange's observation of the Index Disruption Event and/or the Stock Exchange's implementation of these trading arrangements, which may adversely affect your investment in the relevant Structured Products.

The Stock Exchange, the HKEX and their affiliates will not incur any liability (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange, HKEX and/or their affiliates) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Index Disruption Event, Index Disruption Trading Halt and/or Index Disruption Trading Resumption, including without limitation, any delay, failure, mistake or error in the Stock Exchange effecting the trading arrangements.

We and our affiliates shall not have any liability to the holders of the relevant series of Structured Products (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of us and/or our affiliates) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by you or any other party arising from or in connection with the Index Disruption Event, Index Disruption Trading Halt and/or Index Disruption Trading Resumption, including without limitation, any delay, failure, mistake or error in the Stock Exchange effecting the trading arrangements.

#### *Delay in settlement*

Unless otherwise specified in the relevant Conditions, in the case of any expiry of Structured Products, there may be a time lag between the date on which the Structured Products expire and the time the applicable settlement amount relating

to such event is determined. Any such delay between the time of expiry and the determination of the settlement amount will be specified in the relevant Conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the expiry of such Structured Products arising from a determination by us that a Market Disruption Event, Settlement Disruption Event or delisting of a company has occurred at any relevant time or that adjustments are required in accordance with the Conditions.

The applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Structured Products.

You should note that in the event of a Settlement Disruption Event or a Market Disruption Event, payment of the Cash Settlement Amount may be delayed as more fully described in the Product Conditions.

#### *Risk relating to liquidation or termination of the Underlying Asset*

In the case of Structured Products which relate to shares of a company, in the event of liquidation, winding up or dissolution of, or the appointment of a liquidator, receiver or administrator or analogous person to, the company that issues the underlying shares, the Structured Products shall lapse and cease to be valid, except that in the case of put Warrants or bear CBBCs, we may pay to you the residual value (if any) less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

In the case of Structured Products which relate to units or shares of a fund, in the event of termination, winding up or liquidation of a fund that issues the underlying units or shares or the appointment of a receiver or administrator or analogous person to the fund, the Structured Products shall lapse and cease to be valid except that in the case of put Warrants or bear CBBCs, we may pay to you the residual value (if any) less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

## **Risks specific to underlying asset adopting the multiple counters model**

Where the Underlying Asset adopts the multiple counters model for trading its units or shares on the Stock Exchange in Hong Kong dollars (“HKD”) and one or more foreign currencies (such as Renminbi and/or United States Dollars) (each a “**Foreign Currency**”) separately, you should note the following additional risks:

- (a) the Structured Products may be linked to the HKD-traded or the Foreign Currency-traded units or shares. If the Underlying Asset is the units or shares traded in one currency counter, movements in the trading prices of the units or shares traded in another currency counter should not directly affect the price of the Structured Products; and
- (b) the trading price on the Stock Exchange of the units or shares traded in one currency counter may deviate significantly from the trading price on the Stock Exchange of shares or units traded in another currency counter due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and the exchange rate fluctuation. Changes in the trading price of the Underlying Asset in the relevant currency counter may adversely affect the price of the Structured Products.

## **Risks relating to Structured Products over funds**

### *General risks*

In the case of Structured Products which relate to units or shares of a fund:

- (a) we and our affiliates do not have the ability to control or predict the actions of the trustee (if applicable) or the manager (if applicable) of the relevant fund. Neither the trustee (if applicable) nor the manager (if applicable) of the relevant fund (i) is involved in the offer of any Structured Product in any way, or (ii) has any obligation to consider the interests of the holders of any Structured Product in taking any corporate actions that might affect the value of any Structured Product;
- (b) we have no role in the relevant fund. The trustee (if applicable) or manager (if applicable) of the relevant fund is

responsible for making strategic, investment and other trading decisions with respect to the management of the relevant fund consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant fund. The manner in which the relevant fund is managed and the timing of such actions may have a significant impact on the performance of the relevant fund. Hence, the market price of the relevant units or shares is also subject to these risks; and

- (c) for any underlying fund which is not managed like a corporation or an active investment vehicle and no manager has been appointed, the trading price of the units or shares in the underlying fund may be adversely affected by losses sustained by the fund that, if the fund had been actively managed, might have been possible to avoid.

### *Exchange traded funds*

In the case of Structured Products linked to units or shares of an ETF, you should note that:

- (a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and
- (c) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the creation or redemption of units or shares to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Structured Products will also be indirectly subject to these risks.

### *Synthetic exchange traded funds*

Additionally, where the Underlying Asset comprises the units or shares of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track (“**Synthetic ETF**”), you should note that:

- (a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF. Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and
- (b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of Structured Products linked to such ETF or Synthetic ETF.

### *Risk specific to ETF investing through the QFI regimes and/or China Connect*

Where the Underlying Asset comprises units or shares of an ETF (“**China ETF**”) issued and traded outside Chinese Mainland with direct investment in the Chinese Mainland’s securities markets through the Qualified Foreign Institutional Investor regime and Renminbi Qualified Foreign Institutional Investor regime (collectively, “**QFI regimes**”) and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “**China Connect**”). You should note that, amongst others:

- (a) the policy and rules for the QFI regimes and China Connect prescribed by the Chinese Mainland government are subject to change, and there may be uncertainty to its

interpretation and/or implementation. The uncertainty and change of the laws and regulations in Chinese Mainland may adversely impact on the performance of China ETFs and the trading price of the relevant units or shares;

- (b) a China ETF primarily invests in securities traded in the Chinese Mainland’s securities markets and is subject to concentration risk. Investment in the Chinese Mainland’s securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;
- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under China Connect. In the event that daily quota under China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore may affect the liquidity in unit or share trading of such China ETF. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People’s Bank of China and the State Administration of Foreign Exchange have jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current Chinese Mainland’s tax laws applicable to a China ETF investing in Chinese Mainland through the QFI regimes and/or China Connect. Although such China ETF may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF and may therefore adversely affect the net asset value of such China ETF and the market value and/or potential payout of the Structured Products.

The above risks may have a significant impact on the performance of the relevant units or shares and the price of the Structured Products.

Please read the offering documents of the relevant China ETF to understand its key features and risks.

#### *Risk specific to ETF investing in India*

Where the Underlying Asset comprises units or shares of an ETF investing in India (“**India ETF**”), it is subject to concentration risk. Generally, investments in emerging markets, such as the Indian stock market are subject to certain risks and special considerations as compared with investments in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of the India ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets.

There is no assurance that the Indian Government will not impose restrictions on foreign exchange and the repatriation of capital. There may also be difficulty in obtaining information on Indian companies as Indian disclosure and regulatory standards are less stringent than those of developed countries.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products. Please read the offering documents of the relevant India ETF to understand its key features and risks.

#### *Risk specific to ETF investing in Saudi Arabia*

Where the Underlying Asset comprises units or shares of an ETF investing in Saudi Arabia (“**Saudi ETF**”), it is subject to concentration risk. Generally, investments in emerging markets, such as the Saudi Arabia stock market are subject to certain risks and special considerations as compared with investments in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of the Saudi ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets.

The above risks may have a significant impact on the performance of the relevant units and the price of our Structured Products. Please read the offering documents of the relevant Saudi ETF to understand its key features and risks.

#### *Real estate investment trust (“REIT”)*

Where the Underlying Asset comprises the units of a REIT, you should note that the investment objective of a REIT is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the relative illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the REIT market generally; (g) any future changes to the regulatory system, including the tax system and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products.

#### *Commodity market risk*

Where the Underlying Asset comprises the units or shares of an ETF whose value relates directly to the value of a commodity, you should note that fluctuations in the price of the commodity could

materially adversely affect the value of the underlying units or shares. Commodity market is generally subject to greater risks than other markets. The price of a commodity is highly volatile. Price movement of a commodity is influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and international political and economic events and policies.

### **Risk relating to CBBCs**

#### *Correlation between the price of a CBBC and the price/level of the Underlying Asset*

When the Underlying Asset of a CBBC is trading at a price/level close to its Call Price/Call Level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate to the change in the price/level of the Underlying Asset.

#### *You may lose your entire investment when a Mandatory Call Event occurs*

Unlike warrants, CBBCs has a mandatory call feature and trading in the CBBCs will be suspended when the Spot Level/Spot Price reaches the Call Level/Call Price (subject to the circumstances in which a Mandatory Call Event will be reversed as set out below). No investors can sell the CBBCs after the occurrence of a Mandatory Call Event. Even if the level/price of the Underlying Asset bounces back in the right direction, the CBBCs which have been terminated as a result of the Mandatory Call Event will not be revived and investors will not be able to profit from the bounce-back. Investors may receive a Residual Value after the occurrence of a Mandatory Call Event but such amount may be zero.

#### *Mandatory Call Event is irrevocable except in limited circumstances*

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Price/Call Level and other parameters), and such event is reported by the Stock

Exchange to us and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

- (b) manifest errors caused by the relevant third party price source where applicable (such as miscalculation of the index level by the relevant index compiler), and such event is reported by us to the Stock Exchange and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached between the Stock Exchange and us no later than such time as prescribed in the relevant launch announcement and supplemental listing document. Upon revocation of the Mandatory Call Event, trading of the CBBCs will resume and any trade cancelled after such Mandatory Call Event will be reinstated.

#### *Non-recognition of Post MCE Trades*

The Stock Exchange and its recognised exchange controller, HKEX, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility towards you for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

*Residual Value will not include residual funding cost*

For Category R CBBCs, the Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event will not include the residual funding cost for the CBBCs. You will not receive any residual funding cost back from us upon early termination of a Category R CBBC following the occurrence of a Mandatory Call Event.

*Delay in announcements of a Mandatory Call Event*

The Stock Exchange will notify the market as soon as practicable after the CBBC has been called. You must however be aware that there may be delay in the announcements of a Mandatory Call Event due to technical errors or system failures and other factors that are beyond our control or the control of the Stock Exchange.

*Our hedging activities may adversely affect the price/level of the Underlying Asset*

We and/or any of our affiliates may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the Underlying Asset whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any CBBCs, we and/or any of our affiliates may enter into one or more hedging transactions with respect to the Underlying Asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any of our affiliates, we and/or any of our affiliates may enter into transactions in the Underlying Asset which may affect the market price, liquidity or price/level of the Underlying Asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. We and/or our affiliates are likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the Underlying Asset or in derivatives linked to the Underlying Asset. Further, it is possible that the advisory services which we and/or our affiliates provide in the ordinary course of our business could lead to an adverse impact on the value of the Underlying Asset.

*Unwinding of hedging arrangements*

The trading and/or hedging activities of us or our affiliates related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price/level of the Underlying Asset and may trigger a Mandatory Call Event. In particular, when the Underlying Asset is trading close to the Call Price/Call Level, our unwinding activities may cause a fall or rise (as the case may be) in the trading price/level of the Underlying Asset, leading to a Mandatory Call Event as a result of such unwinding activities.

In respect of Category N CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event.

In respect of Category R CBBCs, before the occurrence of a Mandatory Call Event, we or our affiliates may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a Mandatory Call Event, we or our affiliates may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the trading price/level of the Underlying Asset and consequently the Residual Value for the CBBCs.

#### **Risks relating to the legal form of the Structured Products**

Each series of Structured Products will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS).

Structured Product issued in global registered form held on your behalf within a clearing system effectively means evidence of your title and efficiency of ultimate delivery of the Cash Settlement Amount will be subject to the CCASS Rules. Amongst the risks, you should note that:

- (a) you will not receive any definitive certificates where the Structured Product is to remain in the name of HKSCC Nominees Limited for its entire life;
- (b) any register that is maintained by us or on our behalf, while available for inspection by you, will not be capable of registering any interests other than that of the legal title

owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;

- (c) you will have to rely solely upon your broker/custodians and the statements you receive from such party as evidence of your interests in the investment;
- (d) notices or announcements will be published on the HKEX website and/or released by HKSCC to its participants via CCASS. You will need to check the HKEX website regularly and/or rely on your brokers/custodians to obtain such notices/announcements; and
- (e) following the Expiry Date and the determination by us of the Cash Settlement Amount (if any), our obligations to you will be duly fulfilled by payment of the Cash Settlement Amount (if any) to HKSCC Nominees Limited as the “**holder**” of the Structured Products in accordance with the Conditions. HKSCC or HKSCC Nominees Limited will then distribute the received Cash Settlement Amount to the respective CCASS participants in accordance with the CCASS Rules.

#### **United States tax risks**

There is a risk of the deduction of U.S. withholding tax and the transmission of information to the U.S. tax authorities. There is also a risk that U.S. withholding tax may apply in respect of U.S. “**dividend equivalent**” payments and, if this withholding tax applies, the investor will receive less than the amount the investor would have received without the application of the withholding tax. Please refer to the section headed “**United States taxation**” for further details.

#### **Effect of the combination of risk factors unpredictable**

Two or more risk factors may simultaneously have an effect on the value of a series of Structured Products such that the effect of any individual risk factor may not be predictable. No assurances can be given as to the effect any combination of risk factors may have on the value of a series of Structured Products.

## OVERVIEW OF THE BRRD, SRM REGULATION AND THEIR IMPLICATION TO THE STRUCTURED PRODUCTS

### What is the BRRD and the SRM Regulation?

The Bank Recovery and Resolution Directive (2014/59/EU), as amended from time to time, (“**BRRD**”) is a legislative act in the European Union (“**EU**”) which was introduced to address the shortcomings in the national laws and regulations of EU Member States for the resolution of failing banks and financial institutions and which has been amended by, *inter alia*, Directive (EU) 2019/879 (“**BRRD II**”). The BRRD and BRRD II have been implemented in Germany by the SAG. The European Commission has adopted a number of Commission Delegated Regulations and Commission Implementing Regulations supplementing the BRRD. For banks and financial institutions in the eurozone that are supervised within the framework of the Single Supervisory Mechanism pursuant to Regulation (EU) No 1024/2013, as amended from time to time (“**SSM**”), such as the Issuer, Regulation (EU) No 806/2014 of 15 July 2014, as amended from time to time (the “**SRM Regulation**”) provides for a uniform application of the resolution rules across the SSM (referred to as the “**Single Resolution Mechanism**” or the “**SRM**”).

The BRRD provides for the establishment of an EU-wide framework for the recovery and resolution of EU credit institutions and investment firms as well as certain of their group companies falling under the scope of the BRRD. The BRRD requires the governments of all EU Member States to provide their relevant resolution authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of that institution’s critical financial and economic functions, while minimising the impact of that institution’s failure on the broader economy and financial system. The SRM Regulation is, in principle, consistent with the BRRD and adapts the rules and principles of the BRRD to the specificities of the SRM.

The SRM Regulation and the BRRD contain four resolution tools (the “**Resolution Tools**”) which may be used alone or in combination where the relevant resolution authority considers that (a) an affected institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such affected institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables the relevant resolution authorities to direct the sale of the affected institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables the relevant resolution authorities to transfer all or part of the business of the affected institution to a “**bridge institution**” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables the relevant resolution authorities to transfer impaired or problem assets to one or more wholly or partially publicly owned asset management vehicles to allow them to be managed with a view to, *inter alia*, maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) Bail-In Power (as described in the paragraph headed “**What is “Bail-In Power”?**” below). The BRRD also contains resolution powers in order to effectively apply the Resolution Tools. In addition, Article 33a BRRD empowers the resolution authority to, *inter alia*, suspend payment and delivery obligations even before Resolution Tools have been exercised.

It is important to note that certain protections are granted to the creditors of an institution in case of the exercise of the Resolution Tools (including the Bail-In Power) over such institution. The most important one is the principle known as the “**no creditor worse off principle**” as provided for in the BRRD and SRM Regulation. This principle is intended to ensure that the creditors of an affected institution which is subject to the exercise of the Bail-In Power under the SRM Regulation and BRRD shall not incur greater losses than they would have incurred if such affected institution had been wound up under normal insolvency proceedings. For this purpose, the relevant resolution authorities in the EU have to ensure that it is assessed at the time of exercise of the Bail-In Power whether shareholders and creditors of an affected institution would have received better treatment if such affected institution had entered into normal insolvency proceedings.

## **The Issuer is subject to the SRM Regulation and BRRD**

The Issuer is a credit institution founded in Germany and is subject to the SRM Regulation as well as the SAG, being the German legislation implementing the BRRD.

Under the SRM Regulation and SAG substantial powers are granted to the Single Resolution Board in cooperation with the European Central Bank, the European Commission and the European Council to adopt resolution decisions and to BaFin, the German resolution authority, and/or to other relevant resolution authorities in the EU, to implement resolution decisions by exercising its powers under the SAG (including the use of the Resolution Tools) in respect of a German significant credit institution directly supervised by the European Central Bank (including, for example, the Issuer) and certain of its affiliates to protect and enhance the stability of the financial system of Germany and the EU if the relevant resolution authorities consider the failure of the relevant entity has become likely and certain other conditions are satisfied.

## **The Resolution Tools may be exercised over the Issuer**

The exercise of any resolution measure (including the Resolution Tools) or any suggestion of any such exercise under the SRM Regulation and SAG over the Issuer could adversely affect the value of the Structured Products. You may therefore lose all or a substantial part of your investment in the Structured Products. *Inter alia*, after any transfer of all or part of the Issuer's business or separation of any of its assets, the remaining business or assets of the Issuer may be insufficient to support the claims of all or any of the creditors of the Issuer (including you as the investor in the Structured Products).

In addition, the resolution powers could be exercised (i) prior to the commencement of any insolvency proceedings in respect of the Issuer, and (ii) by the relevant resolution authority without your consent or any prior notice to you. It is also uncertain how the relevant resolution authority would assess triggering conditions in different pre-insolvency scenarios affecting the Issuer under the SRM Regulation and SAG. Accordingly, you may not be able to anticipate a potential exercise of any such resolution powers over the Issuer.

## **What is "Bail-In Power"?**

**"Bail-In Power"** (as defined in the Conditions) means the power of the relevant resolution authorities to write down or convert to equity certain claims of unsecured creditors of a failing institution existing from time to time under, and exercised in compliance with, the SRM Regulation, the SAG and any laws, regulations, rules or requirements in effect in Germany, relating to the transposition of the BRRD as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Issuer under the Structured Products can be reduced (in part or in whole), cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person. Please see the General Conditions as set out in Appendix 1 of this document for further details, in particular General Condition 2.5.

## **The Issuer's obligations under the Structured Products are subject to the "Bail-In Power"**

In addition to applicable relevant German law provisions (including the SRM Regulation) relating to the use of the bail-in tool, the Conditions include a contractual term regarding the **"Bail-In Power"** and will be contractually subject to the exercise of any **"Bail-In Power"** by the relevant resolution authority if such authority should so decide at the relevant time.

By investing in the Structured Products, you acknowledge, accept, consent and agree to be contractually bound by the exercise of any Bail-In Power by the relevant resolution authorities over the Issuer. You further acknowledge, accept, consent and agree that your rights under the Structured Products are contractually subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-In Power by the relevant resolution authorities.

The effect of the exercise of the Bail-In Power by the relevant resolution authority over the Issuer may include and result in any of the following, or some combination thereof:

- (a) the reduction of all, or a portion, of the amounts payable by the Issuer under the Conditions (including a reduction to zero);
- (b) the conversion of all, or a portion, of the amounts due under the Structured Products into shares or other securities or other obligations of the Issuer or of another person, including by means of an amendment, modification or variation of the Conditions, in which case you agree to accept in lieu of your contractual rights under the terms of the Structured Products any such shares, other securities or other obligations of the Issuer or another person;
- (c) the cancellation of the Structured Products;
- (d) the amendment or alteration of the maturity of the Structured Products or amendment of the amount of interest, if any, payable on the Structured Products, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and/or
- (e) if applicable, the variation of the Conditions, if necessary to give effect to the exercise of the Bail-In Power by the relevant resolution authority.

Under certain circumstances liabilities may be excluded in whole or in part from the exercise of the Bail-in Power and accordingly, inter alia, liabilities of the same rank could be treated differently by the resolution authority.

By investing in the Structured Products, you acknowledge, accept, consent and agree that neither a cancellation of the Structured Products, a reduction of all, or a portion of, the amounts due under the Conditions, the conversion thereof into other securities or other obligations of the Issuer or another person, as a result of the exercise of the Bail-In Power by the relevant resolution authority will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the holders of the Structured Products to any remedies (including equitable remedies) which are expressly waived.

You furthermore acknowledge, accept, consent and agree that General Condition 2.5 below is exhaustive on the matters described therein and as such excludes any other agreements, arrangements or understandings between you as Holder and the Issuer relating to the subject matter of General Condition 2.5.

Accordingly, if any Bail-In Power is exercised over the Issuer, you may not be able to recover all or even part of the amount due under the Structured Products (if any) from the Issuer, or you may receive a different security issued by the Issuer (or another person) in place of the amount (if any) due to you under the Structured Products from the Issuer, which may be worth significantly less than the amount due to you under the Structured Products (if any).

Moreover, the relevant resolution authorities may exercise the Bail-In Power without providing any advance notice to, or requiring your further consent.

Please see the section headed “**Risks due to the EU recovery and resolution regime**” for further details of the relevant risk factors applicable to the Structured Products.

## PLACING AND SALE

### General

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Products in any jurisdiction (other than Hong Kong) where action for the purpose is required. No offers, sales, re-sales, transfers or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on us.

### United States of America

The Structured Products have not been and will not 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 no person has registered nor will register as a commodity pool operator of the Issuer or a commodity trading advisor under the U.S. Commodity Exchange Act of 1936, as amended (the “**CEA**”), and the rules of the Commodity Futures Trading Commission (“**CFTC**”) thereunder (the “**CFTC Rules**”). Furthermore, the Issuer has not been registered and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended.

Consequently, the Structured Products may not be offered, sold, pledged, resold, delivered or otherwise transferred at any time except in accordance with the following sentence. By its acquisition of a security or of a beneficial interest therein, the acquirer:

- (1) represents that
  - (a) it acquired the security or such beneficial interest in an “offshore transaction” (as such term is defined under Regulation S under the Securities Act (“**Regulation S**”));
  - (b) it is not a “U.S. person” as such term is defined under Rule 902(k)(1) and (2) of Regulation S; it does not come within any definition of U.S. person for any purpose under the CEA or any CFTC rule, guidance or order proposed or issued by the CFTC under the CEA (any person who is not a “Non-United States person” as such term is defined under CFTC Rule 4.7(a)(4), under the CFTC Regulation 23.160 and the CFTC’s Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292 (26 July 2013) shall be considered a U.S. person); and it is not a “United States person” within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the “**Code**”) (any person falling within this clause (b), a “**Permitted Purchaser**”);
  - (c) it is not and is not using the assets of and, during the term of the security, will not be and will not be using the assets of (i) an employee benefit plan as described in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) that is subject to the provisions of Title I of ERISA, (ii) a plan described in Section 4975(e)(1) of the Code, that is subject to Section 4975 of the Code, (iii) an entity or account whose assets are treated as assets of any of the foregoing or (iv) any plan that is subject to a law that is similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code; and
  - (d) if it is acquiring the security or a beneficial interest therein for the account or benefit of another person, such other person is also a Permitted Purchaser;

- (2) agrees for the benefit of the Issuer that it will not, at any time during the term of the security, offer, sell, pledge or otherwise transfer the security or any beneficial interest therein, as applicable, except to a Permitted Purchaser acting for its own account or for the account or benefit of another Permitted Purchaser in an offshore transaction (as defined above) and acknowledges that the Issuer has the right to refuse to honour a transfer of any security or interest in violation of the foregoing;
- (3) acknowledges that if at any time the acquirer is no longer a Permitted Purchaser, the Issuer has the right to (a) compel the acquirer to sell the security or beneficial interest therein, as applicable, to a person who is a Permitted Purchaser or (b) compel the beneficial owner to transfer the security or beneficial interest therein, as applicable, to the Issuer and, if the latter is not also the seller, to the seller of these Structured Products, in each case, for the least of (x) the purchase price therefore paid by the beneficial owner, (y) 100 per cent. of the principal amount thereof and (z) the fair market value thereof; and
- (4) acknowledges that the Issuer may compel each beneficial owner of the Structured Products to certify periodically that such beneficial owner is a Permitted Purchaser.

As defined in Rule 902(k)(1) and (2) of Regulation S, “**U.S. person**” means:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. person;
- (d) any trust of which any trustee is a U.S. person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - (i) organized or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

The following are not “**U.S. persons**”:

- (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
- (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if:
  - (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and

- (B) the estate is governed by foreign law;
- (c) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;
- (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (e) any agency or branch of a U.S. person located outside the United States if:
  - (A) the agency or branch operates for valid business reasons; and
  - (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- (f) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

As defined in CFTC Rule 4.7(a)(4), modified as indicated above, “**Non-United States person**” means:

- (a) a natural person who is not a resident of the United States;
- (b) a partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (c) an estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) an entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As defined in the CFTC’s Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292 (26 July 2013), “**U.S. person**” includes, but is not limited to:

- (a) any natural person who is a resident of the United States;
- (b) any estate of a decedent who was a resident of the United States at the time of death;

- (c) any corporation, partnership, limited liability company, business or other trust, association, jointstock company, fund or any form of enterprise similar to any of the foregoing (other than an entity described in paragraphs (d) or (e), below) (a “**legal entity**”), in each case that is organized or incorporated under the laws of a state or other jurisdiction in the United States or having its principal place of business in the United States;
- (d) any pension plan for the employees, officers or principals of a legal entity described in clause (c), unless the pension plan is primarily for foreign employees of such entity;
- (e) any trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust;
- (f) any commodity pool, pooled account, investment fund, or other collective investment vehicle that is not described in paragraph (c) and that is majority-owned by one or more persons described in paragraphs (a), (b), (c), (d), or (e), except any commodity pool, pooled account, investment fund, or other collective investment vehicle that is publicly offered only to non-U.S. persons and not offered to U.S. persons;
- (g) any legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is directly or indirectly majority owned by one or more persons described in paragraphs (a), (b), (c), (d), or (e) and in which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity; and
- (h) any individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in paragraphs (a), (b), (c), (d), (e), (f), or (g).

### **United Kingdom**

In relation to the United Kingdom any person offering the Structured Products (the “**Offeror**”) has represented and/or agreed, that it has not made and will not make an offer of the Structured Products to the public which are the subject of the offering contemplated by the Base Listing Document as completed by the launch announcement and supplemental listing document to the public in the United Kingdom except that it may make an offer of such Structured Products to the public in the United Kingdom:

- (a) if the launch announcement and supplemental listing document in respect of the Structured Products indicates that an offer of such Structured Products may be made otherwise than pursuant to POATRs (a “**Non-exempt Offer**”), from the date of publication of the Base Listing Document in relation to such Structured Products which has been approved by the Financial Conduct Authority, PROVIDED THAT the Base Listing Document has subsequently been supplemented by the launch announcement and supplemental listing document providing for an Non-exempt Offer and provided that the Non-exempt Offer is made only during the period or periods the beginning and end of which has been specified by information in the Base Listing Document or the launch announcement and supplemental listing document, as the case may be, and only if the Issuer has consented in writing to their 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 paragraph 15 of Schedule 1 to the POATRs;
- (c) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Offeror or Offerors nominated by the Issuer for any such offer; or

(d) at any time in other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of these selling restrictions, the term “**offer of the Securities to the public**” means, in relation to Structured Products in the United Kingdom, a communication in any form and by any means of sufficient information on the terms of the offer and the Structured Products to be offered so as to enable an investor to decide to purchase or subscribe for the Structured Products and the expression “**POATRs**” means the Public Offers and Admissions to Trading Regulations 2024.

*Other regulatory restrictions:* Each dealer has represented and/or agreed, and each further dealer appointed in respect of the Structured Products will be required to represent and/or agree that:

- (a) in relation to any Structured Products with a maturity of less than one year:
  - (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 Structured Products 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 where the issue of the Structured Products would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 of the United Kingdom, as amended (“**FSMA**”) by the Issuer;
- (b) 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 (Financial Promotion) received by it in connection with the issue or sale of any Structured Products in circumstances in which section 21 (1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (c) 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 Structured Products in, from or otherwise involving the United Kingdom.

### **European Economic Area**

In relation to each Member State of the European Economic Area (each, a “**Member State**”) any person offering the Structured Products (the “**Offeror**”) has represented and agreed, that it has not made and will not make an offer of Structured Products which are the subject of the offering contemplated by the Base Listing Document in relation thereto to the public in a Member State except that it may make an offer of such Structured Products to the public in a Member State:

- (a) after the date of publication of the Base Listing Document approved by the competent authority of that Member State or approved in another Member State and notified to the competent authority in that Member State, provided that:
  - (i) the Base Listing Document has been completed by the launch announcement and supplemental listing document provided for the non-exempt offer in accordance with the Prospectus Regulation;
  - (ii) the non-exempt offer is made only during the period the commencement and termination of which is specified in the Base Listing Document or the launch announcement and supplemental listing document; and

- (iii) the Issuer has consented in writing to their use for the purpose of the non-exempt offer;
  - (b) at any time to persons who are qualified investors within the meaning of the Prospectus Regulation;
  - (c) at any time in any Member State to fewer than 150 natural or legal persons per Member State (who are not qualified investors within the meaning of the Prospectus Regulation); or
  - (d) at any time and in other circumstances provided for in Article 1(4) of the Prospectus Regulation,
- provided that no such offer of the Structured Products referred to in (b) to (d) above may require the Issuer to publish a prospectus pursuant to the Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

The term “**offer of the Structured Products to the public**” means, in relation to any Structured Products in a Member State, a communication to the public in any form and by any means which contains sufficient information about the terms of the offer and the Structured Products to be offered to enable an investor to decide to purchase or subscribe for those Structured Products. This definition also applies to the placement of Structured Products through financial intermediaries.

The expression “**Prospectus Regulation**” means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC as amended from time to time.

## TAXATION

### Hong Kong taxation

No tax is payable in Hong Kong by way of withholding or otherwise in respect of:

- (a) dividends of any company which has issued the underlying shares;
- (b) distributions of any fund which has issued the underlying units or shares; or
- (c) any capital gains arising on the sale of the underlying assets or Structured Products,

except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

You do not need to pay any stamp duty in respect of purely cash settled Structured Products.

### United States taxation

#### *Section 871(m)*

Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) and the Treasury regulations thereunder (“**Section 871(m)**”) impose a 30 per cent. (or lower treaty rate) withholding tax on “**dividend equivalents**” paid or deemed paid to Non-U.S. Holders (as defined below) with respect to certain financial instruments linked to U.S. equities (“**U.S. Underlying Equities**”) or certain indices that include U.S. Underlying Equities. Section 871(m) generally applies to financial instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined based on tests set forth in the applicable Treasury regulations. Financial instruments issued before 1 January 2027 are generally subject to Section 871(m) only if such instruments have a delta of one (unless such instruments are materially modified on or after such date). With respect to a financial instrument issued on or after 1 January 2027, (a) a “simple” financial instrument that has a delta of 0.8 or greater with respect to a U.S. Underlying Equity and (b) a “complex” financial instrument that meets the “substantial equivalence test” with respect to a U.S. Underlying Equity will be subject to withholding under Section 871(m). The delta of a simple instrument is determined, and the substantial equivalence test for a complex instrument is performed, on the earlier of the date that the financial instrument is priced and the date when the financial instrument is issued; however, the issue date must be used if the financial instrument is priced more than 14 calendar days before it is issued. The discussion herein refers to a Structured Product subject to Section 871(m) as a “**Specified Structured Product**”.

The term “**Non-U.S. Holder**” means a holder of Structured Products that is, for U.S. federal income tax purposes, a non-resident alien individual, a foreign corporation or a foreign estate or trust that, in each case, does not hold a Specified Structured Product in connection with the conduct of a U.S. trade or business.

If a Structured Product is a Specified Structured Product, withholding in respect of dividend equivalents will generally be required either (i) on the underlying dividend payment date or (ii) upon any payment in respect of the Structured Product (including upon exercise or termination), a lapse of the Structured Product or other disposition by the Non-U.S. Holder of the Structured Product, or possibly upon certain other events.

The Issuer’s determination regarding Section 871(m) is generally binding on Non-U.S. Holders, but it is not binding on the United States Internal Revenue Service (the “**IRS**”). Accordingly, even if the Issuer determines that certain Structured Products are not Specified Structured Products, the IRS could challenge the Issuer’s determination and assert that withholding is required in respect of those Structured Products.

The application of Section 871(m) to a Structured Product may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of the Structured Product. For example, if a Non-U.S. Holder enters into other transactions relating to a U.S. Underlying Equity, the Non-U.S. Holder could be subject to tax under Section 871(m) even if the relevant Structured Products are not Specified Structured Products subject to Section 871(m) as a general matter. Non-U.S. Holders should consult their tax advisors regarding the application of Section 871(m) in their particular circumstances.

The Issuer will not be required to pay any additional amounts as compensation in respect of amounts withheld under Section 871(m).

#### *The Foreign Account Tax Compliance Act*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”), enacted in 2010, impose a reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to certain holders that do not comply with specific information requests and to foreign financial institutions unless the payee foreign financial institution agrees, among other things, to disclose the identity of certain U.S. account holders at the institution (or the institution’s affiliates) and to annually report certain information about such accounts.

This withholding currently applies to certain payments from sources within the United States (including dividend equivalents) and will apply to “**foreign passthru payments**” (a term not yet defined). U.S. Treasury regulations delay the effective date of withholding on payments of “**foreign passthru payments**” until the date that is two years after the date on which final U.S. Treasury regulations defining the term “**foreign passthru payment**” are filed with the U.S. Federal Register. This withholding would potentially apply to payments in respect of (i) any Structured Products characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term “**foreign passthru payment**” are filed with the U.S. Federal Register, or which are materially modified after the grandfathering date and (ii) any Structured Products characterized as something other than debt for U.S. federal tax purposes, whenever issued. If Structured Products are issued on or before the grandfathering date, and additional Structured Products of the same series are issued after that date, the additional Structured Products may not be treated as grandfathered.

The United States and a number of other jurisdictions have either entered into or announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “**Model 1**” and “**Model 2**” IGAs released by the United States, a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA) resident in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being a “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the United States Internal Revenue Service (the “**IRS**”). The United States and Germany have signed an agreement (the “**U.S. – Germany IGA**”) based largely on the Model 1 IGA.

The Issuer is treated as a Reporting FI pursuant to the U.S.-Germany IGA and has registered with the IRS. The Issuer does not anticipate being obliged to deduct any FATCA Withholding on payments it makes but there can be no assurance that the Issuer will not be required to deduct FATCA Withholding from such payments. Accordingly, the Issuer and financial institutions through which payments on the Structured Products are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Structured Products is made is not a participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from principal or other payments on the Structured Products as a result of a holder's failure to comply with FATCA, none of the Issuer, any paying agent or any other person would pursuant to the terms and conditions of the Structured Products be required to pay additional amounts as a result of the deduction or withholding of such tax. Holders of the Structured Products should consult their tax advisers regarding the application of FATCA to an investment in the Structured Products and their ability to obtain a refund of any amounts withheld under FATCA.

**APPENDIX 1**  
**GENERAL CONDITIONS OF STRUCTURED PRODUCTS**

*These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the relevant Product Conditions set out in Appendix 2 and Appendix 3 to this Base Listing Document and the supplemental terms and conditions contained in the Launch Announcement and Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions and the relevant Product Conditions together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Structured Products may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these General Conditions and the relevant Product Conditions, replace or modify these General Conditions and the relevant Product Conditions for the purpose of such series of Structured Products.*

**1. Definitions**

“**Base Listing Document**” means the base listing document relating to Structured Products dated 29 April 2026 and issued by the Issuer (including any addenda to such base listing document issued by the Issuer from time to time);

“**Board Lot**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Business Day**” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a “BLACK” rainstorm signal is issued or an “extreme condition” announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

“**CCASS**” means the Central Clearing and Settlement System established and operated by the HKSCC;

“**CCASS Rules**” means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

“**CCASS Settlement Day**” has the meaning ascribed to the term “**Settlement Day**” in the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time, subject to such modification and amendment prescribed by HKSCC from time to time;

“**Conditions**” means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

“**Designated Bank Account**” means the relevant bank account designated by each Holder;

“**Exercise Expenses**” means, in respect of each series of Structured Products, any charges or expenses (including any taxes or duties) which are incurred in respect of the exercise of a Board Lot of Structured Products;

“**Expiry Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means these general terms and conditions. These General Conditions apply to each series of Structured Products;

“**Global Certificate**” means, in respect of the relevant Structured Products, a global certificate registered in the name of the Nominee;

“**HKSCC**” means Hong Kong Securities Clearing Company Limited;

“**Holder**” means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as the holder of the Structured Products, and such person shall be treated by the Issuer and the Sponsor as the absolute owner and holder of the Structured Products;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Index**” means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document in respect of each series of Structured Products;

“**Instrument**” means an instrument dated 11 December 2019 (as amended, supplemented or replaced from time to time) executed by the Issuer by way of deed poll pursuant to which the Issuer creates and grants to the Holders certain rights in relation to the Structured Products;

“**Issuer**” means Citigroup Global Markets Europe AG;

“**Launch Announcement and Supplemental Listing Document**” means the launch announcement and supplemental listing document relating to a particular series of Structured Products;

“**Listing Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document and on which dealing of the Structured Products on the Stock Exchange commences;

“**Nominee**” means HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS);

“**Product Conditions**” means, in respect of each series of Structured Products, the product specific terms and conditions that apply to that particular series of Structured Products;

“**Register**” means, in respect of each series of Structured Products, the register of the Holders of such series of Structured Products kept by the Issuer in Hong Kong;

“**Settlement Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Disruption Event**” means an event which is beyond the control of the Issuer and as a result of which, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date;

“**Share**” means the share specified as such in the relevant Launch Announcement and Supplemental Listing Document in respect of each series of Structured Products;

“**Sponsor**” means Citigroup Global Markets Asia Limited;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Structured Products**” means standard warrants (“**Warrants**”), callable bull/bear contracts (“**CBBCs**”) or such other structured products to be issued by the Issuer from time to time. References to “**Structured Products**” are to be construed as references to a particular series of Structured Products and, unless the context otherwise requires, any further structured products issued pursuant to General Condition 8; and

Other capitalised terms will, unless otherwise defined, have the meanings given to them in the Base Listing Document, the relevant Product Conditions, the relevant Launch Announcement and Supplemental Listing Document and/or the Global Certificate.

## **2. Form, Status, Transfer and Additional Costs and Expenses**

### **2.1 Form**

The Structured Products are issued in registered form subject to and with the benefit of the Instrument. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the offices of the Sponsor.

The Structured Products are represented by a Global Certificate. No definitive certificate will be issued. The Structured Products can only be exercised by the Nominee.

### **2.2 Status of the Issuer’s obligations**

The settlement obligation of the Issuer in respect of the Structured Products represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Structured Products represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of Structured Products deposit liabilities of the Issuer or a debt obligation of any kind.

### **2.3 Transfer of Structured Products**

Transfers of Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

### **2.4 Additional Costs and Expenses**

Holders shall be responsible for additional costs and expenses in connection with any exercise of the Structured Products including the Exercise Expenses which amount shall, subject to the General Condition 3.2 and to the extent necessary, be payable to the Issuer and collected from the Holders.

### **2.5 Bail-in**

Each Holder (which, for the purposes of this General Condition, includes each holder of a beneficial interest in the Structured Products) acknowledges, accepts, consents and agrees by its acquisition of the Structured Products:

- (a) to be bound by the effect of the exercise of the Bail-In Power by the relevant resolution authority if the latter were to consider that the amounts due under the Structured Products fall within the scope of the Bail-In Power. This Bail-In Power may include and result in any of the following, or some combination thereof:

- (i) the reduction of all, or a portion, of the amounts due under the Structured Products;
  - (ii) the conversion of all, or a portion, of the amounts due under the Structured Products into shares, other securities or other obligations of the Issuer or another person, including by means of an amendment, modification or variation of the Conditions of the Structured Products, in which case each Holder agrees to accept in lieu of its rights under the Structured Products any such shares, other securities or other obligations of the Issuer or another person;
  - (iii) the cancellation of the Structured Products; and
  - (iv) the amendment or alteration of the maturity of the Structured Products or amendment of the amount of interest payable on the Structured Products (if any), or the date on which the interest (if any) becomes payable, including by suspending payment for a temporary period;
- (b) if applicable, that the terms of the Structured Products are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the relevant resolution authority and each Holder agrees that such variations will be binding on it;
  - (c) that neither a cancellation of the Structured Products, a reduction of all, or a portion of, the amounts due under the Structured Products, the conversion thereof into other securities or other obligations of the Issuer or another person, as a result of the exercise of the Bail-In Power by the relevant resolution authority with respect to the Structured Products will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Holders to any remedies (including equitable remedies) which are hereby expressly waived; and
  - (d) that this General Condition 2.5 is exhaustive on the matters described herein and as such excludes any other agreements, arrangements or understandings between a Holder and the Issuer relating to the subject matter of this General Condition 2.5.

For the purposes of this General Condition:

“**Bail-In Power**” means any resolution power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Germany, (i) relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) as amended from time to time and as implemented under German law by, among others, the Restructuring and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) (the SAG) as amended from time to time, (ii) constituting or relating to the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (“**SRM Regulation**”) as amended from time to time, (iii) otherwise arising under German law, and, in each case of (i) to (iii) above, the instruments, rules and standards created thereunder, pursuant to which, in particular, the obligations of the Issuer can be reduced (in part or in whole), cancelled, modified or converted into shares, other securities, or other obligations of the Issuer or any other person.

“**relevant resolution authority**” means *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin), the Single Resolution Board established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Bail-In Power against the Issuer from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the SRM Regulation).

### **3. Rights and Exercise Expenses relating to the Structured Products**

#### **3.1 Entitlement of Holders**

Every Board Lot initially entitles the Holders, upon due exercise or early expiration (as the case may be) and upon compliance with these General Conditions and the applicable Product Conditions, the rights to receive payment of the Cash Settlement Amount, if any.

#### **3.2 Holders responsible for Exercise Expenses**

Upon exercise or early expiration of a particular series of Structured Products, the Holders of such series will be required to pay a sum equal to all the expenses resulting from the exercise or early expiration of such Structured Products. To effect such payment an amount equivalent to the Exercise Expenses shall be deducted from the Cash Settlement Amount in accordance with the applicable Product Conditions.

### **4. Purchase**

The Issuer or any of its subsidiaries may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held or resold or surrendered for cancellation.

### **5. Global Certificate**

A Global Certificate representing the Structured Products will be deposited with CCASS in the name of the Nominee. No definitive certificate will be issued.

### **6. Meetings of Holders and Modification**

#### **6.1 Meetings of Holders**

The Instrument contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Structured Products or of the Instrument.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. A meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

## **6.2 Modification**

The Issuer may, without the consent of the Holders, effect any modification of the terms and conditions of the Structured Products or the Instrument which, in the opinion of the Issuer, is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holders or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holders and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with General Condition 7.

## **7. Notices**

All notices to the Holders will be validly given if published in English and in Chinese on the website of Hong Kong Exchanges and Clearing Limited. The Issuer shall not be required to despatch copies of the notice to the Holders.

## **8. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further structured products so as to form a single series with the Structured Products.

## **9. Good Faith and Commercially Reasonable Manner**

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

## **10. Governing Law**

The Structured Products and the Instrument are governed by and construed in accordance with the laws of Hong Kong. The Issuer and each Holder (by its purchase of the Structured Products) submit for all purposes in connection with the Structured Products and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

## **11. Language**

In the event of any inconsistency between the Chinese translation and the English version of these Conditions, the English version of these Conditions prevails.

## **12. Prescription**

Claims against the Issuer for payment of any amount in respect of the relevant Structured Products will become void unless made within ten years of the Expiry Date or the end of the MCE Valuation Period (as the case may be) and thereafter, any sums payable in respect of such Structured Products shall be forfeited and shall revert to the Issuer.

### 13. Illegality or Impracticability

The Issuer is entitled to terminate the Structured Products if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Structured Products in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change, in the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),(each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for it or any of its affiliates to maintain the Issuer’s hedging arrangements with respect to the Structured Products due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Structured Products held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

### 14. Sponsor

- 14.1 The Sponsor will not assume any obligation or duty to or any relationship of agency or trust for the Holders.
- 14.2 The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Structured Products are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Holders in accordance with General Condition 7.

### 15. Contracts (Rights of Third Parties) Ordinance

A person who is not a party to the Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of the Structured Products.

**Sponsor:**

**Citigroup Global Markets Asia Limited**  
50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**APPENDIX 2**  
**PRODUCT CONDITIONS OF WARRANTS**

The following pages set out the Product Conditions in respect of different types of Warrants.

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PART C — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER EXCHANGE TRADED FUND .....	66

**PART A**  
**PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Average Price**” means the arithmetic mean of the closing prices of one Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Exercise Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Shares; or
  - (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the occurrence of any event on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Number of Warrant(s) per Entitlement”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled Warrants over single equities;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

**“Share”** means the share specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date.

For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (i) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

### *2.5 Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

### 3. Adjustments

Adjustments may be made by the Issuer to the number of Shares to which the Warrants relate on the basis of the following provisions:

#### 3.1 Rights Issues

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 Bonus Issues

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

Adjustment Component =  $1 + N$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 Subdivisions and Consolidations

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or

surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event, and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### 3.5 *Cash Distribution*

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price as derived from the daily quotation sheet of the Stock Exchange on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as

contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## 4. **Liquidation**

In the event of a liquidation, winding up or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company (each an “**Insolvency Event**”), all unexercised Warrants shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the Warrants, except that in the case of a series of put Warrants:

- (a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the put Warrants upon the occurrence of such Insolvency Event:
  - (i) the Issuer shall pay to each Holder the residual value of the put Warrants in cash representing the fair market value in respect of each put Warrant held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 7; and
  - (ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Shares traded on the Stock Exchange are calculated;
- (b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the put Warrants upon the occurrence of such Insolvency Event, the put Warrants shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4, an Insolvency Event occurs,

- (i) in the case of a voluntary liquidation or winding up of the Company, on the effective date of the relevant resolution; or
- (ii) in the case of an involuntary liquidation, winding up or dissolution of the Company, on the date of the relevant court order; or

- (iii) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

## **5. Delisting**

### *5.1 Adjustments following delisting*

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### *5.3 Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

#### **Sponsor:**

#### **Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**PART B**  
**PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER INDEX**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

(b) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Closing Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Divisor**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**First Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Compiler**” means the index compiler specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Business Day”** means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

**“Index Currency Amount”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Index Exchange”** means the index stock exchange specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Interim Currency”** means the currency specified in the relevant Launch Announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition:

- (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and
  - (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;
- (b) where the Index Exchange is the Stock Exchange, the occurrence of any event on any day which either:
    - (i) results in the Stock Exchange being closed for trading for the entire day; or
    - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event;

- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of Warrants over index;

“**Second Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

“**Strike Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Successor Index Compiler**” means a successor to the Index Compiler acceptable to the Issuer; and

“**Valuation Date**” means the date specified in the relevant Launch Announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the

Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

## 2.5 *Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

## **3. Adjustments to the Index**

### 3.1 *Successor Index Compiler Calculates and Reports Index*

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a Successor Index Compiler; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

### 3.2 *Modification and Cessation of Calculation of Index*

If:

- (a) on or prior to the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts or commodities and other routine events); or
- (b) on the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of the published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts or commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

### 3.3 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.4 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

**Sponsor:**

**Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**PART C**  
**PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER**  
**EXCHANGE TRADED FUND**

*These Product Conditions will, together with the General Conditions and supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Average Price**” shall be the arithmetic mean of the closing prices of one Unit (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Exercise Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Fund**” means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Units; or
  - (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the occurrence of any event on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Number of Warrant(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled Warrants over exchange traded fund;

“**Settlement Date**” means the third CCASS Settlement Day after later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Unit**” means the share or unit of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date.

For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (i) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

- (ii) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch Announcement and Supplemental Listing Document or the Global Certificate.

## **2. Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

### *2.5 Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date.

The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

### 3. Adjustments

Adjustments may be made by the Issuer to the number of Units to which the Warrants relate on the basis of the following provisions:

#### 3.1 Rights Issues

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Units are traded on a Cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Right

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 *Bonus Issues*

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

Adjustment Component =  $1 + N$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Units held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 *Subdivisions and Consolidations*

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 *Restructuring Events*

If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to, or may, sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder

of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event, and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this paragraph and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### 3.5 Cash Distribution

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price as derived from the daily quotation sheet of the Stock Exchange on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## 4. **Termination or Liquidation**

In the event of a Termination or the liquidation, winding up or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets (each an “**Insolvency Event**”), all unexercised Warrants shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the Warrants, except in the case of a series of put warrants:

- (a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the put Warrants upon the occurrence of such Insolvency Event:
  - (i) the Issuer shall pay to each Holder the residual value of the put Warrants in cash representing the fair market value in respect of each put Warrant held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 7;
  - (ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Units traded on the Stock Exchange are calculated; and

- (b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the put Warrants upon the occurrence of such Insolvency Event, the put Warrants shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4,

- (a) an Insolvency Event occurs:
  - (i) in the case of Termination, on the effective date of the Termination; or
  - (ii) in the case of a voluntary liquidation or winding up of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the effective date of the relevant resolution; or
  - (iii) in the case of an involuntary liquidation, winding up or dissolution of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the date of the relevant court order; or
  - (iv) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund's or Trustee's (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.
- (b) "**Termination**" means:
  - (i) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;
  - (ii) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted;
  - (iii) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or
  - (iv) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 5. Delisting

### 5.1 *Adjustments following delisting*

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

## 5.2 *Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## 5.3 *Adjustment binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

### **Sponsor:**

#### **Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**APPENDIX 3**  
**PRODUCT CONDITIONS OF CBBCS**

The following pages set out the Product Conditions in respect of different types of CBBCs.

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**PART A**  
**PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS**  
**OVER SINGLE EQUITIES**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**Closing Price**” means the official closing price of one Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) as of the Valuation Date;

“**Company**” means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“**Mandatory Call Event**” occurs if the Spot Price is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price,

at any time during a Trading Day in the Observation Period;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Shares; or
  - (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the occurrence of any event on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed for a

continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (ii) the afternoon session and the closing auction session (if applicable) of the same day, shall each be considered as one trading session only;

“**Minimum Trade Price**” means the lowest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**Number of CBBC(s) per Entitlement**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Commencement Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

“**Post MCE Trades**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over single equities;

“**Residual Value**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula:

- (a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

“**Share**” means the share specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Spot Price**” means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

“**Strike Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

“**Trading Rules**” means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

“**Valuation Date**” means the Trading Day immediately preceding the Expiry Date provided if, in the determination of the Issuer, a Market Disruption Event has occurred on that day, the Valuation Date shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Stock Exchange and such other factors as the Issuer determines to be relevant.

## **2. Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

### *2.5 Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of

the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

## *2.6 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

## *2.7 Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## *2.8 Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

## *2.9 Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## 2.10 Trading

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

## 3. Adjustments

### 3.1 Rights Issues

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 Bonus Issues

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

Adjustment Component =  $1 + N$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 Subdivisions and Consolidations

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such

Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### 3.5 Cash Distribution

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 4. **Liquidation**

In the event of a liquidation, winding up or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company (each an “**Insolvency Event**”), all unexercised CBBCs shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the CBBCs, except that in the case of a series of bear CBBCs:

- (a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the bear CBBCs upon the occurrence of such Insolvency Event:
  - (i) the Issuer shall pay to each Holder the residual value of the bear CBBCs in cash representing the fair market value in respect of each bear CBBCs held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 7; and
  - (ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Shares traded on the Stock Exchange are calculated;
- (b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the bear CBBCs upon the occurrence of such Insolvency Event, the bear CBBCs shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4, an Insolvency Event occurs,

- (i) in the case of a voluntary liquidation or winding up of the Company, on the effective date of the relevant resolution; or

- (ii) in the case of an involuntary liquidation, winding up or dissolution of the Company, on the date of the relevant court order; or
- (iii) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

## **5. Delisting**

### *5.1 Adjustments following delisting*

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### *5.3 Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

#### **Sponsor:**

#### **Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**PART B**  
**PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS**  
**OVER INDEX**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Call Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

- (ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Level is equal to the Strike Level;

“**Category R CBBCs**” means a series of CBBCs where the Call Level is different from the Strike Level;

“**Closing Level**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Divisor**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**First Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“**Index**” means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Business Day**” means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

“**Index Compiler**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Currency Amount**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Index Exchange**” means the index exchange specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Interim Currency**” means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Mandatory Call Event**” occurs if the Spot Level is:

- (a) in the case of a series of bull CBBCs, at or below the Call Level; or
- (b) in the case of a series of bear CBBCs, at or above the Call Level, at any time during an Index Business Day in the Observation Period;

“**Market Disruption Event**” means:

- (a) the occurrence or existence, on any Trading Day or Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contract are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition:

- (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and
  - (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;
- (b) where the Index Exchange is the Stock Exchange, the occurrence of any event on any day which either:
- (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event;

- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Maximum Index Level”** means the highest Spot Level during the MCE Valuation Period;

**“MCE Valuation Period”** means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Index Exchange during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which the Spot Levels are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Levels are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

- (b) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level of the Index and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (ii) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one trading session only;

“**Minimum Index Level**” means the lowest Spot Level during the MCE Valuation Period;

“**Observation Commencement Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

“**Post MCE Trades**” has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

“**Price Source**”, if applicable, has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over index;

“**Residual Value**” means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

- (a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

- (b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**Second Exchange Rate**” means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**Settlement Date**” means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

“**Spot Level**” means:

- (a) if no Price Source is specified, the spot level of the Index as compiled and published by the Index Compiler; or
- (b) if a Price Source is specified, the spot level of the Index as published on the Price Source;

“**Strike Level**” means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Trading Day**” means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions; and

“**Valuation Date**” means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that, if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event, provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

## **2. Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

- (ii) manifest errors caused by the relevant third party where applicable (such as miscalculation of the index level by the Index Compiler) and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### *2.5 Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

#### *2.6 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

#### *2.7 Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 2.8 *Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities, contracts, commodities or currencies comprising the Index.

## 2.9 *Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## 2.10 *Trading*

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

## 3. **Adjustments**

### 3.1 *Successor Index Compiler Calculates and Reports Index*

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

### 3.2 *Modification and Cessation of Calculation of Index*

If:

- (a) on or prior to the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities, contracts, commodities or currencies and other routine events); or

- (b) on the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities, contracts, commodities or currencies that comprised the Index immediately prior to that change or failure (other than those securities, contracts, commodities or currencies that have since ceased to be listed on the relevant exchange).

### *3.3 Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### *3.4 Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

**Sponsor:**

**Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

**PART C**  
**PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS**  
**OVER EXCHANGE TRADED FUND**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch Announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1. Definitions**

For the purposes of these Product Conditions:

“**Call Price**” means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Cash Settlement Amount**” means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

“**Category N CBBCs**” means a series of CBBCs where the Call Price is equal to the Strike Price;

“**Category R CBBCs**” means a series of CBBCs where the Call Price is different from the Strike Price;

“**Closing Price**” means the official closing price of one Unit (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustment to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) as of the Valuation Date;

“**Entitlement**” means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

“**Fund**” means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

“**General Conditions**” means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

“**Mandatory Call Event**” occurs if the Spot Price is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price, at any time during any Trading Day in the Observation Period;

“**Market Disruption Event**” means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Units; or
  - (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the occurrence of any event on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of such event; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Maximum Trade Price**” means the highest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be

extended to the end of the subsequent trading session following the 2nd Session during which trading in the Units is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (ii) the afternoon session and the closing auction session (if applicable) of the same day, shall each be considered as one trading session only;

**“Minimum Trade Price”** means the lowest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Number of CBBC(s) per Entitlement”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Commencement Date”** means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over exchange traded fund;

**“Residual Value”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula:

- (a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

**“Settlement Date”** means the third CCASS Settlement Day after: (a) the end of the MCE Valuation Period; or (b) the later of: (i) the Expiry Date; and (ii) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Spot Price”** means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Strike Price”** means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

**“Unit”** means the share or unit of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date provided that if, in the determination of the Issuer, a Market Disruption Event has occurred on that day, the Valuation Date shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Unit on the Stock Exchange and such other factors as the Issuer determines to be relevant.

## **2. Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

## 2.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

## 2.6 *Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

## 2.7 *Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## 2.8 *Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

## 2.9 *Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## 2.10 Trading

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

## 3. Adjustments

### 3.1 Rights Issues

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Units are traded on a Cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 *Bonus Issues*

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

Adjustment Component =  $1 + N$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Unit held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 *Subdivisions and Consolidations*

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 *Restructuring Events*

If it is announced that the Fund is to or may merge with or into any other trust or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”)

and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this paragraph and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### 3.5 *Cash Distribution*

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component x E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 4. **Termination or Liquidation**

In the event of a Termination or the liquidation, winding up or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets (each an “**Insolvency Event**”), all unexercised CBBCs shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the CBBCs, except that in the case of a series of bear CBBCs:

- (a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the bear CBBCs upon the occurrence of such Insolvency Event:
  - (i) the Issuer shall pay to each Holder the residual value of the bear CBBCs in cash representing the fair market value in respect of each bear CBBCs held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 7;
  - (ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Units traded on the Stock Exchange are calculated; and
- (b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the bear CBBCs upon the occurrence of such Insolvency Event, the bear CBBCs shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4,

- (a) an Insolvency Event occurs:
  - (i) in the case of Termination, on the effective date of the Termination; or
  - (ii) in the case of a voluntary liquidation or winding up of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the effective date of the relevant resolution; or

- (iii) in the case of an involuntary liquidation, winding up or dissolution of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the date of the relevant court order; or
  - (iv) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund's or Trustee's (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.
- (b) “**Termination**” means:
- (i) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;
  - (ii) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted;
  - (iii) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or
  - (iv) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 5. Delisting

### 5.1 *Adjustments following delisting*

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### 5.2 *Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### 5.3 *Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

**Sponsor:**

**Citigroup Global Markets Asia Limited**

50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

## **APPENDIX 4 BRIEF GUIDE TO CREDIT RATINGS**

Information set out in this Appendix 4 is based on, extracted or reproduced from the website of S&P at <https://www.spglobal.com/ratings/en/> and the website of Moody's at <https://www.moody's.com>. Information appearing on those websites does not form part of this document, and we accept no responsibility for the accuracy or completeness of the information appearing on those websites, except that we have accurately extracted and reproduced such information in this Appendix 4 and take responsibility for such extraction and reproduction. We have not separately verified such information. There can be no assurance that such information will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided in this Appendix 4 and/or what a credit rating means, you should seek independent professional advice.

### **What is a credit rating?**

A credit rating is a forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

### **What do the credit ratings mean?**

Below are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means.

#### **S&P long-term issuer credit ratings**

##### *AAA*

An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

##### *AA*

An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

##### *A*

An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

##### *BBB*

An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.

##### *Plus (+) or minus (-)*

The above ratings (except for 'AAA') may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

Please refer to [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352) (in English version only) for further details.

## **Moody's long-term ratings definitions**

### *Aaa*

Obligations rated Aaa are judged to be of the highest quality subject to the lowest level of credit risk.

### *Aa*

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

### *A*

Obligations rated A are judged to be upper medium grade and are subject to low credit risk.

### *Baa*

Obligations rated Baa are judged to be medium grade and subject to moderate credit risk; as such may possess certain speculative characteristics.

### *Modifiers "1", "2" and "3"*

Moody's appends numerical modifiers 1, 2 and 3 to each of the above generic rating classifications (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to <https://ratings.moody's.io/ratings> for further details.

## **Rating Outlooks**

A rating outlook is an opinion regarding the likely rating direction over the medium term. A rating outlook issued by S&P or Moody's will usually indicate whether the rating direction is likely to be "positive", "negative", "stable" or "developing". Please refer to the abovementioned websites of the relevant credit rating agencies for further details regarding rating outlooks published by the relevant credit rating agencies.

**APPENDIX 5**  
**AUDITOR'S REPORT AND OUR FINANCIAL STATEMENTS FOR THE**  
**FISCAL YEAR ENDED 31 DECEMBER 2025**

*Our financial statements for the fiscal year ended 31 December 2025 and our auditor's report thereon are set out in this Appendix 5. References to page numbers on the following pages are to the page numbers of such document.*

*For reference, please refer to our base listing document dated 29 April 2025 for our audited financial statements for the fiscal year ended 31 December 2024.*

# Balance Sheet for the Fiscal Year as of December 31, 2025

## Citigroup Global Markets Europe AG, Frankfurt am Main

Assets	EUR	EUR	EUR	Prior Year kEUR
<b>1. Cash reserve</b>				
a) Cash on hand	-,-			-
b) Credit balances held at central banks of which: at the Deutsche Bundesbank (German Central Bank)	-,-			5
c) Credit balances held at post giro offices	-,-		-,-	-
		790,237,480.06		593,857
<b>3. Receivables from banks</b>		2,890,140,780.68	3,680,378,260.74	2,395,043
a) Due upon demand				
b) Other receivables				
			17,707,747,878.39	16,804,649
<b>4. Receivables from clients</b>				
of which: secured through <i>in rem</i>				
security interests ( <i>Grundpfandrechte</i> )	-,-	-,-		
Municipal loans	-,-	-,-	27,715,491,205.36	21,294,162
			150,000.07	150
<b>6a Trading portfolio</b>				
<b>7. Equity investments</b>				
of which: held in banks	-,-	-,-		
held in financial service				
institutions	150,000.07	(prior year: kEUR	1,136 )	
held in securities institutions	-,-	(prior year: kEUR	- )	
		222,746,940.04	(prior year: kEUR	192,194 )
<b>9. Trust assets</b>			222,746,940.04	192,194
of which: trust loans				
<b>11. Intangible assets</b>				
a) Internally-generated industrial property rights and similar rights and assets	-,-			-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	-,-			-
c) Goodwill	28,816,667.00		28,816,667.00	37,917
d) Prepayments	-,-			-
		19,069,142.22		19,370
<b>12. Tangible assets</b>				
<b>14. Other assets</b>			849,041,108.97	551,435
<b>15. Prepaid and deferred items</b>			808,015.53	1,704
<b>17. Excess of plan assets over post-employment benefit liability</b>			-,-	7
<b>Total Assets</b>			<b>50,224,249,218.32</b>	<b>41,890,493</b>

	<b>Liabilities and Equity Capital I</b>			
	EUR	EUR	EUR	Prior Year kEUR
<b>1. Liabilities owed to banks</b>				
a) Payable on demand		211,584,635.04		179,644
b) With an agreed term or notice period		3,329,263,585.21	3,540,848,220.25	3,144,186
<b>2. Liabilities owed to clients</b>				
a) Savings deposits				
aa) with an agreed notice period of three months		-,-		-
ab) with an agreed notice period of more than three months		-,-		-
b) Other liabilities				
ba) payable on demand	10,907,225,513.08			8,570,494
bb) with an agreed term or notice period	5,906,591,197.78	16,813,816,710.86	16,813,816,710.86	5,720,003
<b>3a Trading portfolio</b>				
<b>4. Trust liabilities</b>				
of which: trust loans			222,746,340.04 (prior year: kEUR 192,194 )	192,194
<b>5. Other liabilities</b>		476,254,637.21		512,527
<b>6. Deferred income</b>		9,633,728.10		4,297
<b>7. Accrued liabilities</b>				
a) Pensions and similar obligations	39,521,617.82			44,254
b) Tax reserves	4,214,565.59			22,062
c) Other accrued liabilities	154,597,900.25	198,334,083.66		169,926
<b>11. Funds for general bank risks</b>			36,383,610.23 (prior year: kEUR 36,384 )	36,384
of which: as defined in § 340e (4) HGB				
<b>12. Equity capital</b>				
a) Subscribed capital	242,393,054.05	242,393,054.05		242,393
b) Capital reserves	4,317,352,452.84	4,317,352,452.84		4,317,353
c) Earnings reserve				
ca) legal reserve	33,027,197.15			33,027
cb) reserve for treasury shares	-,-			-,-
cc) reserves required by articles of association	-,-			-,-
cd) other earnings reserves	126,627,670.58	159,654,867.73		53,489
d) Unappropriated earnings/loss (balance sheet profit / loss)		65,389,230.07	4,784,789,604.69	73,139
<b>Total Liabilities and Equity Capital</b>			<b>50,224,249,218.32</b>	<b>41,890,494</b>

**Income Statement of Citigroup Global Markets Europe AG, Frankfurt am Main,  
for the Period of January 1, 2025 through December 31, 2025**

	EUR	EUR	EUR	01.01.2024 - 31.12.2024 kEUR
<b>1. Interest income earned on</b>				
a) Loans and money market transactions	907,494,222.73			1,421,985
<b>2. Negative interest income from</b>				
a) Loans and money market transactions	-	907,494,222.73		-
<b>3. Interest expenses</b>	799,892,561.10			1,275,434
<b>4. Positive interest from loans and money market transactions</b>	-	-799,892,561.10	107,601,661.63	-
<b>5. Current income from</b>				
a) Shares and other variable-yield securities		--		-
b) Equity investments		--		-
c) Interests in affiliated enterprises		--	--	-
<b>6. Commission income</b>		707,689,833.04		596,933
<b>7. Commission expenses</b>		265,585,781.25	442,104,051.79	220,709
<b>8. Net income from financial trading operations</b>			-26,991,539.72	34,461
Included therein are deposits into funds for general bank risks per § 340e (4) HGB : EUR - (2024: kEUR -)				
<b>9. Other operating income</b>			67,443,692.80	128,518
<b>10. General administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	237,678,237.35			240,028
ab) Social security contributions, pension and social welfare expenses of which: for	14,223,173.48	251,901,410.83		19,515
pensions: EUR ./. 535,528.29 (2024: kEUR 4,402)				
b) Other administrative expenses		231,985,189.11	483,886,599.94	273,104
<b>11. Depreciation, amortization and write-downs of tangible and intangible assets</b>			12,467,781.51	12,547
<b>12. Other operating expenses</b>			3,051,808.32	13,663
<b>13. Write-downs of, and provisions for, receivables and certain securities and additions to loan reserves</b>		5,000,000.00		1,477
<b>14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves</b>		679,802.00	-4,320,198.00	-
<b>15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities</b>			--	-
<b>16. Results from ordinary operations</b>			86,431,478.73	125,420
<b>17. Taxes on income and earnings</b>		21,042,248.66		52,281
<b>18. Other taxes, to the extent not reported under "Other operating expenses"</b>		--	21,042,248.66	-
<b>19. Income from loss transfers</b>			--	-
<b>20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement</b>			--	-
<b>21. Annual net profit/Annual net loss</b>			65,389,230.07	73,139
<b>22. Profit carried forward/Loss carried forward from the prior year</b>			--	-
			65,389,230.07	73,139
<b>23. Transfers from capital reserves</b>			--	-
			--	-
<b>24. Transfers from earnings reserves</b>				
a) from legal reserve		--		-
b) from reserve for treasury shares		--		-
c) from reserves required by the bank's articles of association		--		-
d) from other earning reserves		--	--	-
			--	-
<b>25. Transfers from capital participation rights (Genussrechtskapital)</b>			--	-
			--	-
<b>26. Transfers to earnings reserves</b>				
a) to legal reserve		--		-
b) to reserve for treasury shares		--		-
c) to reserves required by the bank's articles of association		--		-
d) to other earning reserves		--	--	-
			--	-
<b>27. Replenishment of capital with profit participation rights</b>			--	-
<b>28. Unappropriated profit (balance sheet profit)</b>			65,389,230.07	73,139

# Citigroup Global Markets Europe AG, Frankfurt am Main

## Notes to the Financial Statements for the Fiscal Year of January 1, 2025 through December 31, 2025

### Principles of the Accounting

**Citigroup Global Markets Europe AG, Frankfurt am Main (abbreviated herein as “CGME”)**, is a stock corporation with its registered place of business in Frankfurt am Main and is recorded in the Commercial Register of the Local Court of Frankfurt am Main under registration number HRB 88301.

CGME is not a capital markets-oriented corporation within the meaning of § 264d of the German Commercial Code (abbreviated herein as “HGB”) in combination with § 340a (1) HGB, because none of the securities issued by CGME were admitted for trading on an organized market within the meaning of § 2 (11) of the German Securities Trading Act (abbreviated herein as “WpHG”) in Fiscal Year 2025 and because CGME also did not apply for admission to trading such securities on an organized market within the meaning of § 2 (11) of the WpHG in the most recently completed fiscal year.

CGME is classified as a CRR credit institution in accordance with Directive (EU) No. 2019/2034 in combination with Article 4 para. 1, no. 1 of Regulation (EU) No. 575/2013 and is considered a public interest entity (“PIE”) within the meaning of § 316a sentence 2, no. 2 HGB in combination with § 1 para. 3d, sentence 1 of the German Banking Act (abbreviated herein as “KWG”)

The annual financial statements for the Fiscal Year of January 1 through December 31, 2025 (“Fiscal Year”) were prepared in accordance with the German Commercial Code and in compliance with supplemental provisions of the German Stock Corporation Act (abbreviated herein as “AktG”) and the Accounting Regulation for Banks and Financial Services Institutions (abbreviated herein as “RechKredV”). The balance sheet and income statement were structured and organized according to the forms set forth in the RechKredV.

The annual financial statements were prepared in accordance with § 244 HGB in the German language and in euro. Unless otherwise indicated in any individual sections below, the figures shown are in million euros (EUR million) in an effort to provide better clarity. Due to rounding, certain numbers in the annual financial statements may do not add up exactly to the sums shown.

The annual financial statements will be published in the German Companies Register (*Unternehmensregister*) after they are adopted by the Committee.

## ACCOUNTING AND VALUATION METHODS

### (1) Cash reserve

This balance sheet item comprises balances that are held with central banks and recognized at their nominal amount.

### (2) Receivables

#### *Accounting*

**Receivables from banks and clients** are recognized on the balance sheet at their cost of acquisition plus accrued interest, unless risk provisioning or write-downs to the lower fair value are required in order to account for the existing counterparty credit (or default) risks.

Any receivables and payables arising from genuine repo and reverse repo transactions that are settled with credit institutions and customers on the basis of master agreements concluded in accordance with international model terms and conditions (OTC transactions), will be netted, provided that a legal right of offsetting exists in accordance with § 387 BGB.

#### *Valuation*

**Individual and standard valuation allowances** have been created on the balance sheet to account for counterparty risks. Bad debts, for which in all likelihood no further payments are anticipated from either the debtor or the sale of collateral, are removed from the books immediately after information about the non-recoverability has been presented (direct write-off).

Pursuant to IDW Statement IDW RS BFA 7 of December 13, 2019 and the IDW Accounting Guidance IDW RH BFA 1.004 of July 31, 2023, the election of using a simplified model was made in determining the **standard valuation allowances**, whereby as in the prior year, the standard allowances were implemented in accordance with the so-called "IFRS 9 Phase Model". In view of the existing volume of receivables with primarily short-term maturities (in line with CGME's business model) which - when compared to the date they arose and regular measurement at fair value - does not yield any significant increase in the credit default risk, the standard valuation allowances are generally calculated on the basis of the expected loss over a period of 12 months. In accordance with the requirements of IDW RS BFA 7 and IDW RH BFA 1.004, it is not necessary to provide evidence of parity between the losses anticipated when a receivable arises and an agreed credit rating premium. As of December 31, 2025, there are volumes of receivables that were classified as risk level 2 and 3 in terms of their anticipated counterparty default risk.

In addition to the client-specific credit ratings and expected credit default probabilities, the calculation of the standard allowances also takes into account, among other things, macroeconomic factors of the countries in which the CGME clients have their registered headquarters (e.g., gross domestic product, unemployment rate), which can generally influence the client-specific counterparty default risk. The respective factors are reviewed on a quarterly basis in terms of appropriateness and then adjusted, if necessary. Furthermore, the valuation parameters are subject to regular sensitivity analysis in order to determine the influence of macro-economic factors on expected loan losses.

No adjustment of the model results in the form of a top level adjustment (TLA) was made, for example, due to the consequences of the Russia/Ukraine war, the war in the Middle East, and the conflict in Iran.

### **(3) Financial instruments of the trading portfolio**

#### ***Accounting***

In accordance with the statutory provisions of § 340e HGB, financial instruments traded on and off the stock exchange may be recognized at the trade date or at the settlement date. In view of Citigroup's uniform rules, according to which, from the point of view of the Group parent company, accounting as of the **settlement date** leads to a more relevant and reliable presentation of assets and liabilities in the balance sheet, CGME recorded the trading transactions with financial instruments and the resulting receivables as of the settlement date for accounting and balance sheet purposes, as it did last year.

In its financial statements as of December 31, 2025, CGME has offset positive and negative fair values as well as the related settlement payments (cash collateral) of trading portfolio derivatives that were traded over-the-counter with central counterparties and non-central counterparties (OTC derivatives). The exercise of the **netting option / election (*Saldierungswahlrechts*)** under German commercial law results from an economic approach according to which an existing net position can, under certain conditions, be regarded as fictitiously fulfilled by the collateral that is provided in cash, thereby yielding an overall net presentation of the (bilateral) OTC derivatives.

One prerequisite for the netting is the existence of master agreement with an enforceable collateralization appendix (*Besicherungsanhang*) and a daily exchange of cash collateral from which only an insignificant credit or liquidity risk remains. Positive fair values from derivative financial instruments are initially offset or netted against negative fair values from derivative financial instruments. Subsequently, the settlement payments attributable to the fair values are netted against the positive fair values of derivative financial instruments. Furthermore, the collateral paid must be netted and balanced against the negative fair values of derivative financial instruments. The amounts netted in this respect from the settlement payments and fair values are reported as a net amount under "Trading Assets" or "Trading Liabilities".

The volumes generated from the netting of the relevant OTC derivatives portfolios will trigger - as of December 31, 2025 - a commensurate decrease in the trading portfolio assets of around EUR 31 billion (prior year: approx. EUR 28 billion), as well as a decrease in the trading portfolio liabilities of around EUR 32 billion (prior year: EUR 29 billion).

As of December 31, 2025, payment claims or liabilities from repo or reverse repo (repurchase) transactions will be recorded in the trading portfolio, provided that these financial instruments are bought and sold with the intention of achieving a short-term proprietary trading profit. In this context, receivables and payables from centrally cleared repurchase agreements are netted against each other, provided that a legal right of offsetting exists under § 387 BGB. As of December 31, 2025, the netting volume yielded EUR 1.5 billion.

## Valuation

The valuation of the **financial instruments of the trading portfolio** was carried out at fair value less a risk discount in accordance with sentence 1 of § 340e (3) HGB. The financial instruments are recognized at their cost of acquisition at the time they are acquired. In accordance with an official statement (RS BFA 2 or IDW ERS BFA 2 (new version<sup>1</sup>)) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed in accordance with the hierarchical order of valuation criteria set forth in § 255 (4) HGB. For unlisted financial instruments, comparative prices and the valuation results obtained by applying valuation models are used.

In general, these methods are based on estimates of future cash flows while factoring in any risk factors. In this regard, the most important factors, in each case dependent on the nature of the relevant financial instrument, are the "underlying price", "implicit volatilities", "yield curves" and "dividend forecasts". In this regard and depending on the structure of the respective financial instrument, there are, *inter alia*, other assumptions that the valuation is "risk-neutral" with regard to the future development of market prices, that interest rates and credit costs are deterministic and, for example, that the amount of dividends is generally known and will be paid on certain dates. Furthermore, when applying the valuation models, additional probabilities regarding the occurrence of certain valuation parameters or factor sensibilities (e.g., Delta, Gamma) are also taken into account.

As of December 31, 2025 a **risk discount (value-at-risk; VaR)** calculated for regulatory purposes was applied to the financial instruments in the trading portfolio in accordance with § 340e (3) HGB. The VaR is generally calculated for the entire portfolio and deducted from the line item "trading assets". For purposes of calculating the value-at-risk, CGME uses a model that was developed by Citigroup and observed uniformly within the corporate group (IMA) and that is utilized to satisfy the equity capital requirements for market price risks. In this regard, the VaR reflects the maximum expected loss of a trading book during a certain holding period (CGME: 10 days) with a pre-defined probability (CGME: confidence level of 99%). Specific risks of certain stocks (beta risk) are likewise factored into the calculation. The calculation of the VaR is made using a Monte Carlo simulation, which is run for all trading activities on the basis of uniform assessment criteria. The volatilities of the individual market factors, which are included in the calculation as well as their correlation to one another, are computed on an empirical basis. Any increase in the risk discount over the previous year that is required in accordance with § 340e (4) HGB will be recognized in profit or loss and charged to net income from the trading portfolio in accordance with § 340c (1) HGB. Where a risk discount is applied to trading liabilities, it is accounted for as a surcharge, which is also recognized as an expense in determining the net trading income pursuant to IDW Statement IDW RS BFA 2 or IDW ERS BFA 2 new version<sup>2</sup>.

Any exchange-traded derivatives that yielded settlement payments were recognized in the balance sheet under the items "Other assets" and "Other liabilities".

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<sup>1</sup> As of October 25, 2024

<sup>2</sup> As of October 25, 2024

The model valuation of non-exchange-traded derivatives in the trading portfolio (with the parameters used in this process) requires assumptions and estimates, the scale of which depends on the transparency and availability of market data and on the complexity of the respective financial instrument. Since these are associated with uncertainties and may be subject to change, the actual results and values could differ from these estimates. The valuation methods applied include common factors and parameters that CGME believes will also be considered by other market participants. **Valuation adjustments** are made if the valuation methods do not take individual factors into account or if such action appears appropriate to eliminate weaknesses in the models used to date. Significant valuation adjustments relate, among other things, to the counterparty's credit risk ("Credit Valuation Adjustment" or "CVA") and the Group's own credit risk ("Debt Valuation Adjustment" or "DVA") for OTC derivatives.

For the funding valuation adjustments ("FVA"), the funding or refinancing expenses and income of unsecured derivatives and secured derivatives, for which only partial collateral is available or the collateral cannot be used for refinancing, are taken into account at fair value. For the calculation of the FVA, the refinancing effects were taken into account in the valuation when computing the present cash values *via* premiums on the discount rates.

Where available, observable market data (e.g., credit default swap spreads) are used for CVA, DVA and FVA to determine the fair value. Changes in the fair value of the trading portfolio are netted and reported in the net result of the trading portfolio.

CGME currently only considers CVA/DVA risks from non-affiliated companies and, for materiality reasons, refrains from considering these amounts from affiliated companies in its financial statements as of December 31, 2025.

#### **(4) Derivates**

**Derivative financial transactions** in the banking book are generally not recognized as pending transactions. If the derivatives are exchange-traded and assigned to the trading book, they are recognized in the balance sheet at their market price. In the case of OTC derivatives, the market price is determined using standardized and customary valuation models (e.g. present value or option pricing models).

Acquired or issued structured products are recognized as assets or liabilities in accordance with IDW Statement IDW RS HFA 22.

#### **(5) Equity investments**

The **equity investments** are recognized at their cost of acquisition or, pursuant to § 253 (3) sentence 5 HGB, at the lower fair value, if there appears to have been a permanent impairment.

#### **(6) Trust assets and trust liabilities**

Assets and liabilities that CGME holds in its own name but for the accounts of third parties are shown on the balance sheet under the line items **trust assets and trust liabilities**. The valuation is made at the amortized cost or at the settlement amount.

## (7) Intangible and tangible assets

The **intangible assets**, which were all acquired in exchange for consideration, and the **tangible assets** are valued at their cost of acquisition and are generally written-down on a straight-line basis in accordance with the expected standard useful life of those assets. Any permanent impairment that may exist is taken into account through an unscheduled write-down.

When in Fiscal Year 2019 the branches in Paris, Milan and Madrid were contributed as capital in connection with the CGME registered share capital increase, the customer relationships that existed at these branches were also transferred and those relationships were attributed a goodwill value that is being amortized on a scheduled basis *pro rata temporis* over a 10-year period.

Tangible assets in the categories, **leasehold improvements** and **construction in progress**, are depreciated over a period of five to ten years, while **office and plant equipment** are depreciated over a period of three to ten years on a *pro rata temporis* basis. Purchased **software licenses** are amortized over a period of one to five years.

**Low-value assets** are written off in full in the year of acquisition or production, provided that the net acquisition or production cost is EUR 800 or less.

## (8) Other assets

**Other assets** are shown on the balance sheet at their nominal value. In the event of an impairment, the stock or market price or the lower fair value will be subject to a one-time (unscheduled) write-down in accordance with § 253 (4) HGB. Any anticipated losses that are identified in connection with the valuation of the collateral provided as part of the derivatives settlement (variation margins) are booked on the balance sheet as accrual for threatened losses in accordance with § 249 (1) sentence 1 HGB.

## (9) Accrual and deferral items

The **accrual and deferral items** on the asset and liability side of the balance sheet include payments that are attributable to the bottom line in future fiscal years.

## (10) Deferred taxes

If there are differences between the carrying values of the assets, liabilities and accrual and deferral items shown on the commercial law balance sheet and those values shown on the tax law balance sheet and those differences are expected to be balanced out in subsequent fiscal years, then - in accordance with § 274 HGB - any ensuing overall tax burden will be recognized as a deferred tax liability or any ensuing overall tax relief will be recognized as a deferred tax asset. Tax loss carryforwards are taken into account when calculating deferred tax assets in the amount of the expected offset potential within the next five fiscal years. Deferred taxes are measured on the basis of the company-specific and country-specific tax rates that are expected to apply at the time the temporary differences are realized and the losses carried forward are offset. This also takes into account that the corporate tax rate will decrease by one percentage point each year from 2028 to 2032.

As of the end of the past Fiscal Year, the asset surplus that resulted from offsetting the deferred tax liabilities against the deferred tax assets are not being recognized in accordance with § 274 (1) sentence 2 HGB.

### **(11) Excess of plan assets over post-employment benefit liability**

The excess of plan assets over post-employment benefit liabilities is yielded from the net balance of the fair value of the plan assets, which is placed out of the reach of all other CGME creditors and are used exclusively to settle liabilities from pension obligations or comparable long-term obligations, and the amount from the liabilities to be offset.

### **(12) Liabilities owed to banks and to clients**

**Liabilities owed to banks and to clients** are stated at their settlement amount plus accrued interest.

### **(13) Other liabilities**

The **other liabilities** were recognized at their settlement amount.

### **(14) Accrued liabilities**

**Provisions for pension and similar obligations** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship (employment tenure), for which pension commitments have been made, and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time.

In order to calculate the present cash value, a discount rate of 2.06 % (31.12.2024: 1.9 %) based on a 15-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used as the discount rate for calculating the present cash value in the recently completed Fiscal Year. Future salary and wage increases were estimated at 3.0 %, and at the same time, a 2.1 % adjustment of the current annuities was assumed. No flat-rate surcharge factor to account for inflation was applied to the liability values of current pensions in the financial year (31.12.2024: 1.0 %).

In general, the biometric data was derived from Klaus Heubeck 2018 G mortality tables. In connection with accounting for the accruals for pensions and similar obligations, assets that serve only to settle the debts owed under the pension obligations or similar long-term obligations in accordance with § 340a (1) in combination with § 246 (2) sentence 2 HGB were offset against them.

When a legal or factual obligation exists, **tax reserves** and **other accruals** are recognized on the balance sheet at their settlement amount in accordance with the principles of reasonable business judgment (*Grundsätzen vernünftiger kaufmännischer Beurteilung*). The settlement amount of **other accruals** was calculated by factoring in future price and cost increases.

Accruals or provisions with a residual term to maturity of more than one year were discounted at the average market interest rate over the past seven fiscal years as that rate was calculated by the German Bundesbank for matching maturities. If recourse agreements existed, then they were taken into account in calculating the accrual (net result shown).

For **contracts and pending legal disputes** that could have an adverse effect on the Bank's financial condition, appropriate accruals were created, where necessary, as of the balance sheet.

### **(15) Funds for general bank risks**

The balance sheet item, "**Funds for General Bank Risk**", was created pursuant to § 340g HGB and serves to hedge against general banking risks to the extent that this is necessary in accordance with reasonable business judgment based on the special risks inherent in CGME's line of business. As in the previous year, the volume of funds totaled EUR 36 million as of the end of the reporting year.

### **(16) Currency translation**

Currency receivables and liabilities were valued in accordance with § 340a (1) HGB in combination with § 256a HGB at the average rates that are published on the balance sheet date by the European Central Bank (ECB). To the extent that the ECB does not publish any average rates, the currency positions are recognized at market rates. For foreign exchange spot transactions or currency futures that were not yet settled, the valuation was made at the average spot or futures rates on the balance sheet date and applicable to their respective maturity.

The treatment of expenses and income from the currency translation satisfies the requirements under § 340h HGB. The result of the currency translation is included in the income statement under the item "Net income from financial trading operations".

## NOTES INDIVIDUAL ITEMS ON THE INCOME STATEMENT

### (17) Interest income and expenses

The interest income and interest expenses resulted exclusively from loans and money market transactions (e.g., repo transaction) or incurred in connection with collateral provided or received from broker-dealer transactions. The interest income and expenses arise almost exclusively at CGME in Germany.

### (18) Commission income and expenses

The commission income is derived from the following components:

Type of Fee	2025 (EUR million)	2024 (EUR million)
Broker and adviser commissions from affiliated enterprises	266	290
Commission fees from M&A and other broker transactions	381	278
Commissions on foreign currency products	4	4
Miscellaneous commission income	57	25
<b>Commission income</b>	<b>708</b>	<b>597</b>
<b>Commission expenses</b>	<b>266</b>	<b>- 221</b>
<b>Net commission income</b>	<b>442</b>	<b>376</b>

Of the **commission income** (EUR 708 million), a total of EUR 287 million is attributable to the “Investment Banking” division and a total of EUR 421 million to “Markets” division.

Of the **commission income** from M&A and other broker transactions (EUR 381 million), EUR 215 million is attributable to, among other things, income in connection with M&A activities, of which a total of EUR 61 million was generated from income passed through to affiliated enterprises.

Income from broker and advisor commissions of affiliated enterprises (EUR 266 million) was generated, among other things, in connection with financial commission and other brokerage transactions in the “Markets” division (EUR 195 million). Commission income totaling around EUR 56 million was generated on advisory services provided to affiliated enterprises in the business areas of “ECM” and “DCM”.

Miscellaneous commission income (EUR 57 million) generated from transactions with third parties relates primarily to income in connection with the underwriting business (EUR 48 million).

**Commission expenses** (EUR 266 million) relate to intra-group allocations from the work and activities reported under commission income (EUR 181 million) and, *inter alia*, remuneration paid in connection with brokerage and other activities in the investment banking and equity underwriting business (EUR 85 million).

## (19) Net income from financial trading operations

The net income derives as follows from the respective results of the individual trading books and the respective "value adjustments" (see note (3)) made at the end of the Fiscal Year:

	2025 (EUR million)	2024 (EUR million)
Net earnings reported in "Equities and Index Risk" Trading Book; certificates and credit derivatives	6	-37
Net earnings reported in "Currency Risks" Trading Book	-30	47
Net interest and dividends from trading portfolios	4	9
Value adjustments	-6	15
<b>Total</b>	<b>-26</b>	<b>34</b>

The **valuation adjustments** (EUR -6 million; prior year: - EUR 15 million) relate to the VaR pursuant to § 340 (3) HGB (EUR -1 million; prior year: - EUR 8 million) as well as the additional valuation corrections made to cover the counterparty risk inherent in the financial instruments as well as CGME's own credit risk including the refinancing costs in connection with unsecured derivatives (EUR -5 million; prior year: - EUR 7 million). In the recently completed Fiscal Year, no allocations to the fund were necessary under § 340e (4) HGB to cover general banking risks pursuant to § 340g HGB (prior year: EUR 0).

## (20) Other operating income

This item is comprised primarily of income from passing on costs to the affiliated enterprises and income generated from the profit participation in connection with equity and other trading transactions with financial instruments in the amount totaling EUR 42 million (2024: EUR 76 million). In addition, the item covers clearing, custody and settlement fees charged to third parties in the amount of EUR 0.1 million (prior year: EUR 25 million).

Furthermore, in the past financial year, income related to valuation gains from pension assets amounting to approximately EUR 2 million (previous year: EUR 4 million) was received. Before offsetting, expenses from the interest accrual of general pension obligations amounted to EUR 0 million (previous year: EUR 1 million), and income from the valuation of the corresponding pension fund assets amounted to EUR 2 million (previous year: EUR 3 million).

## **(21) Other administrative expenses**

The item “Other administrative expenses” consists of the following:

	2025 (EUR million)	2024 (EUR million)
Expenses from intra-group offsets and pass-through charges	85	86
Stock exchange fees	23	42
Turnover tax and other earnings-based tax expenses	37	35
Clearing and custody fees	29	31
Lease expenses for building and office furnishings/equipment	12	27
Costs for use of market data	9	11
Legal, auditing and consulting costs	9	10
Travel expenses	10	9
Costs for temporary staffing	2	2
SWIFT and other transaction fees	1	1
Miscellaneous	15	19
<b>Total</b>	<b>232</b>	<b>273</b>

## **(22) Other operating expenses**

Expenses from the accretion of interest on pension obligations from bonus conversion (EUR 5 million; previous year: EUR 4 million) and income from the valuation of the corresponding pension fund assets (EUR 4 million; previous year: EUR 5 million) are netted together and reported under other operating expenses totaling EUR 1 million (previous year: EUR 2 million, reported under other operating income). In addition, write-downs due to operational risks amounting to EUR 2 million were recorded.

## **(23) Write-downs of, and provisions for, receivables and certain securities and transfers to loan reserves**

In the past financial year, additional specific valuation allowances of EUR 5 million were recognized, and general valuation allowances of EUR 1 million were reversed. In the previous year, general valuation allowances of EUR 1.5 million were recognized.

## **(24) Taxes on income and earnings**

The amount shown (EUR 21.0 million) relates to the income tax expense for the past Fiscal Year totaling EUR 23.2 million and the income tax benefit (*Ertragsteuererträge*) totaling EUR 2.2 million for previous years.

## **(25) Income and expenses related to other accounting periods**

The income components related to other accounting periods consist mainly of income tax benefits for prior years totaling EUR 2.2 million.

## **(26) Block on dividend payments**

As of the end of the reporting year, the total amount that was blocked from dividend distribution equaled EUR 13 million (prior year: EUR 10 million) and resulted from the capitalization of the plan assets in connection with pension obligations at fair value in accordance with § 268 (8) sentence 3 in conjunction with § 340a (1) HGB.

As of December 31, 2025, there was no block on any dividend distribution for the difference - as calculated in accordance with § 253 (6) sentence 1 HGB - between the amount recognized for pension provisions based on the relevant average market interest rate over the past ten fiscal years and the amount recognized for pension provisions based on the relevant market interest rate over the past seven fiscal years (EUR -2 million; prior year: EUR -1 million).

## NOTES TO INDIVIDUAL ITEMS ON THE BALANCE SHEET

### (27) Trading portfolio assets and liabilities

The trading portfolio assets and liabilities consist of the following:

Trading Portfolio				
	Asset	Liability	Asset	Liability
	12/31/2025 (EUR million)	12/31/2025 (EUR million)	12/31/2024 (EUR million)	12/31/2024 (EUR million)
<b>1. Derivative Financial Instruments</b>				
• FX-induced transactions				
o OTC-currency options and swaps	3,932	3,929	4,815	4,810
o Currency warrants Own issues	232	233	124	125
o Foreign exchange spot transactions	478	478	624	622
• Stock warrants own issues	5,955	6,054	6,858	7,001
• OTC equity and index options and swaps	3,460	3,443	2,230	2,204
• Index warrants – own issues	1,497	1,502	1,423	1,431
• Exchange-traded stocks & index options	8	2	104	17
• OTC interest rate options and swaps	25,236	25,173	22,721	22,790
• Commodity warrants - own issues	34	34	11	11
• OTC commodity options and swaps	1,381	1,382	570	570
<b>Subtotal</b>	<b>42,214</b>	<b>42,230</b>	<b>39,480</b>	<b>39,581</b>
<b>2. Bonds and other fixed-income securities</b>	<b>1,411</b>	<b>879</b>	<b>80</b>	<b>225</b>
<i>of which marketable (börsenfähig)</i>	0	0	80	225
<i>of which exchange-traded</i>	0	0	80	225
<b>3. Stocks and other variable-yield securities</b>	<b>57</b>	<b>31</b>	<b>77</b>	<b>81</b>
<i>of which marketable (börsenfähig)</i>	57	31	77	81
<i>of which exchange-traded</i>	57	31	77	81
<b>4. Repo-Transactions</b>	<b>16,876</b>	<b>14,057</b>	<b>9,783</b>	<b>8,304</b>
<b>5. Sum</b>	<b>60,558</b>	<b>57,198</b>	<b>49,420</b>	<b>48,191</b>
- Value at Risk	- 6	-	- 5	-
- Other Market-Value Adjustments	- 5	5	- 8	- 2
- Netting	- 32,883	- 33,041	-28,113	-29,614
- Settlement Date Accounting-Adjustment	52	- 21		
<b>Total</b>	<b>27,715</b>	<b>24,141</b>	<b>21,294</b>	<b>18,575</b>

In the reporting year, **securities lending transactions** (repo and reverse repo transactions) were allocated to the trading portfolio upon conclusion of the transaction, to the extent that they were concluded with the intention of achieving a short-term proprietary trading profit.

As in the prior year, the accounting election has been taken to offset (to net) positive and negative fair values as well as related settlement payments (cash collateral) of derivatives which are held in

the trading portfolio and traded over the counter with central counterparties and non-central counterparties (OTC derivatives) (process referred to as “OTC-Netting”). This election resulted as of December 31, 2025 in a netting volume of EUR 31,430 million for the trading portfolio assets (December 31, 2024: EUR 27,610 million) and of EUR 31,588 million for the trading portfolio liabilities (December 31, 2024: EUR 29,111 million).

Insofar as the conditions for netting payment claims and payment obligations from genuine repo and reverse repo transactions were met on the basis of agreements with counterparties (banks or clients), a total of EUR 1,453 million was able to be netted as of the balance sheet date of the most recently completed Fiscal Year.

## (28) Trust transactions

CGME has been providing to its clients services that are part of its business services connected with derivatives. Under this so-called “**FCX Business**” (which stands for “Futures, Clearing and FX Prime Brokerage Business”), the CGME investor services business encompasses, *inter alia*, the trading of derivative financial instruments in its own name but for the account of the clients as well as the related receipt and forwarding of client funds, which must be deposited by the client to serve as collateral to secure the trading in futures. The contractual arrangements that were thereby made stipulate a segregation of client assets from the CGME assets in an effort to specifically shield client assets from any third-party enforcement action that could be initiated in the event that the “asset-managing” CGME becomes the subject of an insolvency proceeding. The client assets are therefore held in trust. Accordingly, as of the end of Fiscal Year 2025, CGME is reporting **trust assets** and **trust liabilities** *vis-à-vis* the clients in an amount totaling EUR 223 million (12/31/2024: EUR 192 million). The trust assets are attributable exclusively to receivables from banks, and the trust liabilities consist of liabilities owed to clients.

## (29) Intangible and tangible assets

The fixed assets (intangible fixed assets and tangible fixed assets) developed as follows in the Fiscal Year:

	Original acquisition costs					Accumulated depreciation, amortization and write-downs					Book values	
	01/01/ 2025	Addi- tions	(Dis- posals)	Re- posting	12/31/ 2025	01/01/ 2025	Addi- tions	(Dis- posals)	Re- posting	12/31/ 2025	12/31/ 2025	12/31/ 2024
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Intangible asset acquired for consideration	96	-	-	-	96	58	9	-	-	67	29	38
<i>thereof: IT-software</i>	5	-	-	-	5	5	-	-	-	5	0	0
<i>thereof: Goodwill</i>	91	-	-	-	91	53	9	-	-	62	29	38
Office and plant equipment	10	1	-1	-	10	6	1	0	-	7	3	4
Leasehold improvements	35	6	-5	-	36	20	2	0	-	22	15	15
Construction in progress	0	1	0	-	1	-	-	-	-	-	1	0
Equity investments	0	-	-	-	0	-	-	-	-	-	0	0
<b>Total</b>	<b>142</b>	<b>8</b>	<b>-6</b>	<b>-</b>	<b>144</b>	<b>84</b>	<b>12</b>	<b>0</b>	<b>-</b>	<b>96</b>	<b>48</b>	<b>57</b>

### **(30) Other assets**

The line item, "Other Assets" (EUR 849 million; 12/31/2024: EUR 551 million), includes primarily receivables from initial and variation margins that were provided in connection with OTC derivatives (EUR 668 million; 12/31/2024: EUR 398 million) as well as collateral received for repo transactions (EUR 103 million; 12/31/2024: EUR 71 million). In connection with OTC derivatives, the agreed collateral (margins) in the amount of EUR 5,151 million (prior year: 12/31/2024: EUR 4,627 million) were offset.

This balance sheet item also includes, among other things, tax refund claims (EUR 61 million; 12/31/2024: EUR 61 million), which relate primarily to turnover tax amounts (EUR 41 million).

### **(31) Prepaid and deferred items**

**Prepaid expenses** (EUR 1 million) relate to prepaid fees and expenses.

**Deferred (unearned) income** in the amount of EUR 10 million includes payments that were received in the most recently completed Fiscal Year for services that will be rendered in the next period.

### **(32) Excess of plan assets over post-employment benefit liability**

The amount recognized in the balance sheet relates to the plan assets in excess of the provisions for post-employment retirement obligations, which are measured at their settlement amount. In the financial year, the provisions for early retirement and the corresponding cover assets amount to EUR 0.

### **(33) Deferred taxes**

As of December 31, 2025, after offsetting deferred tax liabilities against deferred tax assets, a net deferred tax asset remains, which is not recognized in accordance with the accounting option pursuant to Section 274 Paragraph 1 Sentence 2 of the German Commercial Code (HGB).

The deferred tax assets were primarily recognized for the tax-related differences in carrying amounts for tax accruals, pension provisions, and other provisions.

The deferred tax liabilities result mainly from goodwill capitalized in the financial statements and from the tax-related differences in carrying amounts for the valuation of plan assets.

For the valuation of the deferred taxes, tax rates between 26.65% and 31.9% were applied for domestic transactions, and tax rates between 24.0% and 30.0% were applied in connection with the foreign branches.

The different tax rates for domestic use result from the reduction of the corporate tax rate by one percentage point each year from 2028 to 2032.

### (34) Other liabilities

The line item, "Other Liabilities" (EUR 476 million; 12/31/2024: EUR 513 million), involves primarily liabilities arising from variation/initial margins (EUR 296 million; 12/31/2024: 359 million) as well as collateral provided for repo transactions (EUR 71 million; 12/31/2024: EUR 91 million). In the recently completed Fiscal Year as in the prior year the agreed margins that had been provided in connection with the OTC derivative (EUR 4,993 million; 12/31/2024: EUR 3,126 million) were offset. This balance sheet item also includes tax liabilities (EUR 59 million; 12/31/2024: EUR 47 million), which involve primarily turnover tax that has not yet been paid.

### (35) Pensions and similar obligations

To hedge third-party claims from pension and similar commitments, assets in the form of liquid funds and units or shares in securities funds (*Wertpapiersondervermögen*) are available as of the balance sheet date. The funds are managed exclusively by outside asset managers who invest in exchange-traded securities in accordance with the relevant investment guidelines. In the event CGME enters insolvency, CGME creditors will be denied access to those assets that are transferred to the trustees.

In accordance with § 246 (2) sentence 2 in combination with § 340a (1) HGB, the assets used for hedging purposes will be set off at their fair value against the obligations valued at the settlement amount. The fair values of the relevant funds' assets (market values) are documented as of the balance sheet date in a schedule that is provided by the administrator.

The contractual hedge of the **business pension obligations** was carried out on the basis of a contractual trust arrangement (CTA) with the trustee, Towers Watson Treuhand e.V., Reutlingen.

In 2021 and 2022, pension obligations and shares in the special fund known as "MI-Fund 42" were transferred to Metzler Pensionsfonds (MPF). In accordance with Art. 28 of the Introductory Act to the German Commercial Code (EGHGB), no reserve was set aside for this indirect obligation based on commitments for current pensions. The settlement amount from the pension obligations transferred to the MPF totaled EUR 124 million as of December 31, 2025 (12/31/2024: EUR 134 million).

To hedge the pension commitments, shares that are held in the special fund "MI-Fonds F39" (costs of acquisition of EUR 65 million; formerly MI-Fonds F42 and Rose) and were purchased or contractually promised by CGME are made available and, pursuant to § 246 (2) sentence 2 in combination with § 340a (1) HGB, were netted at their fair value (EUR 67 million) against the settlement amount from the pension obligations (EUR 107 million). The settlement amount exceeding the plan assets as of the balance sheet date and equaling EUR 40 million (12/31/2024: EUR 43 million) is recognized on the balance sheet under the item, "Accruals for pensions and similar obligations".

As of December 31, 2025, there are also **obligations from pension plans** resulting from **bonus conversions**. The obligations under these plans are linked to the fair values of the corresponding special assets to be used as plan assets. In detail, the **balance sheet values** of the accruals for pensions and similar obligations are composed as shown in the table below, while factoring in the relevant available plan assets that were netted against the fair values in accordance with § 246 (2) sentence 2 HGB:

	12/31/2025		12/31/2024	
	EUR million	EUR million	EUR million	EUR million
I. General pension obligations				
Settlement amount	107		109	
less				
plan assets *)	- 67	40	- 66	43
II. Pension obligations from bonus conversions				
Settlement amount	72		73	
less				
plan assets **)	- 72	0	- 72	1
<b>Excess of plan assets over post-employment benefit liabilities</b>		-		-
<b>Accruals for pensions and similar obligations</b>		<b>40</b>		<b>44</b>

\*) Acquisition costs EUR 65 million

\*\*) Acquisition costs EUR 62 million

In the current Fiscal Year, an expense from the interest incurred on the general pension obligations totaled EUR 0.1 million, and the change in the fair value of the plan assets yielded income of EUR 1.6 million. These results components are reported net under other operating income.

Expenses from the interest accrued on pension obligations from bonus conversion equal EUR 5.2 million, and the change in the fair value of the plan assets equals EUR 4.2 million. These earnings components are netted and then booked under other operating expenses.

### (36) Tax reserves

The tax provisions in the amount of EUR 4.2 million (prior year: EUR 22 million) mainly relate to the income taxes that the foreign branches are still expected to pay for the recently completed Fiscal Year and for previous tax assessment periods. Furthermore, the expected expense from the Undertaxed Profits Rule was taken into account.

### (37) Other accrued liabilities

The other accrued liabilities consist of the following:

Accruals for	12/31/2025 (EUR million)	12/31/2024 (EUR million)
Bonus payments to employees	103	104
Clearing, custody and settlement fees	19	24
Outstanding vacation	16	14
Costs related to leases and restoration obligations	7	12
Personnel costs	2	6
Miscellaneous	8	10
<b>Total</b>	<b>155</b>	<b>170</b>

The provision for costs related to a lease and restoration obligations (EUR 7 million) relates mostly to lease obligations (EUR 6 million) that are connected with a commercial building, which is located at CGME's principal place of business and is no longer used, and that will remain binding until June 2028.

### **(38) Equity capital**

In comparison to the prior year, the equity capital has developed as follows in the reporting year:

EUR millions	Subscribed capital	Capital re-serve	Earnings Reserves		Balance sheet loss/profit	Total
			Legal re-serve	Other earnings re-serves		
<b>As of 1/1/2025</b>	<b>242</b>	<b>4,318</b>	<b>33</b>	<b>53</b>	<b>73</b>	<b>4,719</b>
Capital infusions	-	-	-	-	-	-
Allocation to earnings re-serves	-	-	-	73	-73	-
Allocations from net income for 2025	-	-	-	-	65	65
<b>As of 12/31/2025</b>	<b>242</b>	<b>4,318</b>	<b>33</b>	<b>126</b>	<b>65</b>	<b>4,784</b>

#### ***Subscribed capital***

The **subscribed capital**, which equals EUR 242 million and is unchanged from the previous year, is divided into 9,481,592 no par shares. The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain (abbreviated herein as "CGML"), whose financial statements are included in the consolidated financial statements of Citigroup Inc., New York/USA.

#### ***Return on equity***

As of the end of the recently completed Fiscal Year, the return on equity in accordance with § 26a (1) sentence 4 KWG is 0.13 %.

### (39) Breakdown of residual terms to maturity

	12/31/2025 (EUR million)	12/31/2024 (EUR million)
<b>Receivables from banks</b>	<b>3,680</b>	<b>2,989</b>
with a term to maturity		
- due upon demand	790	594
- due within three months	2,890	2,395
<b>Receivables from clients</b>	<b>17,708</b>	<b>16,805</b>
with a term to maturity		
- due upon demand	16,515	13,021
- due within three months	671	1,500
- due between three months and one year	243	2,284
- due between one year and five years	279	0
<b>Liabilities owed to banks</b>	<b>3,541</b>	<b>3,324</b>
with a term to maturity		
- due upon demand	212	180
- due within three months	3,329	3,144
<b>Liabilities owed to clients</b>	<b>16,814</b>	<b>14,290</b>
with a term to maturity		
- due upon demand	10,907	8,570
- due within three months	1,376	1,511
- due between three months and up to one year	1,598	2,476
- due between one year and five years	2,933	1,444
- due after five years	0	289

### (40) Shareholding

The equity investments (EUR 0.15 million, 7.69% of shares) are not marketable and relate to the shares held in True-Sale International GmbH, Frankfurt am Main. The company's equity capital as of December 31, 2024 equaled EUR 4.6 million. The net profit for Fiscal Year 2024 equaled EUR 0.02 million.

### (41) Foreign currency

The total amount of assets denominated in foreign currencies as of the balance sheet date is EUR 5,292 million (12/31/2024: 7,018 million); liabilities include foreign currency amounts totaling EUR 7,544 million (12/31/2024: EUR 6,918 million).

## MISCELLANEOUS NOTES

### (42) Derivative financial instruments

At the end of Fiscal Year 2025, CGME's derivatives business included the following **transactions** allocated to the respective trading books:

Trading Book	Types of Transactions
Foreign Currency Risks	<ul style="list-style-type: none"><li>• OTC currency option transactions and swaps</li><li>• Currency warrants</li><li>• Foreign exchange spot transactions</li></ul>
Equities and Index Risks	<ul style="list-style-type: none"><li>• Shares and other variable-income securities in the trading portfolio</li><li>• OTC index &amp; stock options and swaps</li><li>• Stock and index warrants</li><li>• Exchange-traded futures and option transactions on equities and stock indexes as well as</li><li>• Index and equity certificates</li></ul>
Interest rate	<ul style="list-style-type: none"><li>• OTC interest rate options and swaps</li></ul>
Other Trading Operations	<ul style="list-style-type: none"><li>• Exchange-traded futures</li><li>• Warrants on commodities and precious metals</li><li>• OTC options and swaps on commodities and precious metals</li></ul>

The nominal values and fair values of derivatives transactions show the following **residual terms to maturity** as of December 31, 2025:

EUR million	Nominal Value				Fair Value
Trading Book/ Type of Transaction	Terms to Maturity				
	< 1 year	≥ 1 year, ≤ 5 years	> 5 years	Total	Total
<b>Foreign Currency Risks</b>					
<b>OTC-currency options and currency swaps</b>					
○ Bought	172,717	34,549	17,934	225,200	3,933
○ Sold	73,763	34,084	18,207	126,054	-3,929
<b>Currency warrants own issues</b>					
○ Bought	-	-	203	203	232
○ Sold	-	-	204	204	-233
<b>Exchange-traded currency futures</b>					
○ Bought	32,848	613	-	33,461	478
○ Sold	33,161	607	-	33,768	-478
<b>Equities and Index Risks</b>					
<b>Equity warrants own issues</b>					
○ Bought	1,636	21	1,134	2,791	5,955
○ Sold	2,252	24	1,152	3,428	-6,053
<b>OTC-stock options and equity swaps</b>					
○ Bought	20,708	13,665	4,057	38,430	3,344
○ Sold	21,420	13,582	4,057	39,059	-3,327
<b>OTC-index options and index swaps</b>					
○ Bought	14	42	-	56	116
○ Sold	14	42	-	56	-116
<b>Index warrants own issues</b>					
○ Bought	276	547	662	1,485	1,497
○ Sold	442	615	663	1,720	- 1,503
<b>Exchange-traded index futures</b>					
○ Bought	2	-	-	2	0
○ Sold	-	-	-	-	0
<b>Exchange-traded equity and index options</b>					
○ Bought	59	-	-	59	8
○ Sold	50	-	-	50	- 2
<b>Index and equity certificates own issues</b>					
○ Bought	146	29	524	698	7,718
○ Sold	146	22	449	617	-7,823
<b>Interest rate transactions</b>					
<b>OTC-interest options and interest rate swaps</b>					
○ Bought	57,976	190,328	136,862	385,167	25,236
○ Sold	58,011	190,119	136,618	384,748	-25,172
<b>Exchange-traded interest rate futures</b>					
○ Bought	65	-	-	65	0
○ Sold	240	-	-	240	0

EUR million	Nominal Value				Fair Value
Trading Books/ Type of Transaction	Terms to Maturity				
	< 1 year	≥ 1 year, ≤ 5 years	> 5 years	Total	Total
<b>Other Trading Operations</b>					
<b>OTC-options and swaps on commodities, base and precious metals</b>					
o Bought	11,040	2,282	-	13,322	1,381
o Sold	9,555	2,277	-	11,832	-1,382
<b>Warrants on commodities and precious metals own issues</b>					
o Bought	-	-	16	16	34
o Sold	-	-	16	16	-34
<b>Exchange-traded futures on commodities and precious metals</b>					
o Bought	2	-	-	2	0
o Sold	-	-	-	-	0

#### (43) Other financial obligations

For the upcoming years through 2044, other financial obligations from contracts in connection with the leasing of the business premises equal EUR 122 million, of which EUR 63 million are owed to affiliated companies.

The financial obligations arising from leases equal EUR 3 million, of which EUR 0.3 million are owed to affiliated companies.

There remain indirect obligations under pension and similar commitments that are outsourced to Metzler Pensionsfonds (MPF). Please refer to the comments under Note (35) "Pensions and similar obligations".

#### (44) Minimum tax pursuant to Act for Guaranteeing a Global Minimum Tax for Corporate Groups (Minimum Tax Act)

The regulations published by the Organization for Economic Cooperation and Development (OECD) on Pillar Two have entered into force in certain jurisdictions. As of December 31, 2025, Germany, France, Italy, Spain and the United Kingdom have enacted corresponding legislation to implement these regulations that went into effect for the first time in 2024. CGME is therefore subject to these regulations in Germany, France, Italy, Spain and the United Kingdom.

Based on the most recently available financial data from the Citigroup group companies, no additional tax is expected for CGME if the Minimum Tax Act and similar laws are applied in the countries of the foreign branches in 2025. The reason for this expectation is that the country-by-country safe harbour rules (so-called "CbCR Safe Harbour Rules") can be used.

Additionally, the application of the so-called Undertaxed Profits Rule (UTPR) must be taken into account in the reporting year. Based on the currently available information, CGME expects the UTPR regulation to result in an additional tax burden of EUR 0.2 million.

#### **(45) Information on affiliated enterprises**

Receivables from and liabilities owed to affiliated enterprises consist of the following:

	<b>12/31/2025</b> <b>(EUR millions)</b>	<b>12/31/2024</b> <b>(EUR millions)</b>
Receivables from banks	903	619
Receivables from clients	8,549	12,018
Other receivables	552	136
<b>Total</b>	<b>10,004</b>	<b>12,773</b>
Liabilities owed to banks	356	509
Liabilities owed to clients	7,826	7,227
Other liabilities	1,138	200
<b>Total</b>	<b>9,320</b>	<b>7,936</b>

Transactions with related enterprises are settled on an arm's length basis.

#### **(46) Cash flow statement**

CGME refinances itself primarily within the Citigroup group. Cash investments and other financial investments are made exclusively in the short-term segment. Apart from that, we refer to the cash flow statement as set forth below.

Cash Flow Statement per German Accounting Standard No. 21	Fiscal Year 01/01/- 12/31/2025 EUR million	Fiscal Year 01/01/- 12/31/2024 EUR million
<b>Annual Net Profit/Annual Net Loss</b>	<b>65</b>	<b>73</b>
<i>Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:</i>		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and fi-	7	5
Changes in accruals	-34	17
Change in other non-cash expenses/income	4	1
Gain/loss from the sale of financial and tangible assets	0	-1
Other adjustments (in net terms)	-88	-97
<b>Subtotal:</b>	<b>-46</b>	<b>-2</b>
<i>Change in assets and liabilities from current operating activities:</i>		
<i>Receivables:</i>		
- from banks	-691	-131
- from clients	-938	-19,866
Trading portfolio assets	-6,421	-8,335
Other assets from current operating activities	-297	1,089
<i>Liabilities:</i>		
- owed to banks	217	1,672
- owed to clients	2,554	-20,501
Securitized liabilities		
Trading portfolio liabilities	5,566	7,005
Other liabilities from current operating activities	-33	-885
Interest and dividend payments received	911	1,430
Interest paid	-802	-1,281
Income tax payments	-21	-52
<b>Cash flow from current operating activities</b>	<b>-1</b>	<b>-125</b>
<i>Payments received from the outflow of</i>		
- Financial assets	5	2
- Tangible assets	5	4
<i>Payments made for investments in</i>		
- Financial assets	-1	0
- Tangible assets	-8	-7
Change in cash resources based on investing activities (in net terms)		
<b>Cash flow from investing activities</b>	<b>1</b>	<b>-1</b>
Payments received from contributions to equity capital	0	0
<i>Payments made to company owners:</i>		
- Dividend payments		
- Other outgoing payments		
Change in cash resources other capital (in net terms)	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the end of previous period</b>	<b>0</b>	<b>126</b>
Cash flow from current operating activities	-1	-125
Cash flow from investing activities	1	-1
Cash flow from financing activities	0	0
<b>Cash and cash equivalents at the end of the period</b>	<b>0</b>	<b>0</b>

#### **(47) Annual accounts auditor**

The total fees charged by the annual accounts auditor for the Fiscal Year encompass the annual accounts auditing services (EUR 2.3 million) and other services (EUR 0.7 million).

#### **(48) Recommendation on allocation of profits**

The Management Board proposes the following for the appropriation of the net profit for the 2025 financial year:

CGME's equity as shown in the balance sheet will remain unchanged as of December 31, 2025, compared to the balance sheet date of the previous financial year. Subject to approval by the relevant bodies, the bank plans to distribute the net profit of EUR 65 million as a dividend to its shareholder.

#### **(49) Governing bodies (officers and directors) of CGME as well as mandatory disclosures pursuant to § 285 no. 10 HGB in combination with § 340a (4) no. 1 HGB**

### **Supervisory Board**

#### **Members**

Ms. Dagmar Kollmann, Vienna, Lawyer, independent Supervisory Board member,  
- Chairperson of the Supervisory Board -

- Membership on other supervisory boards required by law or similar domestic and foreign supervisory bodies
  - Deutsche Telekom AG, Bonn, Germany
  - Paysafe Holdings UK Limited, London, United Kingdom

Ms. Barbara Frohn, London, Bank Director, Citigroup N.A., London - Deputy Chairperson of the Supervisory Board (term expired May 20, 2025) –

Ms. Heike Munro, London, Chartered Accountant (ICAEW), independent Supervisory Board member (term commenced on March 31, 2025), - Deputy Chairperson of the Supervisory Board –

- Membership on other supervisory boards required by law or similar domestic and foreign supervisory bodies
  - Oldenburgische Landesbank AG, Oldenburg, Germany (term expired on January 2, 2026)
  - Clarion Housing Group Limited, London, United Kingdom

Herr Grant Carson, London, Bank Director, Citibank N.A., London (term commenced on March 31, 2025)

Mr. Mbar Diop, London, Bank Director, Citigroup Global Markets Limited, London

Mr. Tim Färber, Kelsterbach, Bank employee, Employee Representative

Mr. Lee Guy, London, Entrepreneur, independent Supervisory Board member (from February 6, to November 13, 2025)

Mr. Holger Haedrich, Liederbach am Taunus, Bank employee, Employee Representative (term commenced on March 31, 2025)

Mr. Leon Hen-Tov, Frankfurt, Bank employee, Employee Representative

Mr. Andrew Reiniger, London, Bank Director, Citibank N.A., London (term commenced on May 20, 2025)

- Membership on other supervisory boards required by law or similar domestic and foreign supervisory bodies
  - Bank Handlowy w Warszawie S.A., Warsaw, Poland

## Management Board

### Members

Dr. Silvia Carpitella, Milan/Italy, CEO, Bank Director, Chairperson of the Management Board (term expired on March 31, 2026)

Mr. Ulrich Bender, Flörsheim, CRO, Bank Director

Mr. Stefan Hafke, Kelkheim, Head of Banking, Bank Director

Mr. Peter Kovari, Frankfurt am Main, CFO, Bank Director (term commenced August 8, 2025)

Ms. Cristina Paviglianiti, Milan, Head of Markets, Bank Director

Mr. Michael Weber, Frankfurt am Main, CAO, Bank Director (term expired on June 30, 2026)

Ms. Jean Young, Königstein im Taunus, Head of O&T, Bank Director (term expired March 31, 2026)

Effective February 12, 2026, Dr. Ann-Katrin Wilczek, Frankfurt am Main, Head of Legal (term commenced February 12, 2026)

### **(50) Information about significant events following the balance sheet date and other decisions applicable to accounting**

Effective March 31, 2026, Dr. Silvia Carpitella, CEO and Chair of the Management Board, and Jean Young, Head of O&T, resigned from the Management Board.

Effective April 1, 2026, Stefan Hafke, Head of Banking, was appointed Chair of the Management Board.

Effective February 12, 2026, Dr. Ann-Katrin Wilczek, Frankfurt am Main, Head of Legal, was appointed to the Management Board.

Effective June 30, 2026, Michael Weber, CAO, resigned from the Management Board.

The bank views the Iran conflict as a significant risk, particularly because of its potential impact on the oil price and the resulting negative effects on the global economy. Although no significant impact on CGME's results has been seen so far in the current fiscal year, there are certain forecast uncertainties due to the business model's high dependence on volatile financial markets. The bank therefore considers a decline in future business volume to be possible, which could noticeably impact the earnings situation.

There were no other events of special significance that occurred following the end of the recently completed Fiscal Year and that have not yet been addressed in these annual financial statements.

## (51) Information on remuneration

Total remuneration for members of the **Management Board** in the Fiscal Year was EUR 6.9 million. As of the end of the Fiscal Year, pension obligations totaled EUR 0.9 million.

The total remuneration for the former members of management bodies and their survivors was EUR 4.8 million in the reporting year.

Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled EUR 19.9 million.

Due to the stock-based remuneration, approximately 17.3 thousand shares totaling in a fair value of USD 2.0 million, which converts to approximately EUR 1.7 million, were granted as variable compensation.

In the most recently completed Fiscal Year, expenses for supervisory board compensation benefits were incurred in the amount of EUR 0.6 million. CGME is exercising the option under § 286 (4) HGB with regard to the disclosures about provisions for current pensions and pension expectancies of Supervisory Board members in accordance with § 285 (9b) HGB.

As of the end of the year, there were no outstanding loans to members of the CGME Management Board and Supervisory Board.

## (52) Employees

During the Fiscal Year, CGME employed an average of 555 persons. Of that amount, 540 were full-time employees and 15 persons were part-time employees. No trainees were on staff.

The average number of employees working at CGME and its branches in the given Fiscal Year is shown below:

	2025	2024
Citigroup Global Markets Europe AG – Frankfurt	258	272
Citigroup Global Markets Europe AG – France Branch	175	165
Citigroup Global Markets Europe AG – Spain Branch	44	68
Citigroup Global Markets Europe AG – Italy Branch	42	50
Citigroup Global Markets Europe AG – UK Branch	36	27
<b>Total</b>	<b>555</b>	<b>582</b>

## (53) Group affiliation

CGME is included in the group of consolidated companies of CGML, whose financial statements are, in turn, included in the consolidated financial statements of Citigroup Inc., New York, 388 Greenwich Street. The consolidated financial statements can be viewed at the website, [www.citigroup.com](http://www.citigroup.com).

Frankfurt am Main, April 08, 2026

The Management Board

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Stefan Hafke (CEO)

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Ulrich Bender

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Peter Kovari

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Cristina Paviglianiti

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Michael Weber

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Dr. Ann-Katrin Wilczek

## INDEPENDENT AUDITOR'S REPORT

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To Citigroup Global Markets Europe AG, Frankfurt am Main

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

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#### AUDIT OPINION

We have audited the financial statements of Citigroup Global Markets Europe AG, Frankfurt am Main – comprising of the balance sheet as of December 31, 2025, and the income statement for the fiscal year from January 1, 2025 to December 31, 2025, as well as the notes to the financial statements, including the presentation of accounting policies.

In addition, we have audited the management report of Citigroup Global Markets Europe AG for the fiscal year from January 1, 2025 to December 31, 2025. In accordance with German legal requirements, we have not audited the content of the sections of the management report listed under “OTHER Information”.

In our opinion, based on the findings of our audit

- the accompanying financial statements comply in all material respects with the requirements of German commercial law applicable to shared capital companies and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2025, as well as its results of operations for the fiscal year from January 1, 2025 to December 31, 2025; and

- the accompanying management report as a whole provides an appropriate view of the company. In all material respects, this management report is consistent with the financial statements, complies with German legal requirements and accurately presents the opportunities and risks associated with future development. Our opinion on the management report does not extend to the content of the components of the management report listed under “OTHER Information.”

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections regarding the regularity of the annual financial statements and the management report.

## **BASIS FOR THE AUDIT OPINION**

We conducted our audit of the financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; hereinafter “EU Audit Regulation”), in compliance with the German standards for the audit of financial statements issued by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these regulations and standards are described in more detail in the section “AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE Management Report” of our audit report. We are independent of the company in accordance with European Union law as well as German commercial and professional regulations, and we have fulfilled our other German professional obligations in accordance with these requirements.

Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services as defined in Article 5(1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the financial statements and the management report.

## **KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

Key audit matters are those matters that, in our professional judgment, were of the greatest significance in our audit of the financial statements for the fiscal year from January 1, 2025 to December 31, 2025. These matters were considered in the context of our audit of the financial statements as a whole and in forming our audit opinion thereon; we do not issue a separate audit opinion on these matters.

We have identified the following matters as the particularly significant audit matters to be communicated in our audit report:

## **VALUATION OF FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO WITH INPUT PARAMETERS NOT OBSERVABLE IN AN ACTIVE MARKET**

### **Matter**

As of December 31, 2025, CGME reports trading assets of EUR 27,715.5 million (55.2% of total assets) and trading liabilities of EUR 24,141.4 million (48.1% of total assets).

Transactions in the trading portfolio are generally measured at cost upon acquisition. Subsequent measurement is performed in accordance with Section 340e (3) of the German Commercial Code (HGB) at fair value less a risk discount. The transactions in the trading portfolio relate to issues of warrants and certificates, the associated hedging transactions (e.g., OTC and exchange-traded derivatives), as well as any repurchases arising from market-making activities. Furthermore, the trading portfolio comprises derivative financial instruments as well as equities and other non-fixed-income securities.

For warrants, certificates, and OTC derivatives, market prices are sometimes not observable. Fair values must then be determined using recognized valuation methods. The selection of valuation models and their parameterization involve judgment. Since the subsequent measurement of financial instruments in the trading portfolio with input parameters not observable in an active market is highly dependent on assumptions and judgments due to the complexity of the valuation procedures and models applied, and since trading assets and trading liabilities represent the second-largest balance sheet items, we have identified this matter as a key audit matter.

The disclosures regarding accounting policies and the composition of derivative transactions in the trading portfolio are included in the notes under “Accounting Policies – (3) Financial Instruments in the Trading Portfolio” and the subsection “Notes to the Balance Sheet – (27) Trading Assets and Liabilities.”

### **Audit Response and Findings**

Based on our risk assessment and evaluation of the risks of material misstatement, we based our audit opinion on both control-based audit procedures and substantive audit procedures. Accordingly, we performed the following audit procedures:

We first obtained a comprehensive understanding of the development of the financial instruments in the trading portfolio, the associated risks, and the internal control system regarding the measurement of financial instruments in the trading portfolio. To assess

the adequacy of the internal control system regarding the valuation of financial instruments for which no observable market prices are available, we conducted interviews and reviewed the relevant documentation.

We assessed the effectiveness of the relevant controls within the Company's internal control system for the valuation of these financial instruments, in particular with regard to price verification independent of the trading division and model validation.

In addition, our valuation specialists performed an independent revaluation as of the balance sheet date on a deliberate selection and a supplementary sample of selected financial instruments in the trading portfolio and compared the results with the values determined by the bank.

Based on the audit procedures we performed, we were satisfied that the valuation models applied by the legal representatives to determine the fair values of the trading portfolios for which no observable market prices are available are appropriate and consistent with the applicable valuation principles. The Company's valuation parameters underlying the valuation are, on the whole, appropriate.

## **OTHER INFORMATION**

The legal representatives and the Supervisory Board are responsible for the other information. The other information includes:

- the non-financial statement contained in Section 6 of the Management Report
- the corporate governance statement contained in Section 5 of the management report
- the remaining parts of the annual report, with the exception of the audited financial statements and management report, as well as our audit opinion.

Our audit opinions on the financial statements and the management report do not extend to the other information, and accordingly, we do not express an audit opinion or any other form of audit conclusion on it.

In connection with our audit, we are responsible for reading the other information and assessing whether it

- contains material inconsistencies with the financial statements, the management report, or the information we have obtained during the audit, or
- otherwise appear to be materially misstated.

## **RESPONSIBILITY OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

The legal representatives are responsible for the preparation of the financial statements, which comply in all material respects with the German commercial law provisions applicable to corporations, and for ensuring that the financial statements, in accordance with German generally accepted accounting principles, present a true and fair view of the Company's net assets, financial position, and results of operations. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of financial statements that are free from material misstatements resulting from fraudulent acts (i.e., accounting manipulations and financial losses) or errors.

In preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters related to the company's ability to continue as a going concern, where applicable. In addition, they are responsible for preparing the financial statements based on the going concern principle, unless actual or legal circumstances preclude this.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a true and fair view of the Company's financial position, is consistent with the annual financial statements in all material respects, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) they deemed necessary to enable the preparation of a management report in accordance with applicable German legal requirements and to provide sufficient and appropriate evidence for the statements in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT**

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements due to fraud or error, and whether the management report as a whole presents a true and fair view of the Company's financial position, is consistent in all material respects with the financial statements and with the

findings obtained during the audit, complies with German statutory requirements, and accurately presents the opportunities and risks of future development, as well as to issue an auditor's report containing our audit opinions on the financial statements and the management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, in compliance with the German Standards on Auditing established by the Institute of Public Auditors in Germany (IDW), will always detect a material misstatement. Misstatements may result from fraudulent acts or errors and are considered material if it could reasonably be expected that, individually or in the aggregate, they would influence the economic decisions of users made on the basis of these financial statements and the management report.

During the audit, we exercise professional judgment and maintain a critical mindset. In addition,

- we identify and assess the risks of material misstatements in the financial statements and management report due to fraud or error, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that a material misstatement resulting from fraud will not be detected is higher than the risk that a material misstatement resulting from error will not be detected, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- we obtain an understanding of the internal controls relevant to the audit of the financial statements and the arrangements and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the circumstances, but not with the objective of expressing an audit opinion on the effectiveness of the Company's internal controls or these arrangements and measures.
- We evaluate the appropriateness of the accounting policies applied by the legal representatives, as well as the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- we draw conclusions regarding the appropriateness of the going concern accounting principle applied by the legal representatives and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our audit opinion accordingly. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report.

However, future events or circumstances may result in the Company being unable to continue as a going concern.

- We assess the presentation, structure, and content of the financial statements as a whole, including the disclosures, and whether the financial statements present the underlying business transactions and events in such a way that the financial statements, in accordance with German generally accepted accounting principles, provide a true and fair view of the Company’s financial position, results of operations, and cash flows.
- We assess the consistency of the management report with the financial statements, its compliance with the law, and the picture it conveys of the Company’s situation.
- we perform audit procedures regarding the forward-looking statements presented by the legal representatives in the management report. Based on sufficient and appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those responsible for oversight, among other things, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We provide a statement to those responsible for oversight that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that could reasonably be expected to affect our independence, and, where applicable, the actions taken or safeguards implemented to address independence threats.

Based on the matters we have discussed with those responsible for governance, we identify the matters that were most significant in the audit of the financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor’s report, unless laws or other regulations preclude public disclosure of the matter.

## **OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS**

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### **OTHER INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU-APRVO**

We were elected as auditors by the Annual General Meeting on April 28, 2025. We were appointed by the Supervisory Board on August 25, 2025. We have served as auditors of Citigroup Global Markets Europe AG continuously since the 2021 fiscal year.

We declare that the audit opinions contained in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

In addition to the audit of the financial statements for the audited entity and the entities controlled by it, we have provided the following services, which were not disclosed in the financial statements or the management report:

- Consent letter for the inclusion of our audit opinion for the fiscal year from January 1, 2025 to December 31, 2025, in a listing document for the Hong Kong Stock Exchange.
- Reporting on the performance of agreed-upon procedures and on facts identified regarding selected fields of the reporting file of Citigroup Global Markets Europe AG, Frankfurt am Main, to fulfill reporting obligations to the National Resolution Authority for the calculation of the 2024 annual contribution to the Single Resolution Fund.
- Opinion on the applicability of the CSRD.
- Report on the performance of an audit engagement regarding non-financial information in accordance with ISAE 3000.

## RESPONSIBLE AUDITOR

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The auditor responsible for the audit is Lukas Rist.

Frankfurt am Main, April 10, 2026

BDO AG  
Wirtschaftsprüfungsgesellschaft

Signed by Gass  
Wirtschaftsprüferin  
(German Public Auditor)

Signed by Rist  
Wirtschaftsprüfer  
(German Public Auditor)

**APPENDIX 6  
RISK REPORT**

*The information in this Appendix 6 has been extracted from our Management Report for the fiscal year ended 31 December 2025. References to page numbers on the following pages are to the page numbers of such document.*

## 4 Risk Report

# Risk Report

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## 4.1 General Principle of our Risk Management

The focus of our business activities as a CRR credit institution, combined with one of our central core competencies in this business area, is the ability to correctly assess and systematically manage the associated risks. The management of risks across all relevant aspects is therefore a decisive factor for the sustainable economic success of our institution. This requires the implementation of an appropriate risk management system, which is continuously and regularly enhanced, particularly in light of the extensive regulatory requirements for risk management.

In the past fiscal year of 2025, we therefore continued to advance our **procedures for identifying, measuring, limiting, and managing** the risks associated with our business activities. In addition to further adjustments regarding the implementation of the European Central Bank's guide for the Internal Capital Adequacy Assessment Process ("ICAAP") and the guide for the Internal Liquidity Adequacy Assessment Process ("ILAAP"), new quantification methods and enhanced model governance were developed. Furthermore, the processes for complying with the EBA Guidelines on internal governance were strengthened. Moreover, the risk management function provided significant support for the final implementation of the Desk Mapping Review ("DMR"), in line with regulatory requirements. Through the DMR process, market price risks of relevant trading books were coordinated solely by CGME, which corresponds to the elimination of the so-called "back-to-back booking model" for these trading book transactions, under which market price risks were transferred to other group entities. The main adjustments in risk management in this context concerned market risk management. On one hand, the number of market risk managers was doubled to six employees, with two of the risk managers recruited for the Paris branch to enable direct monitoring by the risk function in this important trading location for the bank. In preparation, the market risk limits were also adjusted accordingly to reflect the increased risk appetite resulting from the changed booking model.

Additionally, in the completed fiscal year, the **process for risk identification and assessment of material risks** was moderately enhanced and aligned with the global approach, where possible, while adhering to local regulatory requirements and considering the CGME-specific business model. In this context, the process for identifying the reciprocal effects of sustainability risks on other material risk categories was methodologically advanced. In collaboration with the business areas of the 1st Line of Defense and experts from the respective risk management departments, ESG risks were systematically identified via a scorecard procedure, the effects on other risk categories were analyzed, and the materiality of sustainability risks was determined. Furthermore, quantification methods for calculating the economic capital requirement (including the management buffer), adverse stress tests, and other calculation procedures were further developed and subjected to global model validation to ensure the appropriateness of the methods.

Regarding the internal models for determining capital requirements for market price risks (Internal Model Approach "IMA"), which were initially approved in 2023, all remaining findings from the initial review were successfully addressed in the fiscal year. As a result, the ECB reduced the IMA multiplication factor from 4 to the regulatory minimum of 3 at the beginning of December 2025.

Regarding the internal models for determining capital requirements for counterparty risks (Internal Model Method "IMM"), which were initially approved in 2021, CGME applied for an extension of the IMM permission for commodities and additional equity derivatives, as well as material model changes for the modeling of initial margin and collateral at the beginning of 2024. These were reviewed by the supervisory authority at the end of 2024 (IMM Internal Model Investigation, "IMM IMI"). In October 2025, CGME received the corresponding permission to use the new and amended models, which were subsequently put into production. The findings resulting from the review will be addressed by CGME in accordance with the deadlines set by the ECB. The new IMM models lead to an increase in IMM coverage as well as a reduction in risk-weighted assets.

Further developments in outsourcing governance, the risk control function, the consideration of sustainability risks in reporting, and the general revision of written policies and procedures conclude the most significant adjustments in the bank's management.

In view of the geopolitical crises and the resulting negative effects on the overall economic situation, which manifested in reduced macroeconomic growth dynamics and temporary pressure on global financial markets, the bank conducted ad-hoc stress simulations on the main risk drivers to promptly quantify the possible impacts on CGME and to be able to take appropriate measures. The main scenarios here were simulations regarding the impacts of macroeconomic and political uncertainties in France, the crisis in the Middle East,

# Risk Report

the US administration's tariff policy, and a cyber-attack on clearing platforms during a US Treasury auction. According to the risk taxonomy, geopolitical risks are classified as a Level 1 risk under strategic risks and were deemed a material risk within the framework of the annual risk inventory. In the past fiscal year, the bank further refined its handling of geopolitical risks and enhanced the underlying analysis procedures and governance. This affects all key management cycles within the strategy process. Furthermore, geopolitical risks (e.g., cyber-attacks) are also a regular component of the bank's annual crisis planning. The Management Board and the Supervisory Board are informed about geopolitical risks and their potential impacts on the bank's profitability through regular (monthly/quarterly) or ad-hoc reporting. At no point during the past fiscal year were any material additional risks identified through the analysis procedures described above, nor did any loss potentials materialize.

## 4.2 Organization of the Risk Management

The overall responsibility for risk management and monitoring lies with the entire Management Board and the Supervisory Board of CGME. The individual responsibilities at the level of the organizational units are presented below:

Overall Responsibility: Management Board and Supervisory Board of CGME		
Type of Risk	Risk Management	Risk Monitoring
Market Price Risks	Asset Liability Committee, Risk Management Committee, and Trading-Desks	Risk Controlling
Liquidity Risks	Asset Liability Committee and Corporate Treasury	Risk Controlling
Counterparty Default Risks	Risk Management Committee and Trading-Desks	Risk Controlling
Operational and Compliance Risks	Business Risk, Compliance and Control Committee (BRCC)	Risk Controlling / Operational Risk Management
Business and Strategic Risks	Business Strategy and Risk Strategy	Risk Controlling
Other risks (including "Pensions Risks" and "Reputational Risks")	Business Strategy and Risk Strategy Country Coordination Committee (CCC), Risk Management Committee	Risk Controlling
Non-Litigation Monitoring by CGME's Internal Auditing office		

The **Management Board** determines the business and risk strategy and sets the framework in the so-called "Risk Appetite Statement" ("RAS"). Based on the "risk appetite", this describes the maximum risk positioning that CGME's management is willing to take. The determination of the risk appetite is based on the premise of the permanent continuation of business operations, which is not endangered even if risks materialize.

To identify, assess, and manage risks, CGME uses the so-called "**Lines of Defense Model**" analogous to the global approach. For the respective business unit ("First Line of Defense"), the RAS provides the framework for the independent and responsible handling of existing risks.

The **Risk Controlling** department ("**Second Line of Defense**") regularly determines the quantitative utilization of the established risk limits and reports on this. Furthermore, the Internal Audit of CGME ("**Third Line of Defense**") reviews the organizational structure and processes and the risk-related processes, including the implementation of the RAS, at regular intervals and assesses their appropriateness. The internal workflow processes of CGME also provide that the Compliance function is involved as a Second Line of Defense function in compliance-relevant matters. The RAS also provides qualitative guidelines that must be adhered to by the respective process-responsible functions and the business areas of the First Line of

# Risk Report

Defense. Compliance with these requirements determined by the CGME Management Board is administered through the Managers Control Assessment ("MCA") process.

In connection with risk management, the following **committees**, among others, have been established:

Committee	Key Tasks	Membership
Management Board	<ul style="list-style-type: none"> <li>Assessment and reporting of the whole risk situation, considering all material risk categories</li> <li>Approval of all strategic analyses and documents (e.g., business and risk strategy, RAS, ICAAP)</li> </ul>	<ul style="list-style-type: none"> <li>Members of the Management Board</li> </ul>
Risk Management Committee (RMC)	<ul style="list-style-type: none"> <li>Assessment of the overall risk situation, essentially in relation to market price risks and counterparty default risks.</li> <li>Preparation of decisions by the CGME Management Board</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer (co-chair)</li> <li>Chief Risk Officer (co-chair)</li> <li>Other Management Board members from business and functional areas</li> <li>Other functions within Risk and Finance</li> </ul>
Business Risk, Compliance und Control Committee (BRCC)	<ul style="list-style-type: none"> <li>Assessment and reporting on the overall risk situation with regard to operational risks of CGME</li> <li>Control Committee for the 2nd-Line of Defense</li> </ul>	<ul style="list-style-type: none"> <li>Members of the Management Board</li> <li>Representatives of the operational departments of CGME (e.g., Finance, Risk Controlling, Legal, Compliance)</li> <li>Internal Audit</li> </ul>
Asset Liability Committee (ALCO)	<ul style="list-style-type: none"> <li>Ongoing monitoring of liquidity and market price risks as well as the funding situation</li> </ul>	<ul style="list-style-type: none"> <li>Members of the Management Board</li> <li>Risk Controlling</li> <li>Corporate Treasury</li> <li>Markets</li> <li>Banking</li> </ul>
Model Control and Review Committee (EMCRC)	<ul style="list-style-type: none"> <li>Assessment of the appropriateness of the IMM Model</li> </ul>	<ul style="list-style-type: none"> <li>Chief Risk Officer</li> <li>Chief Financial Officer</li> <li>Other functions within Risk and Finance</li> </ul>
Internal Model Control Committee (IMACC)	<ul style="list-style-type: none"> <li>Assessment of the appropriateness of the IMM Model</li> </ul>	<ul style="list-style-type: none"> <li>Chief Risk Officer</li> <li>Chief Financial Officer</li> <li>Other functions within Risk and Finance</li> </ul>
ICAAP and Stress Testing Model Control and Review Committee (ISTMCRC)	<ul style="list-style-type: none"> <li>Assessment of the appropriateness of the ICAAP and Stress Testing models</li> </ul>	<ul style="list-style-type: none"> <li>Chief Risk Officer</li> <li>Chief Financial Officer</li> <li>Other functions within Risk and Finance</li> </ul>

**The Chief Risk Officer ("CRO")**, as a member of the Management Board, is actively involved in the approval process of the risk policy guidelines for the identified risks as defined by the CGME Management Board and is also responsible for their implementation. The Operational Risk Manager reports to the CRO and in the Business Risk, Compliance and Control Committee ("BRCC") on a regular basis about the controls and results regarding the risk situation, especially the operational risks of CGME. The BRCC meetings

# Risk Report

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are held regularly on a monthly basis. Furthermore, the CRO reports to the Supervisory Board during the regular quarterly meetings of the committees or, if necessary, upon the occurrence of special events.

The reporting system is based on internal guidelines that were introduced taking into account local supervisory requirements for a bank's reporting system (see BT 3 of MaRisk as amended on May 29, 2024).

## 4.3 Risk Definition and Risk Strategy

CGME defines **risk** as potential future developments or events that could lead to a negative deviation from forecasts or objectives for CGME.

Risk management fundamentally distinguishes between **quantitative and qualitative risk types**. Quantitative risks regularly include, among others, counterparty default risk, market price risk, and liquidity risk, which can be assessed regularly and, if necessary, with the help of appropriate measurement methods. The so-called qualitative risks can be quantifiable (e.g., operational risks). In addition, there are qualitative risks for which a quantitative assessment cannot be made (e.g., reputational risk or strategic risk).

The framework for risk management is the business strategy defined by the Management Board and acknowledged by the Supervisory Board. Based on this, the overall risk strategy, including individual strategies for the risk management of the identified material risk types, is established, taking into account CGME's risk-bearing capacity. The strategies are guided by the principle of ensuring a professional and conscious approach to existing risks in all business and functional areas. To implement the strategies and to fully guarantee CGME's risk-bearing capacity, corresponding risk management and risk controlling processes have been implemented. The Strategic Plan, including the financial planning for the fiscal year, is prepared in accordance with the regulatory requirements of MaRisk AT 4.2. As part of the preparation of the Strategic Plan, the risk management function reviews and challenges compliance with the regulations and presents the results to the Management Board and the Supervisory Board.

In the Risk Appetite Statement ("**RAS**"), the so-called "risk appetite" is defined as the maximum risk that CGME is willing and able to take in pursuit of its business objectives without being exposed to existential risks. This also includes the establishment of a so-called management buffer, through which the Management Board accounts for strategic planning risks and uncertainties. The guiding principle is to ensure adequate liquidity and capital resources from both the normative and economic perspectives of CGME. The RAS is therefore to be regarded as an integral part of CGME's strategic process, intended to support the Management Board in steering CGME's risk appetite to ensure the protection of CGME from disproportionate risk-taking.

The RAS documents the risk management concept implemented by CGME as a forward-looking process that sets expectations for the consolidated risk profile of CGME, linked to the bank's general business strategy and key resources such as capital and liquidity. Essential components of the overall process result from the regular risk identification and assessment process, which is carried out in accordance with the requirements of section AT 2.2 of MaRisk. This process forms the basis for CGME's risk strategy, including the calculation of risk-bearing capacity and a three-year capital projection.

The maximum risk or "risk appetite" is defined in the form of quantitative thresholds and qualitative limits and documented in the RAS. The "risk appetite" does not describe a desired level of risk, but rather a framework of appropriate limits set and approved by the Management Board. Transactions and/or business decisions must therefore comply with all parts of the "risk appetite framework."

The overall risk strategy and the individual strategies derived from it for the material risk types are reviewed at least once a year. Any member of the Management Board can request a review on an ad-hoc basis. Furthermore, a validation of the risk-bearing capacity also takes place at least annually. This involves, in particular, a review of the appropriateness of the risk measurement methods, the processes, and the individual risk limits (appropriateness of the capital buffer set by the Management Board). Intra-year calculations of risk-bearing capacity are carried out quarterly in accordance with regulatory requirements. The results are an integral part of the monthly reporting to the Management Board.

CGME has implemented escalation and decision-making processes for cases of impending limit breaches. The "Risk Controlling" department ensures timely and independent risk reporting to the Management Board and the established committees "BRCC," "ALCO," and the Risk Management Committee. Furthermore,

# Risk Report

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issues arising in connection with the use of the IMA, IMM, and ICAAP models are escalated through the implemented bodies and committees (IMACC, EMCRC, and ISTMCRC).

Another essential component of CGME's strategy process is the implemented Internal Control System (ICS). The control measures established in this context are described in the written procedures of the individual processes of the respective departments. The internal controls are integrated before, during, or after the individual workflows. The ICS thus comprises the entirety of all control measures and serves to ensure compliance with specified qualitative and quantitative standards, including legal and regulatory requirements, as well as adherence to the established risk limits.

## 4.4 Risk-Bearing Capacity (Capital Adequacy) and Risk Limitation

### *Economic Capital Planning*

**Risk-bearing capacity** is one of the most important determinants for the design of risk management. A core element of appropriate and effective risk management is the assessment of the bank's internal processes to ensure risk-bearing capacity ("Internal Capital Adequacy Assessment Process"; "ICAAP"). To ensure risk-bearing capacity at all times, CGME pursues a dual management approach. The risk management in the economic capital calculation is based on the approach that ensures that risk positions are only entered into to the extent that the bank's continued existence is guaranteed, even if the existing risks fully materialize and lead to an economic burden. In the course of the economic capital calculation, the primary focus is on identifying and quantifying such risks that are not covered by the normative capital calculation, in order to ensure the long-term substance of the company. Essentially, the calculations of the economic capital are based on a confidence level of 99.9%, although justified exceptions are permissible.

The **risk coverage potential** under this approach is determined on the basis of the items in the balance sheet and profit and loss account determined in accordance with commercial law, which are also the fundamental components of regulatory capital. Own funds are recognized as risk coverage potential up to the amount that would be available to cover potential or incurred losses without violating the minimum requirements of the Capital Requirement Regulation (CRR). With regard to the requirements for capital planning according to the "SREP Guideline" ("Supervisory Review and Evaluation Process", "SREP"), which is based on regulatory capital, a period of three years is assumed.

CGME has identified the following as material risks to be covered by economic capital in addition to the normative view:

- Concentration risks in counterparty risks
- CCP membership risks
- Operational risks
- Risks from pension funds and
- Risks from reputational and strategic risks as a stress simulation to determine the capital buffer.

The basis for this is a risk inventory carried out at least annually, or on an ad-hoc basis, which was undertaken as part of the conceptual further development of the ICAAP concept.

The liquidity risk, which is classified as "material," is not included in the risk-bearing capacity concept, as no economic capital requirement can conceptually be derived from this risk. The appropriate monitoring of liquidity risk is guaranteed at all times on the basis of the implemented management systems and regular control by the Asset and Liability Committee.

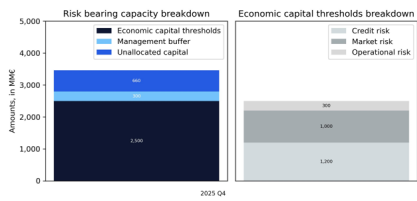
The quantification of material risks is based on statistical methods (models) or expert assessments. The calculations are supplemented by regularly conducted stress simulations for all material and quantifiable risk categories.

As of December 31, 2025, the risk coverage potential (Tier 1) amounts to a total of EUR 4,689 million. The following diagrams provide information on the economic capital situation at the end of the 2025 fiscal year and also represent the figures that were reported to the European Central Bank as part of the 2026 ICAAP submission.

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## Economic capital stack

(in €mm, except ratios in %)



\*The total threshold of Market Risk is EUR 1,000 mm; the split between trading and non-trading is as following:  
 • Trading: EUR 850mm  
 • Non-trading: EUR 150mm

	2025 Q4	
	€	%
Credit risk	828	69%
Market risk*	413	41%
thereof: Trading market risk	327	38%
thereof: Non-trading market risk	85	57%
Operational risk	173	58%
<b>Economic capital utilization</b>	<b>1,414</b>	<b>57%</b>



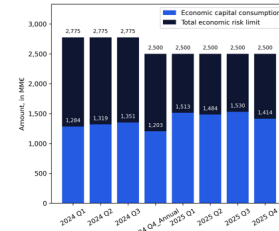
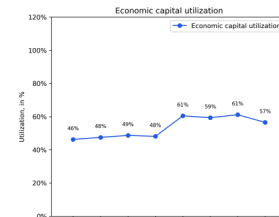
Economic Capital in the 2025Q4 refresh utilizes the 2025 ICAAP approach.

As of Q4 2025, CGME operates well within the capital thresholds and the overall risk bearing capacity. The main drivers for capital consumption are credit risk and market risk.

CGME considers a €300mm management buffer to account for non-quantifiable risks, immaterial risks and inherent volatility of the business, and €660mm buffer as unallocated capital, which also serves as cushion for potential changes in the TOM, or any other unplanned volatility.

## Economic capital utilization

(in €mm, except ratios in %)



Banking-Led Global Recession (2026 ICAAP deflationary) scenario is refreshed for stress losses to address the recent significant market movement. Even when considering stress losses, as per Q4 2025, CGME still holds enough capital to adequately cover the level and nature of the material risks to which it is exposed.

## Economic capital utilization

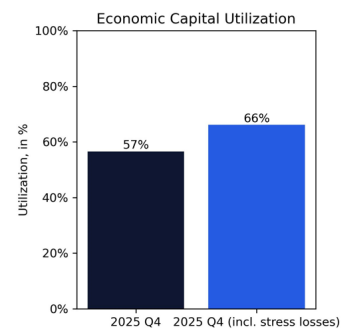
(in %)

	Q4 2025	Q4 2025 (incl. Banking-Led Global Recession)	Difference
Credit risk <sup>3</sup>	69%	73%	4%
Market risk	41%	59%	18%
thereof: Trading market risk	38%	57%	19%
thereof: Non-trading market risk	57%	71%	14%
Operational risk <sup>4</sup>	58%	61%	3%
<b>Economic capital utilization</b>	<b>57%</b>	<b>66%</b>	<b>10%</b>



## Economic capital utilization

(in %)



The "Management Capital Buffer" remained unchanged at EUR 300 million in the 2025 fiscal year. The amount of the "Management Capital Buffer" is derived from stress test simulations for strategic risk, reputational risk, data reliability risk, and a volatility calculation of risk-weighted assets. Overall, the coverage potential of the own funds was adequate to meet the economic capital requirements. Of the total available own funds of EUR 4,689 million, a total of EUR 3,274 million (excluding the Management Buffer) was determined as risk appetite at the end of 2025, of which EUR 1,428 million was used. This corresponds to a utilization rate of the defined threshold of 44%.

The **risk-bearing capacity (capital adequacy)**, which is also calculated intra-year using quarterly procedures, was guaranteed at all times in the 2025 fiscal year, and CGME had an adequate risk capital buffer. The capital projection carried out as part of the annual risk strategy process also showed that, taking into account the targeted business development and the requirements for a strategy process specified by MaRisk, the economic and normative risk-bearing capacity was given at all times.

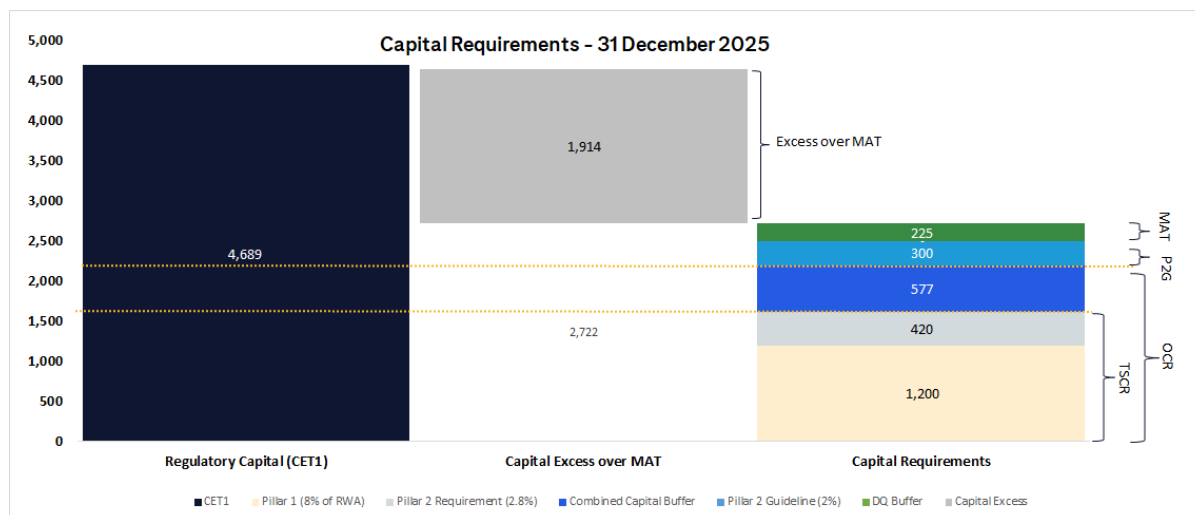
## Normative capital planning

Within the framework of normative capital management in the base scenario, the requirements for compliance with regulatory ratios were met for the entire year 2025. In addition to planning, a quarterly review of the planning assumptions and the actual risk development was carried out as part of the ICAAP variance analysis and reported to the Management Board in accordance with § 25 KWG. In addition to the pure capital requirements, the required regulatory ratios such as the Leverage Ratio and large exposure limits were also complied with and monitored. Normative capital management here takes into account business

# Risk Report

development over a period of three years, and compliance with all regulatory ratios must always be maintained and managed. Requirements beyond Pillar 1 are considered in the economic view.

From a normative perspective, the risk-strategic and regulatory requirements were met as of December 31, 2025. At year-end, the capital resources were in an adequate range with a capital surplus of EUR 1,914 million, a CET1 capital of EUR 4,689 million, and a resulting CET1 ratio of 31.26%. As part of the regulatory capital requirements, the bank complied with a Pillar 2 Requirement (P2R) of 3% and a Pillar 2 Guidance (P2G) of 2% on each calculation date after the Pillar 2 transition in the past year. Other capital ratios such as the Leverage Ratio at 7.91% were complied with in addition to the regulatory requirements, including the internal so-called Management Action Trigger (MAT) of 1.5% RWA (Risk Weighted Assets). As part of the strategic planning, the Management Board set a CET1 ratio of 18.5%. This is intended to support the planned growth according to the CGME Strategy 2025-2027 and the new Target Operating Model.



## 4.5 Risk Types and Risk Identification and Management

### 4.5.1 General information

Within the scope of an annually conducted risk inventory, the following material risks were identified against the backdrop of CGME's business model:

- Credit risk (counterparty credit risk and issuer risk)
- Market price risk;
- Liquidity risk (no quantification in the sense of an economic capital requirement);
- Operational risk;
- Compliance risk;
- Strategic risk,
- Reputational risk and

other risks, which are determined as a sub-function of the material risk categories listed above, are monitored in separate control cycles. These include, among others, technology risks, cyber risks, geopolitical risks, and model risks. In this context, sustainability risks ("ESG") and concentration risks (inter- and intra-risk concentrations) are understood as **cross-cutting risks**, which are analyzed and controlled with regard to their interdependent effect on other risks.

### 4.5.2 Counterparty and credit risks

The business activities of CGME result in the following material, client-related **counterparty default risks**, which are sub-categories of credit risks for which dedicated monitoring and control processes are in place:

- Issuer risk (bonds and equities)
- Counterparty risk, including risk concentrations
- Country risk.

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Furthermore, counterparty default risks exist in connection with ongoing business activities with Citigroup companies.

The guiding principle for the design of processes in CGME's business activities with counterparty default risks is a clear separation between the front office (market) and back-office (market follow-up) functions, up to and including the Management Board level. The back-office tasks are performed by the independent "Operations" and "Risk Controlling" departments. The Risk Controlling department continuously monitors compliance with the credit lines granted to clients, including counterparty limits for trading activities, as well as issuer risks. The monitoring for the various risks is carried out by a department independent of the front office (Trading, Banking).

The tasks and responsibilities of the workflows are defined in the form of organizational policies. Clearly defined processes have been implemented for necessary adjustments.

The respective trading desks, defined according to product specifics, are responsible for risk management and the conclusion of transactions with counterparty default risks. The "Operations" department is responsible for the control and confirmation of trades with counterparties, as well as for trade settlement. This department also checks the market conformity of the concluded transactions.

For the assessment of counterparty default risk, all counterparties and issuers in the trading business are subject to a periodic or event-driven rating by Independent Credit Risk. The rating is an important indicator for setting the counterparty- or issuer-specific limit.

The following presentations and descriptions relate primarily to issuer and counterparty risks.

For the individual counterparties, which are grouped into borrower units in accordance with § 19 (2) of the German Banking Act (KWG) as per regulatory requirements, limits are set for the various types of credit and approved by the required authorities.

System-based reports on the respective counterparty risks and issuer risks are generated and evaluated daily. If breaches of granted limits are detected, the responsible traders and the head of the trading division must be informed immediately. Furthermore, the Management Board is informed of this matter as part of the regular reporting and taking into account threshold values.

At the end of the 2025 fiscal year, the **total of all counterparty limits** (Pre-Settlement; "PSE limits") of CGME amounted to USD 43,964 million, equivalent to EUR 37,417 million<sup>54</sup>, and existed with a total of 476 counterparties. Of this, a total of approx. USD 8,509 million, or approx. EUR 7,242 million, was utilized. The limit utilization has stabilized in the past fiscal year.

Broken down by **rating classes**, the counterparty default risk (counterparty risks and credit exposure) of CGME as of the end of December 2025, with regard to utilization, is as follows:

	Dec'23	Dec'24	Sep'25	Nov'25	Dec'25	
Exposure by FRR	1	1,417.8	823.3	684.2	765.7	735.5
	2	2,619.0	2,684.5	2,744.0	3,307.2	2,833.7
	3	3,281.0	2,272.8	2,577.8	2,278.7	2,277.4
	4	2,215.7	1,829.9	2,261.3	2,248.3	2,449.8
	5	319.3	403.9	405.9	480.6	427.8
	6	62.2	114.0	115.7	214.3	107.1
	7	5.8		1.8	4.3	0.3
Unrated	89.8	0.0	7.6	33.9	-4.7	
<b>Grand Total</b>	<b>10,010.6</b>	<b>8,128.5</b>	<b>8,798.4</b>	<b>9,332.9</b>	<b>8,826.9</b>	
<b>PRR</b>	<b>4+</b>	<b>5+</b>	<b>4-</b>	<b>4-</b>	<b>4</b>	

The vast majority of the utilization (a share of approx. 94%) is thus assigned to rating classes 1 to 4.

<sup>54</sup> USD 1.00 = EUR 0.8511

# Risk Report

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To reduce counterparty default risk in counterparty and issuer risks in the trading business, master agreements for derivatives<sup>55</sup> and for securities repurchase agreements (repos) are generally used, which provide for mutual "netting agreements" to mitigate counterparty default risk. The master agreements for derivatives used by CGME contain set-off agreements at the individual transaction level (so-called "payment netting") as well as for the case of termination of all individual transactions under a master agreement (so-called "close-out netting").

In principle, all master agreements are subject to the principle of a single agreement. In the event of termination, the respective mutual claims are offset, and only the resulting net claim can be asserted against the defaulting counterparty. The prerequisite for this is that the claim is effective and enforceable and that the respective legal systems recognize the principle of a single agreement, thus protecting the net claim from otherwise imminent access by the insolvency administrator.

"Close-out netting" can be subject to (international) legal risks. These are countered by obtaining legal opinions.

CGME settles securities repurchase agreements both bilaterally and via EUREX Clearing AG as a central counterparty. For securities repurchase agreements, "payment and delivery netting" is carried out depending on the respective counterparty. Furthermore, counterparty default risk is mitigated by settling derivative transactions via central counterparties such as EUREX Clearing AG and LCH Clearnet Ltd.

For derivative transactions, only cash collateral is accepted, which is transferred regularly depending on the respective contractual agreements. For repo transactions, securities are provided as collateral.

The subject of risk management also includes the assessment and monitoring of country risks. We understand this to be the risk of default of a state or state bodies, as well as the risk that a willing and able counterparty cannot meet its payment obligations due to government measures (transfer risk). Country risk is managed across departments on the basis of country limits set as a result of the country risk assessment.

Furthermore, the bank has an appropriate set of instruments to adequately quantify the risk concentrations associated with counterparty default risks and to integrate them into the reporting system. In particular, the concentration of counterparty risks is backed by economic capital.

## 4.5.3 Market price risks

Market price risks have been identified for the following material trading business types of CGME:

- Global Markets Treasury & Financing, Fixed Income Financing Desk: Repos and Reverse Repos with group companies (refinancing)
- Spread Products: EMEA Investment Grade Corporates Cash
- Equities: Strategic Equity Solutions Trading, Equity Cash.

In this regard, the following market prices exist:

- Equity prices (e.g., equity price risks, equity volatilities)
- Interest rates (e.g., interest rate change risks, yield curve risks, option risks)
- Spread risks (e.g., corporate bond spreads, repo spreads)
- Commodity prices and
- Exchange rates (e.g., risks based on changes in spot or forward exchange rates).

As part of the Desk Mapping Review ("DMR"), the bank has pushed forward the expansion of its product portfolio in the past fiscal year. For predefined products, CGME now acts as a so-called "Risk Taker." This means that the residual market price risks from these trading book positions are managed independently

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<sup>55</sup> The master agreements for derivatives also include the master agreement published by the International Swaps and Derivatives Association Inc. (ISDA Master Agreement). These are standard agreements that are also recommended for use by, among others, the leading associations of German banks (e.g., BdB).

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and are no longer passed on to other group entities under the "Back-to-Back Booking Model." In June 2025, the DMR was finally implemented with the approval of the Equity Capital Markets business area. To support the expanded risk profile, the infrastructure and risk governance were strengthened, including the hiring of three new market risk managers. Furthermore, the risk appetite approved by the management, particularly for market price risks, was adjusted to reflect the bank's new strategic orientation.

**Risk concentrations** mainly exist in the Fixed Income Finance and Global Spread Products trading areas. The risk concentration resulting from warrant trading was sustainably reduced over the course of 2025, as the decision was made to withdraw from warrant trading. The risks resulting from warrant trading were therefore significantly lower at the end of the fiscal year than in the previous year. The share of the total VaR amounted to approx. 1% at year-end. The risk appetite was adjusted accordingly.

To determine the risk position in the trading area, all individual transactions are valued daily at current market prices. The prices underlying the valuation are obtained directly from external independent sources or determined using valuation models. The market parameters used for this are either automatically transmitted to the valuation systems or manually entered by the traders. The market parameters are strictly controlled by the back-office when compared with external independent sources. On this basis, the current market values and the daily profits and losses are determined independently of trading.

Risk quantification for the trading books is carried out daily through **factor sensitivity analyses**, which determine all transactions of the trading business with regard to their price-determining market factors (spot rates of foreign exchange, equities and equity indices, yield curves and volatilities of interest rates, currencies, commodities) and the change in value for a standardized market movement. This provides an overview of the risk profile of the individual trading portfolios as well as the entire trading portfolio.

Furthermore, the loss potentials for each market factor are quantified, and the **"Value-at-Risk"** ("VaR") is calculated, taking into account the correlations between the market factors. The VaR approach has established itself as the leading method for assessing economic market risks. The VaR reflects the maximum expected loss of a trading book during a specific holding period (e.g., 1 day) with a given probability (e.g., a confidence level of 99%). The specific risks of individual stocks (beta risk) are also included in the calculation.

The VaR is calculated using a Monte Carlo simulation, which is performed for all trading activities based on uniform measurement criteria. The volatilities of the individual market factors and their correlations included in the calculation are determined on an empirical basis.

The group-wide VaR model is subject to an annual, local model validation process to ensure that the group-wide model parameters correspond to the profile of the local market risk. Core elements of the validation process are the hypothetical backtesting procedure, which is carried out daily, and the quarterly "Risk not in VaR" analysis, which serves to identify and quantify such risks that are not covered by the model calculation.

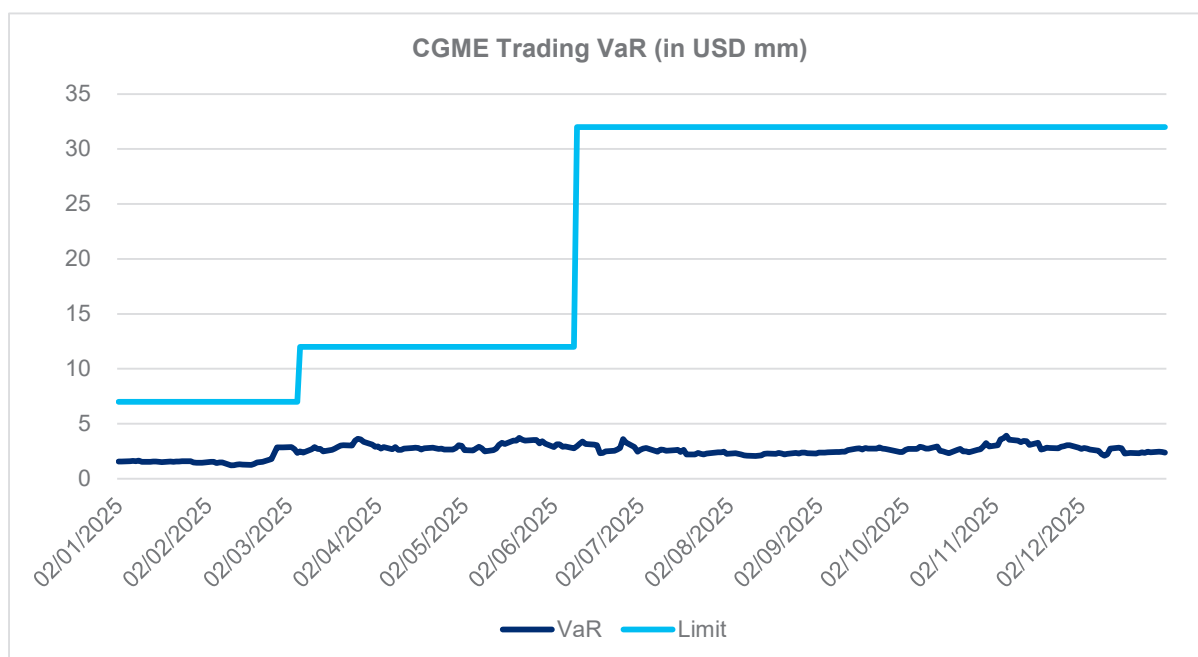
In addition, to simulate extreme market changes, analyses of stress scenarios are carried out at regular intervals as well as ad hoc in certain situations, independently of trading.

Limit structures are established for the individual trading books and the interest rate risk of the banking book, through which the Management Board actively sets the risk appetite for the individual trading books and the bank as a whole.

For the measurement of derivative trading activities, CGME is connected to the group-wide risk monitoring system. Here, all market price risks are presented independently of trading across products, currencies, and markets, and the risk positions are compared with the corresponding limits at various levels. The daily market risk reports generated by the system (which also specifically highlight limit breaches) are made available to Risk Controlling daily by a dedicated department in London. Compliance with the limits and the escalation of Management Action Triggers are monitored daily by the independent Risk Controlling department. The aggregated reports are submitted to the Management Board and the heads of the trading divisions.

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The development of VaR in 2025 is as follows:



Due to the phased implementation of the DMR trading activities during the first half of 2025, the VaR limit was adjusted/increased several times accordingly. The limit increases included both the trading activities of the "market-making desks" and episodic business activities from the Equity and Debt Capital Markets area. The Risk Appetite Statement was updated accordingly and approved by the CGME Management Board.<sup>56</sup>

The following risks were also the main risk factors in the 2025 fiscal year:

- Interest rate risks, resulting from trading book activities in the Fixed Income Finance, Spread Products, and Global Rates areas.
- Spread risks, resulting from the trading book activities of the Spread Products and Fixed Income Finance areas.
- Equity price risks, resulting from the trading book activities of the Equity Cash, Strategic Equity Solutions areas, and to a lesser extent from the Public Listed Products area, as well as corresponding hedging transactions.
- Valuation risks ("XVA"), resulting from the adjustment of derivative products to "Fair Value."

The 2025 fiscal year was characterized by increased trading activity in the Fixed Income Finance desk and the start of the DMR business trading activities, which led to a higher Value at Risk exposure in this trading area. In parallel, the VaR exposure in the Public Listed Products area was sustainably reduced after a dynamic hedge strategy for the trading book positions was introduced in December 2024 to ensure improved hedging against severe market movements.

The increased market volatility resulting from the geopolitical situation surrounding the Ukraine-Russia crisis and the Middle East crisis had no significant impact on CGME's trading book result.

The distribution of new trading products, which were introduced in view of the bank's regional preparation for a BREXIT, does not lead to any significant additional trading book positions, as all transactions are fully hedged with other group entities, the so-called "Risk Hubs." An exception to this, however, are Credit Valuation Adjustments (CVA) related sensitivities such as credit spread risks. To monitor these risks, dedicated limits have been introduced, which are monitored and reported to the management in the same way as the risks specified above.

<sup>56</sup> The spike in February was technical in nature, and the increase from July to September was due to increased customer activity.

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## 4.5.4 Liquidity risks

The management of **liquidity risk** is the responsibility of the "Corporate Treasury" department and ensures that sufficient liquid assets are available at all times to meet future payment obligations. In the 2024 fiscal year, CGME participated in the European Central Bank's ILAAP process for the first time. The concept was also successfully submitted to the supervisory authorities in the completed fiscal year.

Risk monitoring and management are based on analyses of all cash flows by product and currency and include the monitoring and limitation of aggregated fund outflows and inflows. On a daily basis, both internal and external metrics are used to monitor liquidity risks. The internal metrics are primarily the TLST (Term Liquidity Stress Test, with a one-year planning assumption) and RLAP (Resolution Liquidity Adequacy and Positioning, with a 30-day planning assumption). In addition, external, regulatory key figures such as the Net Stable Funding Ratio or the Liquidity Coverage Ratio are calculated and monitored.

The monitoring of the intraday liquidity reserve has been integrated into the bank's written policies and control processes. The "Risk Controlling" department is responsible for monitoring compliance with the corresponding limits. The Management Board receives regular and timely reports on CGME's liquidity situation.

Furthermore, CGME has established a liquidity reserve to be able to compensate for potential disruptions in the capital markets and any resulting liquidity bottlenecks. The liquidity reserve is composed of so-called High Quality Liquid Assets (HQLA) in accordance with the relevant EBA Guidelines and is dedicated to pure liquidity management. The active management of the liquidity reserve is the responsibility of the "Corporate Treasury" department.

CGME shows a significant structural liquidity surplus across all maturities defined in the liquidity maturity ladder. During the 2025 fiscal year, there were no limit breaches (negative cash flow) within the liquidity maturity ladder.

The monitoring of liquidity risk is based on the Operating Target, the Management Action Threshold (MAT), and the Risk Appetite Limits listed below. In principle, no negative cash flows are accepted. As liquidity risk is the top risk at CGME with a low risk appetite, positive limits (in addition to the non-negative cash flow) are set to further enhance the sound risk management practice.

Internal Liquidity Metrics	Q1'25	Q2'25	Q3'25	Q4'25	No Action / Above Management Action Trigger	Below Management Action Trigger	Limit
TLST (Low Point Surplus; \$mm)	4,039	2,396	4,110	4,225	\$1,350mm	\$700mm - \$1,350mm	< \$700mm
TLST (Low Point Surplus Tenor)	M4-6	O/N	M1	O/N			
RLAP (Low Point Surplus; \$mm)	3,453	2,113	3,909	3,916	\$1,350mm	\$700mm - \$1,350mm	< \$700mm
RLAP (Low Point Surplus Tenor)	CD2	O/N	CD29	O/N			
Local Regulatory Liquidity Metrics							
Liquidity Coverage Ratio Surplus (€mm)	5,296	6,900	5,541	5,778	€1,600mm	€800mm - <€1,600mm	< €800mm
Net Stable Funding Ratio Surplus (€mm)	1,551	2,933	3,384	1,936	€1,300mm	€700mm - <€1,300mm	< €700mm

The presented system of limits and Management Action Triggers was introduced in the second quarter of 2023. In the 2025 fiscal year, the metrics at all month-ends were above the Management Action Trigger thresholds applicable to them at the time.

Accordingly, CGME has sufficient liquidity in all maturity bands up to one year.

Furthermore, CGME has a structural and currently unused surplus liquidity as well as sufficient capital resources to bridge negative liquidity-related events.

## 4.5.5 Operational risks

Within CGME, **operational risks** are defined as the risk of losses resulting from the inadequacy or failure of internal processes, people, and systems and/or from external events. Essential elements or components of the risk management process for operational risks are:

- Regular execution of a risk inventory based on an estimate of the probability of occurrence and the expected risk exposure to quantify operational risk.

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- Self-assessment to identify indicators of potential risks within CGME's organizational and operational structure.
- A loss event database (CitiRisk Loss Capture System) to record corresponding incidents and document the handling of the elimination of potential damages that have occurred. In the loss event database, all occurred loss events from a volume of USD 20 thousand, as well as potential, not yet materialized cases ("near-miss events") with an expected loss volume of USD 1,000 thousand, must be recorded. For the period from January 1, 2025 to December 31, 2025, occurred loss events ("Actual Net Loss") for CGME amounting to a total of USD 5.09 million and two near-miss events were documented.

To prepare for potential supply bottlenecks in the energy sector resulting from the geopolitical situation, the bank participated in a supra-regional real-time simulation to prepare for a "power outage" scenario.

With regard to the outsourcing of individual services and infrastructure measures, there is an inherent risk that is fully accounted for in risk management through appropriately established control processes. CGME has further developed the underlying governance processes for managing "outsourcing risks" in the past fiscal year by establishing a uniform control design, introducing a monthly Outsourcing Governance Meeting, and continuously enhancing the written policies, including contracts with service providers.

The responsibility for the implementation measures regarding the management of operational risks lies with the department heads or business managers below the board level. They are responsible for establishing, documenting, and continuously updating all work instructions and control procedures. The overall monitoring of operational risks and the corresponding reporting is the responsibility of the "Operational Risk Management" ("ORM") function.

The tasks and responsibilities, as well as the documentation, are regulated according to the valid CGME policies. The Management Board is appropriately informed about the risks described above through daily, monthly, and quarterly reporting.

A database ("Loss Capture System") is used to record quantifiable risk events, which also serves as the basis for reporting to the Management Board.

A quantification of operational risks within the framework of the economic capital calculation is carried out via a statistical simulation, which is fed by historical loss events. In the normative perspective, the Standardised Approach is used.

Taking into account all business areas and staff units, CGME conducts an annual risk inventory to identify and assess operational risks based on predefined scenarios. The main criteria here are the probability of occurrence and the assumed loss potential.

The operational risk has increased due to the transfer of processes to internal and external service providers. CGME has built an infrastructure to assess and control the potential risks resulting from outsourcing. Thus, taking into account many factors, the materiality of the outsourcing measures is assessed once a year by the responsible Outsourcing Steering Committee. Furthermore, it is the responsibility of all Outsourcing Managers to regularly review the quality of the services provided. Problems identified in this process must be reported to the Management Board promptly, but at the latest as part of the monthly reporting.

Compliance risks are risks that can negatively affect the bank's profitability and stability due to violations of regulatory requirements and rules. In this context, adherence to ethical standards and internal guidelines is also to be seen. Since the causes and characteristics of these compliance risks are often identical to those of operational risks, the implemented control and governance activities are largely unified. In the 2025 fiscal year, there were no material violations.

## 4.5.6 Other material risks

### ***Reputational risks***

Since reputational risk can arise from all other risks, it is treated separately from operational risk. For the aforementioned reason, the management and monitoring of reputational risks are carried out implicitly

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through the control of all risk categories from which a reputational risk can arise. Explicit monitoring of reputational risks is carried out by the "Legal" and "Corporate Communication" departments, as reputational risks can arise from complaints and lawsuits or negative press releases. According to the CGME Risk Taxonomy, reputational risk is an overarching risk category for which a corresponding risk appetite has been determined and approved by the management.

No material impacts due to reputational risk were identified in the 2025 fiscal year either.

## **Strategic risks**

Strategic risks are essentially anticipated loss potentials that endanger the bank's profitability and capital strength due to incorrect business decisions. Strategic risks can be influenced by internal as well as external factors. The bank has taken extensive measures to minimize the probability of strategic risks occurring and, in the event of their occurrence, to keep the economic impact as low as possible.

Strategic risks are backed by economic capital within the framework of the risk capital concept by establishing a capital buffer. This is done by including the results of an idiosyncratic stress test, which simulates the bank's profitability in the event of an income shock.

Geopolitical risks are a sub-category of strategic risks, as occurring geopolitical events can have a lasting negative impact on the achievement of the business strategy's goals.

## **Tax risks**

In the context of a tax audit of CGME for the assessment periods 2009 to 2012, that has meanwhile been largely completed, the tax authorities are still of the opinion that the credited withholding tax arising from proprietary positions, plus the solidarity surcharge attributable to it for the years 2009 to 2011, is not fully creditable. The audit will now be concluded, except for this context, as questions regarding the crediting of WHT are being separated by the tax authorities and referred for further handling within the tax authorities. Should the tax authorities (partially) deny the crediting of the corresponding amounts, any possible repayment obligations resulting from provisions of tax law are not to be fulfilled by CGME, but by the shareholders of Citigroup Global Markets Finance Corporation & Co. limited partnership (KG), Frankfurt am Main, who were shareholders of CGME during the aforementioned audit period and with whom a tax group for income tax purposes existed. The shareholders in question are Citigroup Global Markets Finance LLC, Delaware/USA (general partner), and Citi Overseas Investments Bahamas Inc., Commonwealth of The Bahamas (limited partner). Based on current knowledge, it is not expected that CGME will be held liable.

According to the results of certain tax audits carried out on customers of CGME's customers, the tax authorities are of the opinion that these customers (also referred to as "primary debtors") carried out stock transactions until 2011 and incorrectly credited the withholding tax incurred on dividend payments plus the solidarity surcharge. The tax authorities take the view that CGME has so-called "secondary liability" if the primary debtors do not fulfil their tax repayment obligations. In this respect, the tax authorities issued liability notices against CGME between 2015 and 2022. CGME filed objections to these liability notices and applied for the suspension of execution under Section 361 (2) AO. The applications until 2021 were approved while the approval of the suspension of execution for 2022 is still outstanding. According to a legal opinion, it is not likely that CGME would have secondary liability for the corresponding tax debts of the customers, on the basis of which CGME could be held liable. Accordingly, the tax risks for CGME continue to be assessed as low.

In addition, there is a tax risk arising from an ongoing tax audit of the Italian branch's transfer pricing practices by the Italian tax authorities for the years 2019–2024, which is currently at a preliminary communication stage preceding a formal assessment and is expected to be completed in the second quarter of 2026.

For the tax audits initiated in 2019, 2022, and 2024 regarding corporate income tax, trade tax as well as value-added tax for the periods 2013 to 2015, 2016 to 2018, and 2019 to 2022, there are some audit findings that are not material in substance.

The payroll tax audits conducted for the assessment periods 2014 to 2017 were concluded in 2024. Provisions for the expected additional payments from these audits were established in previous years and

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were utilized in 2025. In 2022, a tax audit for payroll tax for the years 2018 to 2021 was ordered and commenced. To date, there are no audit findings.

## ***Risks in connection with the branches***

The counterparty default, market price, liquidity, and operational risks associated with the business activities of the branch offices in Madrid, Milan, and Paris, as well as London, are taken into account in the risk management and in the assessment of CGME's risk-bearing capacity.

## **4.6 Summary Description of the Risk Situation**

CGME has sufficient liquidity and capital resources to cover all identified risks and to support sustainable business development in accordance with the agreed business strategy at all times. This also applies under the respective scenarios of the stress tests performed. In the 2025 fiscal year, the regulatory capital requirements were met at all times, and the risk coverage potential within the economic capital requirement was adequate at all times during the fiscal year to support the risk profile resulting from the bank's business activities. The capital ratio improved sustainably once again towards the end of the year through various further developments of the applied models and, at a capital ratio of 31%, was significantly above the target ratio of 18.5%.

The effects of the geopolitical crises surrounding the Ukraine-Russia war, the military conflict in the Middle East, and the political instability in European countries of the EEA-27 economic area were monitored very closely at all times during the past fiscal year. In this context, effects on trading book positions and counterparty risks, in particular, were reviewed through portfolio simulations and stress tests in order to be able to make corrections if necessary. Impacts, including second-order effects such as the increased inflation rate resulting from the energy crisis, were examined, and the results were forwarded to the decision-making bodies. The bank's risk profile has not changed sustainably due to the geopolitical crisis, and no material loss potentials have materialized. This also applies to other geopolitical situations such as the political uncertainty in major economies in the Eurozone and the United States of America. Corresponding stress tests and portfolio simulations were carried out to identify potential impacts on CGME at all times.

In the 2025 fiscal year, the expansions of business activities within the framework of the so-called "Desk Mapping Review" ("DMR") were finally implemented. Corresponding measures in risk appetite, control procedures, staffing, and governance were taken as accompanying actions.

In this context, the bank will also strive for organic growth in the 2026 fiscal year, which, particularly in the context of the very dynamic geopolitical situation, will bring challenges for robust risk management across all lines of defense.

## **PARTIES**

### **OUR OFFICE**

**Citigroup Global Markets Europe AG**  
Boersenplatz 9  
60313 Frankfurt am Main, Germany

### **SPONSOR**

**Citigroup Global Markets Asia Limited**  
50th Floor  
Champion Tower  
Three Garden Road  
Central  
Hong Kong

### **LEGAL ADVISOR AS TO HONG KONG LAW**

**King & Wood**  
13th Floor  
Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

### **AUDITOR**

**BDO AG**  
Wirtschaftsprüfungsgesellschaft  
Hanauer Landstraße 115  
60314 Frankfurt am Main, Germany