



OpenLendSM

Citi's Innovative Approach to Lending Clients' Securities



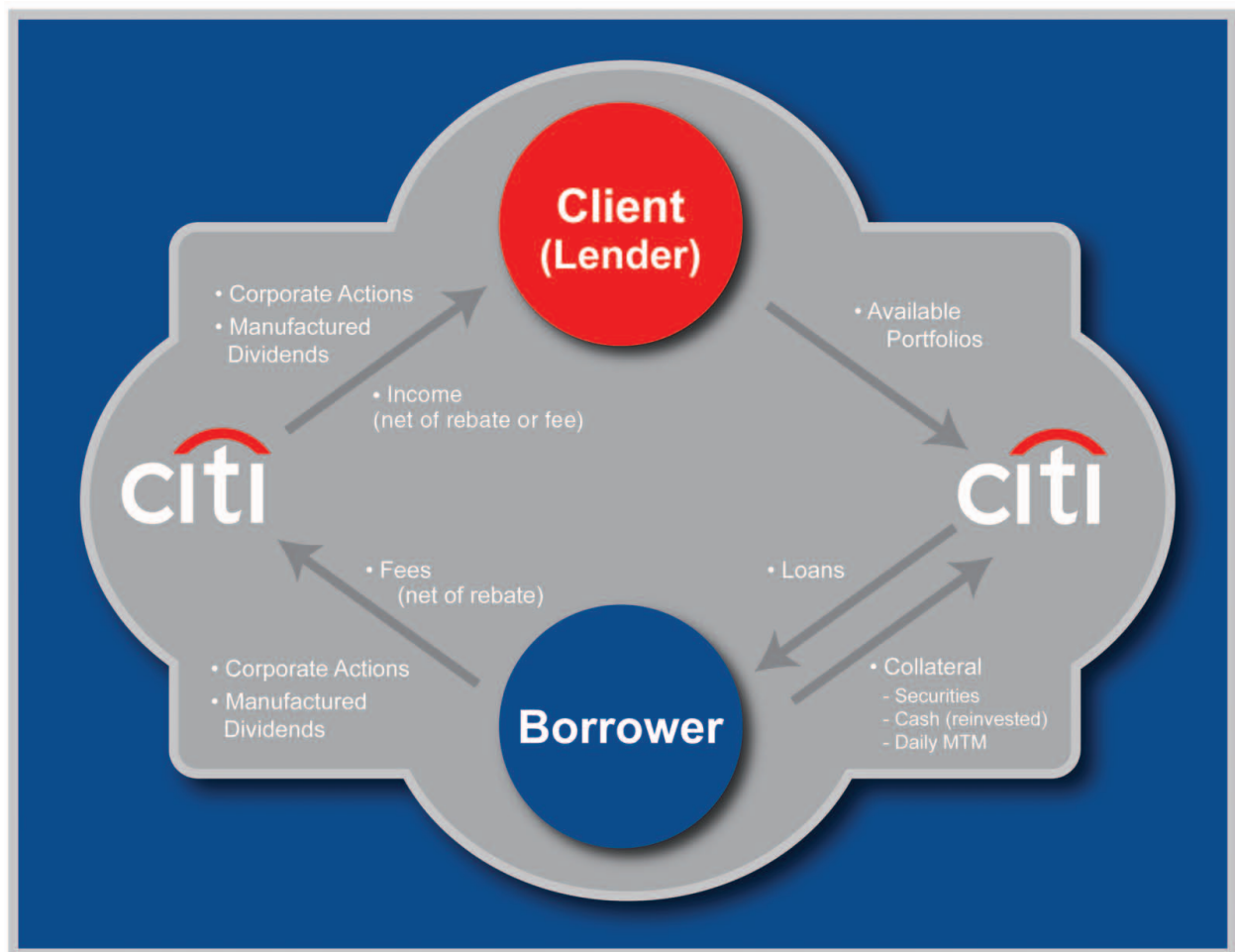
Securities lending has undergone a remarkable transformation over the past few years. As a result of the recent market conditions, sophisticated market participants are increasingly recognizing that choosing to lend is much more akin to making an asset management decision than a traditional custodial decision.

In response to these new market conditions – and building on our long-standing experience delivering both custodial and third-party lending solutions – we have developed the next generation of securities lending: **OpenLendSM**.

OpenLend is an open-architecture solution that provides clients with a boutique customized service that is designed to enhance portfolio performance by delivering solutions that leverage Citi's key strengths: unsurpassed global presence, robust risk management controls, innovative trading strategies and overall market leadership.

Possible benefits of lending securities:

- Enhance portfolio performance
- Offset operational expenses
- Generate liquidity
- Maintain competitive advantage by providing market intelligence for portfolio managers
- Capture additional revenues associated with the inherent value of the securities



Advantages

Open Architecture

Citi prides itself in putting the client at the center of the OpenLend program. Each client has unique requirement parameters and priorities when establishing a securities lending program; our approach is predicated on our desire to help the client find the best solution for them to manage their risk and reward balance.

Global Reach

With an on-the-ground presence in over 100 countries, Citi has the largest network of any bank. OpenLend supports securities lending from six financial centers in nearly 40 markets and leverages our local market expertise in preparing clients to lend in new markets, as well as for ongoing service.

Innovation

Citi has earned an excellent reputation for its innovation in providing securities lending services. OpenLend is at the heart of an industry that is undergoing significant change, driven by global regulatory, macroeconomic and investment performance events. Access to new markets and development of alternative lending structures are highly visible demonstrations of Citi's commitment to finding new ways to enhance value for clients.

Dynamic Reporting

Securities Finance Reporting (SFR) offers a transparent, scalable reporting platform that provides lenders with accessibility to business data that are state-of-the-art. OpenLend's reporting delivers to clients the necessary comprehensive, tailored reports that cover their specific lending, collateral management and cash investment requirements to help manage risk and monitor performance.

Securities Finance Reporting (SFR)

The screenshot displays the SFR web application interface. It features a navigation menu on the left with options like 'Home', 'Reporting Overview', 'My Queries', 'My Schedule', 'My Packages', and 'My Alerts'. The main content area includes sections for 'Customize Home Page', 'Historical Reports', 'Customise Reports', and 'Automated E-mail Reports'. The 'Customise Reports' section shows a search form for account details and a table of available accounts. The 'Automated E-mail Reports' section shows a table with columns for 'Schedule Name', 'Schedule Frequency', 'Schedule Date', 'Status', 'Msgs. Retire', and 'Action'. The background of the interface is a globe with financial data overlays.

- ▲ The most advanced reporting tool
- ▲ Consistent approach with funds and custody
- ▲ User friendly interface and customisation
- ▲ Transparency into your lending activity
- ▲ Adaptable functionality
 - Historical Database of Reports
 - Customise Reports
 - Automated E-mail Reports

Market Leadership

OpenLend professionals are at the forefront of the securities lending industry, assuming senior positions in trade associations across the globe, participating actively in working groups that drive market developments and in educating both investors and regulators as well as taking part in the diverse public forums where securities lending practices are debated.

Risk Management and Real-Time Controls

Any incremental yield from securities lending must be earned in a prudent and controlled manner. OpenLend helps clients mitigate their risks from securities lending using a transparent management approach that includes: client-directed borrower approvals to limit counterparty risk; fully collateralized margined transactions; stringent operational and compliance procedures and Citibank indemnification against borrower default.

OpenLend Solutions

Custodial Lending

Citi acts as agent to lend clients' assets held in custody with Citi. Loans are executed and settled with approved borrowers and collateral managed by Citi pursuant to a specific guidelines provided by the lender.

Third-Party Lending

Citi acts as agent to lend clients' assets held in custody with a third-party custodian. Loans are executed with approved borrowers and collateral managed pursuant to specific guidelines provided by the lender and separate operations procedures agreed with the lender's custodian. Lent securities are typically delivered to Citi for settlement (though settlement may be made directly by the lender's custodian).

Exclusive Lending

Citi acts as agent to lend clients' assets held in custody or by third-party custodians and provides clients with a guaranteed income stream under an arrangement with our Prime Services Group and other borrowers. To facilitate exclusive

lending Citi conducts portfolio auctions on behalf of clients utilizing our extensive knowledge and understanding of the borrower community. Our auctions will provide clients with a high level of transparency throughout the bidding process. The client has the flexibility to auction all or part of a portfolio and to customize the manner in which these auctions are managed. Citi will handle the contract negotiation and offer seamless implementation to get the arrangement live and operational. Upon completion of the auction process, the maintenance of the portfolios will be performed by our experienced team and relationship managers.

Hybrid – Combination of Agent and Exclusive Structure

Our Hybrid offering allows lenders to participate in a traditional securities lending program while benefiting from the guaranteed income stream associated with an exclusive structure. Consistent with our OpenLend philosophy, clients can elect to have a portion of their portfolio lent under the Traditional Securities Lending platform.

The combination of the two lending strategies provides a client the ability to lock in a guaranteed income stream and the ability to take advantage of opportunities when securities trade at a higher than expected premium. Additionally, the Hybrid solution not only provides the client with the ability to benchmark the performance of their loans under the Traditional program versus the Exclusive program but also give a client greater control of insight into how to tailor their program in a way that best suits their risk/return objectives.

OpenLend supports any of the above solutions and bespoke variations based on an analysis of a client's requirements.

Securities Finance's OpenLend is a key component of Citi Investor Services, which comprises Global Custody, Fund Services, Alternative Investment Services and Investment Administration Services – the most comprehensive suite of capabilities in the marketplace. Complementary client solutions include collateral administration services, liquidity

and investments, and foreign exchange. For the bottom-line benefits of clients, our industry-focused experts provide investors worldwide with tailored solutions delivered through proven global platforms that feature modular, open architecture.

The main focus of our client approach is developing relationships that meet each client's individual demands and deliver value and measurable results. We act as a truly global business, embedded in more markets and with a longer history than any other institution in the world. In addition, in each of the regions where we have a presence, we offer the full range of our services, providing our clients with an advantage wherever they do business.

Citi - Your Securities Lending Partner

Our overriding mission is to help you meet your specific risk/reward objectives to your individual program parameters. We work toward attaining that objective by providing superior service based on flexibility and customization.

- 30 years' experience
- Global presence and distribution
- Customized programs built upon client choice
- Strong risk management ethos
- Custodial and noncustodial lending expertise
- Dedicated Relationship Manager
- Best-in-class reporting capabilities

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