Information Sheet

Gold Premium Investment

Type: Currency Linked Paper Gold Investment

Updated as of Sep 15, 2023

Citibank, N.A.

(organized under the laws of U.S.A. with limited liability)

Citibank (Hong Kong) Limited

The Gold Premium Investment (GPI) is NOT capital protected and is NOT equivalent to a conventional time deposit. It is NOT protected under any deposit protection scheme or by any authority or agency.

It is a structured investment product which involves derivatives. Investor may sustain a total loss of his/her investment.

The contents of this statement have not been reviewed by any regulatory authority in Hong Kong. Gold Premium Investment is a complex product. You are advised to exercise caution before investing in this product. **This statement is a part of the offering documents for this product. You should not invest in this product based on this statement alone.** If you are in any doubt, you should obtain independent professional advice.

If English is not your preferred language, you may request the Chinese version of this statement from our staff. 倘若英文並非閣下屬意的語言，閣下可向本行的職員索取本概要的中文版本。

This is a structured investment product involving derivatives. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.

This is an unlisted structured investment product. This statement provides prospective investors with the key information about the GPI.

Quick facts

Issuer:	Citibank N.A. / Citibank (Hong Kong) Limited (the “Bank”)
Product type:	**Currency Linked Paper Gold Investment**
Minimum investment:	USD10,000 (or its equivalent)
Tenor:	1 week – 6 months
Available Base and Alternate Choice:	USD, AUD, EUR and Gold Gold must be chosen either as the Base Choice or Alternate Choice in each GPI investment
Strike price:	This is the agreed conversion rate between the Base Choice and the Alternate Choice during the establishment of the GPI. Refer to the order form / phone order conversation / physical transaction advice for the confirmed value.
Interest rate:	Depends on the agreed tenor, base choice, alternate choice and strike price. Refer to the order form / phone order conversation / physical transaction advice for the confirmed value.
Trade Date:	The day on which the terms of the GPI have been confirmed.
Value Date:	The commencement date of the GPI, which is two business days after the Trade Date.

Notification date:	The date which the determination as to whether the investor receives the Base Choice or Alternate Choice will be made. Refer to the order form / phone order conversation / physical transaction advice for such date.
Maturity date:	Two business days after the Notification Date. Refer to the order form / phone order conversation / physical transaction advice for such date.
Principal protection at maturity:	No
Callable by the Bank:	No
Early termination right by the customer:	No
Embedded derivatives:	Yes Investor sells a put option on the Alternate Choice
Maximum potential gain:	Amount of Interest
Maximum potential loss:	100% of investment amount – in the event of the issuer (the Bank) defaulting or if the value of the Base or Alternate Choice repayable by the Bank is zero on the Maturity Date.
Benefit to the Bank:	The Bank is acting as a principal in providing the product. The Bank and/or its affiliates may receive benefit from the origination and distribution of the product. The Bank is NOT an independent intermediary because it receives fees, commissions, or other monetary benefits from other parties in relation to our distribution of investment products to you. For details, you should refer to the disclosure on monetary benefits which the Bank is required to deliver to you prior to or at the point of entering any transaction in investment products. You may receive a discount of fees and charges from the Bank at the Bank's sole discretion basis.
External Quote:	The sole Issuer of Gold Premium Investment is the Bank. External quotes are not available and cannot be obtained for these transactions.

What is this product and how does it work?

This is a structured investment product which the investor is selling a put option on the Alternate Choice to the Bank.

Gold Premium Investment allows the investor to:
- Sell a Put Option of a Designated Currency against Gold when Gold is the Base Choice, or
- Sell a Put Option of Gold against a Designated Currency when Gold is the Alternate Choice

Upon maturity of this product, the investor will be paid the interest and the principal in the weaker of the Base and Alternate Choices, depending on the exchange rate on the Notification Date. This is because under the Option contract, the Bank has the right (an option) to sell the Alternate Choice to the investor, while the investor has the obligation to buy the Alternate Choice at maturity in accordance with the pre-determined investment parameters, including the Base Choice, Alternate Choice, Strike Price, Tenor and Investment Period (Trade Date, Notification Date and Maturity Date).

If the exchange rate on the Notification Date is the same as or higher than the Strike Price, the investor will receive the maturity proceeds in the Base Choice. The investor's gain will be the interest amount.

If the exchange rate on the Notification Date is lower than the Strike Price, the maturity proceeds will be converted into the Alternate Choice at the Strike Price. Assuming the investor converts such proceeds received from the Alternate Choice to the Base Choice immediately on the maturity date, the loss incurred will be the difference between the Spot Price and the Strike Price, less the interest received.

What are the key risks?

- **Not principal protected** – It is a non principal protected structured product with embedded derivatives. In the worst case scenario, investors can lose all of their investment amounts.
- **Not a time deposit and not a protected deposit** – The GPI is NOT equivalent to, nor should it be treated as a substitute for, a time deposit. It is NOT a bank deposit and is not protected under any deposit protection scheme or by any authority or agency.
- **Derivatives risk** – The GPI is embedded with selling an option. Option transactions involve risks, especially when

selling an option. Although the premium received from selling an option is fixed, you may sustain a loss well in excess of such premium amount, and your loss could be substantial.

- **Not covered by Investor Compensation Fund** – The GPI is not listed on any stock exchange and is not covered by the Investor Compensation Fund in Hong Kong.

- **Speculative risk** – The investor should be aware that the level of return:
  - (i) may be less than the return that what could be earned with other investments
  - (ii) may be less than the return that could be earned if the investor traded directly in the underlying assest of this investment.
  - (iii) may be paid in the Alternate Choice and not the currency (either Gold or Designated Currency) used for the investment.
  - (iv) may be less than the interest rate if the investor is repaid with the proceeds in the Alternate Choice and the investor chooses to convert the proceeds back into the Base Choice of his/her investment.

- **Capped maximum potential gain** – The amount of maximum potential gain under the GPI is capped and limited to the predetermined interest even if the view of the investor on the market movement of Gold against the Designated Currency is correct.

- **Full downside risks** – The potential investment return on the GPI is subject to the Strike Price of Gold against the Designated Currency on the Notification Day. Investors may lose their entire investment amount if the price of the Alternate Choice against Base Choice drops to zero.

- **Credit Risk of the Bank** – The GPI is not secured by any collateral. When an investor invests in this product, they will be relying on the Bank's creditworthiness. If the Bank becomes insolvent or defaults on its obligations under this product, the investor can only claim as an unsecured creditor of the Bank. In the worst case, the investor could suffer a total loss of his/her investment amount.

- **Liquidity Risk** – The GPI is designed to be held until its maturity and NO early termination by investor is allowed. No secondary market is available for the GPI.

- **Not buying Physical Gold** – Investment in the GPI is not equivalent to the purchase of physical gold. During the investment period of the GPI, the investor has no right in any notional unit of paper gold. By investing in the GPI, the investor is investing in a structured product with its return linked to the performance of paper gold, which is a notional unit under a notional gold purchases scheme.

- **Volatility of the price of Gold** – The volatility of the price of Gold may have an adverse impact on the potential return of the GPI as such potential return is linked to the performance of the price of Gold relative to the Designated Currency.

- **Exchange Rate Risk** – The return on the GPI is linked to the performance of Gold and/or exchange rate of the Designated Currency choice. Movements in the exchange rates can be unpredictable, sudden and drastic and affected by complex political and economic factors.

- **Currency Risk** – Investment in the GPI involves the choice of a Designated Currency. If the Designated Currency is not the investor's home currency, the investor is exposed to foreign exchange risk when he/ she converts the Designated Currency back to his/her home currency and may suffer a loss as a result of investment. Given that the Gold price is only quoted in USD, any fluctuation of the exchange rate between the USD and the Designated Currency may have an adverse impact on the potential return of the GPI even though the price of Gold against the USD remains stable.

- **Underperformance Risk (specific to Gold as Base Choice)** – The net return in relation to the GPI may be less than the return on a direct investment in Gold, in which case the investor will have foregone any potential return that could have been earned on a direct investment of a similar amount and tenor.

- **Exposure of the price movements of Gold** – If the investor is to deliver the Gold in exchange for an Alternate Choice, he/she may be exposed to the risk of price movement of Gold between the Notification Date and the Maturity Date.

- **Hedging activities risk** – The Bank and/or its affiliates may enter into hedging transactions in the market with hedging counterparties to enable the Bank to fulfill its obligations under a GPI. These transactions may involve contracts for the purchase and/or sale of Gold or the Designated Currency. It is possible that these activities could adversely affect the market price of Gold or the Designated Currency on the Notification Date and affect the Strike price of the Alternate Choice on the Notification Date against the Base Choice. Therefore, the investor may lose all, or a substantial part, of his/her investment.

What are the key features?

Gold Premium Investment is a short-term structured investment product which has an embedded put option over the Alternate Choice.

To invest in the Gold Premium Investment:

1. Investor is required to maintain a Gold Manager Account and a Currency Manager Account with the Bank at the relevant time.

2. Investor is required to choose a Base Choice and an Alternate Choice based on your forecast for the exchange rate over a defined period of time. Gold will be chosen either as the Base Choice or Alternate Choice in each GPI against the Designated Currency.

3. Investor is required to confirm the Investment Amount, Strike Price, Tenor, Value Date, Notification Date, Maturity Date, Interest Rate and other terms with the Bank.

4. Once the order is accepted, the agreed amount of Gold or Designated Currency equal to the Investment Amount will be withheld in the investor's Gold Manager Account or Currency Manager Account.

5. On Value Date, Investment Amount will be deducted from investor's Gold Manager Account or Currency Manager Account.

6. Upon maturity of the GPI, investor will be paid the interest and principal in weaker of the Base and Alternate Choice, depending on the exchange rate on the Notification Date. For details, please refer to the scenario analyses.

Tenor range:
From 1 week to 6 months (once the tenor is confirmed, no early termination by investor is allowed)

Base / Alternate Choices:
USD, AUD, EUR and Gold

Interest payment calculation:

$$\text{Investment amount} \times \text{Interest rate} \times \frac{\text{Tenor}}{360^*}$$

*Year basis is 360 days.

Scenario analyses

The following scenario analyses and cases are for illustrative purpose only. Prices/movement/trends shown have no reference to historical data and are not actual or indicative of the future performance of the investments or currencies.

Case 1: Gold as Base Choice

Option Type : **Sell a Put Option on the Designate Currency**

Investment Amount	: 50 ounces of Gold	**Strike Price**	: Gold/USD = 1,500.00
Base Choice	: Gold	**Tenor**	: 1 month (30 Days)
Alternate Choice	: USD	**Interest Rate**	: 10% per annum

Scenario 1 : Best scenario

Strike Price : Gold/USD = 1,500.00
Exchange rate on Notification Date : Gold/USD = 1,400.00

Since the exchange rate on the Notification Date (Gold/USD = 1,400.00) is **less** than the Strike Price (Gold/USD = 1,500.00), the Bank will pay the investor in Gold (Base Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = 50 ounces of Gold x 10% x 30/360 = 0.42 ounce of Gold
Investment amount + interest payment = 50.42 ounces of Gold
The investor will receive **50.42 ounces of Gold**

What is the overall return?

The investor will earn a total of 0.42 ounce of Gold during the investment period.
Actual Return = [(50.42/50) – 1] x 100 = 0.84%

Scenario 2 : Profit scenario

Strike Price : Gold/USD = 1,500.00
Exchange rate on Notification Date : Gold/USD = 1,508.00

Since the exchange rate on the Notification Date (Gold/USD = 1,508.00) is **higher** than the Strike Price (Gold/USD = 1,500.00), the Bank will pay the investor in USD (Alternate Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = 50 ounces of Gold x 10% x 30/360 = 0.42 ounce of Gold
Investment amount + interest payment = 50.42 ounces of Gold
Strike Price used to convert Gold into USD = 1,500.00 (Gold/USD)
The investor will receive **USD75,630.00**

What is the overall return?

The investor will earn a total of 0.42 ounce of Gold during the investment period. The investment amount and interest payment will be converted into USD75,630.00 at the Strike Price (Gold/USD = 1,500.00).

If the investor converts the proceeds back to Gold at the exchange rate of Gold/USD 1,508.00 on the Maturity Date:
= USD75,630.00/1,508
= 50.15 ounces of Gold

This would represent a gain of 0.15 ounce of Gold from the original investment.
Actual Return = [(50.15/50.00) – 1] x 100 = 0.3%

Scenario 3 : Loss scenario

Strike Price : Gold/USD = 1,500.00
Exchange rate on Notification Date : Gold/USD = 1,550.00

Since the exchange rate on the Notification Date (Gold/USD = 1,550.00) is **higher** than the Strike Price (Gold/USD = 1,500.00), the Bank will pay the investor the proceeds in USD (Alternate Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = 50 ounces of Gold x 10% x 30/360 = 0.42 ounce of Gold
Investment amount + interest payment = 50.42 ounces of Gold
Strike Price used to convert Gold into USD = 1,500.00 (Gold/USD)
The investor will receive **USD75,630.00**

What is the overall return?

The investor will earn a total of 0.42 ounce of Gold during the investment period. The investment amount and interest payment will be converted into USD75,630.00 at the Strike Price (Gold/USD = 1,500.00).

If the investor converts the proceeds back to Gold at the exchange rate of Gold/USD 1,550.00 on the Maturity Date:
= USD75,630.00/1,550
= 48.79 ounces of Gold

This would represent a loss of 1.21 ounces of Gold from the original investment.
Actual Return = [(48.79/50.00) – 1] x 100 = -2.42%

Scenario 4: The Bank becomes insolvent or defaults on its obligations

Assuming that the Bank becomes insolvent during the tenor of this product or defaults on its obligations under this product, the investor may get nothing back and suffer a total loss of your investment amount (50 ounces of Gold).

Case 2: Gold as Alternate Choice

Option Type	**: Sell a Put Option on Gold**		
Investment Amount	: USD80,000.00	Strike Price	: Gold/USD = 1,550.00
Base Choice	: USD	Tenor	: 1 month (30 Days)
Alternate Choice	: Gold	Interest Rate	: 9.7% per annum

Scenario 1 : Best scenario

Strike Price : Gold/USD = 1,550.00
Exchange rate on Notification Date : Gold/USD = 1,600.00

Since the exchange rate on the Notification Date (Gold/USD = 1,600.00) is **higher** than the Strike Price (Gold/USD = 1,550.00), the Bank will pay the investor the proceeds in USD (Base Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = USD80,000.00 x 9.70% x 30/360 = USD646.67
Investment amount + interest payment = USD80,646.67
The investor will receive **USD80,646.67**

What is the overall return?

The investor will earn a total of USD646.67 during the investment period.
Actual Return = [(USD80,646.67/80,000.00) – 1] x 100 = 0.81%

Scenario 2 : Profit scenario

Strike Price : Gold/USD = 1,550.00
Exchange rate on Notification Date : Gold/USD = 1,540.00

Since the exchange rate on Notification Date (Gold/USD = 1,540.00) is **less** than the Strike Price (Gold/USD = 1,550.00), the Bank will pay the investor the proceeds in Gold (Alternate Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = USD80,000.00 x 9.70% x 30/360 = USD646.67
Investment amount + interest payment = USD80,646.67
Strike Price = 1,550.00 (Gold/USD)
The investor will receive **52.03 ounces of Gold**

What is the overall return?

The investor will earn a total of USD646.67 during the investment period. The investment amount and interest payment will be exchanged into 52.03 ounces of Gold at the Strike Price (Gold/USD = 1,550.00).

If the investor converts the proceeds back to USD at the exchange rate of Gold/USD 1,540.00 on the Maturity Date:
= 52.03 ounces of Gold x 1,540
= USD80,126.20

This would represent a gain of USD126.20 from the original investment.
Actual Return = [(80,126.36/80,000.00) – 1] x 100 = 0.16%

Scenario 3 : Loss scenario

Strike Price : Gold/USD = 1,550.00
Exchange rate on Notification Date : Gold/USD = 1,500.00

Since the exchange rate on Notification Date (Gold/USD = 1,500.00) is **less** than the Strike Price (Gold/USD = 1,550.00), the Bank will pay the investor the proceeds in Gold (Alternate Choice) on the Maturity Date.

What is the amount to be repaid?

Interest payment = USD80,000.00 x 9.70% x 30/360 = USD646.67
Investment amount + interest payment = USD80,646.67
Strike Price = 1,550.00 (Gold/USD)
The investor will receive **52.03 ounces of Gold**

What is the overall return?

The investor will earn a total of USD646.67 during the investment period. The investment amount and interest payment will be exchanged into 52.03 ounces of Gold at the Strike Price (Gold/USD = 1,550.00).

If the investor converts the proceeds back to USD at the Fixing Price (Gold/USD 1,500.00):
= 52.03 ounces of Gold x 1,500
= USD78,045.00

This would represent a loss of USD1,955 from the original investment.
Actual Return = [(78,045.00/80,000.00) – 1] x 100 = -2.44%

Scenario 4: The Bank becomes insolvent or defaults on its obligations

Assuming that the Bank becomes insolvent during the tenor of this product or defaults on its obligations under this product, the investor may get nothing back and suffer a total loss of your investment amount (USD80,000).

How can you buy this product?

You can purchase this product by visiting our branches, calling your Relationship Manager or the Investment Service Hotline (852) 2860 0333.

Capacity, fees and charges

There are no explicit fees and charges for placing an order for a GPI with the Bank. All related charges incurred by the Bank are inherently absorbed in and subsumed into the calculation of the Interest Rate and other variables in the GPI. The Bank or any of its affiliates may act in different capacities in connection with the purchase or sale of the GPI and may receive benefits or profits either directly or indirectly in connection with these transactions.

Can you request for early termination before maturity?

You are required to hold the Gold Premium Investment to maturity and termination before maturity by you is NOT allowed.

Disclosures and Disclaimers

No Public Offer:
The financial product described herein is for Professional Investors only and this product has not been authorised for public sale in any country, state or jurisdiction. No action has been or will be taken by the Issuer (its affiliates or subsidiaries) that would permit a public offering of the Gold Premium Investment or possession or distribution of any offering material in relation to the Gold Premium Investment in any jurisdiction where action for that purpose is required.

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You acknowledge that you have reviewed your circumstances and information that were communicated to the Bank before submitting your investment instruction and confirm that the relevant circumstances and information are accurate and up-to-date; if there is any change, you should notify the Bank immediately.