

**CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG
S.C.A.**

Registered Number: RCS B 169 199

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 December 2023**

(with the Report of the réviseur d'entreprises agréé thereon)

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

Table of Contents

Management Report and Responsibility Statement for the year ended 31 December 2023
Statement of Board of Managers responsibilities
Report of the réviseur d'entreprises agréé

Statement of Financial Position	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Changes in Equity	3
Statement of Cash Flows	4

Notes to the financial statements

1. General	5
2. Material accounting policies	7
3. Use of assumptions, estimates and judgements	17
4. Net fee and commission income	18
5. Net income from financial instruments at fair value through profit or loss	18
6. General and administrative expenses	19
7. Income tax expense	20
8. Reconciliation of movements of liabilities to cash flows arising from financing activities	21
9. Financial instruments designated and mandatorily measured at fair value through profit or loss	21
10. Derivative assets and liabilities	22
11. Financial assets and liabilities	23
12. Share capital and reserves	36
13. Other assets and other liabilities	37
14. Related parties transactions	37
15. Managers' remuneration	39
16. Employee involvement	39
17. Financial instruments and risk management	39
18. Capital management	49
19. Contingent liabilities and financial commitments	49
20. Segmental reporting	50
21. Non-financial information	51
22. Russia-Ukraine conflict and macroeconomic risks and uncertainties	52
23. Subsequent events	52

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Management Report and Responsibility Statement for the year ended 31 December 2023

The Management presents its Report and the financial statements for the year ended 31 December 2023.

1. Activities and review of the development of the business

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

The Company is a 100% subsidiary of Citigroup Global Markets Limited (hereafter “the Parent” or “CGML”), which is a private company limited by shares governed by the Law of the United Kingdom “UK”. CGML is a wholly-owned indirect subsidiary of Citigroup Inc. (hereafter “the Ultimate Parent Company” or “Citigroup”). It is headquartered in London, and operates globally, generating the majority of its business from Europe, Middle East and Africa (EMEA) region, with the remainder coming from Asia and the Americas.

The state of affairs of CGMFL at the closing of the financial year is adequately presented in the financial statements, as published herein. The course of business of the Company has been as expected by the Board of Managers (hereafter “the Board”). During 2023, the Company conducted its activity as an issuer of structured notes, certificates and warrants and thereby raising funding for group companies.

During the year ended 31 December 2023, the Company did not exercise any research and development activity, nor have a branch, nor acquire own shares.

2. Business review

During the financial year:

- The Company reports a net profit of USD 168,620;
- The Company issued 13,391 structured notes (in the form of new products or new tranches) under the Global Medium Term Note Programme for a proceed amount of USD 20,598,108,297 and 7,687 securities (in the form of new products or new tranches) under the Citi Warrant Programme, of which 2,718 are presented in the financial statements as index linked certificates for a proceed amount of USD 2,257,352,261 and 4,969 warrants presented in the financial statements as derivatives for a proceed amount of USD 3,578,524,299;
- The Company issued 193 preference shares in USD, in EUR and in GBP for a net proceed equivalent amount of USD 23,028;
- 5,969 structured notes matured for a proceed amount of USD 5,817,488,307 (USD 4,977,619,463 in cash payments and USD 839,868,844 through physical settlements) and 2,114 index linked certificates matured for a proceed amount of USD 1,508,875,345 (USD 1,111,059,278 in cash payments and USD 397,816,067 through physical settlements) as well as 1,671 warrants matured for a proceed amount of USD 1,523,368,360 (USD 1,081,868,451 in cash payments and USD 441,499,909 through physical settlements);
- The Company fully redeemed 7,745 structured notes with a proceed amount of USD 9,991,609,617 and 442 index linked certificates for a proceed amount of USD 438,063,616 as well as 2,221 warrants for a proceed amount of USD 1,345,389,627;
- The Company redeemed 214 preference shares in USD, EUR and in GBP for a net proceed equivalent amount of USD 29,792.
- The Company fully or partially retired 2,266 structured notes with a net proceed amount of USD 7,564,006,114, 54 index linked certificates with a net proceed amount of USD 114,366,333 as well as 8 warrants with a net proceed amount of USD 4,337,816.
- The Company paid 51,556 coupons for a total amount of USD 1,025,785,079;
- There were no credit events that affected the Company.
- The Managers do not recommend the payment of a dividend.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

3. Principal risks and uncertainties

The Company has exposure to the following risks from its use of financial instruments. It does not have any externally imposed capital requirements, other than the minimum capital requirements of the Commercial Law in Luxembourg. We also refer to Note 17 of the financial statements as at 31 December 2023.

(i) Credit Risk

The Company defines credit risk as the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations.

The Company's exposure to credit risk mainly relates to the counterparty risk of its Parent, CGML, in respect of structured notes, index linked certificates and derivative assets purchased as offsetting positions for the structured notes, index linked certificates and derivative liabilities issued by the Company. In respect of cash and cash equivalents, the credit risk mainly relates to the counterparty risk of other affiliates. The structured notes, index linked certificates issued and the offsetting positions taken by the Company in relation to the notes and certificates are both fully funded, which means that the Company is not subject to external credit risk outside Citigroup. Further the derivatives issued by the Company have offsetting transactions entered into with its Parent, CGML, which take the form of swaps having the same economic exposures. CGML implemented a concentration risk management framework which includes the monitoring of risk limits by relationship, country and industry.

The credit process established at CGML is grounded in a series of fundamental policies, including:

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

The structured notes, index linked certificates and derivatives issued by the Company are subject to the credit risk of CGML, as these are unsecured and stated to be subject to the credit risk of CGML.

(ii) Liquidity Risk

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

The Company effectively does not face significant liquidity risk as all cash flows relating to interest and principal payments on the structured notes, index linked certificates and derivatives issued by the Company are exactly matched by offsetting transactions with CGML, which results in net liquidity exposure of USD 1,526 thousand (refer to Note 17(d) of the financial statements) for the Company. As issuer of the structured notes, index linked certificates and derivatives, the Company itself does not make any representation as to investors' ability to sell these notes, certificates and derivatives back to the Company at any time. As such, investors take the risk of the structured notes, index linked certificates and derivatives being illiquid – this is further described in the "Risk Factors" section of the base prospectuses under which the Company issues such structured notes, certificates and derivatives.

In the Secondary Market, structured notes, warrants or certificates may become illiquid. It is not possible to predict the price at which structured notes, warrants or certificates will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list structured notes, warrants or certificate on a stock exchange. If they are not listed or traded on any exchange, pricing information for the structured notes, warrants or certificates may be more difficult to obtain and their liquidity may be adversely affected.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

3. Principal risks and uncertainties (continued)

(ii) Liquidity Risk (continued)

Management of liquidity risk at CGML is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup (“Citi Global Liquidity Risk Management Policy”) and its major operating subsidiaries. The Policy establishes the standards for defining, measuring, limiting and reporting liquidity risk to ensure the transparency and comparability of liquidity risk taking activities and the establishment of an appropriate risk appetite.

The forum for liquidity issues at CGML is the UK Asset/Liability Management Committee (“ALCO”).

CGML’s liquidity position is calculated and reported to Senior Management on a daily basis and reviewed formally by the UK ALCO committee and the Board.

(iii) Market Risk

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

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

The Company is hedging internally with CGML to reduce market risk associated with its transactions.

By construction, the market risk of notes, certificates or derivatives issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent. The Company’s obligation to pay the redemption amount is offset through an instrument with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes (refer to Note 9, Note 10, and Note 11 of the financial statements). Consequently, the Company effectively does not bear any market risk on the notes, certificates or derivatives it issues. Any market risk is faced by CGML, which in turn manages its market risk in accordance with the principles set out in Note 17 of the financial statements as at 31 December 2023.

(iv) Country Risk

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

The Company effectively does not face significant exposure to country risk. Given the nature of the structured notes, index linked certificates and derivatives issued by the company, which passes risk in the underlying reference assets to investors, and the Company’s corresponding offsetting position with CGML, the Company has limited exposure to country risk itself (other than country risk associated with the United Kingdom as the domicile of CGML, and the country risk arising with the Grand Duchy of Luxembourg itself).

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

3. Principal risks and uncertainties (continued)

(iv) Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. It includes reputation risks associated with Citigroup's business practices or market conduct. It also includes the risk of failing to comply with applicable laws, regulations, ethical standards or Citigroup policies. Operational Risk does not encompass strategic risk or the risk of loss resulting solely from authorised judgments made with respect to taking credit, market, liquidity, or insurance risk.

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

Citigroup maintains an Operational Risk Management (ORM) framework with a Governance Structure to ensure effective management of Operational Risk across Citigroup. The Governance Structure presents the Three Lines of Defense:

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

To anticipate, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for monitoring, assessing and communicating operational risks and the overall effectiveness of the internal control environment across Citigroup. As part of this framework, Citigroup has established a Manager's Control Assessment (MCA) programme which helps managers to self-assess Material Operational Risks (MORs) and controls and to identify and address weaknesses in the design and effectiveness of internal controls that mitigate significant operational risks.

The process established by the ORM framework is expected to lead to effective anticipation and mitigation of operational risk and improved operational risk loss experience and includes the following steps:

- identify and assess Material Operational Risks (MORs);
- design controls to mitigate identified risks;
- establish Key Risk Indicators (KRIs);
- implement a process for early problem recognition and timely escalation;
- produce comprehensive operational risk reporting; and
- ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

The MORs of the Company's activities are included in the MORs of CGML businesses. In relation to the above-mentioned risks we also refer to Note 17 of the financial statements as at 31 December 2023.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

3. Principal risks and uncertainties (continued)

(v) *Russia-Ukraine Conflict*

Russia's war in Ukraine has caused supply shocks in energy, food and other commodities markets, worsened inflation, increased cybersecurity risks, increased the risk of recession in Europe and heightened geopolitical tensions. Actions by Russia, and any further measures taken by the U.S. or its allies, could continue to have negative impacts on regional and global energy and other commodities and financial markets and macroeconomic conditions, adversely impacting jurisdictions where Citi operates and Citi's customers, clients and employees.

The Company does not have direct exposures in Russia or Ukraine and therefore, has not been directly impacted by the geopolitical tensions or conflict in Ukraine. The Company has exposures in Russian rouble ("RUB"), however even a reasonably expected foreign currency rate change would not be material to the financial statements of the Company. The Company currently holds a non-significant cash balance denominated in RUB, equivalent to USD 288 thousand, with Citibank in Russia. The Company also has USD 14,8 million of structured products issued outstanding denominated in RUB. These represent less than 0.06% of the total assets of the Company. Indirect exposures through structured products with underlying instruments in Russia or in Ukraine are mostly denominated in RUB and are therefore not significant for the Company.

The Company continues to closely monitor the war in Ukraine, related sanctions and economic conditions and continues to mitigate its Russia exposures and risks as appropriate.

(vi) *Macroeconomic and Other Risks and Uncertainties*

As was reported in the ultimate parent company's (Citigroup's) Annual Report on SEC Form 10-K for the year ended 31 December 2023, various geopolitical, macroeconomic and regulatory challenges and uncertainties continue to adversely affect economic conditions in the U.S. and globally including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, the Russia-Ukraine war and escalating conflicts in the Middle East. These and other factors have negatively impacted global economic growth rates and consumer sentiment and have resulted in a continued risk of recession in various regions and countries globally. In addition, these and other factors could adversely affect Citi's customers, clients, businesses, funding costs, cost of credit and overall results of operations and financial condition during 2024.

The Company continues to monitor the external environment to mitigate potential risks. There are no adverse impact as of the date of preparation of these financial statements.

4. Statement of financial position

Total assets amounted to USD 25,001,368 thousand (USD 27,121,101 thousand as at 31 December 2022). This is the result of notes with a lower market value outstanding 31 December 2023, which is in line with Management expectations and the funding need of CGML's business.

5. Results and dividends for the year ended 31 December 2023

The results for the period are set out in the Statement of Profit or Loss and Other Comprehensive Income of the financial statements. The Board of Managers ("the Board") recommends to allocate USD 168,620 to the result carried forward. The Board recommends not to distribute a dividend for the year under review.

6. Key performance indicators

In addition to monitoring the financial results of the Company, the Management also consider the tracking of key non-financial items, i.e. regulatory capital and liquidity requirements. Please refer to the Notes of the Company's financial statements for the year ended 31 December 2023 for further information.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

7. Going concern

As set out in the Market Risk section, risks are materially transferred to CGML as part of the back-to-back structure. The Company's obligation to pay redemption amounts is hedged through an instrument with CGML as sole counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes. Consequently, the Company effectively does not bear any market risk on the notes, certificates, or derivatives issued.

In addition liabilities of the Company are covered by an "all monies guarantee" issued on 11 May 2017 by CGML ("the Guarantor").

During the year 2023, the Company has noticed an increase in the volume of instruments issued. However, the total balance sheet has decreased in line with of CGML's funding requirements.

As a result, the Company's going concern assessment is closely tied to that of CGML.

Considering the Russia-Ukraine Conflict, the Company has not been directly impacted by the war in the region, by sanctions on Russia, or by the high inflation, which is impacting the economy globally and mainly Europe. CGMFL's exposure to RUB currency is also less than 0.06% of its total assets.

As interest rates continue to increase, depending on the class of assets, certain structured products may also become less attractive for investors.

During the year 2023, the Company has continued to issue structured products and to meet the liquidity requirements of CGML.

The Board has considered the aforesaid and the Company's financial structure and has a reasonable expectation that the Company will be able to meet the mandatory repayment terms of its different commitments and has adequate resources to continue to operate for the foreseeable future. Accordingly, the Board has adopted the going concern basis of preparation for these financial statements.

8. Financial instruments

The financial risk management objectives and policies and the exposures to credit risk and liquidity risk of the Company have been disclosed in the risk management policies in the Management Report of the Company's financial statements for the year ended 31 December 2023 and have not materially changed in the reporting period.

It does not have any externally imposed capital requirements, other than the minimum capital requirements of the Commercial Law in Luxembourg.

9. Board of Managers and their interests

The Board who held office on 31 December 2023 did not hold any shares in the Company at that date, or during the period. There were no contracts of any significance in relation to the business of the Company in which the Managers had any interest, at any time during the period.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

10. Statement of Board of Managers' responsibilities

The Board of CGMFL is responsible for preparing the Management Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and applicable laws.

Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period. In preparing each of the Company's financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS Accounting Standards as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business in the foreseeable future.

The Board confirms that it has complied with the above requirements in preparing the financial statements attached herewith.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial positions of the Company, and which enable them to ensure that the financial statements comply with the applicable Luxembourg laws.

The Board confirms that to the best of its knowledge, the financial statements which have been prepared in accordance with IFRS Accounting Standards as adopted by the EU give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Company.

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

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

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

11. Corporate Governance Statement

The Company is subject to and complies with the Commercial Law of Luxembourg, the Listing Rules of the Luxembourg Stock Exchange (BdL Market and EuroMTF) and the Listing Rules of the Irish Stock Exchange (Euronext Dublin and Global Exchange Market), of the Nasdaq Stockholm AB Stock Exchange, of the Frankfurt Freiverkehr, of the Italian EuroTLX, of Vienna Stock Exchange and of the London Stock Exchange (Main Market and International Securities Market). The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to its own corporate governance requirements; in particular, the Company's Parent, CGML, has in place a dedicated management team and governance structure. CGML provides operational and technology services, in line with the global technology model used by its businesses, and relies on shared services provided centrally or by local Citigroup entities.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

11. Corporate Governance Statement (continued)

Financial Reporting Process

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

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

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

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

Risk Assessment

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

Monitoring

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

Capital Structure and Share Capital

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

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

11. Corporate Governance Statement (continued)

Capital Structure and Share Capital (continued)

The subscribed share capital of the Company is equivalent to two million five hundred seven thousand and two hundred USD (USD 2,507,200) divided into:

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

CGML also held four hundred and twenty-eight (428) redeemable preferred shares in four hundred and twenty-eight (428) different classes each having a nominal value of EUR one (1) each. The redeemable preference shares issued are classified as a financial liability and presented in the caption “Redeemable preference shares” because it is mandatorily redeemable in cash.

Except the preference shares, which are not entitled to any dividend, all shares confer identical rights in respect of capital, dividends, voting and otherwise. Refer to Note 12 of the financial statements as at and for the year ended 31 December 2023.

During the year, one hundred and ninety three (193) new preference shares have been issued to CGML for a total amount of USD 23,028 (including share premium). During the year, the Company redeemed 214 (two hundred and fourteen) preference shares in USD, EUR and in GBP for a net proceed equivalent amount of USD 29,792.

Powers of Managers

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

There is no agreement between the Company and its Board providing for compensation if they resign or are removed from office for any reason by a Shareholders’ decision.

12. Events after the reporting period

Subsequent to the year-end and until 12 April 2024, the Company has issued 6,793 structured notes (in the form of new products or new tranches) for a net proceed amount of USD 7,081,149,995 and 2,711 securities (in the form of new products or new tranches), of which 684 are presented in the financial statements as index linked certificate for a net proceed amount of USD 589,944,451 and 2,027 warrants presented in the financial statements as derivatives for a net proceed amount of USD 1,198,345,042. The Company issued 41 preference shares in USD and in GBP for a net proceed equivalent amount of USD 4,961.

Subsequent to the year-end, 1,629 structured notes matured for a proceed amount of USD 2,138,045,229 and 604 index linked certificates matured for a net proceed amount of USD 212,079,252 as well as 730 warrants matured for a net proceed amount of USD 238,375,529.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

12. Events after the reporting period (continued)

The Company fully redeemed 3,680 structured notes for a net proceed amount of USD 3,753,429,643 and 32 index linked certificates for a net proceed amount of USD 17,167,219 as well as 1,255 warrants presented as derivatives for a net proceed amount of USD 707,943,831.

At the date on which these financial statements were approved, there were no other significant events affecting the Company since the year end.

13. Expected future development

The performance of the Company for 2024 will depend on the performance of the stock markets, on the appetite of retail and institutional investors for structured products, the increase of the market share of Citigroup products as well as on the liquidity requirements of CGML and the various sources of funding available.

If interest rates continue to increase, depending on the class of assets, structured products may also become less attractive for investors.

The impacts on the economic conditions of the various geopolitical, macroeconomic and regulatory challenges and uncertainties, including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, the Russia–Ukraine war and escalating conflicts in the Middle East will also affect the demand for structured products from both retail and institutional investors.

The Company will closely continue to identify, monitor and manage key emerging risks to its strategy or growth plan, while continuing to support Citigroup's reorganisation efforts announced in the third quarter.

The Company has a stable business model that has proven its performance and resilience through recent periods of stress.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

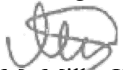
14. Audit Committee

The Company makes use of the exemption to the requirement to establish its own audit committee based on Art. 52. § 5 a) of the Luxembourg Audit Law, as the audit committee of CGML, which covers the firm, including the Company and is formed of entirely non-management, independent directors, and complies with the requirements set out in paragraphs 1 to 4 of article 52 of the law of 23 July 2016 relating to the audit profession, article 11(1) and (2) and article 16(5) of Regulation 537/2014.

The Audit Committee of Citigroup Global Markets Limited, has delegated the following responsibilities to the Board of its subsidiary, CGMFL:

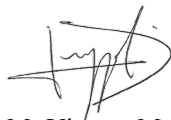
- Overseeing the integrity of CGMFL’s financial statements and CGMFL’s accounting and financial reporting processes and financial statement audits.
- Overseeing CGMFL’s compliance with Luxembourg legal and regulatory requirements.
- Overseeing CGMFL’s independent auditor’s qualifications and independence.
- Overseeing CGMFL’s independent auditor performance.
- Overseeing CGMFL’s system of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the company.
- Pre-approve any permitted non-audit services (“NAS”), rendered by its auditor or any member of its auditor’s network.
- Ensure that expenses of NAS pre-approved are not above the 70% cap of audit fees based on a three-year rolling average.
- Ensure the implementation of rotation rules of independent auditor in accordance with Luxembourg laws.

Bertrange, 26 April 2024



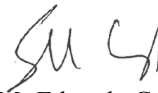
Ms Milka Krasteva

Manager



Mr Vincent Mazzoli

Manager



Mr Eduardo Gramuglia
Pallavicino

Manager

Registered in Luxembourg

Registered Office: 31, Z.A. Bourmicht, L-8070 Bertrange

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Statement of Board of Managers' responsibilities

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

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

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

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

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

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

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

Bertrange, 26 April 2024



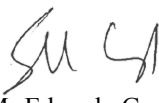
Ms Milka Krasteva

Manager



Mr Vincent Mazzoli

Manager



Mr Eduardo Gramuglia
Pallavicino

Manager



KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

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

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Citigroup Global Markets Funding Luxembourg S.C.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

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

Valuation of financial instruments (structured notes purchased and issued, index linked certificates purchased and issued, derivative assets and liabilities)

a) Why the matter was considered to be one of most significance in our audit of the financial statements for the year ended 31 December 2023

Valuation of financial instruments (structured notes purchased and issued, index linked certificates purchased and issued, derivative assets and liabilities) held at fair value is a key area of audit focus due to its financial significance and inherent judgment involved in determining the fair values.

As at 31 December 2023, “Structured notes purchased” and “Structured notes issued” amount to USD 23,331 million each (31 December 2022: USD 26,311 million each), “Index linked certificates purchased” and “Index linked certificates issued” amount to USD 554 million each (31 December 2022: USD 461 million each), and “Derivative assets” and “Derivative liabilities” amount to USD 817 million each (31 December 2022: USD 310 million each), representing collectively 98.80% of total assets (31 December 2022: 99.86% of total assets) and 98.81% of total liabilities (31 December 2022: 99.86% of total liabilities).

As at 31 December 2023, Level 3 “Structured notes purchased” and “Structured notes issued” amount to USD 3,582 million each (31 December 2022: USD 3,995 million each), Level 3 “Index linked certificates purchased” and “Index linked certificates issued” amount to USD 14 million each (31 December 2022: USD 35 million), and Level 3 “Derivative assets” and “Derivative liabilities” amount to USD 23 million (31 December 2022: USD 36 million).

Financial instruments issued by the Company are executed over-the-counter, are structured in nature and contain hybrid security features. Financial instruments purchased are offsetting transactions to the Company’s financial instruments issued and take the form of fully-funded swaps, which reflect the individual features of the financial instruments issued. As at 31 December 2023, these financial instruments are classified as Level 2 or Level 3 in the fair value hierarchy.

The Company is a wholly owned indirect subsidiary of Citigroup Inc. (Citigroup Inc. and its subsidiaries, “Citigroup”) and multiple services with regards to valuation of financial instruments are provided to the Company by other Citigroup entities.

The fair value of such financial instruments is determined through the application of valuation techniques and valuation models, including observable and unobservable inputs. Citigroup has developed and maintains its own models to value Level 2 and Level 3 financial instruments. Those models can require using significant management judgement and estimation such that changes to key inputs made can result, either on an individual instrument or in aggregate, in a material change to the valuation of financial instruments. Therefore, we consider the valuation of Level 2 and Level 3 financial instruments as areas of higher assessed risk of material misstatement and of significant risk respectively.



Refer to Note 2(i) “Principal accounting policies – Fair value measurement”, Note 3 “Use of assumptions, estimates and judgements”, Note 9 “Financial instruments designated and mandatorily measured at fair value through profit or loss”, Note 10 “Derivative assets and liabilities”, and Note 11 “Financial assets and liabilities” for further disclosures on the valuation of financial instruments.

b) How the matter was addressed in our audit

Our procedures over controls related to the valuation of financial instruments included, but were not limited to, the following:

- We obtained the portfolio of financial instruments and analysed them by their model type applied;
- We made inquiries of the Board of Managers regarding the procedures and controls relating to the valuation of financial instruments;
- We instructed KPMG in other locations to test the design, implementation and operating effectiveness of key internal controls executed at the level of Citigroup in those locations, including, but not limited to, the following:
 - data feeds and inputs to valuation;
 - reconciliations, either fully automated or with manual components, between front and back end IT systems;
 - independent price verification, a process of comparing internal prices and parameters used to mark positions to obtain position valuations to a corresponding set of independently verifiable external prices and parameters;
 - where control deficiencies have been identified, test the design, implementation and operating effectiveness of compensating controls;
- We evaluated the results of KPMG in the other locations involved in the testing of design, implementation and operating effectiveness of the controls relating to the valuation of financial instruments.

Our substantive procedures over the valuation of financial instruments included, but were not limited to, the following:

- We instructed KPMG in other locations to substantively test certain models used as at 31 December 2023 for the valuation of financial instruments measured at fair value;
- We engaged our own KPMG valuation specialists to assist us in performing independent valuation of a sample of Level 2 financial instruments and a sample of Level 3 financial instruments in balance as at 31 December 2023, comparing these to the Company’s valuations, and evaluating the resulting differences, if any;
- We engaged our own KPMG valuation specialists to assist us in challenging the Company’s assessment on credit value adjustments, debit value adjustments and own credit adjustments described in Note 2(i) “Principal accounting policies – Fair value measurement”.

We assessed the completeness and accuracy of disclosures relating to these financial instruments to determine compliance with IFRS Accounting Standards as adopted by the European Union.



Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the financial statements

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

The Board of Managers is responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (“ESEF Regulation”).

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

Responsibilities of the réviseur d'entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to assess whether the financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.



As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

We have been appointed as “réviseur d'entreprises agréé” by the Board of Managers on 26 April 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is twelve years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the financial statements of the Company as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Company it relates to:

— Financial statements prepared in a valid XHTML format.

In our opinion, the financial statements of Citigroup Global Markets Funding Luxembourg S.C.A. as at 31 December 2023, identified as “549300EVRWDWFJUNNP53-2023-12-31-en.XHTML”, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the financial statements of Citigroup Global Markets Funding Luxembourg S.C.A. as at 31 December 2023, identified as “549300EVRWDWFJUNNP53-2023-12-31-en.XHTML”, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 26 April 2024

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

Florent Thill
Partner

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	31 December 2023 \$ 000	31 December 2022 \$ 000
Assets			
Cash and cash equivalents	11	176,858	4,574
Derivative assets	10,11	816,668	310,132
Structured notes purchased	9,11	23,331,350	26,311,412
Index linked certificates purchased	9,11	554,183	461,272
Other assets	11,13	122,309	33,711
Total assets		25,001,368	27,121,101
Liabilities			
Bank loans and overdrafts	11	23,951	9,441
Derivative liabilities	10,11	816,668	310,132
Structured notes issued	9,11	23,331,350	26,311,412
Index linked certificates issued	9,11	554,183	461,272
Redeemable preference shares	12,11	53	49
Other liabilities	11,13	273,637	27,470
Current tax liabilities	7	91	59
Total liabilities		24,999,933	27,119,835
Equity			
Share capital	12	627	627
Reserves**	12	63	63
Foreign currency translation reserve	12	41	41
Retained earnings		704	535
Total equity		1,435	1,266
Total liabilities and equity		25,001,368	27,121,101

** legal reserve has been allocated up to 10% of the EUR paid up capital as the presentation currency is USD. There is a foreign exchange impact.

The accompanying notes form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 \$ 000	For the year ended 31 December 2022 \$ 000
Interest and similar income		14	—
Net fee and commission income	4	3,645	3,475
Net income from financial instruments at FVTPL	5, 20	—	—
Total operating income		3,659	3,475
General and administrative expenses	6	(3,432)	(3,272)
Profit before income tax		227	203
Income tax expense	7	(58)	(59)
Profit for the year		169	144
Total comprehensive income for the year		169	144
Profit attributable to:			
Equity holders of the Company		169	144
Non-controlling interest		—	—
Total comprehensive income attributable to:			
Equity holders of the Company		169	144
Non-controlling interest		—	—

The accompanying notes form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share Capital	Reserves	Foreign currency translation reserve	Retained Earnings	Total Equity
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Balance as at 1 January 2022	627	63	41	391	1,122
Total comprehensive income for the year	—	—	—	144	144
Balance as at 31 December 2022	627	63	41	535	1,266
Total comprehensive income for the year	—	—	—	169	169
Balance as at 31 December 2023	627	63	41	704	1,435

There are no non-controlling interests existing as at 31 December 2023 (31 December 2022: none).

The accompanying notes form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 \$ 000	For the year ended 31 December 2022 \$ 000
Cash flow from operating activities			
Profit before tax		227	203
Adjustments to reconcile profit before tax to net cash flow from operating activities			
Net (increase) in operating assets:			
Change in other assets	13	(88,598)	(11,894)
Net increase/(decrease) in operating liabilities:			
Change in accruals and other liabilities	13	246,167	(89,796)
Change in current tax liabilities		32	13
Income tax paid	7	(58)	(59)
Net cash flow from/(used in) operating activities		157,770	(101,533)
Cash flow from investing activities			
Payments in relation to financial instruments purchased		(26,433,985)	(27,601,135)
Interest received on financial instruments purchased		1,025,786	969,356
Proceeds from maturity of financial instruments		8,849,731	10,271,542
Proceeds from redemption and retirement of financial instruments		19,457,773	9,595,437
Net cash flow from investing activities		2,899,305	(6,764,800)
Cash flow from financing activities			
Proceeds from issuance of redeemable preference shares	8, 12	23	37
Proceeds from issuance of financial instruments	8	26,433,985	27,601,135
Interest paid on financial instruments issued	8	(1,025,786)	(969,356)
Payment in relation to financial instruments matured	8	(8,849,731)	(10,271,542)
Payments from redemption and retirement of financial instruments	8	(19,457,773)	(9,595,437)
Payments from redemption and retirement of redeemable preference shares	8	(30)	(6)
Net cash flow from financing activities		(2,899,312)	6,764,831
Net increase/(decrease) in cash and cash equivalents		157,763	(101,502)
Cash at bank including bank overdrafts at 1 January		(4,867)	96,644
Foreign Exchange		11	(9)
Cash at bank including bank overdrafts at 31 December	11	152,907	(4,867)

The accompanying notes form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General

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

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

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

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

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

The Company may also:

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

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

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

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

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

As a first level of consolidation, the Company is included in the consolidated financial statements of Citigroup Global Markets Holdings Inc. and its subsidiaries prepared in accordance with U.S. GAAP. forming the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking. The Company is also included in the consolidated financial statements of Citigroup Inc. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General (continued)

The registered office of the ultimate parent is located at 399 Park Avenue, New York. The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from <https://www.citigroup.com/global/investors/annual-reports-and-proxy-statements>.

The financial statements of the Company at the year ended 31 December 2023 are available upon request from the Company's registered office at 31 Z.A. Bourmicht, L-8070 Bertrange, the Grand Duchy of Luxembourg.

The Company's immediate parent undertaking is Citigroup Global Markets Limited ("the Parent" or "CGML"), a company registered at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB.

The Company is primarily a funding vehicle for CGML, issuing structured notes and warrants (presented in the financial statements as derivatives) and redeemable preference shares.

At the year ended 31 December 2023 and 31 December 2022, Long-term/Short-term senior debt was rated A+/A-1 by S&P, and a long term senior debt rating of A1 by Moody's and A+ by Fitch.

Multiple services with regards to valuation of financial instruments are provided to the Company by other Citigroup entities.

During the financial year, the Company issued 13,391 structured notes (in the form of new products or new tranches) under the Global Medium Term Note Programme for a proceed amount of USD 20,598,108,297 and 7,687 securities (in the form of new products or new tranches) under the Citi Warrant Programme, of which 2,718 are presented in the financial statements as index linked certificates for a proceed amount of USD 2,257,352,261 and 4,969 warrants presented in the financial statements as derivatives for a proceed amount of USD 3,578,524,299.

The Company issued 193 preference shares in USD, in EUR and in GBP for a net proceed equivalent amount of USD 23,028.

5,969 structured notes matured for a proceed amount of USD 5,817,488,307 (USD 4,977,619,463 in cash payments and USD 839,868,844 through physical settlements) and 2,114 index linked certificates matured for a proceed amount of USD 1,508,875,345 (USD 1,111,059,278 in cash payments and USD 397,816,067 through physical settlements) as well as 1,671 warrants matured for a proceed amount of USD 1,523,368,360 (USD 1,081,868,451 in cash payments and USD 441,499,909 through physical settlements). The Company fully redeemed 7,745 structured notes with a proceed amount of USD 9,991,609,617 and 442 index linked certificates for a proceed amount of USD 438,063,616 as well as 2,221 warrants for a proceed amount of USD 1,345,389,627. The Company redeemed 214 preference shares in USD, EUR and in GBP for a net proceed equivalent amount of USD 29,792.

The Company redeemed 214 preference shares in USD, EUR and in GBP for a net proceed equivalent amount of USD 29,792.

The Company fully or partially retired 2,266 structured notes with a net proceed amount of USD 7,564,006,114, 54 index linked certificates with a net proceed amount of USD 114,366,333 as well as 8 warrants with a net proceed amount of USD 4,337,816.

The Company paid 51,556 coupons for a total amount of USD 1,025,785,079;

During the financial year, 171 instruments were listed on the Official Market of the Irish Stock, 298 on the Global Exchange Market (GEM), 134 on the Frankfurt Freiverkehr, 206 on the Luxembourg Official Stock Exchange, 131 on the Italian EuroTLX, 211 on the Luxembourg MTF, 102 on the London Stock Exchange, 3,288 on the London Stock Exchange ISM, 5 on the Nasdaq Stockholm AB and 1 on Vienna Stock Exchange MTF.

During the year 2023, the Company has noticed an increase in the volume of instruments issued. However, the total balance sheet has decreased in line with of CGML's funding requirements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General (continued)

In considering going concern, the Company and CGML continue to closely monitor the impacts on the economy of the various geopolitical, macroeconomic and regulatory challenges and uncertainties, that continue to adversely affect economic conditions in the U.S. and globally, including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, the Russia–Ukraine war and escalating conflicts in the Middle East. These and other factors have negatively impacted global economic growth rates and consumer sentiment and have resulted in a continued risk of recession in various regions and countries globally. In addition, these and other factors could adversely affect Citi’s customers, clients, businesses, funding costs, cost of credit and overall results of operations and financial condition during 2024.

In 2023, the Company has not been directly impacted by the war in the region, by sanctions on Russia, or by the high inflation.

As interest rates continue to increase, depending on the class of assets, certain structured products may also become less attractive for investors.

During the year 2023, meeting the liquidity requirements of CGML, the Company has continued to issue structured products.

CGMFL currently holds a small Russian rouble (“RUB”) cash balance equivalent to USD 288 thousand with Citibank in Russia and has only USD 14,8 million outstanding in RUB denominated issued structured products. These represent 0.06% of the total assets of the Company.

2. Material accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

As from 1st January 2018, the Board assessed that the functional currency of the Company was USD and the financial statements are therefore presented in USD. Please also refer to Note 2(c).

The Company has rounded figures to the nearest thousand USD (“\$ 000”), unless otherwise stated. The Company’s financial year is the calendar year. These financial statements are of the individual Company and are prepared on a going concern basis.

The Board has reviewed the capital, liquidity and financial position of the Company including future capital, liquidity and financial plans covering a period of at least 12 months from the date of approval of these financial statements.

As set out in the Market Risk section, risks are materially transferred to CGML as part of the back-to-back structure. The Company’s obligation to pay redemption amounts is hedged through an instrument with CGML as sole counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes. Consequently, the Company effectively does not bear any market risk on the notes, certificates, or derivatives issued.

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

The financial statements were authorised for issue by the Board of Managers on 26 April 2024.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(b) New currently effective and forthcoming standards and amendments to the standards

New and amended standards and interpretations applicable as from 1 January 2023

The accounting policies adopted are consistent within the accounts and with those of the previous financial year, except for certain amendments to the IFRS Accounting Standards implemented as at 1 January 2023, which did not have a material impact on the Company unless otherwise noted below. There were no other material or amended standards or interpretations that resulted in a change in accounting policy for the year ended 31 December 2023, including:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) (from 23 May 2023)

Standards and interpretations issued but not yet effective as at 31 December 2023

The accounting standards and amendments set out below have been issued by the IASB, but are not yet effective for the Company. The Company does not plan on early adoption of these standards.

- Non current Liabilities with Covenants (Amendments to IAS 1);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (not yet endorsed by the EU);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (not yet endorsed by the EU);
- Lack of Exchangeability (Amendments to IAS 21) (not yet endorsed by the EU);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (not yet endorsed, effective date deferred indefinitely).

These new or amended standards are not expected to have a significant impact on the Company's financial statements, and the Company does not plan to early adopt them.

(c) Foreign currencies

On 9 November 2018, the shareholder resolved to convert the presentation currency of the Company from EURO ("EUR") to United States Dollar ("USD" or "\$"), with an effective date of 1st January 2018, following the assessment of the Board that the functional currency of the Company as of 1st of January 2018 is USD.

In its assessment of the functional currency, the Board has used judgement and considered the underlying transactions, events and conditions applicable to the Company, as at 1st of January 2018.

This change in functional currency as at 1st of January 2018 has been considered to lead to a change in presentational currency in accordance with IAS 1.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(c) Foreign currencies (continued)

At the date of the statement of financial position, monetary assets and liabilities were translated at the year-end rates of foreign exchange and resulting translation differences were included in the statement of profit or loss and other comprehensive income. All translation differences on monetary assets and liabilities of the Company are going throughout profit or loss exclusively. Any exchange profits and losses on non-monetary items are taken directly to the statement of profit or loss and other comprehensive income. Transactions in foreign currencies are measured in the functional currency of the primary economic environment in which the Company operates. All amounts have been rounded to the nearest thousands, except when otherwise indicated. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value (including any foreign currency retranslation gains and losses) are reported in the statement of profit or loss and other comprehensive income. Any initial gain or loss on financial instruments where valuation is dependent on valuation techniques using unobservable parameters are deferred over the life of the contract or until the instrument is redeemed, transferred or sold or the fair value becomes observable.

(d) Net interest expense

Interest income and expense on financial assets and liabilities are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. Fair value changes on other financial assets and liabilities carried at fair value through profit or loss are presented in “net income from financial instruments at fair value through profit or loss” in the statement of profit or loss and other comprehensive income (refer to Note 2 (f)).

(e) Net fee and commission income

Net fee and commission income is recognised on a straight-line basis. Fee and commission income relates to intra-group financing (in the form of structured notes purchased, index linked certificates purchased and derivative assets) and administrative services for the benefit of CGML, and is calculated on a ‘cost plus margin’ basis.

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

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

Net income from financial instruments at fair value through profit or loss relates to financial assets and financial liabilities designated or mandatorily measured at fair value through profit or loss, and includes all realised and unrealised fair value gains and losses, together with related interest income and expense, accrued interest, dividends and foreign exchange gains and losses.

The Company issues notes to investors, who subscribe and pay the issue price. The same day, the Company enters into a fully funded swap with CGML. The fact that both transactions take place on the same day mitigates the Company against foreign exchange gain or loss.

(g) Derivatives

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(g) Derivatives (continued)

In the normal course of business, the fair value of a derivative on initial recognition is considered to be the transaction price (i.e. the fair value of the consideration given or received). However, in certain circumstances the fair value of an instrument will be evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, including interest rate yield curves, option volatilities and currency rates.

When such evidence exists, the Company recognises a trading profit or loss on inception of the derivative. If observable market data are not available, the initial increase in fair value indicated by the valuation model, but based on unobservable inputs, is not recognised immediately in the statement of profit or loss and other comprehensive income but is recognised over the life of the transaction on an appropriate basis, or recognised in the statement of profit or loss and other comprehensive income when the inputs become observable, or when the transaction matures or is closed out.

(h) Financial instruments

Classification and measurement of the financial assets

From a classification and measurement perspective, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics (whether the contractual cash flows are solely payments of principal and interest ("SPPI")). For SPPI, 'principal' is defined as the fair value of the financial asset on initial recognition and 'interest' is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. Interest can also include consideration for other basic lending risks (for example, liquidity risk) and costs (for example, administrative costs) associated with holding the financial asset for a particular period of time and a profit margin that is consistent with a basic lending arrangement.

Categories under IFRS 9: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), and amortised cost. IFRS 9 also allows entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch. The majority of the financial instruments of the Company are measured at fair value through profit or loss. The Company has no financial instruments categorized as FVOCI.

The financial assets held at amortised cost meet the SPPI test and are measured to collect contractual cash flows.

Business model

The Company issues structured notes, index linked certificates and derivatives and thereby raises funding to its parent, CGML.

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(h) Financial instruments (continued)

Business model (continued)

The business model refers to how the Company manages its financial assets in order to generate cash flows. It is determined at a level that reflects how groups of financial assets are managed rather than at an instrument level. IFRS 9 identifies three types of business models:

- ‘hold to collect’,
- ‘hold to collect and sell’ and
- ‘other’.

The Company has made no reclassifications of financial assets resulting from a change in business models. CGMFL’s main financial assets are contracted on the trade date of a new structured note liability, which is the primary business driver of decisions related to managing portfolios of assets. On the trade date of the associated structured notes, the Company enters into an offsetting transaction with CGML by means of a swap under the same package with unique identifiers (Package ID).

At the settlement date of the structured notes, the cash received from the investor is paid to CGML under this swap transaction. The transaction between the Company and CGML is designed to offset for the Company all the future payoffs which would result from the notes issued which effectively eliminates the market risk for the Company.

Any business decisions related to managing portfolios of the Company’s assets are primarily driven by what happens with the Company’s liabilities. As a result fair value and its movements are the key consideration in assessment of the performance of the assets.

Based on the above it has been concluded, that the business model selected for those is ‘other’ and as a result the assets would be classified as “Financial assets at fair value through profit or loss”.

Amortised Cost

A financial asset debt instrument shall be classified and subsequently measured at amortised cost (unless designated under FVO) only if both of the following conditions are met:

- Business Model test: the financial asset debt instrument is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and
- SPPI test.

Fair value through profit or loss (FVTPL)

Where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL. Moreover, any instrument for which the contractual cash flow characteristics do not comprise solely payments of principal and interest (that is, they fail the SPPI test) must be classified in the FVTPL category.

If a portfolio of financial assets within a business model are managed on a fair value basis, then the business model assessment dictates that these financial assets are categorised and measured at fair value through profit or loss.

All hybrid contracts with embedded derivatives will fail the cash flow characteristics test under IFRS 9 (i.e. the cash flows are not solely payments of principal and interest of a basic lending arrangement).

Following consideration of the above business model analysis, further analysis of the cash flow characteristics of the structured notes purchased or the index linked certificates purchased is not necessary as such hybrid financial assets are mandatorily measured at fair value through profit or loss under IFRS 9 as per the reasons above.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(h) Financial instruments (continued)

Fair value through profit or loss (FVTPL) (continued)

Structured notes purchased, derivatives assets/ liabilities and index linked certificates purchased and redeemable preference shares have been mandatorily measured at fair value through profit or loss.

The only financial assets held at amortized cost are cash and cash equivalents and other assets. From a credit impairment perspective and the application of the expected credit loss model, there is expected to be an insignificant impact to the carrying value as the counterparty to such balances are very low in credit risk (financial institutions mainly intra group) and short term.

The Company has no financial instruments categorized at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are recognised at the trade date, whereas financial assets measured at amortised cost are recognised at the settlement date.

Financial Liabilities

Financial liabilities are initially measured at fair value net of transactions costs. Subsequently, they are measured at amortised cost using the effective interest rate method, except for derivative financial liabilities and those designated at fair value through profit or loss. On the trade date of a structured note issuance (usually hybrid instruments), the Company recognises a derivative, which between trade date and settlement date (the issuance date of the notes) is marked to market through P&L. When issuance proceeds are received at settlement date, derivative financial liabilities then become funded (i.e., become financings with embedded derivative features), and then are accounted for as financings with embedded derivatives.

Derivatives issued are mandatorily measured at fair value through profit or loss.

Bank loans and overdrafts and other liabilities are held at amortized cost.

Financial liabilities designated at fair value

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

- this will eliminate or significantly reduce measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- groups of financial assets, financial liabilities or combinations thereof are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to Management on that basis.
- in respect of an entire hybrid contract, when the contract contains one or more embedded derivatives, unless those embedded derivative either do not significantly modify the cash flow that would otherwise be required by the contract or are ones for which it is clear with little or no analysis when considering a similar hybrid instruments that separation is prohibited.

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

Structured notes issued and index linked certificates issued have been designated at fair value through profit or loss, as they meet the first criterion above.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(h) Financial instruments (continued)

Credit Risk on the Company's liabilities designated at fair value through profit or loss

Movements on gains or losses arising from an entity's own credit risk relating to liabilities designated at fair value through profit or loss are presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

To determine whether split presentation would create or enlarge an accounting mismatch in profit or loss, the Company must assess whether it expects that the changes in the financial liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at fair value through profit or loss (refer to Note 9 and Note 17).

As the financial assets of the Company are offsetting transactions linked to the Company's notes and index linked certificates issued, there would be an accounting mismatch if the own credit risk component was recognized in OCI. Therefore there will be no impact to the presentation of own credit risk in the Company due to the reasons discussed above (refer to Note 9).

Reclassifications

Financial asset classification is determined at initial recognition and reclassifications are expected to be extremely rare. A financial asset can only be reclassified if the business model for managing the financial asset changes. Such changes are determined by the Company's Senior Management, as a result of external or internal changes, and must be significant to the Company's operations and demonstrable to external parties. Reclassification of financial liabilities is not permitted. The Company has made no reclassifications of financial assets resulting from a change in business models.

Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as gains and losses from changes in the fair value of derivatives held for trading.

There is no offsetting of financial assets and financial liabilities applied in the Statement of financial position on the reporting date.

(i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Where the classification of a financial instrument requires to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible.

Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and valuation techniques.

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(i) Fair value measurement (continued)

Structured notes purchased / Structured notes issued

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

Financial liabilities designated at fair value

CGML determines the fair value of the structured liabilities (where performance is linked to interest rates, inflation or currency risks) and hybrid financial instruments (where performance is linked to risks other than interest rates, inflation or currency risks) using derivative valuation methodology based on the nature of the embedded risk profile. The valuation techniques and inputs depend on the type and the nature of the underlying instrument. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, which may include option pricing models and discounted cash flow models which are used within CGML and Citigroup and which are subject to price verification procedures and related internal control procedures governed by Citigroup Pricing and Price Verification Policy and Standards. For the structured notes issued by the Company, typically all significant inputs and significant value drivers are observable on an active market, such as prices of shares and commodities, as well as published interest rates. When the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces or is not given anymore the structured notes issued will move to Level 3. The levelling assessment is done for all the financial instrument on a monthly basis.

Index linked certificates purchased / Index linked certificates issued¹

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

CGML determines² the fair value of the Index linked certificates (where performance is linked to the underlying asset(s)' prices) using derivative valuation methodology based on the nature of the embedded risk profile. The valuation techniques and inputs depend on the type and the nature of the underlying instrument. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, which may include option pricing models and discounted cash flow models which are used within CGML and Citigroup and which are subject to price verification procedures and related internal control procedures governed by Citigroup Pricing and Price Verification Policy and Standards.

For the Index linked certificates issued by the Company, typically all significant inputs and significant value drivers are observable on an active market, such as prices of shares and commodities, as well as published interest rates. When the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces or is not given anymore the Index linked certificates will move to Level 3.

¹ Index linked certificates were issued under the Citi Warrant Programme.

² The market risk of all the instruments sits with CGML, who is also the product manufacturer and maintain quotes for secondary market as broker/dealer of the index linked certificates.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(i) Fair value measurement (continued)

Derivatives assets / Derivatives liabilities

Derivative assets from CGML are offsetting transactions to the Company's derivative liabilities (refer to below and Note 10) and take the form of fully-funded swaps which are equivalent to the Company purchasing equity linked certificates with the same economic exposure from CGML. Derivatives, if entered into by the Company, will generally be executed over-the-counter and so would be valued using internal valuation techniques as no quoted market prices would exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company pays or receives (for example, option premiums paid and received).

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

The Company does not apply any credit value adjustment (CVA), debit value adjustment (DVA) nor any own credit adjustment (OCA) in the valuation of its derivatives and borrowings as they are assessed by the Company to be not significant.

Other financial assets and liabilities

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

(j) Impairment of financial assets

The IFRS 9 impairment standard on expected credit loss ("ECL") applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income, to any off balance sheet loan commitments and financial guarantees and to any trade receivable.

The only financial assets held at amortized cost of the Company are cash and cash equivalents and other assets which are short term and "Vanilla" in nature. From a credit impairment perspective and the application of the expected credit loss model on transition, there is expected to be an insignificant impact to the carrying value as the counterparty to such balances are very low in credit risk (financial institutions mainly intra-group) and short term. There are therefore no credit impairment to be calculated.

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

- Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults expected over the next 12 months. Interest is calculated based on the gross carrying amount of the asset.
- Stage 2 – Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognized equal to the full credit losses expected over the remaining life of the asset. Interest is calculated based on the gross carrying amount of the asset.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(j) Impairment of financial assets (continued)

- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognized. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

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

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

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

Because of the nature of business activities and the financial assets on the Company's balance sheet (high credit quality reverse repo asset loans and short term trade receivables), the recognition of expected credit losses has a minimal impact. For the vast majority of its exposures, the Company has taken advantage of practical expedients allowed by IFRS 9 in which either: (a) lifetime expected credit losses are recognised irrespective of changes in credit risk (applicable to receivables such as trade date or brokerage receivables), or (b) twelve-month expected credit losses are recognised where credit risk is low at the reporting date (applicable to reverse repos and securities borrowed).

(k) Derecognition (recognition) of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from assets has expired or the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained. Financial assets measured at fair value through profit or loss are derecognised (recognised) at the settlement date except for derivative assets which are derecognised (recognised) at the trade date. Financial assets measured at amortised cost are derecognised (recognised) at the settlement date.

Financial liabilities are derecognised when they are legally extinguished, that is when the obligation specified in the contract is substantially modified, exchanged, discharged, cancelled or expired. This generally means that (non-derivative) financial liabilities are derecognised (recognised) when cash is paid to the counterparty (received from the counterparty).

(l) Income taxes

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies (continued)

(m) Contingent liabilities

On the trade date of an instrument involved, the Company is committed to issue a structured note to the investor, provided the investor pays for that note. As per the accounting policy in (k) above, the notes will be recognised on the balance sheet at the issuance date when the cash is received from the investor.

The Company will also be obligated to pass on to CGML the cash received from the investor at the issuance date. This commitment is contingent upon cash being received from the investor from the note issuance, meaning if the investor does not pay then the Company has no obligation to give cash to CGML.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than three months, including: cash and non-restricted balances with central banks, treasury bills and other eligible bills. Cash and cash equivalents in the statement of cash flows include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(o) Redeemable preference shares

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Company's redeemable preference shares are classified as financial liabilities because they are mandatorily redeemable in cash and they do not bear dividend. The redeemable preference shares have been mandatorily measured at fair value through profit or loss.

3. Use of assumptions, estimates and judgements

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

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

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

Valuation of financial instruments and credit valuation adjustments are sources of estimation uncertainties that require management to make highly complex or subjective judgements, which have (or may have) the most significant effect on the amounts recognized in the financial statements.

The Company's accounting policy for valuation of financial instruments is included in Note 2. The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data. Where this is not possible, the Management may be required to make estimates. Further information about the valuation of financial instruments are disclosed in Note 11.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. Net fee and commission income

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
Net fee and commission income	3,645	3,475
Net fee and commission income	3,645	3,475

Net fee and commission income is recognized on a straight-line basis.

Fee and commission income relates to intra-group financing (in the form of structured notes purchased, index linked certificates purchased and derivative assets) and any administrative services (audit, regulatory, tax fees) that the Company will face for the benefit of CGML in any jurisdictions, for any type of products and for any customer.

The Company generally provides these services described above in a principal capacity, whereby it has primary responsibility for fulfilling the contract with the customer.

Fee and commission income is recognised when the right to consideration has been obtained in exchange for performance of the respective services stated above and paid the following month.

As per the intercompany agreement signed with CGML in 2017 for an undefined period, the fee and commission income is calculated on a 'cost plus margin' basis.

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

Net income from financial instruments at fair value through profit or loss relates to financial assets and financial liabilities designated or mandatorily measured at fair value through profit or loss, and includes all realised and unrealised fair value gains and losses including physical settlements, together with related interest income and expense, accrued interest, dividends and foreign exchange gains and losses.

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
Gains/(Losses) from financial instruments mandatorily measured at fair value through profit or loss ³	2,376,345	(4,615,185)
Structured notes purchased	2,642,369	(4,382,251)
Index linked certificates purchased	(266,024)	(232,934)
Derivatives with parent undertaking	6,885	(177,172)
Derivatives with third party	(6,885)	177,172
Gains/(Losses) from financial instruments designated at fair value through profit or loss ³	(2,376,345)	4,615,185
Structured notes issued	(2,642,369)	4,382,251
Index linked certificates issued	266,024	232,934
Net income from financial instruments at fair value through profit or loss	—	—

Gains and losses from financial instruments at fair value through profit or loss are inclusive of foreign exchange gains and losses. Net foreign exchange gains and losses realised on financial instruments at fair value through profit or loss amounted to USD nil (2022: USD nil).

³ Variance in gains and losses from financial instruments at fair value through profit or loss is mainly due to the positive movements of the equity markets compared to 2022. While 2022 showed significant sell-off, 2023 showed increase in the underlying prices. The gains from financial instruments mandatorily measured at fair value through profit or loss are offset by the losses on the financial instruments issued by the Company.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5. Net income from financial instruments at fair value through profit or loss (continued)

To reflect the effect of financial instruments settling physically the gains/(losses) from financial instruments mandatorily measured at fair value through profit or loss which occurred in 2022, the Company restated the 2022 losses related to structured notes purchased by USD 2,180,205 thousand, 2022 losses related to index linked certificates purchased by USD 584,894 thousand, 2022 losses related to derivatives with parent undertaking by USD 532,536 thousand and the 2022 gains related to derivatives with third party by USD (532,536) thousand. The Company also restated financial instruments designated at fair value through profit or loss impacting 2022 gains related to structured notes issued by USD (2,180,205) thousand and 2022 gains related to index linked certificates issued by USD (584,894) thousand.

6. General and administrative expenses

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
General and Administrative expenses	3,432	3,272
General and Administrative expenses	3,432	3,272

General and administrative expenses are mainly amounts charged by Citibank Europe plc, Luxembourg branch for administrative services provided to the Company and fees such as audit fees, banking fees, overdraft fees and transaction fees.

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

Auditors' remuneration

Included within administrative expenses is auditors' remuneration (excluding VAT) as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
Fees for the audit of the financial statements	964	673
Fees for the audit of the financial statements	964	673

As at 31 December 2023, USD 650 thousand (31 December 2022: USD 410 thousand) have been accrued by the Company in regards to the audit fees 2023 (including VAT).

The auditor's remuneration attributable to the current financial year is USD 698 thousand (not including VAT) for these financial statements (2022: USD 628 thousand).

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

7. Income tax expense

(a) Analysis of tax charge in the year

The Luxembourg corporate income tax rate applying to the Company was 25.69% for year ended 31 December 2023 (year ended 31 December 2022: 25.69%) in line with Luxembourg tax regulations.

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
Profit before tax	227	203
Current tax:		
Corporate income tax on profit for the year	58	52
Prior year tax payments	—	7
Tax charge for the year	58	59

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

	For the year ended 31 December 2023	For the year ended 31 December 2022
	\$ 000	\$ 000
Profit before tax	227	203
Standard rate of corporate tax in Luxembourg of 25.69%	58	52
Effects of:		
Prior year tax payments	—	7
Tax charge for the year	58	59

The tax charges of USD 58 thousand for financial year 2023 are corresponding to a USD 58 thousand tax accrual for the year 2023 based on the profit before tax.

The tax charges of USD 59 thousand for financial year 2022 are corresponding to a USD 52 thousand tax accrual for the year 2022 based on the profit before tax and tax payments to the tax authorities amounting to USD 7 thousand relation to tax year 2021.

As at 31 December 2023, the Company had made tax advance payments to the tax authorities amounting to USD 53 thousand (31 December 2022: USD 40 thousand).

No deferred tax assets and liabilities have been recognized as at 31 December 2023 (31 December 2022: USD nil).

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

8. Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 December 2022	Cash Flows for the year ended 31 December 2023					Non-cash changes	As at 31 December 2023
		Interest paid on financial instruments issued	Proceeds from redeemable preference shares	Proceeds from issuance of financial instruments	Payments from maturity of financial instruments	Payments from redemption and retirement of financial instruments	Fair value changes incl Foreign Exchange	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Structured Notes	26,311,412	(889,091)	—	20,598,109	(5,817,488)	(17,555,616)	684,024	23,331,350
Derivatives	310,132	(136,695)	—	3,578,524	(1,523,368)	(1,349,727)	(62,198)	816,668
Index linked certificates	461,272	—	—	2,257,352	(1,508,875)	(552,430)	(103,136)	554,183
Redeemable preference shares	49	—	23	—	—	(30)	11	53
	27,082,865	(1,025,786)	23	26,433,985	(8,849,731)	(19,457,803)	518,701	24,702,254

	As at 31 December 2021	Cash Flows for the year ended 31 December 2022					Non-cash changes	As at 31 December 2022
		Interest paid on financial instruments issued	Proceeds from redeemable preference shares	Proceeds from issuance of financial instruments	Payments from maturity of financial instruments	Payments from redemption and retirement of financial instruments	Fair value changes incl Foreign Exchange	
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Structured Notes	23,677,222	(897,250)	—	22,663,429	(5,878,915)	(8,804,604)	(4,448,470)	26,311,412
Derivatives	724,857	(72,106)	—	3,098,489	(2,923,849)	(420,829)	(96,430)	310,132
Index linked certificates	964,738	—	—	1,839,217	(1,468,778)	(370,004)	(503,901)	461,272
Redeemable preference shares	27	—	37	—	—	(6)	(9)	49
	25,366,844	(969,356)	37	27,601,135	(10,271,542)	(9,595,443)	(5,048,810)	27,082,865

9. Financial instruments designated and mandatorily measured at fair value through profit or loss

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

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

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9. Financial instruments designated and mandatorily measured at fair value through profit or loss (continued)

The structured notes and index linked certificates issued are both accounted for as designated at fair value through profit or loss upon initial recognition as they are hybrid contracts which contain one or more embedded derivative which significantly modify the cash flow that would otherwise be required by the contract. The host contract and embedded derivative are measured as a package under the fair value option. The structured notes and index linked purchased are both mandatorily measured at fair value through profit or loss (refer to Note 2 (h)).

10. Derivative assets and liabilities

The derivatives are warrants issued in relation to the Citi Warrant Programme and unsettled structured notes and unsettled index linked certificates traded but not yet settled at the period end. Offsetting transactions are entered into by the Company with its Parent, CGML, which take the form of fully-funded swaps having the same economic exposures.

Derivatives are carried at fair value and shown separately in the statement of financial position as assets and liabilities. The table below analyses derivatives held by the Company:

As at 31 December 2023

	Asset		Liability		Net Amount \$ 000
	Notional	Fair value	Notional	Fair value	
	\$ 000	\$ 000	\$ 000	\$ 000	
Warrants	3,257,328	795,346	(3,257,328)	(795,346)	—
Unsettled structured notes / unsettled index linked certificates	21,019	21,019	(21,019)	(21,019)	—
Unsettled warrants	303	303	(303)	(303)	—
Total derivative contracts	3,278,650	816,668	(3,278,650)	(816,668)	—

As at 31 December 2022

	Asset		Liability		Net Amount \$ 000
	Notional	Fair value	Notional	Fair value	
	\$ 000	\$ 000	\$ 000	\$ 000	
Warrants	2,927,083	280,609	(2,927,083)	(280,609)	—
Unsettled structured notes / unsettled index linked certificates	29,390	29,390	(29,390)	(29,390)	—
Unsettled warrants	133	133	(133)	(133)	—
Total derivative contracts	2,956,606	310,132	(2,956,606)	(310,132)	—

In respect of unsettled structured notes and unsettled index linked certificates, the Company considers the notional as at 31 December 2023, and up until settlement, as fair value. The full notional amounts of structured notes and index linked certificates traded and to be settled amounts to USD 415,943,881 (31 December 2022: USD 509,395,607).

For the warrants, the fair value as at 31 December 2023 of USD 303,132 (31 December 2022: USD 133,717) are unsettled warrants that are traded but not yet settled at the period end, and is considered as notional until settlement. The full notional amounts of unsettled warrants traded and to be settled amounts to USD 30,230,941 as at 31 December 2023 (31 December 2022: USD 9,092,605).

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities

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

As at 31 December 2023	Mandatorily measured at fair value through profit or loss \$ 000	Designated at fair value through profit or loss \$ 000	Amortised cost \$ 000	Total carrying amount \$ 000	Fair value \$ 000
Assets					
Cash and cash equivalents	—	—	176,858	176,858	176,858
Structured notes purchased	23,331,350	—	—	23,331,350	23,331,350
Index linked certificates purchased	554,183	—	—	554,183	554,183
Derivative assets	816,668	—	—	816,668	816,668
Other assets	—	—	122,309	122,309	122,309
Total financial assets	24,702,201	—	299,167	25,001,368	25,001,368
Liabilities					
Bank loans and overdrafts	—	—	23,951	23,951	23,951
Structured notes issued	—	23,331,350	—	23,331,350	23,331,350
Index linked certificates issued	—	554,183	—	554,183	554,183
Derivative liabilities	816,668	—	—	816,668	816,668
Redeemable preference shares	53	—	—	53	53
Other liabilities	—	—	273,637	273,637	273,637
Total financial liabilities	816,721	23,885,533	297,588	24,999,842	24,999,842

As at 31 December 2022	Mandatorily measured at fair value through profit or loss \$ 000	Designated at fair value through profit or loss \$ 000	Amortised cost \$ 000	Total carrying amount \$ 000	Fair value \$ 000
Assets					
Cash and cash equivalents	—	—	4,574	4,574	4,574
Structured notes purchased	26,311,412	—	—	26,311,412	26,311,412
Index linked certificates purchased	461,272	—	—	461,272	461,272
Derivative assets	310,132	—	—	310,132	310,132
Other assets	—	—	33,711	33,711	33,711
Total financial assets	27,082,816	—	38,285	27,121,101	27,121,101
Liabilities					
Bank loans and overdrafts	—	—	9,441	9,441	9,441
Structured notes issued	—	26,311,412	—	26,311,412	26,311,412
Index linked certificates issued	—	461,272	—	461,272	461,272
Derivative liabilities	310,132	—	—	310,132	310,132
Redeemable preference shares	49	—	—	49	49
Other liabilities	—	—	27,470	27,470	27,470
Total financial liabilities	310,181	26,772,684	36,911	27,119,776	27,119,776

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

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

The following table disclose the amount expected to be recovered within the following twelve months for each asset and liability line:

	Fair Value of financial instruments maturing in 2024 \$ 000	Fair Value of financial instruments matured in 2023 \$ 000
Assets		
Cash and cash equivalents	176,858	4,574
Structured notes purchased	7,046,912	5,550,593
Index linked certificates purchased	440,765	367,394
Derivative assets	711,760	201,399
Other assets	122,309	33,711
Total financial assets	8,498,604	6,157,671
	Fair Value of financial instruments maturing in 2024 \$ 000	Fair Value of financial instruments matured in 2023 \$ 000
Liabilities		
Bank loans and overdrafts	23,951	9,441
Structured notes issued	7,046,912	5,550,593
Index linked certificates issued	440,765	367,394
Derivative liabilities	711,760	201,399
Redeemable preference shares	3	3
Other liabilities	273,637	27,470
Total financial liabilities	8,497,028	6,156,300

All figures are derived from the Liquidity table, disclosed in Note 17.

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3: inputs that are unobservable. Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Financial instruments may move between levels in the fair value hierarchy when the observability of pricing information, or of market input parameters, change. As conditions around these factors improve, financial instruments may transfer back to the original fair value level. The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognise transfers into and out of each level as of the end of the reporting period.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions are among the factors considered in determining the relevance of prices observed from those markets. If relevant and observable prices are available for all significant pricing inputs, those instruments would be classified as Level 2.

If relevant and observable market information is not available for significant pricing inputs, other valuation techniques would be used and the item would be classified as Level 3. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models, and the Company assesses the quality and relevance of this information in determining the fair value measurement and disclosure of each instrument if such information is used as part of that determination.

The process to determine the Fair Value Hierarchy classification, as well as the changes in the fair value hierarchy methodology, is accompanied by a standardised set of controls to ensure results are complete and accurate, this includes: controls around the appropriateness of product methodologies, data input and output controls, analytical review of results.

Set out below is a description of the procedures used by CGML to determine the fair value of financial assets and financial liabilities irrespective of whether they are measured at fair value mandatorily or have been designated as such. This description includes an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, it also includes details of the valuation models, the key inputs to those models and any significant assumptions.

Individual business units are responsible for providing the fair value measurements for substantially all trading account assets and liabilities. Fair value measurements of assets and liabilities are determined using various techniques including, but not limited to, discounted cash flows and internal models, such as option and correlation models. Management ensures that the resulting fair values are appropriate for financial reporting through an internal independent price verification process, which is defined and governed by established policies, standards and procedures. Results from this independent price verification process are reported to the Management via formally governed committees, as well as the firm's auditors and regulators.

Any pricing models used in measuring the fair value are governed by an independent control framework. Although the models are developed and tested by the individual business units, they are independently validated by the appropriate independent internal control functions, separate from the trading businesses. The purpose of this independent control framework is to assess model risk arising from models' theoretical soundness, calibration techniques where needed, and the appropriateness of the model for a specific product in a defined market. To ensure their continued applicability, models are subject to independent annual model review.

The fair value represents Management's best estimates based on a range of methodologies and assumptions. The carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximate fair value because of the relatively short period of time between their origination and expected realisation. The carrying value has been disclosed as fair value where discounting does not have a material impact on the carrying value of the financial instrument.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

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

	Level 1	Level 2	Level 3	Total
As at 31 December 2023	\$ 000	\$ 000	\$ 000	\$ 000
Financial assets				
Structured notes purchased	—	19,749,185	3,582,165	23,331,350
Index linked certificates purchased	—	539,820	14,363	554,183
Derivative assets	—	793,551	23,117	816,668
Total financial assets	—	21,082,556	3,619,645	24,702,201
Financial liabilities				
Structured notes issued	—	19,749,185	3,582,165	23,331,350
Index linked certificates issued	—	539,820	14,363	554,183
Derivative liabilities	—	793,551	23,117	816,668
Redeemable preference shares	—	52	1	53
Total financial liabilities	—	21,082,608	3,619,646	24,702,254
As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
	\$ 000	\$ 000	\$ 000	\$ 000
Financial assets				
Structured notes purchased	—	22,315,975	3,995,437	26,311,412
Index linked certificates purchased	—	425,958	35,314	461,272
Derivative assets	—	274,375	35,757	310,132
Total financial assets	—	23,016,308	4,066,508	27,082,816
Financial liabilities				
Structured notes issued	—	22,315,975	3,995,437	26,311,412
Index linked certificates issued	—	425,958	35,314	461,272
Derivative liabilities	—	274,375	35,757	310,132
Redeemable preference shares	—	48	1	49
Total financial liabilities	—	23,016,356	4,066,509	27,082,865

Valuation Techniques and Inputs for Level 2 Fair Value Measurements

Where the classification of a financial instrument requires to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and valuation techniques. Financial instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

The Company uses fair value measurement procedures as described in Note 2(i) to determine the fair value of financial assets and financial liabilities, including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

The following tables present the changes in the Level 3 fair value category for the years ended 31 December 2023 and 31 December 2022.

2023	At 1 January \$ 000	Gain/(loss) \$ 000	Purchases \$ 000	Sales \$ 000	Issuances \$ 000	Settlements \$ 000	Transfers into Level 3 \$ 000	Transfers out of Level 3 \$ 000	At 31 December \$ 000
Financial assets									
Structured notes purchased	4,014,103	73,384	—	—	288,978	(306,710)	123,992	(611,582)	3,582,165
Index linked certificates purchased	35,364	(6,722)	—	—	24,069	(28,760)	203	(9,791)	14,363
Derivative assets	17,041	(44,191)	—	—	64,891	(7,393)	2,074	(9,305)	23,117
	4,066,508	22,471	—	—	377,938	(342,863)	126,269	(630,678)	3,619,645

	At 1 January \$ 000	Gain/(loss) \$ 000	Purchases \$ 000	Sales \$ 000	Issuances \$ 000	Settlements \$ 000	Transfers into Level 3 \$ 000	Transfers out of Level 3 \$ 000	At 31 December \$ 000
Financial liabilities									
Structured notes issued	4,014,103	73,384	—	—	288,978	(306,710)	123,992	(611,582)	3,582,165
Index linked certificates issued	35,364	(6,722)	—	—	24,069	(28,760)	203	(9,791)	14,363
Derivative liabilities	17,041	(44,191)	—	—	64,891	(7,393)	2,074	(9,305)	23,117
Redeemable preference shares	1	—	—	—	—	—	1	(1)	1
	4,066,509	22,471	—	—	377,938	(342,863)	126,270	(630,679)	3,619,646

2022	At 1 January \$ 000	Gain/(loss) \$ 000	Purchases \$ 000	Sales \$ 000	Issuances \$ 000	Settlements \$ 000	Transfers into Level 3 \$ 000	Transfers out of Level 3 \$ 000	At 31 December \$ 000
Financial assets									
Structured notes purchased	4,183,687	(1,569,087)	—	—	1,288,546	(310,658)	539,250	(136,301)	3,995,437
Index linked certificates purchased	77,703	(69,113)	—	—	51,962	(20,901)	1,150	(5,487)	35,314
Derivative assets	59,420	(1,400)	—	—	10,856	(16,248)	—	(16,871)	35,757
	4,320,810	(1,639,600)	—	—	1,351,364	(347,807)	540,400	(158,659)	4,066,508

	At 1 January \$ 000	Gain/(loss) \$ 000	Purchases \$ 000	Sales \$ 000	Issuances \$ 000	Settlements \$ 000	Transfers into Level 3 \$ 000	Transfers out of Level 3 \$ 000	At 31 December \$ 000
Financial liabilities									
Structured notes issued	4,183,687	(1,569,087)	—	—	1,288,546	(310,658)	539,250	(136,301)	3,995,437
Index linked certificates issued	77,703	(69,113)	—	—	51,962	(20,901)	1,150	(5,487)	35,314
Derivative liabilities	59,420	(1,400)	—	—	10,856	(16,248)	—	(16,871)	35,757
Redeemable preference shares	—	1	—	—	—	—	—	—	1
	4,320,810	(1,639,599)	—	—	1,351,364	(347,807)	540,400	(158,659)	4,066,509

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

To better reflect the nature of the movements in the fair value of Level 3 instruments settling physically, the Company restated the 2022 movements related to settlements of financial assets by USD (11,860,493). The Company also restated the 2022 movements related to issuances by USD 26,590,372 due to the incorrect presentation in gains/ (losses) of the movement for an instrument. As a combined effect of the restatements, the Company restated the 2022 movements related to gains/ (losses) of financial assets by USD (14,729,879). As a result of the omission of an instrument, the Company also restated the 2022 opening balance of financial assets by USD 2,363,882 and the transfers out of Level 3 by USD (2,363,882).

Accordingly, the Company also restated the 2022 opening balance of financial liabilities by USD (2,363,882), the movements related to settlements of financial liabilities by USD 11,860,493, the 2022 movements related to gains/ (losses) of financial liabilities by USD 14,729,879, the 2022 movements related to issuances by USD (26,590,372) and the transfers out of Level 3 by USD 2,363,882.

Transfers from Level 2 to Level 3 arise when the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces. Transfers from Level 3 to Level 2 can occur when observability of the independent market data or pricing information for significant valuation inputs improves, or where the significance of the unobservable inputs reduces sufficiently.

During the 12 months ended 31 December 2023, USD 0.6 billion transfers from Level 3 to Level 2 were driven by Interest Rate and Equity derivative contracts, with unobservable inputs being insignificant relative to the overall valuation of these derivatives. In other instances, USD 0.1 billion transfer from Level 2 to Level 3 were driven by unobservable inputs becoming significant relative to the overall valuation of certain Interest Rate derivative contracts.

Valuation techniques and significant unobservable inputs

Valuation uncertainty is computed on a quarterly basis based on the methodology used per instrument. Price or models input parameters will be adjusted in consequence if any impact across each product.

The adjustments are typically computed with reference to proxy analysis using third party data. Examples of the approach used to derive sensitivity adjustments are outlined below:

- Equity Markets: Valuation uncertainty is computed from a combination of consensus market data and proxy analysis using third party data providers.
- Credit Trading and Securitised Markets: Valuation uncertainty is computed from a combination of consensus market data, broker data and proxy analysis using third party data providers.
- Commodity Markets: Valuation uncertainty is computed from a combination of consensus market data and proxy analysis using third party data providers.

The tables on the following pages present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements as of 31 December 2023. Note that these tables represent key drivers by disclosure lines or underlying assets.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

As at 31 December 2023	Fair Value \$ 000	Methodology	Input	Range of Inputs		Unit
				Min	Max	
Financial assets						
<u>Structured notes purchased</u>						
Commodities structured notes	64,862	Model-based	Forward Price	31.7	425.5	%
		Model-based	Commodity Volatility	6.1	61.1	%
		Model-based	Commodity Correlation	-45.3	93.0	%
Credit Markets	79,131	Price-based	Price	9.5	100.0	%
Equity structured notes	123,908	Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-FX Correlation	-79.0	70.0	%
		Model-based	Equity-IR Correlation	-30.0	44.0	%
		Model-based	FX-FX Correlation	-70.7	71.4	%
Hybrid structured notes	1,884,073	Model-based	Equity-FX Correlation	-79.0	70.0	%
		Model-based	Equity-IR Correlation	-30.0	44.0	%
		Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	FX Volatility	0.1	113.1	%
Rates structured notes	1,430,191	Model-based	IR Normal Volatility	0.3	15.0	%
	<u>3,582,165</u>					
<u>Index linked certificates purchased</u>						
Commodities index linked certificates	348	Model-based	Forward Price	31.7	425.5	%
		Model-based	Commodity Volatility	6.1	61.1	%
		Model-based	Commodity Correlation	-45.3	93.0	%
Equity index linked certificates	10,907	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity-FX Correlation	-79.0	70.0	%
Hybrid index linked certificates	3,108	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
	<u>14,363</u>					

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

As at 31 December 2023	Fair Value	Methodology	Input	Range of Inputs		Unit
				Min	Max	
<u>Derivative assets</u>						
Equity derivatives	22,860	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity-FX Correlation	-56.9	-56.9	%
Rates derivatives	56	Model-based	IR Normal Volatility	0.3	1.6	%
Hybrid Derivatives	201	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-Commodity Correlation	-10.0	30.0	%
		Model-based	Equity Volatility	0.1	334.4	%
	23,117					
<u>Financial liabilities</u>						
<u>Structured notes issued</u>						
Commodities structured notes	64,862	Model-based	Forward Price	31.7	425.5	%
		Model-based	Commodity Volatility	6.1	61.1	%
		Model-based	Commodity Correlation	-45.3	93.0	%
Credit Markets	79,131	Price-based	Price	9.5	100.0	%
Equity structured notes	123,908	Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-FX Correlation	-79.0	70.0	%
		Model-based	Equity-IR Correlation	-30.0	44.0	%
		Model-based	FX-FX Correlation	-70.7	71.4	%
Hybrid structured notes	1,884,073	Model-based	Equity-FX Correlation	-79.0	70.0	%
		Model-based	Equity-IR Correlation	-30.0	44.0	%
		Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	FX Volatility	0.1	113.1	%
Rates structured notes	1,430,191	Model-based	IR Normal Volatility	0.3	15.0	%
	3,582,165					
<u>Index linked certificates issued</u>						
Commodities index linked certificates	348	Model-based	Forward Price	31.7	425.5	%
		Model-based	Commodity Volatility	6.1	61.1	%
		Model-based	Commodity Correlation	-45.3	93.0	%
Equity index linked certificates	10,907	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity-FX Correlation	-79.0	70.0	%
Hybrid index linked certificates	3,108	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
	14,363					

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

As at 31 December 2023	Fair Value	Methodology	Input	Range of Inputs		Unit
				Min	Max	
<u>Derivative liabilities</u>						
Equity derivatives	22,860	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity Volatility	0.1	334.4	%
		Model-based	Equity-Equity Correlation	-6.5	97.4	%
		Model-based	Equity-FX Correlation	-56.9	-56.9	%
Rates derivatives	56	Model-based	IR Normal Volatility	0.3	1.6	%
Hybrid Derivatives	201	Model-based	Equity Forward	54.1	273.5	%
		Model-based	Equity-Commodity Correlation	-10.0	30.0	%
		Model-based	Equity Volatility	0.1	334.4	%
	23,117					
<u>Redeemable preference shares</u>						
Equity	1	Model-based	Equity Forward	54.1	273.5	%
			Equity-Equity Correlation	-6.5	97.4	%
			Equity Volatility	0.1	334.4	%
			Equity-FX Correlation	-79.0	70.0	%

The following tables present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements as of 31 December 2022. Note that these tables represent key drivers by disclosure lines or underlying assets.

As at 31 December 2022	Fair Value \$ 000	Methodology	Input	Range of Inputs		Unit
				Min	Max	
Financial assets						
<u>Structured notes purchased</u>						
Commodities structured	31,828	Model-based	Forward Price	14.3	385.5	%
		Model-based	Commodity Volatility	10.4	151.5	%
		Model-based	Commodity Correlation	-32.0	91.9	%
Credit Markets	67,663	Model-based	Upfront Points	10.0	10.0	%
		Price-based	Price	96.9	99.8	%
Equity structured notes	311,073	Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity Forward	67.6	271.6	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
		Model-based	Forward Price	102.3	119.3	%
Hybrid structured notes	1,765,765	Model-based	Equity-FX Correlation	-95.0	50.0	%
		Model-based	Equity-IR Correlation	-18.8	60.0	%
		Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	FX Volatility	0.1	97.7	%
Rates structured notes	1,819,108	Model-based	IR Normal Volatility	0.3	1.8	%
		Model-based	Price	1.0	1.0	%
	3,995,437					

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

As at 31 December 2022	Fair Value	Methodology	Input	Range of Inputs		
				Min	Max	Unit
<u>Index linked certificates purchased</u>						
Commodities index linked certificates	5,828	Model-based	Forward Price	14.3	385.5	%
		Model-based	Commodity Volatility	10.4	151.5	%
		Model-based	Commodity Correlation	-32.0	91.9	%
Equity index linked certificates	14,966	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
Hybrid index linked certificates	14,520	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
	35,314					
<u>Derivative assets</u>						
Equity derivatives	33,535	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
Rates derivatives	2,222	Model-based	IR Normal Volatility	0.3	1.8	%
	35,757					
Financial liabilities						
<u>Structured notes issued</u>						
Commodities structured notes	31,828	Model-based	Forward Price	14.3	385.5	%
		Model-based	Commodity Volatility	10.4	151.5	%
		Model-based	Commodity Correlation	-32.0	91.9	%
Credit Markets	67,663	Model-based	Upfront Points	10.0	10.0	%
		Price-based	Price	96.9	99.8	%
Equity structured notes	311,073	Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity Forward	67.6	271.6	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
		Model-based	Forward Price	102.3	119.3	%
Hybrid structured notes	1,765,765	Model-based	Equity-FX Correlation	-95.0	50.0	%
		Model-based	Equity-IR Correlation	-18.8	60.0	%
		Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	FX Volatility	0.1	97.7	%
Rates structured notes	1,819,108	Model-based	IR Normal Volatility	0.3	1.8	%
		Model-based	Price	1.0	1.0	%
	3,995,437					

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

As at 31 December 2022	Fair Value	Methodology	Input	Range of Inputs		Unit
				Min	Max	
<u>Index linked certificates issued</u>						
Commodities index linked certificates	5,828	Model-based	Forward Price	14.3	385.5	%
		Model-based	Commodity Volatility	10.4	151.5	%
		Model-based	Commodity Correlation	-32.0	91.9	%
Equity index linked certificates	14,966	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
Hybrid index linked certificates	14,520	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
	<u>35,314</u>					
<u>Derivative liabilities</u>						
Equity derivatives	33,535	Model-based	Equity Forward	68.3	271.6	%
		Model-based	Equity Volatility	—	300.7	%
		Model-based	Equity-Equity Correlation	-4.0	98.7	%
		Model-based	Equity-FX Correlation	-95.0	50.0	%
Rates derivatives	2,222	Model-based	IR Normal Volatility	0.3	1.8	%
	<u>35,757</u>					
<u>Redeemable preference shares</u>						
Equity	1	Model-based	Equity Forward	68.3	271.6	%
			Equity Volatility	—	300.7	%
			Equity-Equity Correlation	-4.0	98.7	%
	<u>1</u>					

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

Uncertainty of Fair Value Measurements Relating to Unobservable Inputs

Sensitivity to unobservable inputs and interrelationships between unobservable inputs

The impact of key unobservable inputs on the Level 3 fair value measurements may not be independent of one another. In addition, the amount and direction of the impact on a fair value measurement for a given change in an unobservable input depends on the nature of the instrument as well as whether the Company holds the instrument as an asset or a liability.

The following section describes the sensitivities and interrelationships of the most significant unobservable inputs used by the Company in Level 3 fair value measurements.

Yield

Adjusted yield is generally used to discount the projected future principal and interest cash flows on instruments, such as loans. Adjusted yield is impacted by changes in the interest rate environment and relevant credit spreads.

In some circumstances, the yield of an instrument is not observable in the market and must be estimated from historical data or from yields of similar securities. This estimated yield may need to be adjusted to capture the characteristics of the security being valued. In other situations, the estimated yield may not represent sufficient market liquidity and must be adjusted as well. Whenever the amount of the adjustment is significant to the value of the security, the fair value measurement is classified as Level 3.

Recovery

Recovery is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. For many credit securities (such as asset-backed securities), there is no directly observable market input for recovery, but indications of recovery levels are available from pricing services. The assumed recovery of a security may differ from its actual recovery that will be observable in the future. The recovery rate impacts the valuation of credit securities. Generally, an increase in the recovery rate assumption increases the fair value of the security. An increase in loss severity, the inverse of the recovery rate, reduces the amount of principal available for distribution and, as a result, decreases the fair value of the security.

Credit Spread

Credit spread is a component of the security's yield representing its credit quality. Credit spread reflects the market perception of changes in prepayment, delinquency and recovery rates. Changes in credit spread affect the fair value of securities differently depending on the characteristics and maturity profile of the security. For example, credit spread is a more significant driver of the fair value measurement of a high yield bond as compared to an investment grade bond. Generally, the credit spread for an investment grade bond is also more observable and less volatile than its high yield counterpart.

Volatility

Volatility represents the speed and severity of market price changes and is a key factor in pricing options. Typically, instruments can become more expensive if volatility increases. For example, as an index becomes more volatile, the cost to Citigroup of maintaining a given level of exposure increases because more frequent rebalancing of the portfolio is required. Volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike are not observable. The general relationship between changes in the value of a portfolio to changes in volatility also depends on changes in interest rates and the level of the underlying index. Generally, long option positions (assets) benefit from increases in volatility, whereas short option positions (liabilities) will suffer losses. Some instruments are more sensitive to changes in volatility than others. For example, an at-the-money option would experience a larger percentage change in its fair value than a deep-in-the-money option. In addition, the fair value of an option with more than one underlying security (for example, an option on a basket of bonds) depends on the volatility of the individual underlying securities as well as their correlations.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

Correlation

Correlation is a measure of the co-movement between two or more variables. A variety of correlation-related assumptions are required for a wide range of instruments, including equity baskets, foreign-exchange options and many other instruments. For almost all of these instruments, correlations are not observable in the market and must be estimated using historical information. Estimating correlation can be especially difficult where it may vary over time. Extracting correlation information from market data requires significant assumptions regarding the informational efficiency of the market (for example, swaption market). Changes in correlation levels can have a major impact, favourable or unfavourable, on the value of an instrument, depending on its nature.

Qualitative discussion of the ranges of significant unobservable inputs

The following section describes the ranges of the most significant unobservable inputs used by the Company in Level 3 fair value measurements. The level of aggregation and the diversity of instruments held by the Company lead to a wide range of unobservable inputs that may not be evenly distributed across the Level 3 inventory.

Price

The price input is a significant unobservable input for certain fixed income instruments. For these instruments the price input is expressed as a percentage of the notional amount, with a price of 100 meaning that the instrument is valued at par. For most of these instruments, the price varies between zero and slightly above 100. Relatively illiquid assets that have experienced significant losses since issuance, such as certain asset-backed securities, are at the lower end of the range, whereas most investment grade corporate bonds will fall in the middle to the higher end of the range. The price input is also a significant unobservable input for certain equity securities; however, the range of price inputs varies depending on the nature of the position, the number of shares outstanding and other factors.

Yield

Ranges for the yield inputs vary significantly depending upon the type of security. For example, securities that typically have lower yields, such as German or U.S. government bonds, will fall on the lower end of the range, while more illiquid securities or securities with lower credit quality, such as certain residual tranche asset-backed securities, will have much higher yield inputs.

Credit Spread

Credit spread is relevant primarily for fixed income and credit instruments; however, the ranges for the credit spread input can vary across instruments. For example, certain fixed income instruments, such as certificates of deposit, typically have lower credit spreads, whereas certain derivative instruments with high-risk counterparties are typically subject to higher credit spreads when they are uncollateralized or have a longer tenor. Other instruments, such as credit default swaps, also have credit spreads that vary with the attributes of the underlying obligor. Stronger companies have tighter credit spreads, and weaker companies have wider credit spreads.

Volatility

Similar to correlation, asset-specific volatility inputs vary widely by asset type. For example, ranges for foreign exchange volatility are generally lower and narrower than equity volatility. Equity volatilities are wider due to the nature of the equities market and the terms of certain exotic instruments. For most instruments, the interest rate volatility input is on the lower end of the range; however, for certain structured or exotic instruments (such as market-linked deposits or exotic interest rate derivatives), the range is much wider.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex nature of many of these instruments, the ranges for correlation inputs can vary widely across portfolios.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

Financial instruments which are not measured at fair value

The Company's financial instruments which are not measured at fair value are cash and cash equivalents, bank loans and overdrafts, other assets and other liabilities. Due to the fact that the carrying amount of cash and cash equivalents, bank loans and overdrafts, other assets and other liabilities is a reasonable approximation of fair value due to the short term nature of the balances the Company decided not to disclose the fair value according to the specifications of IFRS 7.

12. Share capital and reserves

Share Capital

As at 31 December 2023 and 31 December 2022

	Number of shares	Authorised		Allocated, called-up and fully paid	
		Nominal value/ Par value	Amount	Amount	Amount
Unlimited shares	1	1.2536	1.2536		0.31
Limited shares	1,999,999	1.2536	2,507,198.7464	626,799.69	
	2,000,000		2,507,200	626,800	

The capital has been subscribed as follows:

	Number of unlimited shares	Number of limited shares	Allocated, called-up and fully paid
			Amount \$
Citigroup Global Markets Funding Luxembourg GP S.a r.l.	1	1	0.62
Citigroup Global Markets Limited	—	1,999,998	626,799.38
	1	1,999,999	626,800

All shares confer identical rights in respect of capital, dividends, voting and otherwise. The number of shares outstanding did not change during the financial year.

On 24 May 2012, the date of the Company's incorporation, one-quarter (USD 626,800 equivalent to EUR 500,000) of the subscribed share capital was paid up. The nominal value of both unlimited and limited shares is EUR 1 or USD 1.2536.

On 30 October 2015, the Company's statutes were amended in order to enable it to issue preference shares to CGML. The preference shares do not foresee the right of dividend payments. During the financial year 2023, the Company issued 193 redeemable preference shares for a proceed amount of USD 23,028 (financial year 2022: 302 redeemable preference shares for a value of USD 36,573).

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. Share capital and reserves (continued)

Foreign Currency Translation Reserve

On 9 November 2018, the shareholder resolved to convert the presentation currency of the Company from EURO (“EUR”) to United States Dollar (“USD” or “\$”), with an effective date of 1st January 2018, following the assessment of the Board that the functional currency of the Company as of 1st of January 2018 is USD. This has resulted in the creation of a foreign currency transaction reserve comprising of the cumulative foreign exchange difference of yearly results.

The redeemable preference shares issued in the financial year are classified as a financial liability and presented in the caption “Redeemable preference shares” because they are mandatorily redeemable in cash in accordance with the Issuance Terms.

Legal Reserve

Under Luxembourg law, the Company is required to allocate annually at least 5% of its annual net income to a non-distributable legal reserve until the aggregate reserve equals 10% of the subscribed share capital.

On 26 April 2018, the Board recommended to incorporate EUR 50,000 equivalent to USD 60,515 to the legal reserve.

On 22 May 2019, the Board recommended to incorporate USD 2,000 to the legal reserve.

During 2022 and 2023, there were no additional reserves incorporated to the total legal reserve, as the above stated requirement had already been reached.

13. Other assets and other liabilities

The other assets and other liabilities as at 31 December 2023 are mainly related to short-term cash pending items linked to issuance or settlement of financial instruments.

In order to better represent the nature of these pending items, it has been decided to present them on a gross basis, impacting both “other assets” and “other liabilities”. Had the cash pending items been presented on a net basis for 2023, a net position of USD 124,910,117 would have been disclosed in “other liabilities” in the statement of financial position as at 31 December 2023. Had the cash pending items been presented on a net basis for 2022, a net position of USD 4,949,466 would have been disclosed in “other assets” in the statement of financial position as at 31 December 2022.

14. Related parties transactions

The Company is a wholly owned subsidiary undertaking of CGML, as further described in Note 12. The Company defines related parties as the members of the Board, their close family members, parent and fellow subsidiaries and associated companies.

Transactions entered into with related parties are at arm's length. These include cash and cash equivalent balances deposited with affiliated undertakings, as well as structured notes, index linked certificates purchased and derivatives, which are offsetting transactions to the structured notes, index linked certificates and derivatives issued by the Company, as further described in Note 9, Note 10 and Note 11.

The Company is also remunerated for the services rendered as issuer to CGML (refer to Note 4). Services provided between related parties are on an arm's length basis.

No provisions have been recognised in respect of deposits with related parties or structured notes purchased. The table on the next page summarises balances with related parties. There were no related party transactions with the Ultimate Parent Company, Citigroup Inc.

All outstanding balances with related parties arose in the ordinary course of business and on substantially the same terms, including interest rates, security and nature of the consideration to be provided in settlement, as for comparable transactions with third-party counterparties. No guarantees were given to or received from related parties, apart from the “all monies guarantee” with CGML.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. Related parties transactions (continued)

	As at 31 December 2023		
	Parent undertaking	Other affiliated undertakings	Total
	\$ 000	\$ 000	\$ 000
Assets			
Cash and cash equivalents	—	176,853	176,853
Structured notes purchased	23,331,350	—	23,331,350
Index linked certificates purchased	554,183	—	554,183
Derivative assets	795,346	—	795,346
Other assets	553	116,495	117,048
Liabilities			
Bank loans and overdrafts	—	23,946	23,946
Derivative liabilities	21,322	—	21,322
Redeemable preference shares	53	—	53
Other liabilities	19,032	246,138	265,170
Statement of profit or loss and comprehensive income			
Interest and similar income	—	14	14
Net fee and commission income	3,645	—	3,645
General and administrative expenses	—	(2,377)	(2,377)
Gains from financial instruments at fair value through profit or loss ⁴	2,383,230	—	2,383,230
As at 31 December 2022			
	Parent undertaking	Other affiliated undertakings	Total
	\$ 000	\$ 000	\$ 000
Assets			
Cash and cash equivalents	—	4,516	4,516
Structured notes purchased	26,311,412	—	26,311,412
Index linked certificates purchased	461,272	—	461,272
Derivative assets	280,608	—	280,608
Other assets	1,451	30,556	32,007
Liabilities			
Bank loans and overdrafts	—	9,435	9,435
Derivative liabilities	29,524	—	29,524
Redeemable preference shares	49	—	49
Other liabilities	789	25,604	26,393
Statement of comprehensive income			
Net fee and commission income	3,475	—	3,475
General and administrative expenses	—	(2,340)	(2,340)
Losses from other financial instruments at fair value through profit or loss	(4,792,357)	—	(4,792,357)

⁴ Variance in gains and losses from financial instruments at fair value through profit or loss is mainly due to the positive movements of the equity markets compared to 2022. While 2022 showed significant sell-off, 2023 showed increase in the underlying prices. The gains from financial instruments mandatorily measured at fair value through profit or loss are offset by the losses on the financial instruments issued by the Company.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. Related parties transactions (continued)

Gains and losses from financial instruments designated at fair value through profit or loss are inclusive of foreign exchange gains and losses. Net foreign exchange gains and losses realised on financial instruments designated at fair value through profit or loss amounted to USD nil (2022: USD nil).

The Company's accounting policy foresees to include income from financial assets and financial liabilities designated at fair value through profit or loss on a net basis in the caption 'Net income from financial instruments at fair value through profit or loss', and includes all realised and unrealised fair value gains and losses, together with related interest income and expense, dividends and foreign exchange gains and losses (refer to Note 2(f)).

15. Managers' remuneration

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

16. Employee involvement

There were no persons employed by the Company during the year (2022: none) and no persons have been employed by the Company since the year end.

17. Financial instruments and risk management

Various geopolitical and macroeconomic challenges and uncertainties continue to adversely impact economic conditions globally. As was reported in the ultimate parent company's (Citigroup's) Annual Report on SEC Form 10-K for the year ended 31 December 2023, various geopolitical, macroeconomic and regulatory challenges and uncertainties continue to adversely affect economic conditions in the U.S. and globally including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, the Russia-Ukraine war and escalating conflicts in the Middle East. These and other factors have negatively impacted global economic growth rates and consumer sentiment and have resulted in a continued risk of recession in various regions and countries globally. In addition, these and other factors could adversely affect Citigroup's customers, clients, businesses, funding costs, cost of credit and overall results of operations and financial condition during 2024.

While the Company continues to monitor the impact of macroeconomic challenges and uncertainties, to date there have been no adverse effects. In line with CGML funding needs, CGMFL's issuance business increased in 2023 and is further increasing in 2024 as of the date of publication of this report (refer to Note 22).

The Company's risks are materially transferred to CGML as part of the back-to-back structure (refer to Note 17(b)). The Company's obligation to pay redemption amounts is hedged through an instrument with CGML as sole counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes. Consequently, the Company effectively does not bear any market risk, resulting from geopolitical and macroeconomic challenges, on the notes, certificates, or derivatives issued.

(a) Risk management

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(a) Risk management (continued)

There are also Regional Chief Risk Officers, accountable for the risks in their geographic area and are primary risk contact for the regional business heads and local regulators. In addition, the position of Product Chief Risk Officers exists for those areas of critical importance to Citigroup such as real estate, structured credit products and fundamental credit. The Product Risk Officers are accountable for the risks within their speciality and they focus on problem areas across businesses and regions. The Product Risk Officers serve as a resource to the Chief Risk Officer, as well as to the Business and Regional Chief Risk Officers, to better enable the Business and Regional Chief Risk Officers to focus on the day-to-day management of risks and respond in a timely manner to business needs. Risk management within the Company is overseen by the Regional Risk Manager along with the managers for the different risk types within the region, such as market risk, liquidity risk, credit risk and operational risk.

Finance & Risk Infrastructure (FRI) is a Citigroup global function that was established to implement common data and data standards, common processes and integrated technology platforms globally as well as to integrate infrastructure activities across both Finance and Risk. FRI works to drive straight through data processing and produce more effective and efficient processes and governance aimed at supporting both the Finance and Risk organisations. The head of the FRI global function reports into Citigroup's Chief Financial Officer and Chief Risk Officer.

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

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

The Company applies Citigroup's global risk management framework, tailored as appropriate for the Company, based on the following principles established by the Citigroup Chief Risk Officer:

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

A Citigroup-wide (including an EMEA-based) Business Practices Committee (BPC) reviews practices involving reputational or franchise issues. These committees review whether Citigroup's business practices have been designed and implemented in a way that meets the highest standards of professionalism, integrity and ethical behaviour.

Additional committees ensure that product risks are identified, evaluated and determined to be appropriate for Citigroup and its customers, and safeguard the existence of necessary approvals, controls and accountabilities.

Even if the Company is evolving among a Global Bank, the Company is still the main responsible for managing each risks from a Luxembourg perspective.

(b) Market risk

Market risk is the risk of loss arising from changes in the value of Citi's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates, equity and commodity prices or credit spreads.

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(b) Market risk (continued)

The Company is hedging internally with CGML to reduce market risk associated with its transactions. By construction, the market risk of notes, certificates or derivatives issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent.

The Company's obligation to pay the redemption amount is offset through an instrument with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes (refer to Note 9, Note 10, and Note 11). Consequently, the Company effectively does not bear any market risk on the notes, certificates or derivatives it issues. Any market risk is faced by CGML, which in turn manages its market risk in accordance with the principals set out briefly below.

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

The Company's VaR reports are circulated daily for monitoring of:

- the VaR usage against the overall VaR limit;
- the standalone VaR by market risk factor;
- the component Value at Risk (CVaR) contribution to total VaR; and
- the stressed VaR. As well as an overall VaR limit, the Company has factor sensitivity limits in place for each market risk factor that are monitored daily.

Factor sensitivities

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

VaR methodology

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

Citigroup and the Company uses a single, independently approved Monte Carlo simulation VaR model, which they believe is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 450,000 market factors, making use of approximately 350,000 time series, with sensitivities updated daily, volatility parameters updated intra-month and correlation parameters updated monthly.

VaR limitations

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

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(b) Market risk (continued)

VaR limitations (continued)

A VaR limit is in place for CGML, to ensure that any excesses are discussed and resolved between risk officers, the business and entity management. This limit is complemented by the factor sensitivity limits or triggers referred to above.

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

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

Stress Testing

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

(c) Currency exposures

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

\$ 000	As at 31 December 2023								
	EUR	GBP	CHF	HKD	CNY	JPY	RUB	Others	Total
USD equivalent	2,719	(211)	(113)	(630)	(141)	(178)	297	51	1,794

\$ 000	As at 31 December 2022								
	EUR	GBP	CHF	HKD	ILS	SGD	SEK	Others	Total
USD equivalent	2,367	(123)	(76)	(213)	48	141	(61)	(33)	2,050

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

The effect of a reasonably expected foreign currency rate change would not be material to the financial statements of the Company, as the foreign currency exposure is already immaterial on its own. As a result no sensitivity analysis has been performed for the financial year.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(c) Currency exposures (continued)

Russia's war in Ukraine has caused supply shocks in energy, food and other commodities markets, worsened inflation, increased cybersecurity risks, increased the risk of recession in Europe and heightened geopolitical tensions. Actions by Russia, and any further measures taken by the U.S. or its allies, could continue to have negative impacts on regional and global energy and other commodities and financial markets and macroeconomic conditions, adversely impacting jurisdictions where Citi operates and Citi's customers, clients and employees. Further to the above, various geopolitical, macroeconomic and regulatory challenges and uncertainties continue to adversely affect economic conditions globally including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, and escalating conflicts in the Middle East.

The Company does not have direct exposures in Russia or Ukraine and therefore, has not been directly impacted by the geopolitical tensions or conflict in Ukraine. The Company has exposures in Russian rouble ("RUB"), however even a reasonably expected foreign currency rate change would not be material to the financial statements of the Company. The Company currently holds a non-significant cash balance denominated in RUB, equivalent to USD 288 thousand, with Citibank in Russia. The Company also has USD 14,8 million of structured products issued outstanding denominated in RUB. These represent less than 0.06% of the total assets of the Company. The Company continues to closely monitor the situation and its impact on these exposures.

(d) Liquidity risk

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

The Company effectively does not face significant liquidity risk as all cash flows relating to interest and principal payments on the structured notes, certificates and derivatives issued by the Company are exactly matched by offsetting transactions with CGML, which results in net liquidity exposure of USD 1,526 thousand for the Company. As issuer of the structured notes, index linked certificates and derivatives, the Company itself does not make any representation as to investors' ability to sell these notes, certificates and derivatives back to the Company at any time. As such, investors take the risk of the structured notes, index linked certificates and derivatives being illiquid – this is further described in the "Risk Factors" section of the base prospectuses under which the Company issues such structured notes, certificates and derivatives.

In the Secondary Market structured notes, warrants or certificates may become illiquid. It is not possible to predict the price at which structured notes, warrants or certificates will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list structured notes, warrants or certificate on a stock exchange. If they are not listed or traded on any exchange, pricing information for the structured notes, warrants or certificates may be more difficult to obtain and their liquidity may be adversely affected.

Management of liquidity risk at CGML is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup ("Citi Global Liquidity Risk Management Policy") and its major operating subsidiaries. The Policy establishes the standards for defining, measuring, limiting and reporting liquidity risk to ensure the transparency and comparability of liquidity risk taking activities and the establishment of an appropriate risk appetite.

The forum for liquidity issues at CGML is the UK Asset/Liability Management Committee ("ALCO"). CGML's liquidity position is calculated and reported to Senior Management on a daily basis and reviewed formally by the UK ALCO committee and the Board. The membership of the UK ALCO includes the UK Cluster Citi Country Officer (CCO) and CGML Chief Executive Officer (CEO) (chair), UK Cluster Finance Officer (CFO), UK Treasurer, UK Chief Risk Officer, Finance Risk Manager, Finance Desk Heads and other key business and functional heads. Items of critical importance are escalated from ALCO to UK ExCo at the discretion of the chair and from ExCo to the Board.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(d) Liquidity risk (continued)

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

Given the range of potential stresses, Citigroup maintains a series of contingency funding plans on a consolidated basis as well as for individual entities, including the Company. The Contingency Funding Plan (CFP) is a key component of the Global Framework and it incorporates the Management plan of contingent actions in the event of crisis. The Company's CFP includes the "playbook" for addressing liquidity and funding challenges in crisis situations, triggers, procedures, roles and responsibilities, communication plan and key contact list to manage a liquidity event. The CFP defines a crisis committee responsible for decision making and execution of contingency plans to address both short-term and longer term disruptions in funding sources.

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

As at 31 December 2023	Less than 3 months \$ 000	Greater than 3 months and less than 1 year \$ 000	Greater than 1 year and less than 5 years \$ 000	Greater than 5 years \$ 000	Total \$ 000
Assets					
Cash and cash equivalents	176,858	—	—	—	176,858
Structured notes purchased	2,169,140	4,877,772	8,011,974	8,272,464	23,331,350
Index linked certificates purchased	185,110	255,655	107,437	5,981	554,183
Derivative assets	436,757	275,003	53,344	51,564	816,668
Other assets	116,495	5,814	—	—	122,309
Total assets	3,084,360	5,414,244	8,172,755	8,330,009	25,001,368
Liabilities					
Bank loans and overdrafts	23,951	—	—	—	23,951
Structured notes issued	2,169,140	4,877,772	8,011,974	8,272,464	23,331,350
Index linked certificates issued	185,110	255,655	107,437	5,981	554,183
Derivative liabilities	436,757	275,003	53,344	51,564	816,668
Redeemable preference shares	1	2	24	26	53
Other liabilities	246,174	27,463	—	—	273,637
Total liabilities	3,061,133	5,435,895	8,172,779	8,330,035	24,999,842
Net liquidity surplus +/- (gap) — as at 31 December 2023	23,227	(21,651)	(24)	(26)	1,526

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(d) Liquidity risk (continued)

As at 31 December 2022	Less than 3 months \$ 000	Greater than 3 months and less than 1 year \$ 000	Greater than 1 year and less than 5 years \$ 000	Greater than 5 years \$ 000	Total \$ 000
Assets					
Cash and cash equivalents	4,574	—	—	—	4,574
Structured notes purchased	1,738,255	3,812,338	10,541,104	10,219,715	26,311,412
Index linked certificates purchased	204,858	162,536	53,440	40,438	461,272
Derivative assets	86,808	114,591	48,266	60,467	310,132
Other assets	30,556	3,155	—	—	33,711
Total assets	2,065,051	4,092,620	10,642,810	10,320,620	27,121,101
Liabilities					
Bank loans and overdrafts	9,441	—	—	—	9,441
Structured notes issued	1,738,255	3,812,338	10,541,104	10,219,715	26,311,412
Index linked certificates issued	204,858	162,536	53,440	40,438	461,272
Derivative liabilities	86,808	114,591	48,266	60,467	310,132
Redeemable preference shares	1	2	18	28	49
Other liabilities	25,607	1,863	—	—	27,470
Total liabilities	2,064,970	4,091,330	10,642,828	10,320,648	27,119,776
Net liquidity surplus +/- (gap) - as at 31 December 2022	81	1,290	(18)	(28)	1,325

From a liquidity perspective the Company was set up to be cash neutral, and as such, the Company is supposed to have a strict minimum of cash balance. Fluctuations of cash and cash equivalents and bank loans and overdrafts is directly linked the normal business activity of the Company and evolution of the Company's issuance of structured notes, index linked certificates and derivatives.

(e) Credit risk

The Company defines credit risk as the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations.

The Company's exposure to credit risk mainly relates to the counterparty risk of its Parent, CGML, in respect of structured notes, index linked certificates and derivative assets purchased as offsetting positions for the structured notes, index linked certificates and derivative liabilities issued by the Company. In respect of cash and cash equivalents, the credit risk mainly relates to the counterparty risk of other affiliates. The structured notes, index linked certificates issued and the offsetting positions taken by the Company in relation to the notes and certificates are both fully-funded, which means that the Company is not subject to external credit risk outside Citigroup. Further the derivatives issued by the Company have offsetting transactions entered into with its Parent, CGML, which takes the form of swaps having the same economic exposures. As a consequence of the above, the Company's exposure to geographical and industry related concentration risk mainly relates to that of its Parent, which is operating in the UK.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(e) Credit risk (continued)

During 2017, CGML implemented a concentration risk management framework which included the introduction of risk limits by relationship, country and industry.

The credit process established at CGML is based on a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- a single centre of control for each credit relationship to coordinate credit activities with that client;
- a requirement for a minimum of two authorised credit officer signatures on extensions of credit; one of which must be from a sponsoring credit officer in the business and the other from a credit officer in independent credit risk management;
- consistent risk rating standards, applicable to every Citigroup obligor and facility;
- consistent standards for credit origination documentation and remedial management; and
- portfolio limits to ensure diversification and maintain risk/capital alignment.

The structured notes, index linked certificates and derivatives issued by the Company are subject to the credit risk of CGML, as these are unsecured and stated to be subject to the credit risk of CGML. The Company's maximum exposure to credit risk as at 31 December 2023 amounts to USD 25,001.4 million (2022: USD 27,121.1 million) as shown in the following table:

Rating	As at 31 December 2023 (in \$ 000)		
	A1 / A+ to A-1	n.r. / n.r. / n.r.	Total
(Moody's / S&P / Fitch)			
Assets			
Cash and cash equivalents	176,858	—	176,858
Other assets	122,309	—	122,309
Structured notes purchased	23,331,350	—	23,331,350
Index linked certificates purchased	554,183	—	554,183
Derivative assets	795,346	21,322	816,668
Total financial assets	24,980,046	21,322	25,001,368

Rating	As at 31 December 2022 (in \$ 000)		
	Baa2 / A- to A / A	n.r. / n.r. / n.r.	Total
(Moody's / S&P / Fitch)			
Assets			
Cash and cash equivalents	4,574	—	4,574
Other assets	33,711	—	33,711
Structured notes purchased	26,311,412	—	26,311,412
Index linked certificates purchased	461,272	—	461,272
Derivative assets	280,609	29,523	310,132
Total financial assets	27,091,578	29,523	27,121,101

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(e) Credit risk (continued)

The ECL has been calculated using 12-month ECL approach. As the amount of ECL is not material due to short term nature of financial assets held at amortized costs, that are only cash and cash equivalents and other assets, it has not been recognised.

The Company has no notes with renegotiated terms as at 31 December 2023 (31 December 2022: none).

The Company holds no collateral in relation to the above financial assets as at 31 December 2023 (31 December 2022: none).

(f) Country risk

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

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

(g) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems from external events. This definition of operational risk includes legal risk which is the risk of loss (including litigation costs, settlements, and regulatory fines) resulting from the failure of Citigroup to comply with laws, regulations, prudent ethical standards, and contractual obligations in any aspect of the Citigroup business but excludes strategic and reputation risks. Citigroup also recognises the impact of Operational Risk on the reputation risk associated with Citigroup's business activities.

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

Citigroup maintains an Operational Risk Management (ORM) framework with a Governance Structure to ensure effective management of Operational Risk across Citigroup. The Governance Structure presents the Three Lines of Defence as previously described in the Risk Management section.

To anticipate, mitigate and control operational risk, Citigroup maintains a system of policies and has established a consistent framework for monitoring, assessing and communicating operational risks and the overall effectiveness of the internal control environment across Citigroup. As part of this framework, Citigroup has defined its operational risk appetite and has established a Manager's Control Assessment (MCA) programme which helps managers to self-assess material operational and compliance risks and controls and to identify and address weaknesses in the design and effectiveness of internal controls that mitigate significant operational risks. CGMFL is in the scope of CGML Equities business line's MCA.

The ORM framework establishes a foundation on which the activities of businesses, regions and functions, the resulting operational risks and the associated controls are identified, periodically assessed, subject to corrective action, appropriately documented and communicated. Specifically, the ORM framework establishes minimum standards for consistent identification, measurement, monitoring, reporting, and management of operational risk across Citigroup.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(g) Operational risk (continued)

The process established by the ORM framework is expected to lead to effective anticipation and mitigation of operational risk and improved operational risk loss experience and includes the following steps:

- identify and assess Material Operational Risks (MORs);
- design controls to mitigate identified risks;
- establish Key Risk Indicators (KRIs);
- implement a process for early problem recognition and timely escalation;
- produce comprehensive operational risk reporting; and
- ensure that sufficient resources are available to actively improve the operational risk environment and mitigate emerging risks.

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

In addition, the ORM framework proactively assists the businesses, operations and technology and the other independent control groups in enhancing the effectiveness of controls and managing operational risks across products, business lines and regions, and facilitates the management of operational risk at a Citigroup and Company level.

To enhance its operational risk management, CGML has a forward-looking scenario analysis programme to identify and quantify emerging operational risks, through a systematic process of obtaining opinions from business managers and risk management experts to derive reasoned assessments of the likelihood and loss impact of plausible, high severity operational risk losses. This development has been integrated into the operational risk capital assessment for CGML.

“MORs” are derived from an evaluation of operational risk exposure on a residual risk basis considering its current business strategy, substantial emerging risks and other relevant factors which include assessment of the four Basel operational risk data elements (i.e. internal losses, external losses, scenario analysis, output from Internal Audit Assessments) and from self-assessment results from the Manager’s Control Assessment (MCA). The identified MORs for CGML include those set out below. These Risks are aligned to the updated Citi-wide global risk taxonomy that has been developed for operational and compliance risks.

CGML MORs as of 31 December 2023:

- Processing Risk;
- Cyber Risk;
- Internal Fraud and Theft Risk;
- Regulatory and Management Reporting Risk;
- Technology Risk;
- Data Management Risk;
- Market Practices Risk;
- Anti-Money Laundering (AML)
- Sanctions Risk
- Prudential and Regulatory Risk (PRR);
- Business Disruption and Safety Risk;
- Human Capital Risk.

The Company itself effectively does not face significant exposure to operational risk due to its relationship with CGML.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Financial instruments and risk management (continued)

(h) Impact of anti-tax avoidance directive on Luxembourg issuers

Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market dated 12 July 2016 was transposed into Luxembourg domestic law by the law of 21 December 2018 (ATAD I) and entered into force on 1 January 2019. ATAD I has been amended by Council Directive (EU) 2017/952 of 29 May 2017 in relation to hybrid mismatch measures.

ATAD I introduces, amongst other things, a new framework that may limit the deduction of interest and other deductible payments for Luxembourg companies subject to corporate income tax (such as the Issuer). Whilst ATAD II extends to include hybrid mismatches between EU Member States and third countries and introduces rules on hybrid permanent establishment mismatches, hybrid transfer, hybrid financial instrument mismatches, dual resident mismatches, reverse hybrid mismatches and imported mismatches. In particular, the interest limitation rules under ATAD I may result in corporate income tax being effectively imposed on and payable by the Issuer to the extent that the Issuer derives income other than interest income or income equivalent to interest from its underlying assets and transactions.

In January 2024, it has been re-confirmed by the local tax administrations that the Company was out-of-scope of the interest limitation rules under ATAD.

(i) International Tax Reform - Pillar II model rules

Pillar Two model rules published by the OECD have been enacted or substantively enacted in certain jurisdictions where Citigroup operates. As at 31 December 2023, the government of Luxembourg has enacted new legislation to implement the Pillar Two rules which only come into effect in the year 2024. Therefore, there is no impact for the Company for the year ended 31 December 2023.

According to Citigroup's initial assessment based on the most recent information available regarding the financial performance of the constituent entities of Citigroup, if the top-up tax had been applied in 2023, no top-up tax liability would be expected for the Company based on the expectation that Luxembourg meets one of the Country-By-Country Report Safe Harbour Tests, deeming the entities in Luxembourg as not having any top-up tax liabilities under the Pillar Two rules.

18. Capital management

Other than the minimum capital requirements of the Commercial Law in Luxembourg, the Company is not subject to any externally imposed capital requirements. It is dependent on CGML to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholder equity, disclosed in Note 12 "Share capital and reserves". It is the Company's objective to reduce its risk exposure with regards to market, liquidity and credit risk to a minimum by entering into offsetting transactions with CGML to maintain a sufficient capital base to support the development of its business and to meet statutory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

19. Contingent liabilities and financial commitments

(a) Financial commitments

At the trade date of a structured note to an investor, the Company is committed to issue a structured note to the investor (provided the investor pays for that note). The notes will be recognised on the balance sheet at the issuance date when the cash is received from the investor.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

19. Contingent liabilities and financial commitments (continued)

As at 31 December 2023, there was a total fair value of USD 21 million of notes that had traded with issuance date in January 2024 (31 December 2022: fair value of USD 29 million of notes that had traded with issuance date in January 2023). These financial instruments are warrants issued in relation to the Citi Warrant Programme and unsettled structured notes and unsettled index linked certificates traded but not yet settled at the period end. The above listed financial instruments are recognized in derivatives. For additional information on the above split, please refer to Note 10.

The Company will also be obligated to pass on to CGML the cash received from the investor at the issuance date. This commitment is contingent upon cash being received from the investor from the note issuance, meaning if the investor does not pay then the Company has no obligation to give cash to CGML.

(b) Contingent liabilities

The Company has issued a Deed of Counter-Indemnity to CGML whereby it shall indemnify and hold CGML harmless against any losses, claims, damages or liabilities relating to or arising out of the guarantee ("Deed of Guarantee") issued by CGML against the Company's obligation under notes, certificates, warrants and other instruments issued by the Company pursuant to certain issuance programmes as specified in the guarantee agreement.

Under the Deed of Guarantee CGML guarantees that if, for any reason, the Company does not either pay or deliver any sum payable by the Company to note holders which also includes any premium or any other amounts of whatever nature or additional amounts which may become payable under the notes, certificates and warrants issued by the Company, then CGML will be obliged to pay.

As at 31 December 2023 there are no losses, claims, damages or liabilities relating to or arising out of the said guarantee (31 December 2022: none).

20. Segmental reporting

The Company's activity is the issuance of listed or unlisted structured products in the form of structured notes, index linked certificates and derivatives to grant loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to Citigroup Inc..

In accordance with IFRS 8 "Operating Segments", an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker ("CODM") and for which discrete information is available. The Management approach is used to determine the reportable operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM, as required by IFRS 8. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board Citigroup Global Markets Funding Luxembourg GP S.à r.l. ("the Manager").

The CODM monitors the issuance activity based on a breakdown of information about the regional distribution of the products issued by the Company to institutional and retail investors. The products issued by the Company are distributed to investors classified in four regions:

- Europe, Middle-East and Africa ("EMEA");
- Asia Pacific, excluding Japan ("APAC");
- Japan ("JP"); and
- Latin America ("LATAM").

For each region the CODM is provided with key performance indicators ("KPIs") reporting the total number of instruments issued and the total net proceed amount issued during the year.

At the end of the period a regional breakdown is presented of the number of financial instruments issued, the market value of the financial instruments issued at the end of the period as well as the gains and losses related to the issuance of these financial instruments during the year.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

20. Segmental reporting (continued)

For the year ended 31 December 2023 (\$ 000)

	APAC	EMEA	JP	LATAM	Grand Total
Number of instruments issued ⁸	16,083	3,604	400	991	21,078
Net proceed of the instruments issued ⁷	10,040,273	14,382,624	310,189	1,700,899	26,433,985
Market value of the instruments outstanding at year-end ⁵	7,136,999	14,755,969	582,862	2,205,049	24,680,879
Gains/(Losses) related to the instruments issued ⁶	(499,039)	(1,194,861)	(68,400)	(620,930)	(2,383,230)
Gains/(Losses) related to the instruments purchased ⁶	499,039	1,194,861	68,400	620,930	2,383,230

For the year ended 31 December 2022 (\$ 000)

	APAC	EMEA	JP	LATAM	Grand Total
Number of instruments issued ⁸	8,279	3,724	590	1,295	13,888
Net proceed of the instruments issued ⁷	9,018,036	15,938,577	567,612	2,076,911	27,601,136
Market value of the instruments outstanding at year-end ⁵	6,432,705	16,841,722	857,083	2,921,782	27,053,292
Gains/(Losses) related to the instruments issued ⁶	2,348,862	1,692,857	301,092	449,546	4,792,357
Gains/(Losses) related to the instruments purchased ⁶	(2,348,862)	(1,692,857)	(301,092)	(449,546)	(4,792,357)

Gains and losses from financial instruments at fair value through profit or loss are inclusive of foreign exchange gains and losses. Net foreign exchange gains and losses realised on financial instruments at fair value through profit or loss amounted to USD nil (2022: USD nil).

To reflect the effect of financial instruments settling physically on the gains/(losses) from financial instruments issued for the year 2022, the Company restated the 2022 gains related to APAC by USD 2,812,875 thousand, the 2022 gains related to EMEA by USD 269,830 thousand, the 2022 gains related to JP by USD 116,685 thousand and the 2022 gains related to LATAM by USD 98,245 thousand.

Accordingly, the Company also restated the gains/(losses) from financial instruments purchased impacting 2022 losses related to APAC by USD (2,812,875) thousand, the 2022 losses related to EMEA by USD (269,830) thousand, the 2022 losses related to JP by USD (116,685) thousand and the 2022 losses related to LATAM by USD (98,245) thousand.

21. Non-financial information

The Company's approach on environmental matters, social and employee matters, diversity, bribery and corruption, and respect for human rights is detailed on the Environmental, Social and Governance (ESG) Report which can be accessed on the Ultimate Parent Company website www.citigroup.com. The Board is responsible for ensuring compliance with the directive 214/95/EU 'Non Financial Reporting Directive' (NFRD).

⁵The instrument outstanding at the end of the year are composed of structured notes, index linked certificates and derivatives, not including unsettled instruments

⁶Refer to Note 5

⁷Net proceeds in the current period

⁸Number of instruments issued in the financial year

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22. Russia-Ukraine conflict and macroeconomic risks and uncertainties

Russia's war in Ukraine has caused supply shocks in energy, food and other commodities markets, worsened inflation, increased cybersecurity risks, increased the risk of recession in Europe and heightened geopolitical tensions. Actions by Russia, and any further measures taken by the U.S. or its allies, could continue to have negative impacts on regional and global energy and other commodities and financial markets and macroeconomic conditions, adversely impacting jurisdictions where Citigroup operates and Citigroup's customers, clients and employees.

The Company continues to closely monitor the war in Ukraine, related sanctions and economic conditions and continues to mitigate its Russia exposures and risks as appropriate.

Various geopolitical, macroeconomic and regulatory challenges and uncertainties continue to adversely affect economic conditions in the U.S. and globally including, among others, continued elevated interest rates, elevated inflation, and economic and geopolitical challenges related to China, the Russia-Ukraine war and escalating conflicts in the Middle East. These and other factors have negatively impacted global economic growth rates and consumer sentiment and have resulted in a continued risk of recession in various regions and countries globally. In addition, these and other factors could adversely affect Citi's customers, clients, businesses, funding costs, cost of credit and overall results of operations and financial condition during 2024.

The Company continues to monitor the external environment to mitigate potential risks. There are no adverse impact as of the date of preparation of these financial statements.

23. Subsequent events

Subsequent to the year-end and until 12 April 2024, the Company has issued 6,793 structured notes (in the form of new products or new tranches) for a net proceed amount of USD 7,081,149,995 and 2,711 securities (in the form of new products or new tranches), of which 684 are presented in the financial statements as index linked certificate for a net proceed amount of USD 589,944,451 and 2,027 warrants presented in the financial statements as derivatives for a net proceed amount of USD 1,198,345,042. The Company issued 41 preference shares in USD and in GBP for a net proceed equivalent amount of USD 4,961.

Subsequent to the year-end, 1,629 structured notes matured for a proceed amount of USD 2,138,045,229 and 604 index linked certificates matured for a net proceed amount of USD 212,079,252 as well as 730 warrants matured for a net proceed amount of USD 238,375,529.

The Company fully redeemed 3,680 structured notes for a net proceed amount of USD 3,753,429,643 and 32 index linked certificates for a net proceed amount of USD 17,167,219 as well as 1,255 warrants presented as derivatives for a net proceed amount of USD 707,943,831.

At the date on which these financial statements were approved, there were no significant events affecting the Company since the year end.