CitiFirst
OPPORTUNITY

www.citifirst.com.au

WARRANTS | MINIS | GSL MINIS | TURBOS | INSTALMENTS | INSTALMENT MINIS | SELF FUNDING INSTALMENTS | BONUS CERTIFICATES

An Introduction to trading the **CitiFirst Warrants Suite**

For more information and to subscribe to our market newsletter:

www.citifirst.com.au

@ citifirst.warrants@citi.com

☎ 1300 30 70 70

✉ GPO Box 557, Sydney NSW Australia 2001

This document is for illustrative purposes and should be read in its entirety. Contents do not constitute investment advice or a recommendation to Buy / Sell any particular financial product. Some important risk considerations appear at the end of the documetn and complete risk considerations are in the POS.

INVESTMENT PRODUCT: NOT A DEPOSIT | NOT INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Products are issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL No. 240992), Participant of ASX Group and of Chi-X Australia.

Investors and investment professionals talk about derivatives - financial products whose value is contingent on another financial instrument or underlying. The main categories of derivatives are futures, forwards and options.

A warrant is a securitised option. Securitisation is the process of underwriting a security or obligation. CitiFirst Warrants in Australia are issued by Citigroup Global Markets Australia Pty Limited. An investor in a warrant is exposed to the credit risk of the issuing entity.

Warrants are a complex financial instrument. Warrants can offer investors synthetic exposure to either rising or falling markets for a smaller portion of capital. They can offer leveraged participation in the underlying asset or the potential to hedge against market declines.

The warrants market continues to grow in Australia. This growth is driven both by increasing volumes in the well establishd products such as trading warrants, as well as the interest in new, innovative products such as MINIs. A variety of warrants are available, can be traded in small size and are listed on the Australian Stock Exchange (ASX) and Chi-X.

This educational guide is intended for those who wish to gain a better understanding of warrants. Readers who wish to take their understanding further and learn more about complex products and strategies should contact the CitiFirst Sales desk on 1300 30 70 70 or speak with their approved financial advisor or stock broker. In addition there are various Trading Guides available at **www.citifirst.com.au**.

Ultimately the decision whether or not to buy a warrant or any other financial instrument will be based on your personal view of how the price of an underlying asset will develop over time. Investors should understand the terms and risks associated with each type of warrant or financial instrument before investing.

Table of Contents

CitiFirst Warrants

CitiFirst is the brand name for Citi's offering of structured investment products in Australia including warrants. All CitiFirst Warrants in Australia are issued by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL No. 240992) ("Citi").

Citi offers the following types of warrants:

Trading Style Warrants

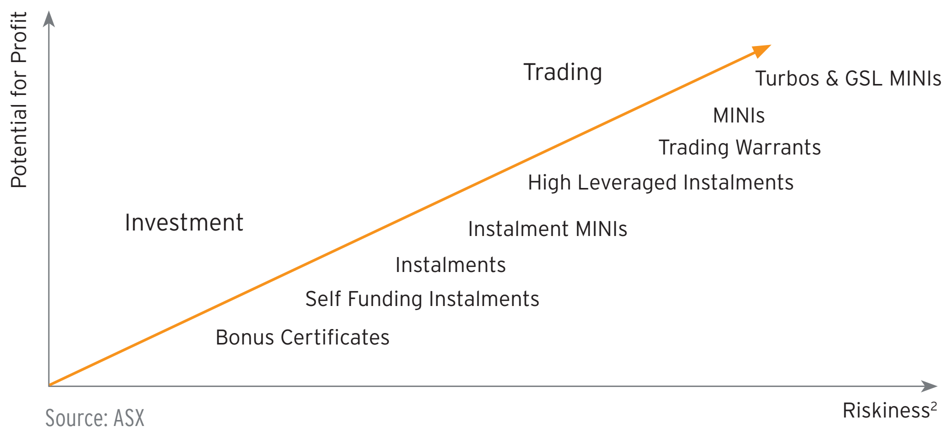
- Trading Warrants
- MINIs
- GSL MINIs
- Tubos

Investment Style Warrants

- Instalments
- Instalment MINIs
- Self Funding Instalments
- Bonus Certificates

Investors should understand the terms and risks associated with each type and style of Warrant before investing. Each type of warrant has different risks and the terms of each warrant are also non-standardised.

As a broad rule of thumb, the relative potential for profit and "riskiness"2 of each type of warrant is outlined below.



Source: ASX

We'll first give an overview of the fundamentals of Options and Warrants, and then discuss the different types of warrant in detail.

1. A 'High Leveraged Instalment' is one with gearing of over 70%.
2. 'Riskiness' as measured by the likelihood and magnitude of loss. Of course, specific terms pertaining to each warrant - such as time to maturity, volatility, strike levels, etc - should be evaluated by individual investors prior to making a trading decision.

What is a Warrant?

A warrant is a securitised option. An option is a forward transaction, i.e. based on a transaction which may occur in future. An option is the right but not the obligation to buy or sell an underlying asset at a specific price on a specific expiry date.

The key parameters of an option typically include:

- An underlying asset (such as an index, stocks, commodities, a foreign exchange rate)
- Whether the investor wants exposure to a rising market (as in the case of a call or long) or a falling market (as in the case of a put or short)
- The exercise price (the price which is pre-specified for the future)
- The expiry date (if any)

Warrants can offer a number of advantages over buying shares, other assets directly, and derivatives such as contracts for difference. Warrants can magnify losses as well as gains and as such may not be suitable for all investors.

Warrants give exposure to underlying assets for less initial outlay (the premium) - the price of a warrant is a portion of the price of the underlying asset. This is called gearing. As a result, the price of a warrant will move more than the price of the underlying asset. This is called leverage. Both gains and losses are magnified.

Warrants can only be bought and traded. Buying a put/short warrant is a way to express a negative view on the underlying – a call cannot be 'sold' (other than to unwind a holding of the warrant) into the market as is the case with contract for differences (CFDs). As a result, investors in warrants can never lose more than the amount that they initially invest – their premium. By contrast, traders of CFDs can lose more than their initial investment.

Warrants offer investors the opportunity to profit in either a rising or falling market for only a small portion of capital compared to buying the underlying asset outright. They are issued by banks and other financial institutions and can be traded easily on the ASX and Chi-X in small or large quantities. The warrants market is usually liquid and a warrant can be traded many times over its life.

In Australia, warrants are broadly one of two styles: Trading and Investment. Both styles of warrant combine gearing/leverage with the potential to only lose the premium paid.

What are Trading Warrants?

Trading warrants give the holder the right, but not the obligation to buy or sell an underlying share at a specified price at a predetermined date. In this way they are essentially a traded option that may be accessed by investors. They combine geared returns with the potential to only lose the premium paid. Trading Warrants are either Call (Long) or Put (Short) Warrants.

What is a Call Trading Warrant?

A Call Trading Warrant is the right to buy a share at a predetermined price. The following examples illustrate the basic principles of a call trading warrant.

An investor who is bullish (has a positive view) on an underlying may wish to buy a call trading warrant. Holders of warrants do not need to hold the warrant until expiry to make a profit – warrants are liquid and tradable investments on the ASX and Chi-X.

The main advantage of buying a call trading warrant (compared to a direct long investment in the underlying) is the leverage effect that the call warrant offers. A warrant holder only pays a small proportion of the underlying asset price - the premium - to gain exposure to the market movements of the underlying.

Illustration of a Call Trading Warrant:

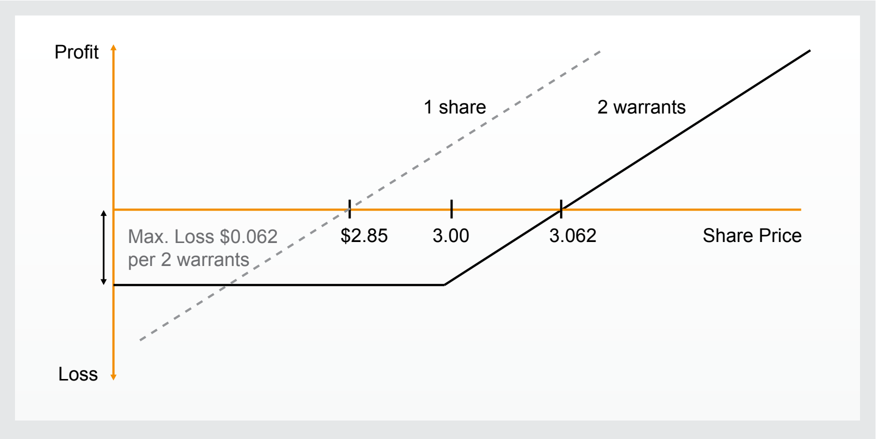
Maturity Date	2 months time
Type	Call Trading Warrant
Underlying	Company ABC
Warrant Code	ABCWOA
Underlying Share Price	$2.85
Call Warrant Price	$0.031
Stricke Price	$3.00
Conversion Ratio	2 Warrants for 1 share

*For illustrative purposes only

On a given day, an investor could buy any sized parcel of Trading Warrants, there is no minimum size requirement for Warrants. For example, an investor could purchase 20,000 CitiFirst Trading Call Warrants on ABC and invest as little as $620 (20,000 x $0.031).

If an investor bought 10,000 shares of Company ABC at $2.85 with a total cash outlay of $28,500 and then sold them two weeks later at $3.15 per share, the investor experiences a gain of 10.5%.

If instead of buying the shares, the investor bought 20,000 call warrants on Company ABC at $0.031 with a total cash outlay of $620, and two weeks later the warrant value rose to $0.088, the investor experiences a gain of 183%.



*For illustrative purposes only
Source: Citi

The above illustration suggests that a warrant price move corresponds to a move in the the price of the underlying. In reality, whilst the call warrant price will typically move in the same direction as the underlying price, the magnitude may not be the same. The magnitude of the change in warrant price relative to change in the price of the underlying is reflected by delta multiplied by leverage.

If the holder of the warrant held the warrant until expiry, then the potential profit and loss profile would reflect the diagram above. Using the call warrant, the investor can participate in the unlimited upside of the Company ABC investment, but maximum losses are equal to the full value of the call warrant (akin to the call option premium). The maximum loss for the stock investor would be the full value of the stock.

What is a Put Trading Warrant?

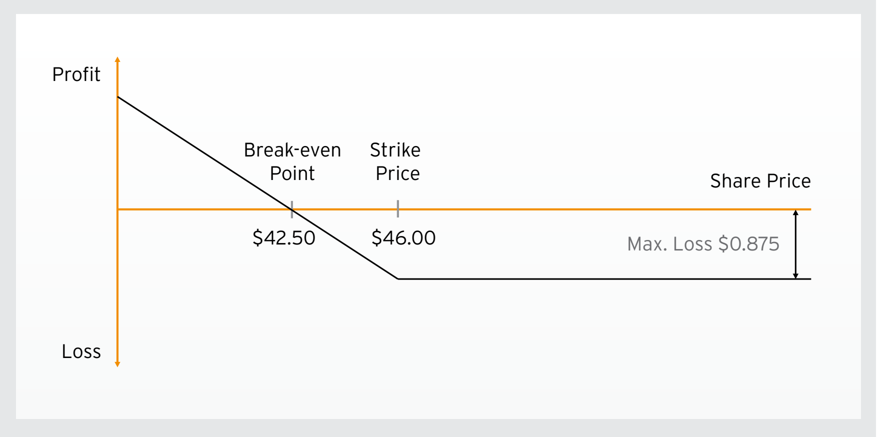
A put trading warrant offers warrant holders the opportunity to profit when share prices are falling. Taking advantage of the leverage effect, an investor who has a bearish view on the underlying stock can buy a trading put warrant to benefit from the decrease in price of the underlying asset.

Illustration of a Put Trading Warrant

Maturity Date	3 month
Type	Put Trading Warrant
Underlying	Company UVW
Warrant Code	UVWWOY
Underlying Share Price	$45.00
Call Warrant Price	$0.875
Stricke Price	$46.00
Conversion Ratio	4 Warrants for 1 share

*For illustrative purposes only

If the investor held the put warrant until maturity then the potential profit and loss of that warrant holding would be as illustrated below. If the price of Company UVW stock settles at $40.00 then the investor makes a net profit of $0.625; ($46.00 - $40.00)/4 - $0.875. This is a profit of 71%.



*For illustrative purposes only
Source: Citi

Conversely, if the Company UVW stock settles at $48.00, the investor loses their premium ($0.875) or 100% of their initial investment.

Warrant Price

A trading warrant's price is always composed of two elements: the "intrinsic value" and the "time value".

Warrant Price = Intrinsic Value + Time Value

Intrinsic value is the value a warrant would have if it were exercised immediately. For example, if a warrant gives the holder the right to buy one share at AUD 5.00 and that share is currently trading at AUD 5.50 then the intrinsic value of that warrant is AUD 0.50. If the share price then rises to AUD 6.00 then the intrinsic value of the warrant rises to AUD 1.00. But if the share price falls to AUD 5.00 or less then the intrinsic value of the warrant falls to zero (it cannot be a negative value).

For a call

Intrinsic Value = Asset Price – Strike Price

For a put

Intrinsic value = Strike Price – Asset Price

If a trading warrant has a positive intrinsic value then it is said to be 'in the money'. If a warrant has a zero intrinsic value – because it's strike price is equal to the underlying asset price then it is said to be 'at the money'. If the warrant has negative intrinsic value it is said to be 'out of the money'. Ideally, an investor would buy a warrant that starts off out of the money, moves to be at the money and then ends up staying (or expiring) in the money.

Time value reflects the potential for a warrant to become more (or less) valuable in the time left before expiry and the opportunity that the warrant offers to profit through gearing.

For example, if a share price is at AUD 5.00 there is still some value to a warrant with a strike price of AUD 5.00 if there is some time to go until expiry. The time value of that warrant gradually reduces, ultimately falling to zero at expiry.

As a warrant gets closer to expiry its time value will diminish as there is less time for the underlying asset price to move to a more profitable level. Ultimately, the time value will fall to zero because once a warrant reaches its expiry date it is simply worth its intrinsic value. This is known as "time decay". Time decay is more rapid for short dated out of the money warrants and lower for long dated in the money warrants.

Generally speaking, a trading warrant might expect to lose two thirds of its time value during the last third of its life. The more time value that there is in the premium, the higher the probability of the warrant to end up in the money. This is one of the reasons why many investors will choose to sell back the warrant before the maturity date.

	Call Trading Warrants	Put Trading Warrants
In the money	Asset Price > Strike Price	Asset Price < Strike Price
At the money	Asset Price = Strike Price	Asset Price = Strike Price
Out of the money	Asset Price < Strike Price	Asset Price > Strike Price

Parameters influencing a covered warrant price

Parameters (increase in)	'The Greeks'	Call Premium	Put Premium
Underlying Spot Price	Delta	▲	▼
Strike Price		▼	▲
Time to Expiry (Life)	Theta	▲	▲
Volatility	Vega	▲	▲
Interest Rates	Rho	▲	▼
Dividend Rate		▼	▲

Spot Price

Call warrants gain value as the underlying spot price increases and lose value as the underlying spot price decreases. This is because they enable the holder to 'buy' the underlying shares at the strike price, thus making a profit. Covered warrants are mostly cash settled. Put warrants gain value as the underlying spot price decreases and lose value as the underlying spot price increases.

Strike Price

The higher the strike price over the current underlying spot price, the cheaper the premium on a call warrant will be. This is because a warrant that gives the holder the right to buy the underlying at a lower price has more intrinsic value within it. There is also a reduced likelihood of a call warrant with a high strike price being exercised.

Time to Expiry

The longer the time to expiry, the more time value a warrant has. This is because a warrant has more time to perform. As a warrant moves towards expiry there is reduced time value in it – this is time decay.

Volatility

Volatility is perhaps the most important factor determining the price of warrants. Volatility represents the magnitude of the underlying asset's movements, up or down, over a specific period of time. There are two types of volatility that are considered: historical and implied. Historical volatility is calculated from historical prices. Implied volatility is calculated out of the trading warrant's price and reflects the market's anticipation of future expected price variations in the underlying asset.

Assuming all other factors remain equal and increase in volatility will result in an increase in the warrant premium for both calls and puts. Higher volatility increases the probability of the warrant becoming in the money.

Interest Rates

For each warrant, the Issuer allocates funds to purchase the underlying shares. An increase in the interest rate reflects an increase in the cost of borrowing. This will be reflected in a corresponding increase in the warrant price.

Dividends

Investors in trading warrants do not receive the dividends paid on the underlying shares. However, in valuing warrants, the Issuer will estimate the expected dividend stream. This means that warrants do not dramatically fall in price when the underlying share trades without a dividend (ex dividend).

What is a MINI?

MINIs have enjoyed significant popularity since being added to the CitiFirst Warrant family and according to ASX data were the most popular style of warrant traded on the ASX in 2015. MINIs are a type of trading warrant that offers leveraged exposure to either rising or falling shares, indices, currencies or commodities. MINIs allow investors to track the value of an underlying asset on a one for one basis for a small upfront cost, as illustrated below.

There are two types of CitiFirst MINIs:

- CitiFirst MINI Longs provide investors with exposure to rising prices.
- CitiFirst MINI Shorts provide investors with exposure to falling prices.

Investors may have the opportunity to profit in either bull and bear markets.

Unlike some other types of warrants, MINIs are open ended and have no expiry date. Since they have no expiry date they will generally track the underlying on a one for one basis. In addition there is no optionality or time decay generally found in other types of derivatives.

The strike price of MINIs will change on a daily basis to include a funding cost. Another key feature of MINIs is that they have an in-built stop loss feature which is set above the strike price for MINI Longs and below the strike price for MINI Shorts. This stop loss feature ensures that investors are unable to lose more than the original investment amount.

For MINI Longs the Stop Loss Trigger Level is set at a certain distance above the Strike Price, whereas for MINI Shorts the Stop Loss Trigger Level is set below the Strike Price.

The Stop Loss Trigger Level is outlined in the summary table of the Product Disclosure Statement (PDS) relevant to the particular MINI prior to listing. Thereafter, the Stop Loss Trigger Level will be updated on the first trading day of every month to reflect the movement in the Strike Price.

The value of a MINI Long or MINI Short varies depending on the underlying you are gaining exposure to, but generally it will be equal to the difference between the Share Price and the Strike Price. Values can be calculated as follows:

Single Stock MINIs
Value of Single Stock MINI Long = Share Price – Strike Price
Value of Single Stock MINI Short = Strike Price – Share Price

Australian Index MINIs (XJO)
Value of MINI Long = (S&P/ASX 200 Futures Contract Level – Strike Price) x Index Multiplier
Value of MINI Short = (Strike Price – S&P/ASX 200 Futures Contract Level *) x Index Multiplier

International Index, Currency and Commodities MINIs
Value of MINI Long = (Underlying Level – Strike Price) x Index Multiplier / Foreign Exchange Rate
Value MINI Short = (Strike Price – Underlying Level) x Index Multiplier / Foreign Exchange Rate

Where the Index Multiplier is used to convert the Underlying level in to a dollar amount.

Illustration of a Single Stock MINI Long:

Maturity Date	Open end (no maturity date)
Type	MINI Long Warrant
Underlying	Company DEF
Warrant Code	DEFKOA
Underlying Share Price	$30
Stike Level	$24.00
MINI Long Price	$6.00 ($30 - $24)
Stop Loss Level	$26.40
Conversion Ratio	1 MINI Long for 1 share
Delta	100

*For illustrative purposes only

Illustration of a Single Stock MINI Short:

Maturity Date	Open end (no maturity date)
Type	MINI Short Warrant
Underlying	Company JKL
Warrant Code	JKLKOZ
Underlying Share Price	$20
Stike Level	$25.00
MINI Long Price	$5.00 ($25 - $20)
Stop Loss Level	$22.50
Conversion Ratio	1 MINI Short for 1 share
Delta	100

*For illustrative purposes only

What happens if a Stop Loss Event occurs?

If a Stop Loss Trigger Level is reached, Citi will halt trading in the MINI, determine the remaining value and provide a bid price (equal to the remaining value) in the MINI on either the ASX or Chi-X so that holders of the MINI can close out existing positions.

This bid price will be available from 2:00pm on the following trading day until the end of the next trading day. If investors do not sell the position on the relevant exchange, the remaining value is credited to investors via cheque or a nominated bank account within 10 business days.

Investors who trade CitiFirst MINIs do not incur any funding costs if they buy and sell the MINI on the same trading day. Where a MINI is held to the next trading day, investors are charged a Funding Cost, which covers the cost of holding the position overnight. This Funding Cost is added or subtracted from the Strike Price before trading opens the following morning, as such the Strike Price will change each day.

What is a Guaranteed Stop Loss (GSL) MINI?

GSL MINIs are the newest type of MINI, providing leveraged exposure to rising or falling markets, with the added benefit of a guaranteed stop loss level. They are listed over ASX listed single stocks as well as Australian indices.

The value of a GSL MINI is determined by the following inputs:

- Underlying Share Price
- Strike price*
- Gap Premium**

and is calculated as follows:

Single Stock GSL MINI
Value of GSL MINI Long = (Share Price – Strike Price*) + Gap Premium**
Value of GSL MINI Short = (Strike Price* – Share Price) + Gap Premium**

Australian Index GSL MINI
Value of GSL MINI Long = (S&P/ASX 200 Futures Contract Level – Strike Price) x Index Multiplier + Gap Premium
Value of GSL MINI Short = (Strike Price – S&P/ASX 200 Futures Contract Level *) x Index Multiplier + Gap Premium

As such, CitiFirst GSL MINIs are not directly exposed to factors such as option volatility which may affect the valuations of traditional derivatives.

For all GSL MINIs, the Guaranteed Stop Loss Level is equal to the Strike Price. The Guaranteed Stop Loss feature ensures that regardless of the movement of the underlying asset price, investors are unable to lose more than their initial investment amount. The Guaranteed Stop Loss Level is outlined in the summary table of the Product Disclosure Statement (PDS) relevant to the particular GSL MINI prior to listing. Thereafter, the Stop Loss Trigger Level will be updated at the end of each trading day to reflect the movement in the Strike Price.

If a Guaranteed Stop Loss Level is reached, Citi will halt trading in the GSL MINI and the GSL MINI will automatically terminate. Holders will not be entitled to receive any cash payment in respect of the GSL MINI as the stop loss is always equal to the strike.

As is the case with CitiFirst MINIs, investors in GSL MINIs do not incur any funding costs if they buy and sell the GSL MINI on the same trading day.

* Where the Strike is the portion of the Underlying Share Price that Citi funds on behalf of investors
** Where the Gap Premium reflects the gap risk assumed by Citi in offering the Guaranteed Stop Loss Level

What is a Turbo Warrant?

Turbo Warrants are an innovative style of derivative product offering traders enhanced leverage over a broad range of listed securities and indices, with the choice of either call (long) and put (short) warrants.

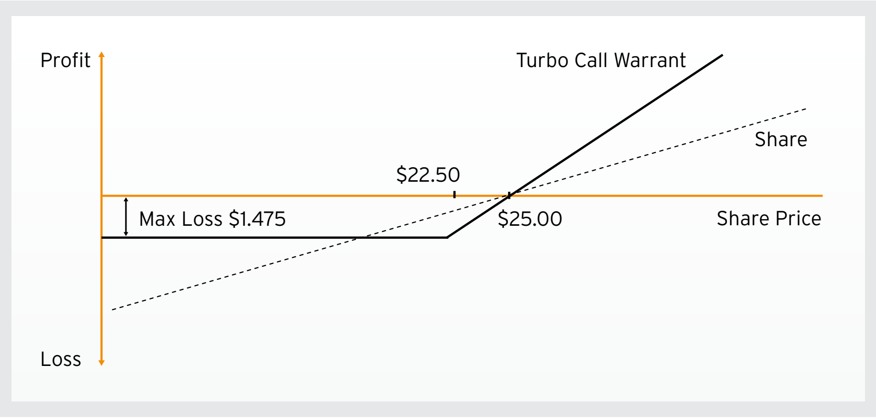
To achieve their enhanced leverage, Turbo Warrants include a barrier (or knock-out) feature which, when triggered, terminates the product immediately, rendering the investment worthless.

Illustration of a Turbo Call Warrant:

Maturity Date	1 month
Type	Turbo Call Warrant
Underlying	Company DEF
Warrant Code	DEFXOA
Underlying Share Price	$25
Turbo Call Price	$1.475
Barrier Level	$22.50
Conversion Ratio	2 Turbos for 1 share
Delta	50

*For illustrative purposes only

If the investor held the Turbo Call Warrant for 2 weeks, the profit and loss of that warrant holding would be as illustrated below. If the price of Company DEF stock trades at $27.00, then the investor makes a net profit of $0.985 (67%), versus a return in the stock of 10%.



*For illustrative purposes only
Source: Citi

Illustration of a Turbo Put Warrant:

Maturity Date	1 month
Type	Turbo Put Warrant
Underlying	Company GHI
Warrant Code	GHIXOZ
Underlying Share Price	$40.00
Turbo Put Price	$0.725
Barrier Level	$42.00
Conversion Ratio	4 Turbos for 1 share
Delta	25

*For illustrative purposes only

If the price of Company GHI stock trades at $39.00, then the investor makes a net profit of $0.245 (34%), versus a return on shorting the stock of 2.5%.

It should be remembered, that an investment in a Turbo Warrant may result in the loss of 100% of the original investment if the underlying trades at or through the barrier level. Turbo Warrants are considered 'high risk, high reward' on the risk reward spectrum.

What is an Instalment?

An Instalment Warrant is a dynamic medium to long-term investment product for individuals or self-managed super funds (SMSFs). For Self Managed Super Fund (SMSF) investors, CitiFirst Instalments are one of the few means of gaining leverage in their portfolio[1].

For a portion of the up-front price of the Underlying Shares, investors benefit from dividends, franking credits and capital appreciation as if they owned the shares outright. At maturity investors have the flexibility to pay the Final Instalment and receive the Underlying Shares, roll in to another series of CitiFirst Instalments or walk away from the investment, receiving the residual value remaining in the investment.

An investment in CitiFirst Instalments will typically involve two separate payments. The first instalment payment ensures that the investor is the beneficial owner of the underlying shares and therefore retains all dividends and franking credits. The second and final instalment payment is an agreed and fixed amount that will complete the share purchase. Investors exercise discretion to complete this payment with no obligation.

CitiFirst Instalments may help investors achieve their investment objectives, particularly for those:

- Looking for exposure to the stock market over the medium- to long-term
- Seeking enhanced dividend yield and franking credits
- Seeking to build long term wealth tax effectively
- Seeking gearing without the risk of a margin call
- Self Managed Super Funds looking for leverage
- Reluctant to sell shares and crystallise capital gains
- Existing shareholders wishing to unlock cash while maintaining exposure to the shares (not available for SMSFs)

1 Any trustees or superannuation entities should obtain specific advice as to whether Instalment Warrants are an appropriate and permitted investment.

Key Benefits of Instalment Warrants:

Leverage

CitiFirst Instalments are securities that enable the investor to leverage their existing or future shareholdings in leading Australian companies and Indices. As the loan is non-recourse in nature it is an approved investment product for SMSFs[1].

Dividends

During the term of the investment, a Holder is entitled to receive all the Dividends and depending on their circumstances, available franking credits (if any) paid in relation to the Underlying Shares. These Dividends are passed through to holders in the same way as if they owned the underlying share.

As investors only pay a portion of the cost of the Underlying Share upfront, the yield on a CitiFirst Instalment may be significantly greater than that of the Underlying Share

Potential Tax Benefits

Depending on individual circumstances, interest expenses and borrowing fees related to the purchase of CitiFirst Instalments may be eligible for tax deductions.

Limited Exposure

By purchasing CitiFirst Instalments rather than the Underlying Shares, investors have limited risk to the cost of the Instalment as the loan is non-recourse, meaning investors never have to pay it back. This cost is a fraction of the price of the Underlying Share.

Cash Extraction

CitiFirst Instalments allow existing shareholders (excluding Self Managed Super Funds) to free up capital for other investments while maintaining exposure to their shares without crystallising a Capital Gains Tax (CGT)* liability.

1 Any trustees or superannuation entities should obtain specific advice as to whether Instalment Warrants are an appropriate and permitted investment.

* Any statement regarding taxation is intended only as a general summary of some of the taxation consequences arising for potential investors in CitiFirst Warrants or MINIs who are Australian resident taxpayers including individuals, companies and complying superannuation funds. This statement is necessarily general in nature and does not take into account the specific taxation circumstances of each potential investor. Potential investors should not rely on this statement and should obtain specific taxation advice referable to their own circumstances prior to making any investment decision.

Key Risks of Instalment Warrants:

Like any investment that offers the potential for profit there is a corresponding potential for loss. The relevant CitiFirst Instalment Product Disclosure Statement details all risks associated with investing in CitiFirst Instalments. These include, but are not limited to the following:

- CitiFirst Instalments may decrease in value at a greater rate than an investment in the Underlying Shares;
- On the maturity date, a CitiFirst Instalment may be significantly less valuable or may expire worthless.
- Citi has the discretion to adjust the Underlying Shares or the Final
- Instalment upon the occurrence of certain corporate events.
- The current Australian regulatory environment and any legislative, tax or regulatory changes may impact on a Holder of CitiFirst Instalments.
- The counterparty risk of the issuer

Potential investors should reach an investment decision only after carefully considering, with their advisors, the suitability of CitiFirst Instalments in light of their particular circumstances, taking in to account the risk factors relating to the CitiFirst Instalments detailed in full in the Product Disclosure Statement.

How do CitiFirst Instalments Work?

CitiFirst Instalments allow investors to purchase shares by making two separate payments.

The First Instalment – Variable

This is the purchase price, is variable, and fluctuates depending on the price of the Underlying Share, volatility, time to maturity and prevailing interest rates. The first instalment is usually between 40 – 60% of the Underlying Share price.

The Final Instalment

The Final Instalment is the loan amount, which is fixed for the term of the investment. Investors have the right to pay the final instalment at any time until maturity to complete the purchase of the underlying security. It is also important to note that the loan extended to the investor is non-recourse and the payment of the final instalment is therefore at the discretion of the investor.

Illustration of a CitiFirst Instalment

Maturity Date	12 months time
Type	Instalment Warrant
Underlying	Company XYZ
Warrant Code	XYZIOA
Underlying Share Price	$50
Instalment Price (First Instalment)	$27.50
First Instalment (Loan Amount)	25

*For illustrative purposes only

On a given day, an investor could buy any number of Citi Instalments over XYZ, for example, 1,000 Instalments for a total payment of $27,500 (1000 * $27.50). A direct investment in Shares offering the same exposure would have required an investment of $50,000 (1000 * $50.00).

If an investor bought 1,000 share shares of Company XYZ at $50.00 with a total cash outlay of $50,000 and then sold them two months later at $55.00, the investor experiences a gain of 10% (not including any dividend income).

If instead of buying the shares, the investor bought 1,000 Instalment Warrants on Company XYZ at $27.50 with a total cash outlay of $27,500 and six months later the warrant value rose to $32.15, the investor experiences a gain of 17% (not including any dividend income).

What is an Instalment MINI?

CitiFirst Instalment MINIs are the latest generation of Instalments offering a straightforward and cost effective way to gain medium to long-term exposure to the performance of shares in Australia's leading companies.

For a small portion of the up-front price of the Underlying Shares, investors benefit from dividends, franking credits and capital appreciation as if they owned the shares outright.

At maturity, investors have the flexibility to pay the Final Instalment and receive the Underlying Shares, roll in to another series of CitiFirst Instalment MINIs or walk away from the investment, receiving the residual value remaining in the investment.

An investment in CitiFirst Instalment MINIs will typically involve two separate payments; the First Instalment (which confers the benefits of share ownership) and the Second Instalment, which is the loan amount plus interest on the loan. The key difference between a normal Instalment and an Instalment MINI is the Stop Loss feature. Instalment MINIs have an embedded stop loss feature that ensures that the Final Instalment, or loan amount, is non-recourse in nature, which means that you are unable to lose more than your initial investment amount.

The First Instalment - Variable

For Cash Applicants and those purchasing directly on the market, this is the purchase price. It is variable, and fluctuates depending on the price of the Underlying Share, and the Final Instalment.

First Instalment = Underlying Share Price – Final Instalment

The First Instalment is generally between 20% – 60% of the Underlying Share price.

Example of a Telstra CitiFirst Instalment MINI Price:

Share Price	Final Instalment	First Instalment
$3.50	$2.50	$1.00

The Final Instalment

The Final Instalment is the loan amount, which increases daily by a funding amount. This funding amount is the cost associated with holding the Instalment MINI overnight. Investors who trade in CitiFirst Instalment MINIs intraday do not incur any funding costs. This funding cost is added to the Final Instalment before trading opens the following morning, as such the Final Instalment will increase each calendar day.

Investors have the right to pay the Final Instalment at any time until maturity to complete the purchase of the underlying share. It is also important to note that the loan extended to the investor is non-recourse and the payment of the final instalment is at the discretion of the investor.

The Stop Loss Trigger Level

All CitiFirst Instalment MINIs have an embedded stop loss feature. It is this feature that ensures that investors are unable to lose more then their original investment amount. The Stop Loss Trigger Level is set at a certain distance above the Final Instalment and the initial Stop Loss Trigger Level is specified in the Summary Table of the Product Disclosure Stament prior to listing. Thereafter, the Stop Loss Trigger Level for each MINI will be updated on the first trading day of every month to reflect the change in the Final Instalment from funding costs. The updated Stop Loss Trigger Level on Citi's daily pricing sheet can be located at www.citifirst.com.au or alternatively via the ASX or Chi-X.

What Happens if a Stop Loss Trigger Level is Reached?

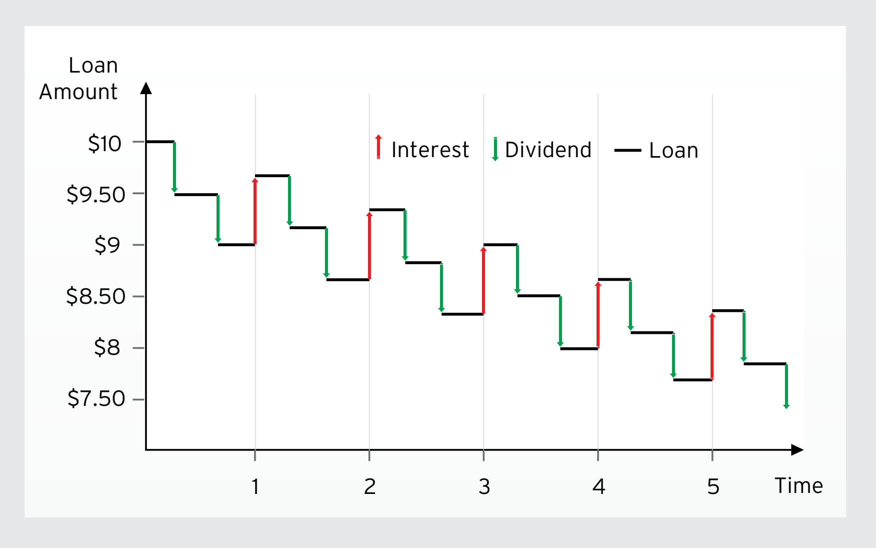
If a Stop Loss level is reached Citi will halt trading in the Instalment MINI, determine the remaining value and provide a bid price (equal to the remaining value) in the Instalment MINI on the relevant exchange so holders can close out of their position. This market will be available from 2:00pm on the following trading day until the end of the next trading day.

Should investors not sell their position on the market, they will receive any remaining value back via cheque or directly in to their nominated bank account within 10 business days.

What is a Self Funding Instalment?

A Self Funding Instalment (SFI) is a type of Instalment Warrant. The main difference between an Instalment and a SFI is the treatment of dividends.

SFIs use the dividend to pay down the Final Instalment (loan amount). This means that the Final Instalment is variable as dividends are used to reduce the Final Instalment. In addition interest payments are added on to the loan amount annually. The intention is for the dividend yield to be greater than the interest payments, thereby creating a positively geared investment, as detailed in the below chart:



*For illustrative purposes only
Source: Citi

At maturity investors have the flexibility to pay the Final Instalment and receive the Underlying Shares, roll in to another series of CitiFirst SFIs or walk away from the investment, receiving the residual value remaining in the investment.

What are Bonus Certificates?

"You want to be invested if the price goes up, but would also like to benefit from a sideways move in the underlying?"

Then Bonus Certificates are the ideal investment product to implement this strategy. A Bonus Certificate enables the investor to receive an attractive Bonus Payment in slightly falling to flat markets, without having to forego the upside potential, as long as during the life of the certificate the underlying never trades at or below the lower Barrier. In a rising market, you will receive the performance of the underlying on a one-to-one basis. Investors may potentially be entitled to the Bonus Level if held till maturity.

If the underlying trades at or below the lower Barrier during the life of the product, the payoff is identical to that of a direct investment in the index or share, except you will not receive any dividend payments. These are used to finance the bonus mechanism.

CitiFirst Bonus Certificate Warrants may be used by both individuals and Self Managed Super Funds (SMSFs).

CitiFirst Bonus Certificates are listed and traded on the Australian Stock Exchange (ASX).

Bonus Certificate – Payoff Profile

Possible payoff scenario linked to the performance of the underlying

Upside Participation
If the underlying is above the Bonus level on the maturity date, the investor participates full in the upside performance of the underlying

Downside Protection
If the share or index never trades at or below the barrier during the life of the product, the investor will receive Bonus Level

Downside Risk
If the underlying trades at or below the lower Barrier, payment at maturity will be the market value of the underlying. If this is below the initial purchase price then a loss is possible

Illustration of a CitiFirst Bonus Certificate

Warrant code	XYZBOA
Underlying Instrument	XYZ ordinary shares
Warrant type	Bonus Certificate
Expiry date	01 June 2016
Bonus Level	$29.00
Barrier Level	$22.00
Exercise Style	European
Conversion ratio	1
Current price	$26.50

*For illustrative purposes only

In the example above if XYZ's share price was around $26.50 at the time of issue of the Bonus Certificate then you would have paid about $26.50 for the warrant. The price of the warrant on expiry will depend on three scenarios

1. Underlying moves sideways

If the underlying does not trade at or below $22.00 during the life of the warrant and the share price is below $29.00 at maturity then the value of the Bonus Certificate on expiry will be $29.00

2. Underlying price rises

If the underlying does not trade at or below $22.00 during the life of the warrant and the share price is above $29.00 at maturity then the value of the Bonus Certificate on expiry will be the value of the underlying (i.e above $29.00).

3. Underlying price falls

If the underlying trades does below $22.00 during the life of the warrant then the value of the Bonus Certificate on expiry will be the value of the underlying. If the share price of XYZ rises above the initial purchase price of $26.50, the investor will make a profit despite the Barrier being triggered. If the share price of XYZ is below $26.50, the investor will make a loss.

How do I recognise a Warrant?

CitiFirst Warrants are listed and traded on the ASX and Chi-X. They all have a six letter code representing the type of warrant and what the underlying is.

For example, BHPKOA represents a MINI Long Warrant over BHP Billiton Ltd issued by Citigroup Global Markets Australia Pty Limited.

- The first three characters identify the underlying instrument. For most warrants, this will match the three letter ASX code of the underlying shares.
- The fourth character identifies the type of warrant (see further details below)
- The fifth character identifies who the warrant issuer is. All CitiFirst Warrants have 'O' as the fifth letter, while all CitiFirst Warrants listed on Chi-X have 'C'.
- The sixth character identifies the particular warrant series. For trading style warrants it also identifies whether the warrant is a call / long warrant or put / short warrant:

  A - O = **Call / Long Warrant**
  P - Z = **Put / Short Warrant**

Fourth Letter Code - CitiFirst Warrants	
I	Instalments
J, S	Instalment MINIs and Self Funding Instalment MINIs
S	Self Funding Instalments or Structured Investment Products
W, V, U, T	Trading Warrants
X, Y, Z	Turbo Warrants
K, Q	MINIs
L	GSL MINIs
B	Bonus Certificates

How do I buy and trade a Warrant?

All CitiFirst Warrants are listed on either the ASX or Chi-X, and like shares can be traded by an approved broker, financial advisor or directly via an online broker.

Most brokers will require some additional documentation before you are able to trade. This may differ from broker to broker, but will generally include completing the required 'Warrant Client Agreement Form'.

For further information, speak to a broker or contact the CitiFirst Sales desk on 1300 30 70 70.

Liquidity of a Warrant

The ASX and Chi-X operating rules are intended to promote a liquid market in which you can actively trade. The rules seek to do this by requiring Citi and other issuers to 'make a market' in all of our warrants on an ongoing basis, by ensuring that a reasonable bid and volume is maintained in the market for a prescribed period (90% of the time between 10:15am and the close of trading at 4:00pm).

Why Invest in Warrants?

As this guide illustrates, different types of warrant have different attributes. Generally all warrants share the common benefits of offering investors the opportunity to speculate or hedge, and the opportunity to effectively manage portfolio asset s to put cash to work.

Speculation:

Warrants offer the potential to magnify small movements in the price of the underlying shares, indices or other assets through gearing. They can be used to take speculative positions in assets where short-term price changes are likely. Risk can be managed by choosing warrants with different strike prices and expiry dates.

Hedging:

Put / Short warrants, which rise in value if the underlying asset price falls below the strike price, offer an opportunity to hedge against losses in an existing investment portfolio. Warrants giving equivalent exposure to the value of a portfolio can be bought for a fraction of the cost of portfolio holdings, making a cost-effective hedging solution.

Cash extraction:

Warrants can also be used to replicate the underlying exposure in a portfolio – but at a lower cost due to the effects of gearing. As a result, warrants can allow holdings to be sold to release cash and at the same time reduce maximum possible loss.

What are some of the advantages of Warrants?

Warrants can offer a number of advantages over buying shares or other assets directly. They may also have advantages over other derivatives in terms of limiting exposure. However, they can magnify losses as well as gains and as such may not be suitable for all investors.

Investors should take care to understand the risks of specific warrants prior to making an investment, including reading and understanding the risks described in the PDS relevant to the specific warrants product.

Gearing and leverage:

Warrants give exposure to underlying assets for less outlay – because the price of a warrant will always be a small portion of the price of the underlying asset. This is called gearing. As a result, the price of a warrant will move more than the price of the underlying asset. This is called leverage, which magnifies gains and losses.

Limited losses:

Warrants can only be bought and traded. Buying a put/short warrant is a way to express a negative view on the underlying – a call cannot be 'sold' (other than to unwind a holding of the warrant) into the market as is the case with contract for differences (CFDs). As a result, investors in warrants can never lose more than the amount that they initially invest – their premium. By contrast, traders of CFDs can lose more if they leave positions open.

What are some of the costs and risks associated with Warrants?

Warrants can be traded through various brokerages and typically investors will not need to open a deposit account. Therefore, the cost associated with trading warrants is usually limited to broker commissions.

Warrants are a complex financial instrument. Exercise fees and funding costs may be associated with warrants. The Product Disclosure Statement (PDS) will set out in full the fees and costs associated with a particular warrant. The PDS for each warrant includes information on the risks pertaining to that specific investment. Investors should take care to read and understand those risks prior to making any investment decision.

In broad terms, the risks of warrants include:

- **General market risk:**
  Relating to the performance of the underlying asset prices and volatility. You could lose all of your investment amount.
- **Counterparty risk:**
  The value of a warrant reflects the ability of an Issuer and/or Guarantor to fulfil the obligations of the warrant at expiry. An investor in a warrant should assess their view of that Issuer and/or Guarantor to fulfil these obligations prior to making any investment decision.
- **Secondary market risk:**
  The issuer of warrants normally acts as the market maker. Warrants are actively traded in secondary markets. Investors should be aware of market activity and liquidity.
- **Leverage:**
  Warrants offer the potential for magnified losses as well as gains.
- **Early termination:**
  The warrants could be terminated early in a number of circumstances, causing you to lose your entire investment. In addition, the terms of the warrant confer a number of discretions on the issuer, which could affect the value of your investment.

Please note that this list is not exhaustive nor refers to any specific warrants. Investors should review the specific PDS which will include the risks relevant to the investment prior to making any investment decision.

How do I choose a Warrant?

Choosing a Warrant to invest in will depend largely on an individual's risk tolerance level and specific investment needs and view.

1. Underlying

Trading, Turbos and MINI Warrants are derivative products. Instalments, Instalment MINIs and SFIs are securities. CitiFirst warrants are linked to either equity underlyings; indices; currency pairs or commodities. An investor's first decision will therefore usually be on determining which asset class they wish to invest in and then an underlying that they are familiar with, such as the ASX 200 Index, or a particular stock.

2. View on the Underlying

Next an investor will decide on their particular market view. An investor who is bullish (wants to express a positive view on the underlying) may look at call (long) MINIs; Turbos and Trading warrants; Instalments or SFIs.

An investor with a bearish (negative) view on the underlying may look at put (short) MINIs; Turbos or Trading warrants. This view is more directional.

Investors may look at fundamental and technical analysis to determine their view on the timing and magnitude of any movement in the underlying price. Investors may also consult with an independent financial advisor.

3. Terms of the Warrant

An underlying stock will have multiple warrants issued on it, with different terms and by different Issuers. Investors in warrants should be aware and willing to accept the credit risk of the Issuer of the warrant.

Glossary

American Option
An Option which can be exercised at any time during its life up until the Expiration Date.

Ask Price
The price for which an Issuer (market maker) or broker is willing to sell a Warrant.

At the Money
The Strike Price is equal to the Spot Price of the Underlying.

Automatic Exercise
The owner of the Option or Warrant automatically receives the Intrinsic Value without having to take any express action himself on the Expiration Date. (This is true for all Trading and Turbo CitiFirst Warrants)

Bid Price
The price for which a Market Maker or broker is willing to buy a Warrant.

Black-Scholes Model
One of the best known mathematical models for calculating the value of an Option or Warrant.

Break-Even Price
The level that the Spot Price of the Underlying must reach so that the holder of an Option or Warrant does not suffer a loss. As at the Expiration Date, the Break-even Price of a Call is equal to its Strike Price minus the price paid to acquire the Option or Warrant, and the Break-even Price of a Put is equal to the Strike Price minus the price paid to acquire the Option or Warrant.

Call
A Call gives the Option- or Warrant-holder the right (but not the obligation) to buy a specified quantity of the Underlying at the specified Exercise Price. Depending on its style, the Call can be exercised at any time (in the case of American Options) or only on its Expiration Date (in the case of European Options). Exercising a Call only makes economic sense if the Spot Price of the Underlying is higher than the Strike Price. Calls contained in Covered Warrants are usually settled in cash (see Cash Settlement).

Cap
A cap is an upper limit on the extent to which the owner of a Call can participate in the difference between the Strike Price and the Spot Price of the Underlying.

Cash Settlement
Obligations arising from the Exercise of an Option are not settled through delivery of the Underlying, but instead are settled through a payment of cash.

Closing Price
See Daily Closing.

Daily Closing
The last officially-determined price (i.e. the last fixing) for a security during a day's trading on an exchange. The daily closing of an Underlying is often used for calculating the amount of a Cash Settlement.

Delta
Delta is the amount by which the value of an Option or Warrant changes when the price of the Underlying changes by one unit, all other factors remaining constant. For Calls, the Delta lies between 0 and 1; for Puts between 0 and -1. The minus sign results from the fact that the value of a Put falls when the price of the Underlying rises. Expressed as a percentage (between 0% and 100%), delta reflects the probability that an Option or Warrant will possess an Intrinsic Value at the Expiration Date.

Elasticity
This is equal to Leverage multiplied by Delta. This figure represents the percentage change in the price of an Option or Warrant arising from a percentage change in the Underlying.

European Option
An Option which can only be exercised at the end of its life, i.e. on the Expiration Date.

Exercise
The process by which the Option or Warrant-holder exercises the rights under the Option or Warrant. See Expiration Date.

Exercise Date
The date on which the Option- or Warrant-holder exercises the rights under the Option or Warrant. See Expiration Date.

Exercise Period
The period during which rights under an Option or a Warrant (whether to buy or to sell) can be exercised, and after the Exercise Period has expired, these rights can no longer be exercised. The Life of an Option or a Warrant is its Exercise Period.

Exercise Price
See Strike Price.

Expiration Date
The date on which rights under an Option or a Warrant (whether to buy or to sell) expire, and can no longer be exercised. Any rights pertaining to an Option or a Warrant should be exercised at the latest on this date, otherwise it expires and unless it is auto exercised, is worthless.

Fair Value
The theoretical value of an Option or a Warrant, determined using pricing models such as the Black Scholes Model. The Fair Value is often described by the financial press as an important criterion for making investment decisions. If the market price of an Option or a Warrant is below its Fair Value, then it is considered to be undervalued (i.e. cheap), and if its market price is above its Fair Value, then it is considered to be over-valued (i.e. expensive).

Floor
A floor defines a lower limit on the extent to which the holder of a Put Option or Warrant can participate in the difference between the Strike Price and the Spot Price of the Underlying.

Future
A forward transaction in the form of a standardised contract which is traded on a futures exchange.

Gamma
Gamma measures the change in Delta resulting from a change in the price of the Underlying of one unit. Mathematically, Gamma is the second differential of the Option or Warrant price with respect to the price of the Underlying. The value of gamma is at a maximum when the Strike Price is At-the-Money

Gearing
Gearing is the degree of extra exposure that Warrants can give to an Underlying asset. Warrants provide this Gearing by only requiring investors to commit a fraction of the price that it would cost to purchase the Underlying asset directly. For example, if an Underlying share price is $10.00, a Warrant issued on that share may be trading at $2.00. So an investor in that Warrant is gaining exposure to price movements in an asset worth $10.00 – gearing of five times.

Hedging
Seeking to reduce or eliminate certain market risks emanating from a position by entering into additional and offsetting transactions

Historical Volatility
A measure of the historical fluctuations in the price of a certain Underlying. See Volatility.

Implied Volatility
An estimate for future expected Volatility. This is one of the assumptions made by the seller of an Option or Warrant when calculating the price of that Option or Warrant.

In the Money
In the case of a Call, the Spot Price of the Underlying is higher than the Strike Price. In the case of a Put, the Spot Price is lower than the Strike Price.

Intrinsic Value
As at a particular date, the "basic" value of an Option or a Warrant, based on the difference between its Strike Price and the Spot Price of the Underlying on that date. The Intrinsic Value of a Call is the amount (if any) by which the Spot Price of the Underlying exceeds the Exercise Price, and the Intrinsic Value of a Put is the amount (if any) by which the Spot Price of the Underlying is less than the Exercise Price. Intrinsic Value does not reflect Time Value.

Issuer
The entity which issues a Warrant and which must fulfil the obligations set out in the Warrant.

Leverage
The Spot Price of the Underlying divided by the price of an Option or Warrant linked to that Underlying. Leverage is intended to be a measurement of how much more strongly the value of an Option or Warrant can rise and fall in comparison to investing the same amount in the Underlying asset. This simplified Leverage calculation is based on the incorrect assumption that the value of the Option or Warrant and the value of the Underlying always move in parallel, i.e. by the same absolute amount. Thus, a more refined leverage is calculated by multiplying the simple leverage with Delta. The result is often referred to as Elasticity.

Life
See Exercise Period.

Liquidity
A market characterised by conditions in which large-volume transactions in a financial instrument can be executed without these then having a noticeable impact on the market price of that instrument. For Warrants, the current volume of trading is often used as a measure of Liquidity.

Market Maker
For Warrants, the Issuer will typically adopt the role of the "Market Maker" who quotes Bid and Offer prices for the purchase and sale of those financial products in Secondary Markets.

Maturity
See Expiration Date.

Offer Price
See Ask Price.

Option
A derivative contract between two parties (the writer and the holder) under which the holder has the right (but not the obligation) to buy (in the case of a Call) or to sell (in the case of a Put) the quantity of the Underlying specified in the agreement at the Exercise Price. Rights under an Option can only be exercised in the manner stipulated in the contract, within the relevant Exercise Period. On exercise, both the writer and the holder have obligations to pay or to deliver, as relevant. An Option can be settled through Cash Settlement or through Physical Settlement.

Option Price
The price to be paid for buying an Option. This is influenced by many different factors, including: remaining Life, interest rates, Strike Price, Spot Price, and Volatility of the Underlying.

Option Right
See Option.

Option Writer
The seller of an Option is called the writer of the Option. Whereas the buyer has a discretionary right to exercise the Option, the writer of an Option has an obligation to deliver at the request of the buyer.

Out of the Money
The Strike Price of a Call Option or Warrant is above (or that of a Put is below) the Spot Price of the Underlying.

Physical Delivery
Obligations arising from the Exercise of an Option are not settled purely through payment of cash, but instead through delivery of the relevant quantity of the Underlying, perhaps against payment of a cash amount. See Cash Settlement.

Point Value
This is the exchange ratio, i.e. the quantity of the Underlying to which one Warrant relates. The point value varies according to the Underlying.

Premium
The difference between the Spot Price of Underlying asset and the Break-even Price. The Premium may also refer to price of an Option or a Warrant.

Put
A Put gives the holder the right (but not the obligation) to sell a specified quantity of the Underlying at the specified Exercise Price. Depending on its style, the Put can be exercised at any time (in the case of American Style Exercise) or only on its Expiration Date (in the case of European Style Exercise). Exercising a Put only makes economic sense if the Spot Price of the Underlying is lower than the Strike Price. Puts contained in Warrants are usually settled in cash (see Cash Settlement).

Range
An Option or Warrant whereby the holder receives a fixed amount for each pre-defined date throughout the Life when the Spot Price of the Underlying lies within a certain range.

Rho
A measure of the change in value of an Option or Warrant for a change in the value of the prevailing interest rate.
Spot Price
The current market price for the Underlying. The official mid-market price determined daily for securities quoted on exchanges is also known as the "fixing price"

Spread
The margin between the Bid Price and Offer Price. A narrower spread may be an indication of good liquidity within the Secondary Market

Strike Date
The date at which the Initial Level is fixed.

Strike Price
The price specified in an Option or a Warrant at which the Underlying is bought (in the case of a Call) or sold (in the case of a Put) in the event that the right to buy or to sell is exercised. In the case of Cash Settlement, the Strike Price is used to calculate the amount of the cash payment that is made.

Term
See Exercise Period.

Theta
A measure of the change in value of an Option or Warrant as the remaining life to expiration reduces. Thus, theta is used to mathematically represent the decay of that Option's or Warrant's Time Value.

Time Value
As at a particular date, the value of an Option or Warrant which reflects the likelihood that it will be In-the-Money on its Expiration Date. Time Value is greater the longer the time remaining before the Expiration Date and the higher the Volatility of the Spot Price of the Underlying. Time Value is therefore the amount by which the current price of an Option or Warrant exceeds its Intrinsic Value.

Underlying
Any reference factor to which an Option or Warrant relates. Examples of Underlyings include: equities, soft and hard commodities, rates, currencies and indices of all types.

Value Date
The date as of which an Options transaction is settled.

Variance
A measure of the variability of the price of an instrument. Usually measured as the annualized variance of daily returns. Variance is the volatility squared. See Volatility, Historical Volatility and Implied Volatility.

Vega
Measurement unit for the change in value of an Option or Warrant resulting from a change in Volatility.

Volatility
A statistical measure for the fluctuations in price of an Underlying, expressed as an annualised value. The stronger the fluctuations, the higher the Volatility. If the Volatility of an Underlying reduces, the price of the Option or Warrant decreases even if the Spot Price of the Underlying remains unchanged. See Historical Volatility and Implied Volatility.

Disclaimer

This communication is provided in Australia by Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832 and AFSL 240992, Participant of the ASX Group and of Chi-X Australia), Citigroup Pty Limited (ABN 88 004 325 080, AFSL No. 238098) and/or Citibank, N.A., Sydney Branch (ARBN 34 072 814 058). Citigroup Global Markets Australia Pty Limited is not an Authorised Deposit-Taking Institution under the Banking Act 1959, nor is it regulated by the Australian Prudential Regulation Authority. Citibank N.A. is a body incorporated in the United States of America. Pursuant to Australian Securities and Investments Commission Class Order 03/1101, Citibank N.A. is exempt from the requirement to hold an Australian financial services licence under the Corporations Act (2001) in respect of financial services. Citibank N.A. is regulated by the Comptroller of the Currency of the US and by the Federal Reserve System of the US, under US laws which may differ from Australian laws.

Where this communication is distributed outside Australia it is distributed through authorised affiliates (collectively, "Citi").

Investors should ensure they read the Product Disclosure Statement (PDS) associated with each warrant in its entirety prior to making an investment decision. All of the PDS' are available on the CitiFirst Warrants website at www.citifirst.com.au.

This communication is prepared by individual sales and/or trading personnel of Citi who are not research analysts, and the information in this communication is not intended to constitute "research" as that term is defined by applicable regulations. Unless otherwise indicated, any reference to a research report or research recommendation is not intended to represent the whole report and is not in itself considered a recommendation or research report. All views, opinions and estimates expressed in this communication (i) may change without notice and (ii) may differ from those views, opinions and estimates held or expressed by Citi or other Citi personnel.

This communication is provided for information and discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your use only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all risks (direct or indirect). This communication is not a commitment to deal in any product, offer financing or enter into any transaction described herein. Unless otherwise indicated, (i) it does not constitute an offer or recommendation to purchase or sell any financial instruments or other products, (ii) it does not constitute a solicitation if it is not subject to the rules of the CFTC (but see discussion above regarding communication subject to CFTC rules) and (iii) it is not intended as an official confirmation of any transaction. Unless otherwise expressly indicated, this communication does not take into account the investment objectives or financial situation of any particular person. Recipients of this communication should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources. The information contained in this communication is based on generally available information and, although obtained from sources believed by Citi to be reliable, its accuracy and completeness cannot be assured, and such information may be incomplete or condensed.

Citi is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and Citi makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if Citi possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, we hereby inform you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on Citi and any decision whether or not to adopt any strategy or engage in any transaction will not be Citi's responsibility. Citi does not provide investment, accounting, tax, financial or legal advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organisation should determine, without reliance on Citi, (i) the economic risks or merits, as well as the legal, tax and accounting characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority.

The information in this communication, including any trade or strategy ideas, is provided by individual sales and/or trading personnel of Citi and not by Citi's research department and therefore the directives on the independence of research do not apply. Any view expressed in this communication may represent the current views and interpretations of the markets, products or events of such individual sales and/or trading personnel and may be different from other sales and/or trading personnel and may also differ from Citi's published research – the views in this communication may be more short term in nature and liable to change more quickly than the views of Citi research department which are generally more long term. On the occasions where information provided includes extracts

Disclaimer

or summary material derived from research reports published by Citi's research department, you are advised to obtain and review the original piece of research to see the research analyst's full analysis. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed and its accuracy cannot be guaranteed. Citi makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to Citi constitute Citi's judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration.

Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains "forward-looking" information, such information may include, but is not limited to, projections, forecasts or estimates of cash flows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment, product or investment. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance.

Citi shall have no liability to the user or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication nor for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to Citi that may not be excluded or restricted.

The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities.

Citi (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. Citi may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. Citi may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. Citi may also have potential conflicts of interest due to the present or future relationships between Citi and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity.

Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not

Disclaimer

been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation.

This communication contains data compilations, writings and information that are confidential and proprietary to Citi and protected under copyright and other intellectual property laws, and may not be reproduced, distributed or otherwise transmitted by you to any other person for any purpose unless Citi's prior written consent have been obtained.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of Citi, you should be aware that none of the financial instruments or other products mentioned in this communication (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: Citi and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of Citi. Any statements in this communication to tax matters 4 were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Citi specifically prohibits the redistribution of this communication in whole or in part without the written permission of Citi and Citi accepts no liability whatsoever for the actions of third parties in this respect.

Copyright © 2016 Citigroup Inc. and/or its affiliates. All rights reserved. CITI, CITI and Arc Design, CITIBANK and CITIGROUP are trademarks and service marks of Citigroup Inc. and/or its affiliates and are used and registered throughout the world.

Citi and CitiFirst

CitiFirst is the brand name for Citi's suite of investment and trading products.

Citi is a wholly owned subsidiary of Citigroup Inc. and a member of the Citigroup Inc. group of companies. Citigroup Inc. is a leading global financial services company, and has more than 200 million customer accounts and does business in more than 100 countries, providing customers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage and wealth management.

The Group has been in the Asia Pacific region for more than 100 years and today provides more services in more markets for more clients than any other financial institution. The Group counts as valued clients 10 million customers across 18 countries and territories throughout Asia Pacific.

The Group established a presence in Australia in 1971 and in New Zealand in 1982. In 1984, the Group's securities and investment banking business commenced operations in Australia and in 1985, Citibank Pty Limited (now Citigroup Pty Limited) became the first foreign bank to be granted an Australian banking licence. Today, the Group provides financial services to more than 1 million consumers and over 900 corporate clients in Australia and New Zealand.

When you buy CitiFirst products you have the comfort of knowing you are dealing with one of the largest financial services companies in the world. In addition, because CitiFirst products will (subject to ASX approval) be listed on ASX, Citi, as issuer of the CitiFirst warrants, is required to comply with ASX Operating Rules and CitiFirst warrants will trade within a regulated and transparent market.

For more details of our CitiFirst investment range, please visit us at www.citifirst.com, speak to your usual sales contact, or contact your local CitiFirst Sales team:

US & Latin America	Europe, Middle East & Africa	Asia-Pacific	Japan
americas@citifirst.com	europe@citifirst.com	asia@citifirst.com	japan@citifirst.com

citi®