Citigroup Global Markets Europe AG

Frankfurt am Main

Registration Document

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1. RISK FACTORS

The material risk factors, which may affect Citigroup Global Markets Europe AG's (the "**Issuer**", the Issuer belonging to the Citigroup Inc. Group (Citigroup Inc. together with its subsidiaries the "**Citigroup Group**" or the "**Citigroup**")) ability to meet its obligations under the securities, are described as follows.

In the following description, the risk factors are classified into categories depending on their nature. Within the individual categories, the two most material risk factors in the opinion of the Issuer are presented first. The assessment of the materiality of the risk factors is determined by the Issuer on the basis of the probability of their occurrence and the expected magnitude of their negative impact. The order of presentation in the case of more than two risk factors within each category does not represent a statement on the probability of occurrence or on the severity or significance of the individual risks.

The assessment of materiality is carried out by the Issuer by making an assessment for each risk as to whether

- it may result in negative or adverse effects on the Issuer's business operations, the Issuer's profits and losses, assets and liabilities, financial position and liquidity. Consequently, if such a risk materializes, the value of the securities issued by the Issuer may decline significantly and investors who have invested in these securities may lose at least part of their invested capital; or

- it has a materially negative or materially adverse effect on the Issuer's business operations, the Issuer's profits and losses, assets and liabilities, financial position and liquidity and, in the worst case, whether it could lead to the insolvency of the Issuer, which is an even greater expected level of materiality for the respective risk. If any of the described risks should materialize, the value of the securities issued by the Issuer may decline significantly or even be zero. Moreover, the Issuer may no longer be able to meet its obligations under securities issued by it. Consequently, investors who have invested in the securities issued by the Issuer may lose all or part of their invested capital (risk of total loss).

The probability of the occurrence of the risks and the extent of their negative effects also depend on the circumstances existing at the date of the respective final terms. Examples of such circumstances which have a material impact on the probability of the occurrence of the risks and the extent of their negative effects are the Issuer's profits and losses, assets and liabilities and financial position at the time the securities are issued and the Issuer's prospects for the future and in particular during the term of the securities.

The risk factors associated with the Issuer will be presented in the following categories:

- Risks relating to the financial position of the Issuer (under 1.1)

- Operational risks (under 1.2)

- Risks related to the issuer's activities and industry (under 1.3)

- Risks related to the organizational and group structure of the Citigroup Group (under 1.4)

- Legal and regulatory risks (under 1.5)

1.1 Risks relating to the financial position of the Issuer

Insolvency risk

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

The hive-down of the banking business on 27 April 2018 also represents a risk with regard to the solvency of the Issuer. On 27 April 2018 (“**Closing Date**“) the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as “**Banking Business**“), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Issuer's warrants and certificates business was not affected by these measures. The Banking Business was transferred by way of a hive-down and new formation (*Ausgliederung zur Neugründung*) pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; “**UmwG**“) to a newly established German limited partnership (*Kommanditgesellschaft*) (“**Hive-Down Vehicle**“) whose limited partner (*Kommanditist*) was the Issuer and whose general partner (*Komplementär*; personally liable partner) was Citibank Europe plc. When the hive-down took effect by means of its registration in the commercial register, the Issuer sold and transferred its limited partnership interest in the Hive-Down Vehicle to the general partner. Therefore, all partnership assets (including any related liabilities) of the Hive-Down Vehicle (in particular the assets of the former Banking Business) were transferred, automatically and by virtue of law, to Citibank Europe plc by way of universal succession (“**Accretion**“).

The protection of the Issuer's creditors with respect to the liabilities transferred as part of the hive-down and the liabilities remaining with the Issuer is governed by § 125 UmwG in conjunction with §§ 22, 133 UmwG. Pursuant to these provisions, the Issuer and the Hive-Down Vehicle are, in relation to third parties, jointly and severally liable to the creditors for any liabilities of the Issuer which have been created prior to the Closing Date (“**Legacy Liabilities**“). The Issuer is, in principle, jointly and severally liable for a period of five years. The period applicable to pension liabilities under the German Company Pensions Act (*Betriebsrentengesetz*) is ten years. Should they be held liable, compensation claims will exist among the Issuer and the Hive-Down Vehicle. In deviation from the relevant statutory provision, the Issuer and the Hive-Down Vehicle agreed that (i) the Hive-Down Vehicle will be liable for Legacy Liabilities relating to the Banking Business and (ii) the Issuer will only be liable for Legacy Liabilities relating to any of the business units remaining with the Issuer. Accordingly, they will have mutual contractual claims for indemnification. This means that, if a third party (third-party creditor) asserts claims against the Issuer for Legacy Liabilities relating to the Banking Business, the Issuer (as an indemnification claim creditor) may demand that the Hive-Down Vehicle (as an indemnification claim debtor) release it from this liability. If, on the other hand, a third party (third-party creditor) asserts a claim against the Hive-Down Vehicle for Legacy Liabilities relating to a business area remaining with the Issuer, the Hive-Down Vehicle (as indemnification claim creditor) may demand that the Issuer (as indemnification claim debtor) discharge the company from this liability. In each case, either (i) the indemnification claim creditor can pay the liability to the third-party creditor and demand reimbursement of the expenses from the indemnification claim debtor or (ii) the indemnification claim debtor can pay the liability directly to the third-party creditor.

As of the date of the Accretion, any contractual claims for indemnification are claims against Citibank Europe plc, which assumes the legal position of the Hive-Down Vehicle.

If the Issuer is held liable by a creditor, the Issuer will therefore be exposed to the risk that Citibank Europe plc does not or cannot meet its indemnification obligation due to lack of liquidity, operational failures, insolvency or other reasons. In this case, the Issuer will independently be economically liable to creditors for the corresponding Legacy Liabilities with the assets remaining with the Issuer.

In addition, even after its withdrawal as limited partner of the Hive-Down Vehicle, the Issuer, for a period of five years, continues to be liable for any liabilities of the Hive-Down Vehicle which have been created prior to the date of its withdrawal. In this case, however, the Issuer's liability is limited to the amount of the liable contribution (*Haftsumme*) registered in the commercial register (1,000 euros).

If the Issuer is held liable for Legacy Liabilities and if Citibank Europe plc does not fulfill its indemnification obligation due to lack of liquidity, operational failures, insolvency or other reasons, or if it cannot meet them, it may materially adversely affect the financial condition of the Issuer. The more negatively the financial condition of the Issuer develops, the greater the risk that the Issuer will not be able to meet its obligations, or will not be able to meet them in a timely manner or in full. In the worst case, insolvency proceedings may be opened against the Issuer.

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

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

Solvency risk

There is a risk that the Issuer may not be able to meet its obligations arising from the securities, or may not be able to meet them in a timely manner or in full. This risk may materialize in particular if certain risks described in detail below under "Liquidity risk", "Credit risks" or "Market price risks" should materialize. However, the occurrence of other risk factors also entails a corresponding risk. An example of this are the risks mentioned in connection with the brokerage of transactions for other group companies and division of labor in the Citigroup Group under "Brokering of transactions for other Group companies and allocation of work within Citigroup Group" in the risk category "1.4 Risks related to the organizational and group structure of the Citigroup Group".

Investors should therefore consider the solvency of the Issuer when making investment decisions. Solvency describes the creditworthiness and ability to pay. It is decisive for the surety of an obligation (especially certificates and warrants) of the Issuer. The solvency of the debtor is therefore a central criterion for investment decisions.

Solvency risk is the risk of the Issuer's illiquidity (inability to pay), i.e. a possible temporary or permanent inability to meet its payment and performance obligations in a timely manner.

The Issuer's solvency may change during the term of the securities, for example due to developments in the macroeconomic or company-specific environment. This may be caused in particular by economic changes that may have a lasting adverse effect on the Issuer's profit situation and ability to pay. In addition, changes that are caused by individual companies, industries or countries, such as economic crises, as well as political developments with strong economic effects, may also be considered. The following risks associated with the Issuer may also affect the Issuer's solvency.

In addition, there is always the risk that ratings used by external, international rating agencies to regularly measure the solvency of the Issuer will be downgraded during the term of the securities if the creditworthiness should deteriorate. A deterioration in the Issuer's creditworthiness is typically associated with an increased risk of insolvency. At the date of the Registration Document, the Issuer has been assigned the following ratings:

	Moody’s	**Standard & Poor’s (S&P)**
Senior Debt	A1	A+

Moody's rating scale for long-term liabilities ranges from AAA (best quality, lowest default risk) to C (payment difficulties, default) and Standard & Poor's from AAA (best quality, lowest default risk) to D (payment difficulties, default).

If the Issuer's solvency deteriorates, this usually results in, for example, an increase in the cost of refinancing, which can have a material adverse effect on the Issuer's financial and liquidity position. This increases the risk for security holders that the Issuer will not be able to meet its obligations from the securities, or will not be able to meet them in a timely manner or only in part. **Should the Issuer potentially not be able to fulfil its obligations under the securities issued by it in a timely manner or at all, this may result in the value of the securities issued by the Issuer falling significantly or investors losing all or part of their invested capital (risk of total loss).**

Liquidity risk

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

If the Issuer faces liquidity shortfalls, then the Issuer may not be able to fulfill its obligations under the issued securities in a timely manner or at all. Liquidity shortfalls may result from the occurrence of certain risks described in detail below under "Counterparty risks" or "Market price risks". However, the occurrence of other risks also entails a corresponding risk of liquidity shortfalls. In particular, the risks mentioned in the risk category "1.2 Operational risks" are relevant in this respect. If one of the risks mentioned has a particular effect on the Issuer's liquidity, this is explicitly stated within the respective risk description.

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

The realisation of the liquidity risk may have a material adverse effect on the financial and liquidity position of the Issuer. **Should the Issuer potentially not be able to fulfil its obligations under the securities issued by it in a timely manner or at all, this may result in the value of the securities issued by the Issuer falling significantly or investors losing all or part of their invested capital (risk of total loss).**

Credit risks

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

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

The Issuer differentiates these credit risks between settlement risks and pre-settlement exposures. The settlement risk is the risk incurred by the Issuer if the Issuer duly performs under a contract on settlement day, but the client does not perform. The pre-settlement exposure is the risk incurred by the Issuer if the client is unable to meet its obligations under a contract and the Issuer must therefore cover the position in the market again.

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

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

Market price risks

Market risk is the risk of losses as a result of changes in market prices, in particular as a result of changes in foreign exchange rates, interest rates, equity and commodities prices as well as price fluctuations of goods and derivatives. Market risks primarily result from adverse and unexpected developments in the economic environment, the competitive position, the interest rates, equity and exchange rates as well as in the prices of commodities. Changes in market prices may, not least, result from the extinction of markets and accordingly no market price may any longer be determined for a product. Credit and country specific risks or internal events resulting from price movements of the underlying assets are also considered as market risk.

The most important types of trading businesses offered by the Issuer from a risk perspective are:

- Warrants in equity, commodity and foreign exchange assets as well as the corresponding hedging transactions
- Issuance and trade in investment certificates in equity, commodity and foreign exchange as well as the corresponding hedging transactions
- Money market transactions with credit institutions (repos and reverse repos) are only entered for the refinancing of the unit/entity

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

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

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

Pension fund risk

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

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

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

Reputational risk

There is a reputation risk that results from damage to customer relationships as a result of inadequate services or incorrect execution of business transactions. There is also the risk of entering into business relationships with counterparties whose business practices do not comply with the standards or business ethics of the Issuer.

In particular as a result of the occurrence of operational risks (see also the presentation of operational risks under "1.2 Operational risks"), there may be negative effects on the customer relationship or the relationship with local supervisory authorities.

In turn, this may result in financial losses for the Issuer, which may also have a material adverse effect on the Issuer's financial position.

The realization of reputational risk can result in a significant loss of value of the securities issued by the Issuer. In addition, this may, under certain conditions, result in at least a partial loss of the amount paid by security holders in connection with the purchase of the securities.

1.2 Operational risks

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

Risks of fraud

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

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

Personnel risk

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

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

Information risk

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

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

Outsourcing risk

The Issuer has outsourced many functions that are essential for duly managing and controlling its transactions and the risks resulting therefrom to other companies within and outside of the Citigroup Group. This includes, among other things, the reports to the transaction register in accordance with the requirements of Directive 2014/65/EU of 15 May 2014 (MiFiD II), which are made on a daily basis on behalf of the Issuer, or the booking of dividend payments received on shares held by the Issuer in connection with the hedging of positions or capital measures.

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

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

Settlement risk

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

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

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

1.3 Risks related to the issuer's activities and industry

Trading risks related to derivative securities issued by the Issuer

The most important trading risks in warrants and certificates trading and/or in the issuance of other derivative securities by the Issuer are the settlement and/or replacement risks associated with the Issuer's counterparties (specifically the end customers' own banks or brokers) when clearing and settling trades in the issued securities, and the risks that remain after extensive hedging of open positions, which were entered into when the securities were issued.

IBased on risk models used by the Issuer, the Issuer enters into hedging transactions to hedge open positions from the securities issued by the Issuer, which are linked to various risk variables, such as the relevant underlying, the volatility of the underlying, the term to expiry, the expected dividends or the interest rate. Particularly noteworthy in this context are the risk positions arising from changes in the volatility of the underlying and so-called “gap risks“ as a result of unexpected jumps in the price of the underlying, which can generate losses in particular where hedging transactions are executed in order to cover sold knock-out securities. At best, the Issuer can to a large extent close out such risk positions resulting from the securities issued by the Issuer, but it will be unable to close them out completely or enter into matching positions for all open positions.

If a counterparty of the Issuer defaults, and such counterparty also happens to be one of the Issuer's important sales partners, clearing and settling a large number of customer transactions with the Issuer each day, then there is a risk that hedging transactions, which are entered into by the Issuer before completing the relevant trade in order to close out a risk position arising from transactions in its own securities previously executed with such party, cannot be closed or have to be closed and need to be unwinded afterwards because of the counterparty's default.

Likewise, the default of one of the Issuer's other counterparties with whom a large number of hedging transactions have been executed could also expose the Issuer to liquidity shortfalls, if new or higher costs have to be incurred in order to replace the original contracts.

Thus, the risks arising in connection with trading in derivative securities issued by the Issuer may have a material adverse effect on the Issuer's liquidity and financial position. This in turn may have a significant impact on the value of the securities issued by the Issuer and may lead to the partial or total loss of the amount paid by security holders in connection with the purchase of the securities (risk of total loss).

Risk of disrupted securities clearing and settlement or disrupted exchange trading

Whether the investor buys or sells his securities, exercises the rights of the securities or receives payment of the cash amount by the Issuer, all these events can only be effected by the Issuer with the support of third parties such as clearing banks, stock exchanges, the depository agent, the depository bank of the investor or various institutions involved in financial transactions. If, for whatever reason, the ability of such participating parties to provide their services is impaired, then for the period of such disruption, the Issuer will not be able to accept an exercise of any option rights or of exercise rights of certificates or to deliver on any securities trades or to pay the disbursement amount upon final maturity.

Possible reasons for a disruption of the securities settlement on the part of the Issuer or on the part of the third parties required for securities settlement include, for example, technical disruptions as a result of power failures, fires, bomb threats, sabotage, computer viruses, computer errors or attacks. The same applies in the event such disruptions occur at the security holder's custodian bank.

The consequence of a disruption of the securities clearing and settlement or a disruption of the exchange trading would be a delay in the settlement of the transactions concerned.

Tax risks

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

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

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

1.4 Risks related to the organizational and group structure of the Citigroup Group

Brokering of transactions for other Group companies and allocation of work within Citigroup Group

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

If a decision is taken within the Citigroup Group that the responsibilities in question should be reallocated among other Group companies, then the Issuer could lose a significant source of income. This would potentially affect the financial situation of the Issuer. A significant deterioration in the financial situation of the Issuer could, for example, lead to liquidity shortfalls at the Issuer or a deterioration in the Issuer's solvency.

Therefore, the realisation of the aforementioned risk may, under certain conditions, result in a loss of value of the securities issued by the Issuer or, at maturity, lead to at least a partial loss of the amount paid by security holders in connection with the purchase of the securities.

Risks due to the Federal Deposit Insurance Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act

In the fall of 2017 the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency issued rules (“**QFC Stay Rules**“) designed to improve the resolvability and resilience of U.S. global systemically important banking organizations (“**G-SIBs**“) and the U.S. operations of foreign G-SIBs, by mitigating the risk of destabilizing closeouts of qualified financial contracts (“**QFCs**“) in resolution. Citigroup, Inc. and its subsidiaries, including the Issuer, are “covered entities” subject to the QFC Stay Rules. The securities issued by the Issuer may qualify as QFCs.

The QFC Stay Rules seek to eliminate impediments to the orderly resolution of a G-SIB both in a scenario where resolution proceedings are instituted by the U.S. regulatory authorities under the Federal Deposit Insurance Act or the Orderly Liquidation Authority under Title II of the Dodd Frank Act (“**OLA**“) (together, the “**U.S. Special Resolution Regimes**“) as well as in a scenario where the G-SIB is resolved under ordinary insolvency proceedings. To address this, the QFC Stay Rules require covered entities to ensure that their QFCs subject to the QFC Stay Rules (i) contain an express contractual recognition of the statutory stay-and-transfer provisions of the U.S. Special Resolution Regimes and (ii) do not contain cross-default rights against the covered entity based on an affiliate becoming subject to any type of insolvency proceeding or restrictions on the transfer of any related credit enhancements (including a guaranty) issued by an affiliate of the covered entity following the affiliate’s entry into insolvency proceedings.

To address these requirements, the securities contain an express contractual recognition that in the event the Issuer becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of the securities will be effective to the same extent as the transfer would be effective under such U.S. Special Resolution Regime. In addition, the securities contain an express contractual recognition that in the event the Issuer or any of its affiliates becomes subject to a proceeding under a U.S. Special Resolution Regime, default rights against the Issuer with respect to the securities are permitted to be exercised to no greater extent than they could be exercised under such U.S. Special Resolution Regime. For these purposes, “default rights“ include the right to terminate, liquidate or accelerate a QFC or demand payment or delivery thereunder, and may therefore include the right of a security holder to exercise a security at any time (for open end securities and warrants with an American type of exercise).

If any of these risks materialise, the transferability of securities may be restricted or investors may not be able to exercise their securities, at least temporarily.

1.5 Legal and regulatory risks

Legal provisions in the German Restructuring and Resolution Act enable the competent resolution authority to take resolution measures with regard to the Issuer.

The European Directive 2014/59/EU of 15 December 2014/59 of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"), which was implemented in the Federal Republic of Germany by the Restructuring and Resolution Act (Sanierungs- und Abwicklungsgesetz – "**SAG**"), introduced a resolution regime for CRR credit institutions and CRR investment firms (hereinafter jointly referred to as "**Institution**") under which, inter alia, shareholders and creditors who have acquired financial instruments issued by them may participate in the losses and costs of the resolution; this is known as the "instrument of creditor participation".

As a CRR investment firm, the Issuer is subject to the provisions of the SAG. Thus, the securities of the Issuer are also subject to the instrument of creditor participation as an Institution.

According to the provisions of the SAG, the prerequisites for a resolution are met if the competent resolution authority determines

- that the existence of the Issuer as an Institution is at risk,
- that the implementation of a resolution measure is necessary and proportionate to achieve one or more resolution objectives, and
- that the threat to the existence of the Issuer could not also be eliminated by other measures within the available time frame.

The competent resolution authority in relation to the Issuer is the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* - "**BaFin**"). If BaFin determines that the requirements with respect to the Issuer are met, it may take extensive measures - even before the Issuer becomes insolvent - which may have an adverse effect on security holders. For example, BaFin may transfer shares in the Issuer or part or all of the assets of the Issuer, including its liabilities, to a bridging institution, an asset management company or another suitable third party and thus adversely affect the Issuer's ability to meet its payment and delivery obligations to the holders of securities issued by the Issuer.

In addition, BaFin is entitled under the SAG to either partially or fully write down the claims of holders of the Issuer's unsecured securities or to convert them into equity (shares or other company shares) of the Issuer (so-called creditor participation or bail-in) in order to stabilize the Issuer as an Institution in this way.

In a bail-in, the claims of the creditors of the Issuer as an Institution as well as the holders of the unsecured securities of the Issuer shall be divided into different groups and assigned to liability according to a fixed order of priority (so-called "**liability cascade**").

First, these are owners of the Issuer as an Institution (i.e. holders of shares and other company shares). Then, creditors of the Issuer's additional core capital or supplementary capital and creditors of unsecured subordinated liabilities (including, for example, subordinated loans and participation rights) are affected.

The next category includes unsecured non-subordinated liabilities and thus, in principle, also debt instruments such as bearer bonds, negotiable bonds and rights comparable to these debt instruments, including registered bonds and promissory note loans (*Schuldscheindarlehen*).

Within this category there are non-structured debt instruments that are assigned a lower ranking in insolvency proceedings than other unsecured non-subordinated liabilities. The lower ranking may be based on a statutory order or an express provision by the debtor in the terms and conditions. These so-called non-preferred debt instruments rank ahead of other unsecured non-subordinated liabilities in the liability cascade.

The securities issued by the Issuer are in the liability cascade after the non-preferred debt instruments. Accordingly, in the event of a bail-in, the holders of the securities are only called upon after the holders of these non-preferred debt instruments.

Should BaFin take resolution measures and also consider the securities issued by the Issuer to be liable in the order specified in the liability cascade, security holders bear the risk of losing their claims from the securities. This includes in particular claims for payment of the cash amount.

Holders of securities therefore also lose their claims from the securities under the following conditions: The claims of the security holders are converted into shares in the Issuer (e.g. shares). In this case, security holders bear all the risks of a shareholder of the Issuer. The price of the Issuer's shares will usually have fallen sharply in such a situation. Therefore, security holders are likely to incur a loss under these conditions. The same applies if the securities holders' claims against the Issuer are reduced in whole or in part to zero (0). As a result, security holders are exposed to a considerable risk of loss, including the **risk of total loss**.

BaFin may also order that payment and delivery obligations of the Issuer as an Institution, e.g. under the terms and conditions of securities vis-à-vis the holders of securities, or the possibility for the holders of securities to exercise any termination or other rights under the terms and conditions of securities issued by the Issuer, be suspended until the end of the business day following the announcement of the resolution order. Under certain conditions, BaFin may also, in relation to liabilities of the Issuer, restructure individual contractual arrangements, including the terms and conditions of securities issued by the Issuer, or order the cancellation or suspension of trading of the Issuer's securities on a regulated market or exchange listing.

Legal risks and risks arising from the legal environment

The Issuer views legal risks as any and all risks resulting from binding contracts and governing legislation. Regulatory risks result from the legal environment in which the Issuer does business, such as the requirements that are imposed on the compliance function under the Circular “09/2017 (BA) – Minimum Requirements in Risk Management– MaRisk” and under “05/2018 (WA) – Minimum Requirements Imposed on Compliance Functions and Other Duties of Performance, Organization and Transparency – MaComp” published by BaFin. Failure to comply with these requirements may result in legal or regulatory proceedings or investigations, or in claims for damages, fines or other penalties imposed on the Issuer.

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

2. APPROVAL AND PUBLICATION OF THE REGISTRATION DOCUMENT

(a) This Registration Document has been approved by the German Federal Financial Supervisory Authority ("**BaFin**"), as competent authority under Regulation (EU) 2017/1129.

(b) BaFin only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.

(c) Such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document.

This Registration Document will be published by being made available free of charge at the Issuer's business address (Citigroup Global Markets Europe AG, New Issues Structuring, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main) as of the day of its approval by BaFin. In addition, the Registration Document will be published in electronic form on the Issuer’s website www.citifirst.com (under the rider Products>Legal Documents>Registration Forms).

The Issuer declares that the information on the website does not form part of the Registration Document and has not been scrutinised or approved by the competent authority.

This Registration Document solely represents the status of the information contained in it at the date of the Registration Document.

The Issuer may choose to produce a new registration document to replace this Registration Document whenever significant new information regarding the Issuer is available.

THIS REGISTRATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OR TO ENTER INTO ANY AGREEMENT AND CITIGROUP GLOBAL MARKETS EUROPE AG IS NOT SOLICITING ANY ACTION BASED UPON IT. NOBODY HAS BEEN AUTHORISED BY CITIGROUP GLOBAL MARKETS EUROPE AG TO RELEASE MORE INFORMATION OR CONFIRMATIONS THAN PROVIDED IN THIS REGISTRATION DOCUMENT. IF THOSE INFORMATION AND CONFIRMATIONS ARE STILL GIVEN, INVESTORS SHOULD NOT RELY ON THEM AS IF THEY WERE AUTHORISED BY CITIGROUP GLOBAL MARKETS EUROPE AG.

3. PERSONS RESPONSIBLE

Citigroup Global Markets Europe AG, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, accepts responsibility for the information contained in this Registration Document. The Issuer is entered in the commercial register of the Local Court of Frankfurt/Main under registration number HRB 88301.

The Issuer declares that to the best of its knowledge the information contained in this Registration Document is in accordance with the facts and the registration document makes no omission likely to affect its import.

4. STATUTORY AUDITORS

The statutory auditor of the Issuer during the period covered by the historical financial statements in this Registration Document (1 January 2019 through 31 December 2019, short fiscal year from 28 April 2018 through 31 December 2018 and short fiscal year from 1 January 2018 through 27 April 2018) was and respectively is

KPMG AG
Wirtschaftsprüfungsgesellschaft
THE SQUAIRE
Am Flughafen
60549 Frankfurt am Main.

The Issuer's statutory auditor is a member of the chamber of auditors listed below:

Wirtschaftsprüferkammer
Körperschaft des öffentlichen Rechts
Rauchstraße 26
10787 Berlin

5. INFORMATION ABOUT THE ISSUER

5.1 Business history of the Issuer

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

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

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

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

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

Spin-off agreement 2008

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

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

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

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

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

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

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

Exit of the silent partner as of 30 November 2015

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

Change of fiscal year as of 1 January 2017

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

Restructuring of business activities in April 2018

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

Hive-down of the Banking Business

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

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

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

Accretion of the Banking Business at Citibank Europe plc

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

Change in the ownership of the Issuer

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

Change of fiscal year as of 28 April 2018

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

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

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

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

5.2 Registered office of the Issuer

The Issuer has its registered office in Frankfurt am Main and has branch offices in London, Madrid, Milan and Paris.

The Issuer is a public limited company (*Aktiengesellschaft*), which is organised under the laws of Germany.

The Issuer's address is:

Citigroup Global Markets Europe AG
Frankfurter Welle
Reuterweg 16
60323 Frankfurt am Main
Germany
Telephone: +49 (0) 69-1366-0

The website of the Issuer is www.citifirst.com

The Issuer declares that the information on the website does not form part of the Registration Document and has not been scrutinised or approved by the competent authority.

5.3 Development of the Issuer

On 27 April 2018 the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. In particular, the Issuer’s warrants and certificates business was not affected by these measures. The Issuer's remaining activities will continue to be conducted in the form of a securities trading bank.

On 27 April 2018 the Issuer's previous parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, sold and transferred the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited has become the new parent company of the Issuer.

For further information on the restructuring see sub-heading “*Restructuring of business activities in April 2018*“ above, under “*5.1 Business history of the Issuer*“.

With the exception of the restructuring mentioned under “*5.1 Business history of the Issuer*“, there have been no significant events that may have a material impact on the assessment of the Issuer's solvency.

5.4 Credit rating of the Issuer

	Moody's	**Standard & Poor's (S&P)**
Senior Debt	A1	A+

Moody's rating scale for long-term liabilities ranges from AAA (best quality, lowest default risk) to C (payment difficulties, default) and Standard & Poor's from AAA (best quality, lowest default risk) to D (payment difficulties, default).

5.5 Information on the material changes in the Issuer's borrowing and funding structure

There has been no material change in the Issuer's f borrowing and funding since the last financial year.

5.6 Description of the expected financing of the Issuer's activities

The Issuer primarily refinances itself within the Citigroup Group.

6. BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 Overview

The Issuer is a securities trading bank, offering companies, governments and institutional investors comprehensive financial strategies in investment banking, fixed income, foreign exchange and equities and derivatives. In addition, it is also a major issuer of warrants and certificates, the final acquirers of which are mainly private customers. Furthermore, the Issuer's business line has also included Citi Private Bank – Family Office Coverage Germany and Covered Bond Research.

6.1.2 Equity, Warrants and Certificates, Equity & Derivative Sales

(a) Warrants and Certificates

The Issuer issues warrants, knock-out warrants (turbo warrants), Factor/Leverage & Short Certificates and other derivative certificates (investment products). The products are primarily distributed in Germany and beyond that in Finland, France, the Netherlands, Portugal and other countries, as the case may be.

The securities reference primarily shares, share indexes, exchange rates, futures, commodities and structured underlyings. The publicly offered securities are listed on exchanges and are sold almost exclusively through its own dealer sales either continuously over stock exchanges or off-exchange (particularly warrants) or - in the case of certain certificates subject to subscription periods - are offered through its own dealer sales or through distribution partners. In the case of warrants, OTC sales concluded with institutes that are linked to the electronic trading system CATS actually exceed sales generated on stock exchanges. The main part of the Issuer's equities business are the trading transactions, especially exchange-traded futures on shares and share indexes, which the Issuer executes in order to hedge the warrants and certificates it has sold. The Issuer's London branch executes the hedging transactions for securities related to the aforementioned underlyings with other companies of the Citigroup Group, but also with counterparties outside the Citigroup Group where appropriate.

(b) Equity Sales and Sales-Trading

The Equity Sales Department is divided into the Global Equity Sales Desk (for advising and consulting institutional investors on the purchase and sale of global equities); the Program Trading Desk (for marketing portfolio products); and the Global Sales Trading Desk (to serve as an interface when advising on customer order placements, order taking and order forwarding to the other Citigroup Trading Desks). The Equity Sales Trading Department forwards customer orders for execution to the relevant trading areas, e.g. of Citigroup Global Markets Limited, London or Citigroup Global Markets Inc., New York.

(c) Equity Derivative Sales

The Equity Derivative Sales Department offers investments in equity and index-linked derivatives to institutional clients. Such derivatives generally include options, futures, swaps or delta-1 certificates.

6.1.3 Fixed Income Sales

(a) Fixed Income Sales

The Issuer also supports its customers in hedging existing financial risks or in solving individual financial issues by brokering structured interest and credit derivatives, which serve to hedge interest and foreign exchange risks in virtually all currencies (Fixed Income Sales). The services for structured products, for fixed income products and of all types and asset-backed securities products, for highly liquid fixed income products and for fixed income and currency products on new markets (Emerging Markets) are performed by Fixed Income Sales.

The transactions of Debt Capital Markets and Fixed Income Sales are brokered by the Issuer's employees to Citigroup Global Markets Limited, London and to other group companies.

(b) Foreign Exchange Management

The Issuer brokers currency options, currency derivatives and currency spot and forward transactions for its customers through its employees to the London office of Citibank N.A, Citibank Europe plc, Dublin (London Branch), and Citigroup Global Markets Limited, London.

6.1.4 Banking, Capital Markets & Advisory (BCMA)

BCMA comprises Corporate and Investment Banking (CIB) and Capital Markets Origination (CMO).

(a) Corporate and Investment Banking (CIB)

The CIB division is responsible for cross-product advisory activities for customers through coordinating activities for all products and services that these customers use at Citigroup worldwide. The advice on mergers and acquisitions (M&A) and corporate financing for syndicated and bilateral loans are also assigned to the CIB line of business.

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

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

The episodic business comprises M&A consulting as well as equity (including initial public offerings) and debt instruments. Equity instruments (Equity Capital Markets) and debt instruments (Debt Capital Markets) are allocated to the business area Capital Markets Origination within BCMA.

(b) Capital Markets Origination (CMO)

Equity Capital Markets comprises the entire range of products for raising equity capital through listed companies. This includes the placement and settlement of IPOs and capital increases. In addition, Equity Capital Markets supports clients in the placement shares or block trades.

Debt Capital Markets supports Group companies in the acquisition and structuring of new issues of interest bearing securities and related transactions for customers of the private (companies and financial institutions) and public (federal government and federal states) sectors in Germany and Austria and supports customers in the issue and placement of such securities (Debt Capital Markets).

The individual transactions can be concluded in any currency, depending on the customer's requirements or market conditions. Transactions can be structured as securities, loans or promissory notes and can be marketed either by a consortium or alone.

6.1.5 Citi Private Bank – Family Office Coverage Germany

The Issuer supports Citigroup's Private Banking business in respect of assistance to family offices in Germany (so-called Family Offices) and asset management companies and foundations. In this area the Issuer only arranges business activities and marketing activities for other group entities and business lines within Citigroup.

6.1.6 Fixed Income Research: Covered Bond and Sub-Sovereign, Supras and Agency ("SSA") Research, Economics Research

As part of the Interest Strategy Team located in London, the local research team concentrates on primary and secondary market developments and regulatory changes within the various segments of the covered bond market and the SSA markets denominated in Euro. In addition, the team is responsible for Citigroup's economic forecasts for Germany, Switzerland and the United Kingdom and all economic research publications for these countries.

6.1.7 Treasury

Corporate Treasury's main responsibilities are to manage the liquidity risk of the Issuer and ensure that it is adequately funded and capitalized. Corporate Treasury achieves this by managing the Issuer to a set of liquidity and capital metrics. Corporate Treasury work closely with Businesses, Risk, Finance and Operations to assess funding, liquidity and capital risks and requirements. The Asset and Liability Committee is the key forum where these topics are pulled together and discussed at a senior level.

6.1.8 Special significance of brokering transactions for other Citigroup companies

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

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

6.1.9 Derogation from generally described business procedures

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

6.2 Principal markets

The principal market on which the Issuer conducts business is Germany.

7. ORGANISATIONAL STRUCTURE OF THE ISSUER

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

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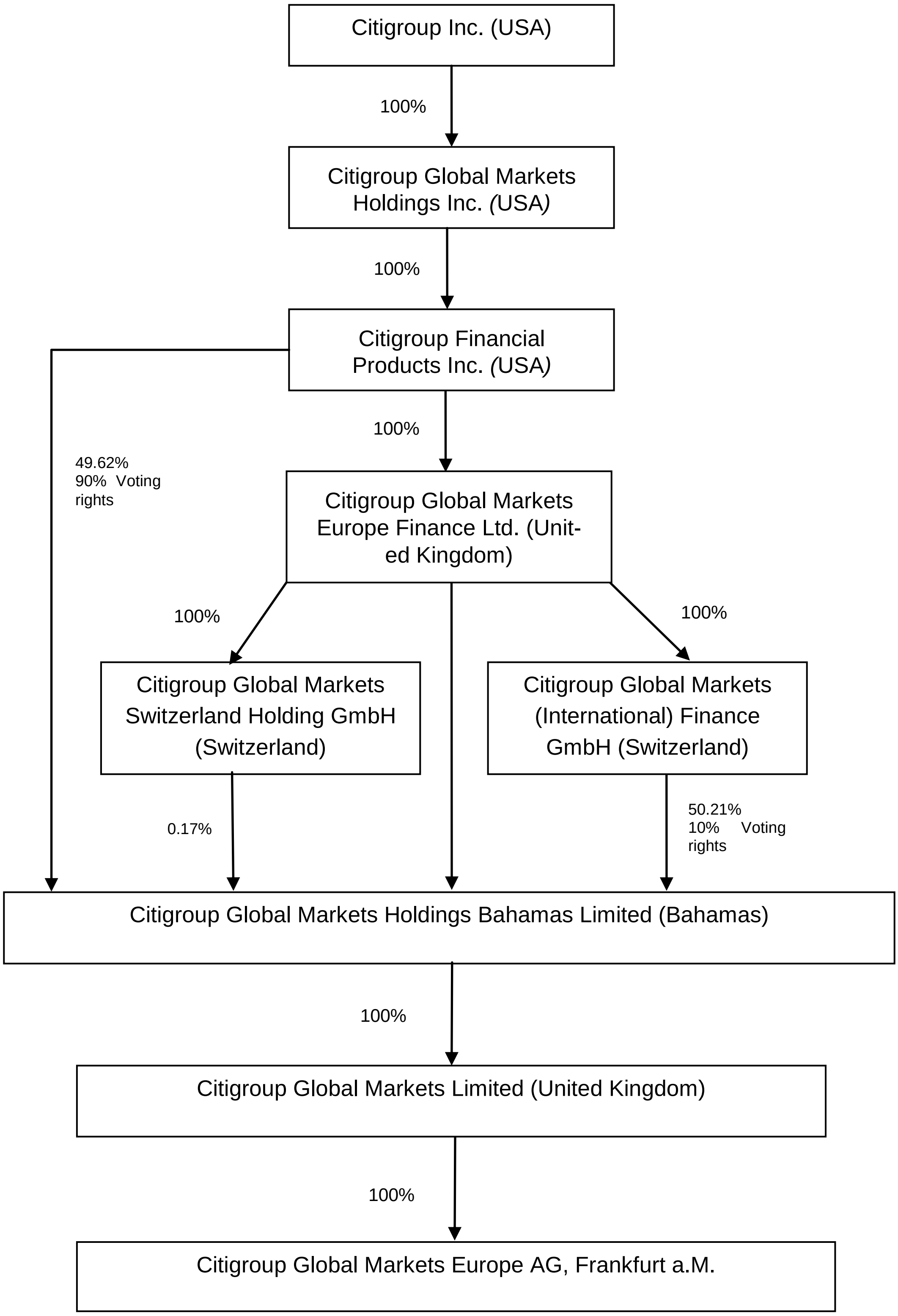
Schedule: Affiliation of the Issuer with the German subgroup of Citigroup



8. TREND INFORMATION

The Issuer hereby declares that there have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements, i.e. 31 December 2019.

There has been no significant change in the financial performance of the Issuer since the date of its last audited financial statements, i.e. 31 December 2019, to the date of the Registration Document.

8.1 General economic conditions

The development of the economic, financial and above all capital markets faces a variety of risks and dangers. In the Issuer's view, the economic outlook is impacted by substantial uncertainties. The Issuer believes that the cause for these uncertainties are, among other things, a protectionist economic policy, a less dynamic economy and the impact of the coronavirus that has spread dramatically since the beginning of the year 2020. The individual economies have become fragile due to the relatively long-lasting interest rate phase and, in some cases, to a dearth of reform and consolidation efforts and to elevated private debt. The continued low interest rate environment, in the Issuer's view, only increases the danger to which the financial and capital markets are exposed.

Protectionist policies and measures, which have emanated above all from the United States, are a threat to the economic growth in individual countries and to the financial markets. To this extent, the Issuer believes that trade conflicts and the concomitant reduction in the supply of goods and services in the current year cannot be ruled out.

Furthermore, the political backsliding from European cohesion in the European Union now poses additional risks. The withdrawal of Great Britain from the European Union as well as the independence movements of certain countries in Central and Eastern Europe could adversely influence the economy of the European Economic Area.

In regard to the effects of the coronavirus pandemic for the world economy, the risk of a recession can no longer be generally ruled out. Financial markets are also exposed to the aforementioned risks and uncertainties in 2020. Overall, the volatilities that began in early 2020 could further escalate. The Issuer continues to assume that there will be capacity for public offerings and refinancing deals.

9. PROFIT FORECASTS OR ESTIMATES

This document does not contain any profit forecasts or profit estimates.

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

10.1 Members of the administrative, management or supervisory bodies

The supervisory board of the Issuer consists of the following members:

- Barbara Frohn, Director, Chairman, having his business address at Citigroup Global Markets Ltd., London, 25 Canada Square, Canary Wharf, London E145LB, United Kingdom;
- Stefan Wintels, Director, Deputy Chairman, having his business address at Reuterweg 16, 60323 Frankfurt am Main;
- Leonardo Arduini, Director, having his business address at Citigroup Global Markets Ltd., London, 25 Canada Square, Canary Warf, London E14 5LB, United Kingdom;
- James Bardrick, Director, having his business address at Citigroup Global Markets Ltd., London, 25 Canada Square, Canary Warf, London E14 5LB, United Kingdom;
- Tim Färber, representative, having his business address at Reuterweg 16, 60323 Frankfurt am Main;
- Dirk Georg Heß, employee representative, having his business address at Reuterweg 16, 60323 Frankfurt am Main.

The executive board of the Issuer consists of the following members:

- Kristine Braden (Chief Executive Officer (CEO)), Director, Strategy, Business Planning, Branch Management, Public Relations, Human Resources and Internal Audit*;
- Stefan Hafke, Director, Corporate Banking (Relationship Management) and Customer Relationship (entire Bank), Equity Capital Markets and Debt Captial Markets, Business Management Office, Registrar Function;
- Andreas Hamm, Director, Enterprise Infrastructure O&T, ICG Operations, Infrastructure and Application Technology, O&T Risk and Control / Outsourcing Management as well as Data Protection Officer / Information Security Officer*;
- Dr. Jasmin Kölbl-Vogt, Director, Legal Department, Corporate Secretary, Regulatory Matters, Independent Research as well as Corporate Security and Investigations;
- Ingo Martin Mandt, Director, Risk Controlling, Independent Credit Risk, Model Risk, Anti Money Laundering*, Compliance* and Client Asset Segregation Governance*;
- Oliver Russmann, Director, Financial Control, Financial Planning and Analysis, Regulatory Reporting, Corporate Treasury / Liquidity Management and Tax;
- Christian Spieler, Director, Equity Markets, FX & Local Markets, G10 Rates, Global Spread Products, Commodities, Prime, Futures and Securities Services, Global Investor Sales, Global Corporate Sales, Private Banking / Family Office, Business Management Office;

* Report in their capacity to the Board

all having their business address at Reuterweg 16, 60323 Frankfurt am Main.

The following persons hold the following jobs unrelated to the Issuer, which are significant with respect to the Issuer:

- Leonardo Arduini is Board Member of Citigroup Global Markets Ltd., London.
- James Bardrick is Board Member of Citigroup Global Markets Ltd., London, and of Citibank UK Ltd., London.

10.2 Administrative, management, and supervisory bodies' conflicts of interests

There are no potential conflicts of interest between the private interests or other obligations of the persons named in subsection 10 above and the obligations which those persons owe to the Issuer.

11. MAJOR SHAREHOLDERS

The sole shareholder of the Issuer is Citigroup Global Markets Limited.

Regarding the Issuer's integration into the Citigroup Inc. Group see the discussion in subsection 7.

There are no inter-company agreements within the meaning of § 291 German Stock Corporation Act (*Aktiengesetz*) with Citigroup Global Markets Limited or other companies of the Citigroup Group.

12. ARRANGEMENTS THE EXECUTION OF WHICH MAY AT A SUBSEQUENT DATE RESULT IN A CHANGE IN CONTROL OF THE ISSUER.

The Issuer has no knowledge of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

Furthermore, it should be noted that Citigroup is continuously verifying the appropriateness of its organizational structure.

13. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

13.1 Financial statements[1]

The Issuer's annual financial statements for fiscal year 2019 and 2018 respectively are included in this Registration Document under "*18. Historical Financial Information*" on pages F-1 through F-51 (fiscal year from 1 January 2019 through 31 December 2019), under "*18. Historical Financial Information*" on pages G-1 through G-46 (short fiscal year from 28 April 2018 through 31 December 2018) and under "*18. Historical Financial Information*" on pages H-1 through H-46 (short fiscal year from 1 January 2018 through 27 April 2018). The annual financial statements include the balance sheet, income statement, cash flow statement, accounting policies and explanatory notes.

13.2 Auditing of historical annual financial information[2]

The annual financial statements including the bookkeeping system for the fiscal year from 1 January 2019 through 31 December 2019, for the short fiscal year from 28 April 2018 through 31 December 2018 and the short fiscal year from 1 January 2018 through 27 April 2018, which are included in this document, were audited by the Issuer's statutory auditor and certified with an unqualified auditor's opinion.

13.3 Significant change in the financial condition of the Issuer

There has been no significant change in the financial position of the Issuer which has occurred since the date of its last published audited financial statements, i.e. 31 December 2019.

14. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past significant effects on the Issuer's financial position or profitability.

15. SHARE CAPITAL AND MEMORANDUM AND ARTICLES OF ASSOCIATION

The share capital of EUR 210,569,889.00 was increased by EUR 31,823,165.05 to EUR 242,393,054.05 through the issue of a total of 1,244,814 new bearer shares with a propor-

[1, 2] The annual financial statements have been audited in the German version of the annual financial statements. The English version of the annual financial statements is a translation of the audited German version.

tional amount of EUR 25.56 per share (rounded to two decimal places). The capital increase was entered in the Commercial Register on 2 April 2019.

The Issuer is entered in the commercial register of the Local Court of Frankfurt/Main under registration number HRB 88301.

Pursuant to § 2 (1) of the Issuer's articles of association, the object of the company is the operation of banking and financial transactions and the provision of other services of all kinds, including the acquisition, holding and sale of investments in other companies.

16. MATERIAL CONTRACTS

The Issuer has not executed any contracts outside the ordinary course of business, which could result in a Citigroup Inc. Group company incurring an obligation or receiving a right, which would be deemed material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued.

17. DOCUMENTS ON DISPLAY

During the valid term of this Registration Document, copies of the following documents are available for inspection:

(a) the Issuer's up to date articles of association;

(b) the audited annual financial statements of the Issuer for the fiscal year from 1 January 2019 through 31 December 2019, the short fiscal year from 28 April 2018 through 31 December 2018 and for the short fiscal year from 1 January 2018 through 27 April 2018.

A hard copy of the documents (a) and (b) may be inspected during normal office hours at the Issuer's place of business located at the following address: Legal Department, Reuterweg 16, 60323 Frankfurt am Main and may be inspected on the website www.citifirst.com (under the rider Products>Legal Documents). The Issuer declares that the information on the website does not form part of the Registration Document and has not been scrutinised or approved by the competent authority.

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18. HISTORICAL FINANCIAL INFORMATION

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 JANUARY 2019 THROUGH 31 DECEMBER 2019

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 28 APRIL 2018 THROUGH 31 DECEMBER 2018

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 JANUARY 2018 THROUGH 27 APRIL 2018

Balance Sheet for the Fiscal Year as of December 31, 2019
Citigroup Global Markets Europe AG, Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	12/31/2018 TEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		-.--		-
of which: at the German *Bundesbank* (German Central Bank) EUR -.-- (12/31/2018 TEUR -)				
c) Credit balances held at post giro offices		-.--	-.--	-
2. Receivables from banks				
a) Due upon demand		322,581,132.82		130,752
b) Other receivables		-.--	322,581,132.82	-
3. Receivables from clients			5,406,732,096.58	785,695
of which: secured through *in rem* security interests *(Grundpfandrechte)* EUR -.-- (12/31/2018 TEUR -)				
municipal loans EUR -.-- (12/31/2018 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government entities	-.--			-
ab) issued by other entities	-.--	-.--		-
b) Bonds and debt securities				
ba) issued by government entities	-.--			-
of which: qualifying as collateral for the German *Bundesbank* EUR -.-- (12/31/2018 TEUR -)				
bb) issued by other entities	-.--	-.--		-
of which: qualifying as collateral for the German *Bundesbank* EUR -.-- (12/31/2018 TEUR -)				
c) Own debt securities		-.--	-.--	-
face value EUR -.-- (12/31/2018 TEUR -)				

(TEUR = EUR 1,000)

5. Stocks and other variable-yield securities		-.--	-
5a Trading portfolio		8,932,625,096.59	4,615,404
6. Equity investments		1,135,714.07	1,136
of which: held in banks EUR -.-- (12/31/2018 TEUR -)			
held in financial service institutions EUR -.-- (12/31/2018 TEUR -)			
7. Trust assets			
of which: trust loans EUR 507,280,870.90 (12/31/2018 TEUR -)		507,280,870.90	-
8. Intangible assets			
a) Internally generated industrial property rights and similar rights and assets	-.--		-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	117,050.34		162
c) Goodwill	83,416,667.00		-
d) Prepayments	-.--	83,533,717.34	-
9. Tangible assets		2,731,128.85	2,231
10. Other assets		1,060,667,897.94	159,979
11. Prepaid and deferred items		655,025.42	353
12. Excess of plan assets over post-employment benefit liability		-.--	-
Total assets		16,317,942,680.51	5,695,712

				Liabilities and equity capital
	EUR	EUR	EUR	12/31/2018 TEUR
1. Liabilities owed to banks				
a) Payable on demand		76,277,731.38		12,301
b) With an agreed term or notice period		0.00	76,277,731.38	-
2. Liabilities owed to clients				
a) Savings deposits				
aa) with an agreed notice period of three months	-.--			-
ab) with an agreed notice period of more than three months	-.--	-.--		-
b) Other liabilities				
ba) payable on demand	3,531,591,976.00			44,533
bb) with an agreed term or notice period	761,502,994.10	4,293,094,970.10	4,293,094,970.10	285,538
3. Securitized liabilities				
a) Issued debt securities		-.--		-
b) Other securitized liabilities		-.--		-
of which:				
Money market paper EUR -.-- (12/31/2018 TEUR -)				
Own acceptances and promisory notes outstanding (sola *bill*) EUR -.-- (12/31/2018 TEUR -)				
c) Miscellaneous securitized liabilities	-.--	-.--	-.--	-
3a Trading portfolio			9,081,657,597.78	4,679,111
4. Trust liabilities			507,280,870.90	-

5. Other liabilities			970,490,324.51	10,353
6. Deferred income			-.--	-
7. Accrued liabilities				
a) Pensions and similar obligations		19,333,249.00		19,610
b) Tax reserves		6,094,196.68		-
c) Other accrued liabilities		82,552,323.87	107,979,769.55	40,188
8. Funds for general bank risks as defined in § 340e (4) HGB			28,333,610.23	28,334
9. Equity capital				
a) Subscribed capital				
aa) registered share capital	242,393,054.05			210,570
ab) silent partner capital	-.--	242,393,054.05		-
b) Capital reserve	949,491,018.15	949,491,018.15		318,967
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserves for treasury shares	-.--			-
cc) reserves required by articles of association	-.--			-
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		-.--	1,252,827,806.06	-14,737
Total liabilities and equity capital			16,317,942,680.51	5,695,712

Income Statement
for the Period of January 1, 2019 through December 31,2019
Citigroup Global Markets Europe AG, Frankfurt am Main

	EUR	EUR	EUR	Short fiscal year 04/28/2018-12/31/2018 TEUR
1. Interest income from				
a) Loans and money market transactions	18,930,271.03			3,076
2. Negative interest income from				
a) Loans and money market transactions	10,324,754.53	8,605,516.50		2,932
3. Interest expenses	18,756,116.15			4,633
4. Positive interest from loans and money market transactions	10,804.61	-18,745,311.54	-10,139,795.04	40
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		249,950.00		80
c) Interests in affiliated enterprises		-. --	249,950.00	-
6. Commission income		211,805,730.32		95,186
7. Commission expenses		34,506,518.56	177,299,211.76	7,414
8. Net income from financial trading operations			29,029,886.95	25,037
included therein are deposits into special accounts per § 340g HGB EUR -,- (04/28/2018-12/31/2018 EUR-.-)				
9. Other operating income			40,291,317.48	5,557
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	151,232,098.95			36,680
ab) social security contributions, pension and welfare expenses	10,269,490.59	161,501,589.54		6,801
of which: for pensions EUR 5,403,795.77 (04/28/2018-12/31/2018 TEUR 4,312)				
b) other administrative expenses		99,882,294.16	261,383,883.70	55,591
11. Depreciation, amortisation and write-downs of tangible and intangible assets			8,449,715.17	485
12. Other operating expenses			7,058,655.76	24,437
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-. --		-

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	-. --	0.00	0
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		./. 40,161,683.48	./. 9,997
17. Extraordinary income		-. --	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	0
20. Taxes on income and earnings	5,577,169.47		4,740
21. Other taxes, to the extent not included in item 12	-.--	5,577,169.47	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		-. --	0
24. Annual net loss		./. 45,738,852.95	./. 14,737
25. Profit carried forward/loss carried forward from prior year		./. 14,736,882.81	-
		./. 60,475,735.76	-
26. Transfers from capital reserves		60,475,735.76	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from other earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated loss (balance sheet loss)		-. --	./. 14,737

Cash Flow Statement per German Accounting Standard No. 21

	Fiscal Year 1/1/19-12/31/19	Short Fiscal Year 4/28/18 – 12/31/18
	TEUR	TEUR
Annual Net Loss	**-45,739**	**-14,736**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial	-12,330	6,135
Changes in accruals	53,418	11,367
Change in other non-cash expenses/income	-	-
Gain/loss from the sale of financial and tangible assets	77	-
Other adjustments (in net terms)	9,845	-1,864
Subtotal:	**5,271**	**902**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-191,829	605,145
- from clients	-5,151,565	-695,159
Trading portfolio assets	-4,317,221	1,313,112
Other assets from current operating activities	-901,968	-117,955
Liabilities:		
- owed to banks	63,976	-98,635
- owed to clients	4,470,305	275,621
Securitized liabilities	-	-
Trading portfolio liabilities	4,402,547	-1,228,622
Other liabilities from current operating activities	978,861	-21,092
Interest and dividend payments received	24,813	14,170
Interest paid	-29,081	-7,565
Income tax payments	-5,577	-4,741
Cash flow from current operating activities	**-651,468**	**35,181**
Payments received from the outflow of		
- Financial assets	5,318	5,421
- Tangible assets	53	-
Payments made for investments in		
- Financial assets	-1,667	-
- Tangible assets	-475	-482
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**3,229**	**4,939**
Payments received from contributions to equity capital	624,992	-
Payments made to company owners:		
- Dividend payments	-	-40,120
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	23,247	-
Cash flow from financing activities	648,239	-40,120
Cash and cash equivalents at the end of previous period	**0**	**0**
Cash flow from current operating activities	-651,468	35,181
Cash flow from investing activities	3,229	4,939
Cash flow from financing activities	648,239	-40,120
Cash and cash equivalents at the end of the period	**0**	**0**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per December 31, 2018	210,570	318,966	60,944	-14,736	575,744
Capital increases with premium	31,823	66,009	-	-	97,832
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Additional payments into equity capital pursuant to § 272 para. 2 no. 4 of the German Commercial Code	-	624,992	-	-	624,992
Result December, 2019				-45,740	-45,740
Withdrawal from capital reserve	-	-60,476	-	60,476	0
Per December 31, 2019	242,393	949,491	60,944		1,252,828

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Europe AG,
Frankfurt am Main

Notes
to the Financial Statements for the Fiscal Year of January 1, 2019 through December 31, 2019

I. General Information

Citigroup Global Markets Europe AG, Frankfurt am Main (abbreviated herein as “CGME”), is a stock corporation with its registered place of business in Frankfurt am Main and has been recorded in the Commercial Register of the Local Court of Frankfurt am Main under registration number HRB 88301 since June 10, 2010.

On February 15, 2019, the sole shareholder of CGME, Citigroup Global Markets Limited, London/UK, (CGML), resolved in a special shareholders’ meeting of CGME to transfer its capital markets business, which had been operated in the Paris, Milan and Madrid branches and which included the related tangible and intangible assets and liabilities as well as other rights and duties (hereinafter referred to as “In-kind Capital Contribution”), into CGME by way of a capital contribution-in-kind pursuant to § 183 (1) of the German Stock Corporation Act (AktG), thereby increasing CGME’s registered share capital. The registered share capital, which had previously totaled EUR 210,569,889.00 was thereby increased by EUR 31,823,165.05 to EUR 242,393,054.05 through the issuance of 1,244,814 new, registered no par shares with a *pro rated* value of EUR 25.56 per share (rounded-off to two decimal places). The capital increase was entered in the Commercial Register on April 2, 2019.

In February and December 2019, CGML also made an additional payment into equity capital pursuant to § 272 (2) no. 4 of the German Commercial Code in the amount of EUR 625 million.

II. Accounting Principles

The financial statements for the fiscal year of January 1 through December 31, 2019 ("Fiscal Year") were prepared in accordance with the provisions of the German Commercial Code (abbreviated herein as "HGB"), the German Stock Corporation Act (abbreviated herein as "AktG") and the supplemental accounting rules of the provisions under the Accounting Regulation for Banks and Financial Services Institutions (abbreviated herein as "RechKredV").

The balance sheet and income statement were organized and structured on the basis of the standard forms prescribed in RechKredV.

CGME is a capital markets-oriented corporation within the meaning of § 264d HGB in combination with § 340a (1) HGB.

In connection with explaining individual items on the balance sheet and income statement as of the balance sheet date, the discussion below will compare the relevant numbers with those booked as of the end of the preceding short fiscal year, which ran from April 28 through December 31, 2019 ("Previous Short Fiscal Year"). However, the ability to compare the relevant financial statement items is, in some cases, restricted because in addition to the different duration of periods under comparison, the business activity of CGME in 2019 compared to the Previous Short Fiscal Year featured, among other things, an expansion of trading in financial instruments that was done against the background of the restructuring effects on the business activities within Citigroup, which were occasioned by BREXIT.

III. Accounting and Valuation Methods

The accounting and valuation methods remain unchanged from the Previous Short Fiscal Year.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the Fiscal Year.

Receivables from clients are recorded on the balance sheet at the repayment amount plus accrued interest and, if required, less any allowances established to cover counterparty risks.

The valuation of the **financial instruments of the trading portfolio** was carried out at fair value less a risk discount in accordance with sentence one of § 340e (3) sentence 1 HGB. The financial instruments are recognized at their cost of acquisition at the time they are acquired. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed in accordance with the hierarchical order of valuation criteria set forth in § 255 (4) HGB. The recognized value of financial instruments, which are not traded on an active market, are determined using generally accepted valuation methods (e.g., on the basis of option pricing models). In general, these methods are based on estimates of future cash flows while factoring in any risk factors. In this regard, the most important factors, in each case dependent on the nature of the relevant financial instrument, are the “underlying price”, “implicit volatilities”, “yield curves” and “dividend forecasts”. In this regard and depending on the structure of the respective financial instrument, there are, *inter alia*, other assumptions that the valuation is "risk-neutral" with regard to the future development of market prices, that interest rates and credit costs are deterministic and, for example, that the amount of dividends is generally known and will be paid on certain dates. Furthermore, when applying the valuation models, additional probabilities regarding the occurrence of certain valuation parameters or factor sensibilities (Delta, Gamma) are also taken into account.

The stock market prices used for the valuations are mid prices.

As of December 31, 2019, a risk discount (**Value at Risk figures**) in the amount of TEUR 6,779 (12/31/2018: TEUR 1,701) was applied.

To calculate the value at risk, CGME uses an internal model which was developed by Citigroup (IMA) and which, since the beginning of 2019 is used to meet the equity capital needs to cover market price risks. An approval for the temporary use of the market risk profile has been received from the Federal Financial Supervisory Authority (“BaFin”). Compared to the standard approach previously used, the IMA permits a more detailed calibration of the risk sensitivities. In this way, the market price risks, which represent the main component of the portfolio for CGME, are covered more precisely. The main driver for the increase in the position is the 10-day value at risk component available in the IMA, based on a 99% confidence level.

Moreover, CGME applied - as of the balance sheet date - a discount to the “Other Price Risks” trading book in the form of a “market value adjustment” totaling TEUR 1,867 (12/31/2018: TEUR 908), which was calculated using a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

The **equity investments** are recognized at their cost of acquisition or, in some cases, at the lower fair value.

The balance sheet items, **trust assets and trust liabilities**, reflect assets and liabilities that CGME holds in its own name but for the accounts of third-parties. These items are valued at amortized costs or the settlement amount.

The **intangible assets**, which were all acquired in exchange for consideration, and the **tangible assets** are valued at their cost of acquisition and are generally written-down on a straight-line basis in accordance with the expected standard useful life of those assets. Any permanent impairment that may exist is taken into account through an unscheduled write-down. When the branches in Paris, Milan and Madrid were contributed as capital as part of the CGME registered share capital increase (capital increase against contribution-in-kind), the customer relationships that existed at the branches were also transferred and those relationships were attributed a goodwill value, which is being amortized on a scheduled basis *pro rata temporis* over a 10-year period.

The **other assets** are shown on the balance sheet at their nominal value. In the event of any impairment, these assets are subject to a nonscheduled write-down to the stock exchange or stock market price or to the lower fair value in accordance with §253 (4) HGB.

Depending on their net acquisition costs, **low-value economic assets** (*geringwertige Wirtschaftsgüter*) are written-off in full in the year in which they are acquired.

The **accrual and deferral items** on the asset and liability side of the balance sheet include payments that are attributable the bottom-line in future fiscal years.

Liabilities owed to banks and to clients were stated at their settlement amount plus accrued interest.

Provisions for pension and similar obligations were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship (employment tenure), for which pension commitments have been made, and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time.

In order to calculate the present cash value, a discount rate of 2.71% based on a 15-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used as the discount rate for calculating the present cash value in the recently completed fiscal year. With respect to the resulting difference, we refer to our comments on page 16 of these notes regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.5%, and at the same time, a 1.6% adjustment of the current annuities was assumed.

In general, the biometric data was derived from the Dr. Klaus Heubeck 2018 G mortality tables. In connection with accounting for the accruals for pensions and similar obligations, assets that serve only to settle the debts owed under the pension obligations or similar long-term obligations in accordance with § 340a (1) in combination with § 246 (2) sentence 2 HGB were offset against them.

In calculating the **accruals**, all recognizable risks as well as uncertain liabilities were taken into account on the basis of a prudent business judgment (*vorsichtiger kaufmännischer Beurteilung*). The settlement amount of **other accruals** was calculated by factoring in future price and cost increases. Accruals or provisions with a residual term to maturity of more than one year were discounted at the average market interest rate over the past seven fiscal years as such rate was calculated by the Deutsche Bundesbank for matching maturities. If recourse agreements existed, they were taken into account in calculating the accrual (net result shown).

Accruals were set up in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on the financial condition.

Futures and other derivative transactions involving currencies, indexes, stocks, raw materials and precious metals were valued at the rates and interest rates on the balance sheet date and shown in the trading portfolio.

Currency receivables and liabilities were valued in accordance with § 340a (1) in combination with § 256a HGB at the ECB average rates applicable on the balance sheet date. To the extent that the ECB does not publish any average rates, the currency positions are recognized at market rates. Spot exchange transactions or currency futures, which were not yet cleared, were valued at the average spot or futures rates of the balance sheet date and applicable to their maturity. The treatment of expenses and income from the currency translation satisfies the requirements under § 340h HGB. The result of the currency translation is included in the income statement under the item "net income from financial trading operations".

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 "Negative interest income" or no. 4 "Positive interest from loans and money market transactions" in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

IV. Notes to Individual Items on the Balance Sheet

With regard to the notes set forth below, we expressly reference the limited informative value of the comparative figures as of the previous balance sheet date (see also explanations in section II. of these Notes).

1. Assets based on terms to maturity

Receivables from banks

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
Other receivables with a term to maturity of		
up to three months	322,581	130,752
more than three months and up to one year	0	0
more than one year and up to five years and more than five years	0	0
Total	**322,581**	**130,752**

Receivables from clients

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
with a term to maturity of		
up to three months	5,406,732	785,695
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
indefinite term	0	0
Total	**5,406,732**	**785,695**

Compared to the balance sheet date of the recently completed short fiscal year, **receivables from clients** rose by EUR 4,621 million to EUR 5,407 million. Of that sum, an amount totaling approximately EUR 4,020 million may be attributed to, *inter alia*, the broker/dealer business that CGME acquired in its own name and for its own account at the beginning of 2019 and that it settles directly through the futures exchanges “European Exchange” (EUREX; Dec 31, 2019: EUR 3,528 million) and “London Clearing House” (“LCH”; Dec 31, 2019: EUR 492 million) in connection with back-to-back transactions.

The balance sheet item also includes receivables generated from repo transactions (reverse repos) in the amount of EUR 832 million (prior year: EUR 680 million).

Accordingly, the **liabilities owed to clients** as of December 31, 2019 jumped from EUR 330 million to EUR 4,293 million.

Liabilities owed to banks

The liabilities are owed mainly to affiliated enterprises and exhibit the following maturities:

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
with an agreed term or notice period of up to three months	76,278	12,301
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
Total	**76,278**	**12,301**

Liabilities owed to clients

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
with an agreed term or notice period of up to three months	3,839,110	330,071
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	453,985	0
Total	**4,293,095**	**330,071**

This balance sheet item contains a total of EUR 308 million (12/31/2018: EUR 269 million) in liabilities for which trading portfolio securities were deposited as collateral.

2. Receivables from, and liabilities owed to, affiliated enterprises

The individual balance sheet items include receivables from, and liabilities to, affiliated enterprises as set forth below:

Receivables from affiliated enterprises

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
Receivables from banks	291,301	130,196
Receivables from clients	2,225,787	753,563
Other receivables	35,756	155,118
Total	**2,552,844**	**1,038,877**

Liabilities owed to affiliated enterprises

Composition:

	12/31/2019 TEUR	12/31/2018 TEUR
Liabilities owed to banks	63,776	10,177
Liabilities owed to clients	3,032,358	305,294
Other liabilities	661,528	644
Total	**3,757,662**	**316,115**

3. Trading portfolio assets and liabilities

The **trading portfolio assets and liabilities** consist of the following:

Trading Portfolio				
	asset	**liability**	**asset**	**liability**
	Book value 12/31/2019 (TEUR)	**Book value 12/31/2019 (TEUR)**	**Book value 12/31/2018 (TEUR)**	**Book value 12/31/2018 (TEUR)**
1. Derivative financial instruments				
• FX-induced trades				
OTC-currency options	1,280,652	1,275,786	19	-
Currency warrants own issues	166,589	169,935	47,799	50,037
Foreign exchange spot transactions	102,497	103,299	-	-
• Stock warrants own issues	3,133,918	3,327,242	2,041,447	2,127,020
• OTC stocks & index options	131,563	132,712	131	-
• Stock & index warrants issued by third parties	-	-	1,659	-
• Index warrants own issues	1,669,404	1,683,193	1,486,256	1,500,152
• Exchange-traded stock & index options	145,299	53,088	71,824	70,828
• OTC interest rate options	1,758,272	1,755,424	-	-
• Commodity warrants own issues	41,313	42,175	16,200	16,635
• Other	3,637	3,637	-	-
Carryover	8,433,144	8,546,491	3,665,335	3,764,672

Trading Portfolio				
	asset	**liability**	**asset**	**liability**
	Book value 12/31/2019 (TEUR)	**Book value 12/31/2019 (TEUR)**	**Book value 12/31/2018 (TEUR)**	**Book value 12/31/2018 (TEUR)**
Carryover	8,433,144	8,546,491	3,665,335	3,764,672
2. Bonds and other fixed income securities	183,376	462,165	676,832	883,726
of which marketable (börsenfähig)	183,376	462,165	676,832	883,726
of which exchange-traded	183,376	462,165	676,832	883,726
3. Stocks and other variable yield securities	322,884	71,135	274,938	29,805
of which marketable	322,884	71,135	274,938	29,805
of which exchange-traded	322,884	71,135	274,938	29,805
4. Market-Value-Adjustment	-	1,867	-	908
5. Value at Risk	- 6,779	**-**	- 1,701	**-**
Total	**8,932,625**	**9,081,658**	**4,615,404**	**4,679,111**

4. Trust assets and trust liabilities

Since the commencement of fiscal year 2019, CGME has been providing to its clients as part of its business services connected with derivatives; services that had been previously provided by its sole shareholder, “CGML”. Under so-called “**FCC Business**” (which stands for “Futures, Clearing and Collateral Services”), the CGME investor services business encompasses, *inter alia*, the trading of derivate financial instruments in its own name but for the account of the clients and the related receipt and forwarding of client funds, which must be deposited by the client to serve as collateral to secure the trading in futures. The contractual arrangements that were thereby made stipulate a certain segregation of client assets from the CGME assets in an effort to specifically shield client assets from any third-party enforcement action that could be initiated in the event that the “asset-managing” CGME becomes the subject of an insolvency proceeding. The client assets are therefore held in trust. Accordingly, as of the end of fiscal year 2019, CGME is reporting **trust assets** and **trust liabilities** *vis-à-vis* the clients in an amount totaling EUR 507 million.

5. Movement of fixed assets

The fixed assets (intangible fixed assets and tangible fixed assets) developed as follows in the Fiscal Year:

	Original Acquisition costs			**Accumulated depreciation, amortization and write downs**					**Book values**	
	01/01/ 2019	**Additions (Disposals) Re-posting**	**12/31/ 2019**	**01/01/ 2019**	**Write-downs**	**Write-ups**	**Additions (Disposals) Re-posting**	**12/31/ 2019**	**12/31/ 2019**	**12/31/ 2018**
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangbile assets acquired for consideration	5,399	91,000 0 -371	96,028	5,237	7,628	0	0 0 -371	12,494	83,534	162
Office and plant equipment	9,850	1,073 559 301	10,665	8,985	464	0	0 475 312	9,286	1,379	865
Leasehold improvements	15,587	332 0 70	15,989	14,398	347	0	0 0 59	14,804	1,185	1,189
Construction in progress	184	46 63 0	167	7	0	0	0 7 0	0	167	177
Equity investments	1,136	0 0 0	1,136	0	0	0	0 0 0	0	1,136	1,136
Total	**32,156**	**92,451 622 0**	**123,985**	**28,627**	**8,439**	**0**	**0 482 0**	**36,584**	**87,401**	**3,529**

The intangible and tangible assets (office and plant equipment as well as leasehold improvements), as reported as of the end of the Fiscal Year, are used solely by CGME itself. Depreciation, amortization and write-downs relating to the additions made during the Fiscal Year totaled TEUR 4 for tangible assets and TEUR 7,583 for goodwill.

When the branches in Paris, Milan and Madrid were contributed as capital, the customer relationships that existed at the branches were also transferred and were recognized as **goodwill**, which was originally valued at EUR 91 million and then amortized on a scheduled basis over a period of 10 years.

The **equity investments** that are recognized on the balance sheet and are unchanged from the Previous Short Fiscal Year are not marketable and relate to the following companies:

Equity investments	**12/31/2019 (TEUR)**	**12/31/2018 (TEUR)**
True-Sale International GmbH, Frankfurt	150	150
Börse Stuttgart CATS GmbH, Stuttgart	986	986
Total	**1,136**	**1,136**

6. Other assets

The item "Other Assets" (TEUR 1,060,668; 12/31/2018: TEUR 159,979) includes mostly receivables from variation/initial margins (TEUR 1,037,404; 12/31/2018: TEUR 140,649) as well as tax refund claims (TEUR 11,637; 12/31/2018: TEUR 12,615).

7. Prepaid and deferred items

This balance sheet item (TEUR 655) relates to prepaid fees.

8. Other liabilities

The item "Other Liabilities" (TEUR 970,490: 12/31/2018: TEUR 10,353) involves mainly liabilities from variation/initial margins (TEUR 933,722: 12/31/2018: TEUR 0), liabilities owed to employees from deferred cash bonuses in the amount of TEUR 14,703 (12/31/2018: TEUR 5,198) and liabilities from taxes in the amount of TEUR 7,846 (12/31/2018: TEUR 1,867).

9. Accruals for pensions and similar obligations

To hedge third-party claims from pension and similar commitments, assets in the form of liquid funds and units or shares in securities funds (*Wertpapiersondervermögen*) are available as of the balance sheet date. The funds are managed exclusively by outside asset managers who invest in exchange-traded securities in accordance with the relevant investment guidelines. In the event CGME enters insolvency, CGME creditors will be denied access to those assets that are transferred to the trustees.

In accordance with § 246 (2) sentence 2 in combination with § 340a (1) HGB, the assets used for hedging purposes will be set off at their fair value against the obligations valued at the settlement amount. The fair values of the relevant funds' assets are documented as of the balance sheet date in a schedule (*Aufstellung*) that is provided by the administrator.

The contractual hedge of the **business pension obligations** was carried out on the basis of a contractual trust arrangement (CTA) with the trustee, Towers Watson Treuhand e.V.

To hedge the pension commitments, units that are held in the "Rose" fund (acquisition costs of TEUR 104,782) and were purchased or contractually promised by CGME, are made available and, pursuant to § 246 (2) sentence 2 in combination with § 340a (1) HGB, were netted at their fair value (TEUR 191,349) against the settlement amount from the pension obligations (TEUR 198,768). The settlement amount exceeding the plan assets as of the balance sheet date and equaling TEUR 7,419 (12/31/2018: TEUR 9,369) is recognized on the balance sheet under the item "Accruals for pensions and similar obligations".

As of December 31, 2019, **pension obligations under the "PAS", "PRS" and "Deferred Compensation" plans** also exist and arose from **bonus conversions**. The obligations under the "PAS" and "Deferred Compensation" plans are linked to the fair value of the relevant fund serving as the plan assets.

Factoring in the existing pension plan set-offs (netting the assets and liabilities) carried out at fair value pursuant to § 246 (2) sentence 2 HGB, the **balance sheet components** of accruals for pensions and similar obligations consist of the following:

	12/31/2019		12/31/2018	
	TEUR	TEUR	TEUR	TEUR
I. General pension obligations				
Settlement amount	201,115		183,689	
less				
plan assets Rose*)	-191,349	9,766	-174,320	9,369
II. Pension obligations PAS)**				
Settlement amount	9,031		7,618	
less				
plan assets	- 9,031	-	- 7,618	-
III. Pension obligations deferred compensation*)**				
Settlement amount	8,483		9,152	
less				
plan assets	-8,483	-	-9,152	-
IV. Pension obligations PRS **)**				
Settlement amount	54,764		56,082	
less				
plan assets	-45,197	9,567	-45,841	10,241
Excess of plan assets over post-employment benefit liabilities		**-**		**-**
Accruals for pension and similar obligations		**19,333**		**19,610**

*) Acquisition costs TEUR 104,782
**) Acquisition costs TEUR 1,553
***) Acquisition costs TEUR 7,338
****) Acquisition costs TEUR 35,795

The effects on income arising from the accounting of the accruals for pension and similar obligations and from netting assets, which are attributable to plan assets, against the respective fair value, are shown in the table below:

	1/1/2019 - 12/31/2019 (TEUR)		4/28/2018 - 12/31/2018 (TEUR)	
I. General pension obligations				
- Expense (-)/income based on interest accrued on pension obligations	- 18,665		- 12,178	
- Change in the fair value of the plan assets	17,029		- 4,213	
- Expense for standard allocation	- 6,727	-8,363	- 4,312	-20,703
II. Pension obligations PAS				
- Expense (-)/income based on interest accrued on pension obligations	2,227		1,856	
- Change in the fair value of the plan assets	- 2,227	-	- 1,856	-
III. Pension obligations deferred compensation				
- Expense (-)/income based on interest accrued on pension obligations	5		40	
- Change in the fair value of the plan assets	- 5	-	- 40	-
IV. Pension obligations PRS				
- Expense (-)/income based on interest accrued on pension obligations	- 4,007		- 2,485	
- Change in the fair value of the plan assets	1,518		460	
- Expense for standard allocation	1,496	-993	150	-1,875
Total		**-9,356**		**-22,578**

The total sum of the amounts that are barred from payout distribution developed as follows compared to the previous balance sheet date:

Reason for barring payout distribution	12/31/2019 (TEUR)	12/31/2018 (TEUR)
Capitalization of the plan assets in connection with pension obligations at fair value (12/31/2019; TEUR 254,061; 12/31/2018: TEUR 236,931) pursuant to § 268 (8) sentence 3 in combination with § 340a (1) HGB	104,593	83,813
Differential amount in connection with the differentiated interest applied to pension accruals pursuant to § 253 (6) in combination with § 340a (1) HGB	25,333	27,525
Total	**129,926**	**111,338**

The **differential amount pursuant to § 253 (6) in combination with § 340a (1) HGB** is calculated as follows:

	10-year average interest rate and term to maturity of 15 years		7-year average interest rate and term to maturity of 15 years	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Average interest rate (%)	2.71	3.21	1.97	2.32
Accrual for pensions and similar obligations (TEUR)	231,311	229,443	256,644	256,968
Differential amount (TEUR)				
	12/31/2019		**12/31/2018**	
	25,333		**27,525**	

As of the balance sheet date, the freely available provisions (reserves) exceed the total sum of the amounts that are barred from payout distribution.

10. Other accruals

In comparison to the prior year, the item “Other Accruals” consists of the following:

Accruals for	12/31/2019 TEUR	12/31/2018 TEUR
Bonus payments to employees	57,158	19,190
Investment income withholding tax for past fiscal years	0	9,308
Early retirement obligations	165	114
Personnel costs	7,519	2,125
Audit costs	4,829	3,519
Outstanding vacation	5,505	840
Outstanding invoices	7,376	5,082
Total	**82,552**	**40,188**

In calculating the provisions set aside for early retirement obligations (TEUR 165; 12/31/2018: TEUR 124), claims arising from pledged reinsurance policies and totaling TEUR 1,011 (12/31/2018: TEUR 1,470) were reconciled against the settlement amount of TEUR 1,176 (12/31/2018: TEUR 1,594).

In the recently completed Fiscal Year, expenses in the amount of TEUR 17 (4/28 - 12/31/2018: TEUR 30) were generated from interest accrued on the obligations, and income totaling TEUR 16 (4/28 - 12/31/2018: expenses totaling TEUR 13) was yielded from a change in the fair value of the plan assets income. In connection with the standard allocation, the expense was TEUR 173 (4/28 - 12/31/2018: TEUR 0).

11. Funds for general bank risks within the meaning of § 340g (4) HGB

The disbursement ban shown under the balance sheet item “Special Items for General Bank Risk” pursuant to § 340e (4) HGB was TEUR 19,685 as of the end of the fiscal year.

12. Subscribed capital

The **subscribed capital** totaling TEUR 242,393 (12/31/2018: TEUR 210,570) is divided into 9,481,592 no par shares (12/31/2018: 8,236,778). The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain, (abbreviated herein as "CGML"), whose financial statements are included in the consolidated financial statements of Citigroup Inc. New York/USA.

The increase in the subscribed capital by TEUR 31,823 to TEUR 242,393 was caused by a capital increase against a contribution-in-kind when the assets and liabilities of the branches in Paris, Madrid and Milan were contributed as capital.

13. Capital reserves

The TEUR 630,524 increase in capital reserves to TEUR 949,491 (12/31/2018: TEUR 318,967) resulted from the shareholder's additional payments into the capital accounts pursuant to § 272 (2) no. 4 HGB in an amount totaling TEUR 624,992 and from the premium paid in connection with in-kind capital contributions (TEUR 66,009) as well as a withdrawal for purposes of covering the annual net loss for 2018 in the amount of TEUR 45,740 as well as the unappropriated balance sheet loss as of December 31, 2018 in the amount of TEUR 14,737.

14. Assets and liabilities denominated in foreign currencies

The total amount of assets denominated in a foreign currency is TEUR 2,310,794 (12/31/2018: TEUR 37,108); the liabilities contain foreign currency amounts totaling TEUR 1,979,251 (12/31/2018: TEUR 21,024).

V. Notes to Individual Items on the Income Statement

1. Interest result

The interest result totaling TEUR - 10,140 (4/28 – 12/31/2018: TEUR - 4,449) can be attributed primarily to the interest expenses owed to Citicorp LLC, USA, (TEUR 14,012).

2. Commission income

The commission income is derived from the following components:

Type of fee	1/1/- 12/31/2019 TEUR	4/28/- 12/31/2018 TEUR
Commissions from affiliated enterprises	129,013	71,516
Commissions on foreign currency products	14,467	9,700
Commissions from M&A/Advisory	68,155	13,961
Miscellaneous fees	171	24
Internal group cost-sharing arrangements	- 34,507	- 7,430
Total	**177,299**	**87,771**

3. Net income from financial trading operations

The net income from financial trading operations (TEUR 29,030; 4/28 – 12/31/2018: TEUR 25,037) is composed of, among other things, the negative result generated from the "Equities and Index Risk" trading book (TEUR 56,759; 4/28 – 12/31/2018: positive result TEUR 82,177) as well as the positive result generated from the "Currency Risk" trading book (TEUR 90,867; 4/28 – 12/31/2018: negative result of TEUR 57,636), which consists mostly of the results from the warrants traded on the price of gold and on the US Dollar (as the underlying assets). The net income from financial trading operations includes currency translation income in the amount of TEUR 73,774 and currency translation expenses in the amount of TEUR 87,213.

4. Other operating income

The item encompasses primarily income from passing through expenses to affiliated enterprises in the amount of TEUR 17,409 (4/28 – 12/31/2018: TEUR 3,807), income from passing through fees charged to the companies by the exchanges (TEUR 10,432; 4/28 – 12/31/2018: TEUR 0) and, for the first time, income from tax refund claims totaling TEUR 6,372 and held against clients in connection with forwarded dividends.

5. Other administrative expenses

The item (TEUR 99,882; 4/28 – 12/31/2018: TEUR 55,591) consists of, among other things, the item "processing costs Citigroup" totaling TEUR 1,629 (4/28 – 12/31/2018: TEUR 3,990), expenses involving "Citi Chargeouts" that total TEUR 8,963 (4/28 – 12/31/2018:

TEUR 12,869), custody fees totaling TEUR 9,118 (4/28 – 12/31/2018: TEUR 4,658), lease expenses equaling TEUR 5,953 (4/28 – 12/31/2018: TEUR 1,925) and costs for listing derivative products on exchanges in the amount of TEUR 13,325 (4/28 – 12/31/2018: TEUR 1,215), costs for client advertising in the amount of TEUR 4,210 (4/28 – 12/31/2018: TEUR 1,926), dues owed to professional associations in the amount of TEUR 3,560 (4/28 – 12/31/2018: TEUR 1,435) and travel costs of TEUR 6,993 (4/28 – 12/31/2018: TEUR 2,067).

6. Other operating expenses

The item includes primarily expenses and income from valuing the pension plan obligations and the corresponding pension assets (netting) totaling TEUR 1,636 for Rose (4/28 – 12/31/2018: TEUR 16,391 expenses from valuing the pension plan assets and the pension obligations) and totaling TEUR 2,489 for PRS (4/28 – 12/31/2018: TEUR 1,875).

7. Income and expenses related to another period

Other operating income includes income that is related to another accounting period and is based on turnover tax refunds resulting from the tax audit (TEUR 1,948) as well as income from tax refund claims against clients in connection with transferred dividends (TEUR 6,372).

Income tax back-payments totalling TEUR 1,213 have been booked as expenses related to another period under the item “Taxes on income and earnings“.

VI. Miscellaneous Notes

1. Derivative financial instruments

Types of derivatives transactions

As of the end of the recently completed Fiscal Year, the derivatives business of the bank included the following transactions allocated to the respective trading books:

- **Foreign Currency Risk" trading book**
  - OTC currency option transactions and swaps
  - Currency warrants
  - Foreign exchange spot transactions
- **"Equities and Index Risk" trading book**
  - Equities and other variable-yield securities in the trading portfolio
  - OTC index & stock options
  - Equities and index warrants
  - Exchange-traded futures and options transactions on equities and stock indexes
  - Index certificates and equity certificates
- **"Interest Risks" trading book**
  - OTC interest rate options and swaps
  - Exchange-traded interest rate futures
- **Other trading book**
  - Exchange-traded futures transactions
  - Warrants on commodities and precious metals
  - OTC options on commodities and precious metals

Trade volumes of derivatives and futures transactions

The total volume of derivatives transactions based on the terms to maturity as of December 31, 2019 is set forth below:

- **"Foreign Currency Risks" trading book**

	< 1 year nominal amount	**1-5 years nominal amount**	**> 5 years nominal amount**	**Total nominal amount**	**Market value**
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**
OTC-currency options					
Bought	35,982	7,411	3,676	47,069	1,280.7
Sold	12,532	7,422	3,626	23,580	- 1,275,8
Currency warrants own issues					
Bought	215	-	1,727	1,942	166.6
Sold	262	-	1,754	2,016	- 169.9
Exchange-traded currency futures					
Bought	10,228	58	-	10,286	102.5
Sold	10,228	58	-	10,286	- 103.3

The "**Foreign Currency Risks"** trading book consists primarily of options on the price of gold and on the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the relevant underlying performs. As of the balance sheet date, the book contained exclusively European options (exercise possible only at the end of the term).

- **“Equities and Index Risks” trading book**

Type of transaction	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity warrants issued by third parties					
Bought	-	-	-	-	-
Equity warrants own issues					
Bought	5,411	706	4,770	10,887	3,133,9
Sold	7,039	1,333	4,979	13,351	- 3,327,2
OTC-stock options					
Bought	2,432	1,324	518	4,274	125,7
Sold	1,999	1,352	517	3,868	- 126,9
OTC-index options					
Bought	0	0	-	0	5,8
Sold	0	0	-	0	- 5,8
Index warrants own issues					
Bought	3,496	6	6,337	9,839	1,669,4
Sold	3,854	18	6,417	10,289	- 1,683,2
Exchange-traded index futures					
Bought	19	-	-	19	-
Sold	69	-	-	69	0.3
Exchange-traded index options					
Bought	203	11	-	214	3.5
Sold	108	14	-	122	-1.7
Exchange-traded stock options					
Bought	1,036	453	-	1,489	141.8
Sold	303	25	-	328	- 51.4
Index and equity certificates own issues					
Bought	135	20	28	183	183.4
Sold	372	55	28	455	- 462.2

The “**Other Price Risks”** trading book includes primarily options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible throughout the entire term).

- **Interest rate transactions**

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC interest options					
Bought	10,665	26,734	16,713	54,112	1,758.3
Sold	10,670	26,782	16,802	54,254	-1,755.4
Exchange-traded interest futures					
Bought	13	-	-	13	-

- **Other trading operations**

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC options on commodities and precious metals					
Bought	18	64	-	82	3.6
Sold	18	64	-	82	- 3.6
Warrants on commodities and precious metals own issues					
Bought	12	-	163	175	41.3
Sold	14	-	168	182	-42.2
	< 1 year nominal amount	**1-5 years nominal amount**	**> 5 years nominal amount**	**Total nominal amount**	**Market value**

	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Exchange-traded futures on commodities and precious metals					
Bought	23	-	-	23	0.6
Sold	2	-	-	2	-

The "**Other Trading Operations**" trading book includes primarily options on the price of oil, gold and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained only European options (exercise possible only at the end of the term).

Counterparty risk in derivatives trading

As of December 31, 2019, the credit equivalents under the CRR (Capital Requirements Regulation), before credit risk weighting and after regulatory netting, are as follows:

Credit risk	**Companies and individuals and public bodies, including central banks from Zone B**	**Credit institutions from Zone A**	**Credit institutions from Zone B**	**Central Settlement**
Product group	**Credit equivalent (in TEUR)**			
Trading book "currency risks" and trading book "other price risks"	822,898	1,318,251	10,603	231,270
Other trading operations	-	-	-	-
Total	**822,898**	**1,318,251**	10,603	**231,270**

Non-settled forward transactions

In connection with the options transactions, CGME books the premiums on the trade date. On the balance sheet date, this practice results in obligations under futures transactions, which have not yet settled, being reported in the trade balance sheet for currency risks, equity and index risks and other risks.

2. Recommendation for the use of the unappropriated balance sheet profit

The Executive Board recommends compensating the annual net loss totaling EUR 45,738,852.95 and shown as of December 31, 2019 as well as the unappropriated balance sheet loss totaling EUR 14,736,882.81 and shown as of December 31, 2018 by withdrawing funds from capital reserves in the amount of EUR 60,475,735.76.

3. Other financial obligations

Other financial obligations take the form of rental and lease obligations, which equal EUR 6.4 million per year through the end of the lease term for the premises or other leased property.

4. Fee for the annual accounts auditor

The total fees charged by the annual accounts auditor for the Fiscal Year encompass the annual accounts auditing services (TEUR 1,161), expenditures incurred (TEUR 97), other certification work (TEUR 250), tax advisory services (TEUR 0) and other consulting services (TEUR 70).

5. Information about the business relations with related enterprises and parties

The companies identified as **related enterprises** were the sole shareholder, CGML, as well as all of its own subsidiaries and affiliated enterprises of the Citigroup Group.

The individuals classified as key management personnel (Executive Board members and Supervisory Board members) of the Citigroup Group are viewed as **related persons**.

The following financial transactions are executed with related enterprises and persons (exclusively group companies)[1]:

• Money market transactions, investment and borrowing of funds
• Futures transactions involving stocks, currencies, indexes, commodities and precious metals
• Option transactions involving stocks, currencies, indexes, raw materials and precious metals
• Securities transactions (reverse repos and repos)
• Purchase/performance of intra-group services

All transactions were concluded on arm's length terms and conditions.

6. Information about significant transactions following the balance sheet date

In March 2020, the sole shareholder decided to make an additional payment pursuant to § 272 (2) no. 4 HGB into the equity capital of CGME in the amount of EUR 300 million.

Furthermore, there are no known significant transactions of special importance (*keine wesentlichen Vorgänge von besonderer Bedeutung*) that occurred after the end of the Fiscal Year and that have not yet been included in either the income statement or the balance sheet.

7. Group affiliation

CGME is included in the group of consolidated companies of CGML, whose financial statements are, in turn, included in the consolidated financial statements of Citigroup Inc., New York, 388 Greenwich Street. The consolidated financial statements can be viewed at the website, www.citigroup.com.

8. Branches

Effective as of March 1, 2019 and as part of a registered share capital increase, the sole shareholder of CGME transferred its branches in Paris, Milan and Madrid to CGME as a contribution-in-kind. In addition, a branch is still maintained in London.

[1] Please also see the Executive Board report on relations with affiliated enterprises pursuant to §§ 312 *et seq.* AktG for the fiscal year from January 1 through December 31, 2019.

9. Governing bodies (officers and directors) of the Company

The CGME **Executive Board** consists of the following members:

- Mr. Stefan Wintels, Frankfurt am Main, COO, Bank Director, Chairman, (term ending 3/31/2020)
- Mrs. Kristine Braden, Frankfurt am Main, CEO, Bank Director, (term commencing 4/1/2020)
- Dr. Silvia Carpitella, Milan/Italy, CFO, Bank Director, (term ending 3/31/2019),
- Mr. Thomas Falk, Hochheim am Main, CRO, Bank Director, (term ending 11/30/2019),
- Mr. Stefan Hafke, Kelkheim, (Corporate/Commercial Banking), Bank Director,
- Mr. Andreas Hamm, Dreieich, CTO, Bank Director,
- Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, (Legal), Bank Director,
- Mr. Ingo Mandt, Frankfurt am Main, CRO, Bank Director, (term commencing 11/18/2019),
- Mr. Oliver Russmann, Bad Vilbel, CFO, Bank Director, (term commencing 4/1/2019),
- Mr. Christian Spieler, Bad Homburg, (Treasury/Markets) Bank Director.

The **Supervisory Board** consists of the following members:

- Mr. Hans W. Reich, Kronberg, Bank Director (retired), Chairman,
- Mr. Bradley Gans, London, Bank Director, Citigroup Global Markets Limited, London, (term ending 8/31/2019),
- Mr. Leo Arduini, London, Bank Director, Citigroup Global Markets Limited, London
- Mr. James Bardrick, London, CEO, Citigroup Global Markets Limited, London
- Mr. Tim Färber, Kelsterbach, Bank Employee, Employee Representative
- Mr. Dirk Heß, Friedrichsdorf, Bank Employee, Employee Representative, (term commencing 10/19/2019)
- Mr. Sascha Schmidt, Frankfurt am Main, Bank Employee, Employee Representative,
  (term ending 10/18/2019)

10. Board member remuneration

In the Fiscal Year, total remuneration for members of the Executive Board was TEUR 7,414. As of the end of the Fiscal Year, pension obligations totaled TEUR 4,184.

In the reporting year, total remuneration for the former members of management bodies and their survivors totaled TEUR 1,259. Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 22,420.

Due to the stock-based remuneration, approximately 27.6 thousand shares in the amount of approx. TUSD 1,724 were granted as variable compensation.

In the recently completed Fiscal Year, expenses for supervisory board compensation benefits in the amount of TEUR 38 were incurred. CGME is exercising its elective right under § 286 (4) HGB regarding disclosures about provisions (accrued liabilities) for current pensions and pension expectancies (*Anwartschaften*) of the Supervisory Board members under § 285 (9b) HGB.

As consideration for their work, the members of the advisory board (*Beirat*) received TEUR 605 in remuneration in the fiscal year.

As of the end of the year, there were no outstanding loans to members of the CGME Executive Board and Supervisory Board.

11. Employees

During the Fiscal Year, CGME employed an average of 409 persons. Of that amount, 390 were full-time employees and 19 persons were part-time employees. No trainees were on staff.

The employees within CGME and its branches are distributed as follows:

	12/31/2019
Citigroup Global Markets Europe AG	212
Citigroup Global Markets Europe AG France Branch	94
Citigroup Global Markets Europe AG Spain Branch	50
Citigroup Global Markets Europe AG Italy Branch	45
Citigroup Global Markets Europe AG UK Branch	8
Total	**409**

Frankfurt am Main, March 31, 2020

Citigroup Global Markets Europe AG

Kristine Braden (CEO)	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Ingo Mandt	Oliver Russmann
Christian Spieler	

CONVENIENT TRANSLATION ONLY

Report by the Supervisory Board of Citigroup Global Markets Europe AG (CGME)

for the financial year 1 January to 31 December 2019

The Supervisory Board had information provided to it on an ongoing basis by the Management Board orally and in writing with regard to the situation for the company as well as the development of business during the financial year. The chairman of the Supervisory Board regularly obtained information in a timely and comprehensive manner from the Management Board about the course of business and the main developments at the Bank. The chairman consulted with the Management Board in close and good faith cooperation and monitored the management, also between the meetings. In addition, the chairman of the Supervisory Board and the chairman of the Management Board had regular meetings in which information was provided and matters were discussed.

The main topics included, among others:

- the effects of the departure of the United Kingdom from the European Union ("Brexit") and the direction for the company, establishing corresponding procedures and planning for the end of the transition period after the exit,
- the strategic plan and the organizational structure of the company,
- the risk position and risk management at the company,
- the outsourcing of services,
- accounting for services within the corporate group as well as
- challenges in the area of taxation.

In addition, the Supervisory Board dealt with numerous changes in the law and regulations, for example, the implementation of the compensation rules under CRD IV and the German Regulation on Compensation in Institutions (*Institutsvergütungsverordnung*). The Supervisory Board also monitored the management of the company in accordance with the provisions in the law, the articles of association of the company and the rules of procedure for the Supervisory Board.

The company's business model changed substantially as a result of the outsourcing of the classic banking business and the conversion of the company to a securities trading bank in the year 2018. This continued in the financial year 2019 as a result of the capital increase with a contribution in kind when assuming the branches of Citigroup Global Markets Ltd. in France, Spain and Italy.

The Supervisory Board consists of six members under the articles of association. The composition of the Supervisory Board changed in the reporting year. Brad Gans resigned his office as a member of the Supervisory Board effective as of 31 August 2019. His place in the Supervisory Board remained vacant for the rest of the financial year. The employees' representative Sascha Schmidt resigned his mandate in the Supervisory Board as of 18 October 2019. Dirk Hess succeeded him as the employees' representative in the Supervisory Board as the replacement member elected by the employees.

The Supervisory Board met for five regular meetings in the financial year. In addition, the Supervisory Board held seven extraordinary meetings which dealt with the direction of the Company and implementation of the processes in the course of Brexit and the compensation matters. The subject of all regular meetings of the Supervisory Board consisted of the regular reports from the Management Board about the current situation for the company, including on the basis of the risk report. The Supervisory Board did not adopt any resolutions by circulating them in written form.

The further development of the leadership structure for the company also involved changes in the members in the Management Board. Dr. Silvia Carpitella left the Management Board at her own request on 31 March 2019. Oliver Russmann was appointed to succeed Dr. Silvia Carpitella effective as of 1 April 2019.
Thomas Falk left the Management Board at his own request effective as of 30 November 2019.
Ingo Mandt was newly appointed to the Management Board effective as of 18 November 2019.
The Supervisory Board resolved not to establish any separate committees for the time being.

The annual financial statements and the management report for the financial year beginning on 1 January 2019 and ending on 31 December 2019 have been audited together with the accounting by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and they were found to be in accordance with the provisions in the law as well as the articles of association. The Supervisory Board instructed the auditors to place an emphasis on examining the appropriateness of the resources of the Internal Audit and Risk Management function in the course of continuously increasing business activities and risk assumption of the company.

The annual financial statements and the management report have been fully certified. We approve the audit report.

No objections are raised after the final result of the audit of the annual financial statements and the management report made by the Supervisory Board and the explanations provided by the auditor. The Supervisory Board approved the annual financial statements for the financial year as well as the management report submitted by the Management Board in the meeting of the Supervisory Board on 23 April 2020.

The Supervisory Board thanks the members of the Management Board and all employees for their service and contribution to achieving the targets set for the company in the last financial year.

Frankfurt am Main, den 23 April 2020
The Supervisory Board

Hans W. Reich
- Chairman –

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To Citigroup Global Markets Europe AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Citigroup Global Markets Europe AG, Frankfurt am Main, which comprise the balance sheet as at December 31, 2019, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from January 1, 2019 to December 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Citigroup Global Markets Europe AG for the financial year from January 1, 2019 to December 31, 2019. In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Corporate Governance Statement pursuant to § 289f of the German Commercial Code" section.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to banks and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the above mentioned Corporate Governance Statement.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Determination of fair values based on valuation models for the valuation of the trading portfolios

Please refer to the notes, Section "III. Accounting and Valuation Methods" for more information regarding the accounting and valuation policies applied by CGME. Please refer to the notes, subsection "3. Trading portfolio assets and liabilities" regarding the composition of the derivatives transactions in the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates, the associated hedging transactions (i.e., OTC-traded and exchange-traded derivatives) as well as any buybacks arising from market maker activity. Furthermore, the trading portfolio also includes derivative financial instruments as well as stocks and other variable-yield securities. At 55 % of total assets and 56 % of total equity and liabilities respectively (EUR 8,933 million and EUR 9,082 million, respectively, in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items in the annual financial statements of Citigroup Global Markets Europe AG.

In some cases, market prices are not observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of the valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in this regard is, above all, that no appropriate valuation models and/or valuation parameters are used to calculate fair values and that the trading portfolio as well as net trading income are therefore not measured or calculated in compliance with the accounting requirements.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit work, among others:

In an initial step, we gained a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys and inspected the relevant documents. After performing this test of design and implementation (*Aufbauprüfung*), we tested the effectiveness of the established controls with the help of tests of operating effectivness (*Funktionsprüfungen*).

In particular, the control tests covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. As part of a sample, we audited whether the validations were conducted and documented properly and whether the implemented valuation model together with the influent valuation parameters are suitable and reasonable for the respective product. Furthermore, we audited the control of the trade transaction valuation through a trade-neutral department using parameters procured from third parties.

Moreover, our valuation specialists also carried out a subsequent valuation for a particular and deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the Bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

The valuation principles that are used to calculate the fair values of the trading portfolios, for which no prices can be observed on the market, are proper and in compliance with the valuation principles applied. The Company's valuation parameters underlying the valuation are as a whole reasonable.

Invoicing of intra-group services

With regard to the accounting and valuation methods applied by Citigroup Global Markets Europe AG, we refer to Section 3 of the notes.

THE RISK FOR THE FINANCIAL STATEMENTS

Of the commission income totaling EUR 211.8 million, EUR 129 million is attributable to brokerage commissions of affiliated enterprises. The commission expenses equaled EUR 34.5 million and included primarily amounts from the intra-group invoicing of transfer pricing. The other operating income totaled EUR 40.3 million and included income from passing through expenses to affiliated enterprises in the amount of EUR 17 million.

As a result of the high level of global job-sharing within Citigroup, great importance has been ascribed to intra-group service relationships both with respect to the provision of the original bank services as well as services involving support functions. The invoicing is performed *vis-à-vis* all Citigroup entities, although the billing process, the number of transactions requiring billing and the calculation of the billing amount could be very different depending on the work or service supplied. The risk for the financial statements in this regard is that service relationships with other Citigroup entities could be incorrectly recognized and, consequently, the corresponding income and expenses might be presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit work, among others:

First, we gained an overview of key product lines and services of Citigroup Global Markets Europe AG, the invoicing models specified for these products and services, and the associated risks. We thereupon gained an understanding about the processes for the recognition, invoicing, and accounting treatment of the intra-group services rendered and about the internal control system set up with respect thereto.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy of the income and expenses from intra-group services and their processing. After performing this test of design, we tested the effectiveness of the established controls with the help of tests of operating effectiveness.

Finally, as part of substantive audit procedures, we audited the correctness of manual closing entries by inquiry of management and inspecting the documentation serving as a basis. For services that are compensated based on the revenue and/or fee split method, we audited a sample as to whether the services were calculated and compensated correctly on the basis of the group-wide standard and documented transfer pricing method.

OUR CONCLUSIONS

The measures implemented in the bank are appropriate to accurately recognize income and expenses from intra-group services in Citigroup Global Markets Europe AG annual financial statements.

Other Information

Management is responsible for the other information. The other information comprises the the corporate governance statement pursuant to § 289f (4) of the German Commercial Code (Information on the female quota).

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to banks, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on September 17, 2019. We were engaged by the chairman of the supervisory board on September 18, 2019. We have been the auditor of the Citigroup Global Markets Euope AG, Frankfurt am Main, without interruption for more than 27 years.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

[In addition to the financial statement audit, we have provided to the Company the following services that are not disclosed in the annual financial statements or in the management report:

- Implementation of agreed additional audit work in accordance with the requirement under Section 2 (4) of the Ordinance on Contributions to the Compensation Facility for Securities Trading Companies at the Kreditanstalt für Wiederaufbau (EdWBeitrV)
- Audit of the securities services business pursuant to § 89 of the German Securities Trading Act (WpHG);
- Tax advice in connection with transfer pricing
- Consent Letter to include our audit report for the fiscal years from January 1 to April 27, 2018, from April 28 to December 31, 2018 and from January 1 to December 31, 2017 in a listing document for the Hong Kong Exchange.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Andreas Dielehner.

Frankfurt am Main, 23 April 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dielehner Wirtschaftsprüfer [German Public Auditor]	Dr. Niemeyer Wirtschaftsprüfer [German Public Auditor]

Balance Sheet for the Short Fiscal Year as of December 31, 2018
Citigroup Global Markets Europe AG, Frankfurt am Main

A s s e t s		**EUR**	**EUR**	**EUR**	**04/27/2018 TEUR**
1. Cash reserve					
a) Cash on hand			-.--		-
b) Credit balances held at central banks			-.--		-
of which: at the German *Bundesbank* (German Central Bank)					
	EUR -.-- (04/27/2018 TEUR)				
c) Credit balances held at post giro offices			-.--	-.--	-
2. Receivables from banks					
a) Due upon demand			130,751,889.67		735,898
b) Other receivables			-.--	130,751,889.67	-
3. Receivables from clients				785,694,706.19	90,536
of which: secured through *in rem* security					
interests *(Grundpfandrechte)*	EUR -.-- (04/27/2018 TEUR -)				
municipal loans	EUR -.-- (04/27/2018 TEUR -)				
4. Debt securities and other fixed-income securities					
a) Money market paper					
aa) issued by government entities		-.--			-
ab) issued by other entities		-.--	-.--		-
b) Bonds and debt securities					
ba) issued by government entities		-.--			-
of which: qualifying as collateral for the German					
Bundesbank	EUR -.-- (04/27/2018 TEUR -)				
bb) issued by other entities		-.--	-.--		-
of which: qualifying as collateral for the German					
Bundesbank	EUR -.-- (04/27/2018 TEUR -)				
c) Own debt securities			-.--	-.--	-
face value	EUR -.-- (04/27/2018 TEUR -)				

5. Stocks and other variable-yield securities			-.--	-
5a Trading portfolio			4,615,404,032.75	5,928,517
6. Equity investments			1,135,714.07	1,136
of which: held in banks	EUR -.-- (04/27/2018 TEUR)			
held in financial service institutions	EUR -.-- (04/27/2018 TEUR -)			
7. Intangible assets				
a) Internally generated industrial property rights and similar rights and assets		-.--		-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		162,258.13		188
c) Goodwill		-.--		-
d) Prepayments		-.--	162,258.13	-
8. Tangible assets			2,230,940.27	2,208
9. Other assets			159,979,474.05	39,644
10. Prepaid and deferred items			353,050.19	2,733
11. Excess of plan assets over post-employment benefit liability			-.--	7,533
Total assets			5,695,712,065.32	6,808,393

							Liabilities and equity capital
				EUR	EUR	EUR	04/27/2018 TEUR
1. Liabilities owed to banks							
a) Payable on demand					12,301,471.62		110,936
b) Having an agreed term or notice period					0.00	12,301,471.62	-
2. Liabilities owed to clients							
a) Savings deposits							
aa) with an agreed notice period of three months				-.--			-
ab) with agreed notice period of more than three months				-.--	-.--		-
b) Other liabilities							
ba) payable on demand				44,533,512.27			54,451
bb) having an agreed term or notice period				285,537,892.15	330,071,404.42	330,071,404.42	-
3. Securitized liabilities							
a) Issued debt securities					-.--		-
b) Other securitized liabilities					-.--		-
of which:							
Money market paper	EUR	-.--	(04/27/2018 TEUR -)				
Own acceptances and promisory notes outstanding (*Solawechsel*)	EUR	-.--	(04/27/2018 TEUR -)				
c) Miscellaneous securitized liabilities				-.--	-.--	-.--	-
3a Trading portfolio						4,679,110,623.56	5,907,733
4. Other liabilities						10,353,031.82	71,919

5. Deferred income				-.--	-
6. Accrued liabilities					
a) Pensions and similar obligations			19,609,737.00		8,366
b) Tax reserves			-.--		-
c) Other accrued liabilities			40,188,284.40	59,798,021.40	36,173
7. Funds for general bank risks as defined in § 340e (4) HGB				28,333,610.23	28,334
8. Equity capital					
a) Subscribed capital					
aa) registered share capital		210,569,889.00			210,570
ab) silent partner capital		-.--	210,569,889.00		-
b) Capital reserve		318,967,162.22	318,967,162.22		318,967
c) Earnings reserves					
ca) legal reserve		33,027,197.15			33,027
cb) reserves for treasury shares		-.--			-
cc) reserves required by articles of association		-.--			-
cd) other earnings reserves		27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)			-14,736,882.81	575,743,902.27	590,481
Total liabilities and equity capital				5,695,712,065.32	6,808,393

	EUR	EUR	04/27/2018 TEUR
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	-.--		955
c) Liabilities arising from security furnished on behalf of third parties	-.--	-.--	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	-.--	-.--	6,291

Income Statement
for the Period of April 28, 2018 through December 31, 2018
Citigroup Global Markets Europe AG, Frankfurt am Main

	EUR	EUR	EUR	1/1/2018-4/27/2018 TEUR
1. Interest income from				
a) Loans and money market transactions	3,075,807.33			190
2. Negative interest income from				
a) Loans and money market transactions	2,931,823.26	143,984.07		57
3. Interest expenses	4,632,794.44			0
4. Positive interest from loans and money market transactions	39,829.58	-4,592,964.86	-4,448,980.79	37
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		80,318.67		-
c) Interests in affiliated enterprises		-. --	80,318.67	-
6. Commission income		95,186,246.61		34,777
7. Commission expenses		7,414,023.67	87,772,222.94	1,460
8. Net income from financial trading operations			25,037,292.13	24,949
included therein are deposits into special accounts per § 340g HGB EUR -,- (1/01/2018-4/27/2018 EUR-.-)				
9. Other operating income			5,557,219.70	35,425
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	36,679,862.89			18,232
ab) social security contributions, pension and welfare expenses	6,800,972.33	43,480,835.22		3,633
of which: for pensions EUR 4,312,126.46 (1/01/2018-4/27/2018 TEUR 2,274)				
b) other administrative expenses		55,591,018.07	99,071,853.29	31,369
11. Depreciation, amortisation and write-downs of tangible and intangible assets			485,463.61	274
12. Other operating expenses			24,437,014.77	13,719
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-. --		-

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	-. --	0.00	0
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations	./.	9,996,259.02	26,634
17. Extraordinary income		-. --	13,758
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	13,758
20. Taxes on income and earnings	4,740,623.79		272
21. Other taxes, to the extent not included in item 12	-.--	4,740,623.79	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		-. --	40,120
24. Annual net loss	./.	14,736,882.81	-. --
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-14,736,882.81	-

Cash Flow Statement

	Short Fiscal Year 4/28/18 – 12/31/18 TEUR	Short Fiscal Year 1/1/18 - 4/27/18 TEUR
Annual Net Loss	**-14,736**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial	6,135	2,047
Change in accruals	11,367	-24,500
Changes in other non-cash expenses/income	-	-
Gain/loss from the sale of financial and tangible assets	-	-
Other adjustments (in net terms)	-1,864	-2,806
Subtotal:	**902**	**-25,259**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	605,145	3,051,489
- from clients	-695,159	62,210
Trading portfolio assets	1,313,112	255,882
Other assets from current operating activities	-117,955	-9,578
Liabilities:		
- owed to banks	-98,635	-686,177
- owed to clients	275,621	-2,639,352
Securitized liabilities	-	-
Trading portfolio liabilities	-1,228,622	-33,499
Other liabilities from current operating activities	-21,092	56,481
Interest and dividend payments received	14,170	3,136
Interest paid	-7,565	-58
Income tax payments	-4,741	-272
Cash flow from current operating activities	**35,181**	**35,003**
Payments received from the sale of		
- Financial assets	5,421	290
- Tangible assets	-	130
Payments made for investments in		
- Financial assets	-	-
- Tangible assets	-482	-317
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**4,939**	**103**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	-
Payments made to company owners:		
- Dividend payments	-40,120	-69,056
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	-	-
Cash flow from financing activities	-40,120	-69,056
Cash and cash equivalents at the end of previous period	**0**	**33,950**
Cash flow from current operating activities	35,181	35,003
Cash flow from investing activities	4,939	103
Cash flow from financing activities	-40,120	-69,056
Cash and cash equivalents at the end of the period	**0**	**0**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/los s TEUR	Total equity capital TEUR
Per April 27, 2018	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Result December, 2018	**-**	**-**	**-**	- 14,736	-14,736
Per December 31, 2018	210,570	318,966	60,944	- 14,736	575,744

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Europe AG,
Frankfurt am Main

Notes
to the Financial Statements for the Short Fiscal Year
of April 28, 2018 through December 31, 2018

I. General Information

Citigroup Global Markets Europe AG, Frankfurt am Main (abbreviated herein as “CGME”), is a stock corporation with its registered place of business in Frankfurt am Main and has been recorded in the Commercial Register of the Local Court of Frankfurt am Main under registration number HRB 88301 since June 10, 2010.

The financial statements for the short fiscal year of April 28 through December 31, 2018 (“Short Fiscal Year”) were prepared in accordance with the provisions of the German Commercial Code (abbreviated herein as “HGB”), the German Stock Corporation Act (abbreviated herein as “AktG”) and the supplemental accounting rules of the provisions under the Accounting Regulation for Banks and Financial Services Institutions (abbreviated herein as “RechKredV”).

The balance sheet and income statement were organized and structured on the basis the standard forms prescribed in RechKredV.

CGME is a capital market-oriented corporation within the meaning of § 264d HGB in combination with § 340a (1) HGB.

In connection with explaining individual items on the balance sheet and income statement as of the balance sheet date, the discussion below will compare the relevant numbers with those booked as of the end of the preceding Short Fiscal Year, which ran from January through April 27, 2018 (“Previous Short Fiscal Year”). However, the ability to compare the relevant financial statement items is in some cases very restricted because in addition to the different duration of the comparison periods, the business of CGME changed in the recently completed Short Fiscal Year in terms of both the nature of its financial products and the trading volume of those products.

II. Accounting and Valuation Methods

The accounting and valuation methods remain unchanged from the Previous Short Fiscal Year.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the Short Fiscal Year.

Receivables from clients are recorded on the balance sheet at the repayment amount plus accrued interest and, if required, less any allowances established to cover counterparty risks.

The valuation of the **financial instruments of the trading portfolio** was carried out at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are recognized at their cost of acquisition at the time they are acquired. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed in accordance with the hierarchical order of valuation criteria set forth in § 255 (4) HGB. The recognized value of financial instruments, which are not traded on an active market, are determined using generally accepted valuation methods (e.g., on the basis of option pricing models). In general, these methods are based on estimates of future cash flows while factoring in any risk factors. In this regard, the most important factors, in each case dependent on the nature of the relevant financial instrument, are the “underlying price”, “implicit volatilities”, “yield curves” and “dividend forecasts”. The stock market prices used in the valuation are average prices (*Mittelkurse*).

As of December 31, 2018, the following risk discounts (value at risk figures) were applied to the financial instruments of the trading portfolio:

Trading book	**Risk Discount**	
	Dec 31, 2018 (TEUR)	**Apr 27, 2018 (TEUR)**
Foreign Currency Risks	63	401
Equities and Index Risks	1,446	2,785
Other	192	688
Total	**1,701**	**3,874**

The calculation of the underlying value at risk figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, CGME applied - as of the balance sheet date - a discount to the “Other Price Risks” trading book in the form of a “market value adjustment” totaling TEUR 908, which was calculated using a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

The **equity investments** are recognized at their cost of acquisition or, in some cases, at the lower fair value.

The strictly paid-for **intangible assets** and the **tangible assets** are valued at their cost of acquisition and are generally written-down on a straight-line basis in accordance with the expected standard useful life of those assets. Any potentially existing permanent impairment is taken into account through an unscheduled write-down.

Depending on their net acquisition costs, **low-value economic assets** (*geringwertige Wirtschaftsgüter*) are written-off in full in the year in which they are acquired.

The **accrual and deferral items** on the asset and liability side of the balance sheet include payments that are attributable the bottom-line in future fiscal years.

Liabilities owed to banks and to clients were stated at their settlement amount plus accrued interest.

Provisions for pension and similar obligations were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship (employment tenure), for which pension commitments have been made, and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time.

In order to calculate the present cash value, a discount rate of 3.21% based on a 15-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used as the discount rate for calculating the present cash value in the recently completed fiscal year. With respect to the resulting difference, we refer to our comments on page 14 of these notes regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.7% adjustment of the current annuities was assumed.

The biometric data was derived from the Dr. Heubeck 2018 G mortality tables. In connection with accounting for the accruals for pensions and similar obligations, assets that serve only to settle the debts owed under the pension obligations or similar long-term obligations in accordance with § 340a (1) in combination with § 246 (2) sentence 2 HGB were offset against them.

In calculating the **accruals**, all recognizable risks as well as uncertain liabilities were taken into account on the basis of a prudent business judgment (*vorsichtiger kaufmännischer Beurteilung*). The settlement amount of **other accruals** was calculated by factoring in future price and cost increases. Accruals or provisions with a residual term to maturity of more than one year were discounted at the average market interest rate over the past seven fiscal years as such rate was calculated by the German *Bundesbank* for matching maturities. If recourse agreements existed, they were taken into account in calculating the accrual (net result shown).

Accruals were set up in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on the financial condition.

Futures and other derivative transactions involving currencies, indexes, stocks, raw materials and precious metals were valued at the rates and interest rates on the balance sheet date and shown in the trading portfolio.

Currency receivables and liabilities were valued in accordance with § 340a (1) in combination with § 256a HGB at the ECB average rates applicable on the balance sheet date. To the extent that the ECB does not publish any average rates, the currency positions are recognized at market rates. Spot exchange transactions or currency futures, which were not yet cleared, were valued at the average spot or futures rates of the balance sheet date and applicable to their maturity. The treatment of expenses and income from the currency translation satisfies the requirements under § 340h HGB. The result of the currency translation is included in the income statement under the item “net income from financial trading operations”.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 “Negative interest income” or no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

III. Notes to Individual Items on the Balance Sheet

With regard to the notes set forth below, we expressly reference the limited informative value of the comparative figures as of the previous balance sheet date (see also explanations in section 1 of these Notes).

1. Assets based on terms to maturity

Receivables from banks

	12/31/2018 TEUR	4/27/2018 TEUR
Other receivables with a term to maturity of		
up to three months	130,752	735,898
more than three months and up to one year	0	0
more than one year and up to five years more than five years	0	0
Total	**130,752**	**735,898**

Receivables from clients

	12/31/2018 TEUR	4/27/2018 TEUR
with a term to maturity of		
up to three months	785,695	90,536
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
indefinite term	0	0
Total	**785,695**	**90,536**

The balance sheet item includes receivables generated from EUR repo transactions (reverse repos) in the amount of EUR 680 million.

Liabilities owed to banks

	12/31/2018 TEUR	4/27/2018 TEUR
with an agreed term or notice period of up to three months	12,301	110,937
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
Total	**12,301**	**110,937**

Liabilities owed to clients

	12/31/2018 TEUR	4/27/2018 TEUR
with an agreed term or notice period of up to three months	330,071	54,451
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
Total	**330,071**	**54,451**

This balance sheet item contains a total of EUR 269 million in liabilities for which trading portfolio securities were deposited as collateral.

2. Receivables from, and liabilities owed to, affiliated enterprises

The individual balance sheet items include receivables from, and liabilities to, affiliated enterprises as set forth below:

Receivables from affiliated enterprises

	12/31/2018 TEUR	4/27/2018 TEUR
Receivables from banks	130,196	731,438
Receivables from clients	753,563	16,734
Other receivables	155,118	13,829
Total	**1,038,877**	**762,001**

Liabilities owed to affiliated enterprises

	12/31/2018 TEUR	4/27/2018 TEUR
Liabilities owed to banks	10,177	105,235
Liabilities owed to clients	305,294	10,000
Other liabilities	644	58,528
Total	**316,115**	**173,763**

3. Trading portfolio assets and liabilities

The **trading portfolio assets and liabilities** consist of the following:

Trading Portfolio				
	asset	**liability**	**asset**	**liability**
	Book value 12/31/2018 (TEUR)	**Book value 12/31/2018 (TEUR)**	**Book value 4/27/2018 (TEUR)**	**Book value 4/27/2018 (TEUR)**
1. Derivative financial instruments				
• FX-induced trades				
OTC currency options	19	-	128	-
Currency warrants own issues	47,799	50,037	57,931	60,453
• Stock warrants issued by third parties	18	-	281	-
• Stock warrants own issues	2,041,447	2,127,020	2,549,703	2,748,368
• OTC stock options	131	-	2,133	386
• Index warrants issued by third parties	1,641	-	776	-
• Index warrants own issues	1,486,256	1,500,152	1,716,358	1,734,132
• Exchange-traded index options	4,984	4,504	5,009	3,604
• Exchange-traded stock options	66,840	66,324	133,783	22,312
• Other	16,200	16,635	34,739	35,692
2. Bonds and other fixed-income securities	676,832	883,726	871,461	1,282,929
of which marketable (börsenfähig)	676,832	883,726	871,461	1,282,929
of which exchange-traded	676,832	883,726	871,461	1,282,929
3. Stocks and other variable-yield securities	274,938	29,805	560,088	18,787
of which marketable	274,938	29,805	560,088	18,787
of which exchange-traded	274,938	29,805	560,088	18,787
4. Market Value Adjustment	-	908	-	1,070
5. Value at Risk	- 1,701	**-**	- 3,874	-

Total	**4,615,404**	**4,679,111**	**5,928,516**	**5,907,733**

4. Movement of fixed assets

The fixed assets (intangible fixed assets and tangible fixed assets) developed as follows in the Short Fiscal Year:

	Original Acquistion costs			**Accumulated depreciation, amortisation and write-downs**					**Book values**	
	4/28/ 2018	**Additions (Disposals) Re-posting**	**12/31/ 2018**	**4/28/ 2018**	**Write-downs**	**Write-ups**	**Additions (Disposals) Re-posting**	**12/31/ 2018**	**12/31/ 2018**	**4/28/ 2018**
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets acquired for consideration	5,399	0 0 0	5,399	5,211	17	0	0 0 9	5,237	162	188
Office and plant equipment	9,651	199 0 0	9,850	8,822	171	0	0 0 -8	8,985	865	829
Leasehold improve-ments	15,322	259 0 6	15,587	14,102	296	0	0 0 0	14,398	1,189	1,220
Construction in progress	159	25 0 0	184	0	0	0	0 0 7	7	177	159
Equity investments	1,136	0 0 0	1,136	0	0	0	0	0	1,136	1,136
Total	**31,667**	**483** **0** **6**	**32,156**	**28,135**	**484**	**0**	**0** **0** **8**	**28,627**	**3,529**	**3,532**

The intangible and tangible assets (office and plant equipment as well as leasehold improvements), as reported as of the end of the Short Fiscal Year, are used solely by

CGME itself. Depreciation, amortization and write-downs relating to the additions made during the Short Fiscal Year totaled TEUR 49.

The equity investments that are recognized on the balance sheet and are unchanged from the Previous Short Fiscal Year are not marketable and relate to the following companies:

Equity investments	**12/30/2018 (TEUR)**	**4/27/2018 (TEUR)**
True-Sale International GmbH, Frankfurt	150	150
Börse Stuttgart CATS GmbH, Stuttgart	986	986
Total	**1,136**	**1,136**

5. Other assets

The item “Other Assets” (TEUR 159,979; 4/27/2018: TEUR 39,644) includes mostly receivables from variation/initial margins (TEUR 140,649) as well as tax refund claims (TEUR 12,615).

6. Prepaid and deferred items

The balance sheet item (TEUR 353; 4/27/2018: TEUR 2,733) relates to prepaid fees.

7. Other liabilities

The item “Other Liabilities” (TEUR 10,353; 4/27/2018: TEUR 71,919) involves mainly liabilities owed to employees from deferred cash bonuses (TEUR 5,198) and liabilities from taxes (TEUR 1,867).

8. Accruals for pensions and similar obligations

To hedge third-party claims from pension and similar commitments, assets in the form of liquid funds and units or shares in securities funds (*Wertpapiersondervermögen*) are available as of the balance sheet date. The funds are managed exclusively by outside asset managers who invest in exchange-traded securities in accordance with the relevant investment guidelines. In the event CGME enters insolvency, CGME creditors will be denied access to those assets that are transferred to the trustees.

In accordance with § 246 (2) sentence 2 in combination with § 340a (1) HGB, the assets used for hedging purposes will be set off at their fair value against the obligations valued at the settlement amount. The fair value of the assets is based on the summary of individual funds that is provided by the respective asset manager. No alternative valuation method is used.

The accruals recognized as liabilities relate almost exclusively to obligations owed to the staff members employed at the headquarters in Germany.

The contractual hedge of the **business pension obligations** was carried out on the basis of a contractual trust arrangement (CTA) with the trustees, Towers Watson Treuhand e.V.

To hedge the pension commitments, units that are held in the “Rose” fund (acquisition costs of TEUR 104,782) and were purchased or contractually promised by CGME are available and, pursuant to § 246 (2) sentence in combination with § 340a (1) HGB, were netted at their fair value (TEUR 174,320) against the settlement amount from the pension obligations (TEUR 183,689). The settlement amount exceeding the plan assets as of the balance sheet date and equaling TEUR 9,369 (4/27/2018: TEUR 7,533 “Excess of plan assets over pension liabilities”) was recognized on the balance sheet under the item “Accruals for pensions and similar obligations”.

As of December 31, 2018, **pension obligations under the “PAS”, “PRS” and “Deferred Compensation” plans** also exist and arose from **bonus conversions**. The obligations under the “PAS” and “Deferred Compensation” plans are linked to the fair value of the relevant fund.

Factoring in the existing pension plan set-offs (netting the assets and liabilities) carried out at fair value pursuant to § 246 (2) sentence 2 HGB, the balance sheet components of accruals for pensions and similar obligations consist of the following:

	12/31/2018		4/27/2018	
	TEUR	TEUR	TEUR	TEUR
I. General pension obligations				
Settlement amount	183,689		171,000	
less				
Plan assets Rose*)	- 174,320	9,369	- 178,533	-7,533
II. Pension obligations PAS)**				
Settlement amount	7,618		11,139	
less				
Plan assets	- 7,618	-	- 11,139	-
III. Pension obligations Deferred Compensation*)**				
Settlement amount	9,152		9,192	
less				
Plan assets	- 9,152	-	- 9,192	-
IV. Pension obligations PRS **)**				
Settlement amount	56,082		57,505	
less				
Plan assets	- 45,841	10,241	- 49,139	8,366
Excess of plan assets over post-employment benefit liabilities		**-**		**- 7,533**
Accruals for pensions and similar obligations		**19,610**		**8,366**

*) Acquisition costs TEUR 104,782
**) Acquisition costs TEUR 2,367
***) Acquisition costs TEUR 8,012
****) Acquisition costs TEUR 37,957

The effects on income arising from the accounting of the accruals for pension and similar obligations and from netting assets, which are attributable to plan assets, against the respective fair value, are shown in the table below:

	4/28/2018-12/31/2018 (TEUR)		1/1/2018-4/28/2018 (TEUR)	
I. General pension obligations				
- Expense (-)/income based on interest accrued on pension obligations	- 12,178		- 5,601	
- Change in the fair value of the plan assets	- 4,213		- 1,195	
- Expense for standard allocation	- 4,312	-20,703	- 2,209	- 9,005
II. Pension obligations PAS				
- Expense (-)/income based on interest accrued on the pension obligations	1,856		359	
- Change in the fair value of the plan assets	- 1,856	-	- 359	-
III. Pension obligations Deferred Compensation				
- Expense (-)/income based on interest accrued on pension obligations	40		14	
- Change in the fair value of the plan assets	- 40	-	- 14	-
IV. Pension obligations PRS				
- Expense (-)/income based on interest accrued on the pension obligations	- 2,485		- 1,250	
- Change in the fair value of the plan assets	460		- 188	
- Expense for the standard allocation	150	-1,875	- 36	- 1,474
Total		**-22,578**		**- 10,479**

As a consequence of first applying the RT 2018 G mortality tables in connection with valuing the accruals for pensions and similar obligations, an additional adjustment expense arose as of December 31, 2018 in the amount of TEUR 1,553, which reflected the difference from the amount under the valuation approach based on the RT 2005 G mortality tables as of April 27, 2018, and that difference was recognized in its entirety under personnel expenses.

The total sum of the amounts, which are barred from payout distribution, developed as follows compared to the previous balance sheet date:

Reason for barring payout distribution	**12/31/2018 (TEUR)**	**4/27/2018 (TEUR)**
Capitalization of the plan assets in connection with pension obligations at fair value (12/31/2018; TEUR 236,931; 4/27/2018 TEUR 248,003) pursuant to § 268 (8) sentence 3 in combination with § 340a (1) HGB	83,813	89,461
Differential amount in connection with the differentiated interest applied to pension accruals pursuant to § 253 (6) in combination with § 340a (1) HGB	27,525	26,326
Total	**111,338**	**115,787**

The **differential amount pursuant to § 253 (6) in combination with § 340a (1) HGB** is calculated as follows:

	10-year average interest rate and term to maturity of 15 years		**7-year average interest rate and term to maturity of 15 years**	
	12/31/2018	**4/27/2018**	**12/31/2018**	**4/27/2018**
Average interest rate (%)	3.21	3.53	2.32	2.64
Accrual for pensions and similar obligations (TEUR)	229,443	218,531	256,968	244,857
Differential amount (TEUR)				
	12/31/2018		**4/27/2018**	
	27,525		**26,326**	

As of the balance sheet date, the freely available provisions (reserves) exceed the total sum of the amounts that are barred from payout distribution.

9. Other accruals

The item "Other Accruals" (TEUR 40,188; 4/27/2018: TEUR 36,173) includes the following amounts:

Accruals for	12/31/2018 TEUR	4/27/2018 TEUR
Bonus payments to employees	19,190	15,478
Investment income tax for previous fiscal years	9,308	9,300
Turnover tax, Warrants Business	-	299
Early retirement obligations	124	383
Personnel costs	2,125	1,704
Audit costs	3,519	1,799
Outstanding vacation	840	247
Outstanding invoices	5,082	6,963
Total	**40,188**	**36,173**

In calculating the provisions made for early retirement obligations (TEUR 124; 4/27/2018: TEUR 383), claims arising from pledged reinsurance policies and totaling TEUR 1,470 (4/27/2018: TEUR 1,776) were reconciled against the settlement amount of TEUR 1,594 (4/27/2018: TEUR 2,159).

In the recently completed Short Fiscal Year, expenses in the amount of TEUR 30 (1/1-4/27/2018: TEUR 17) were generated from interest accrued on the obligations, and expenses in the amount of TEUR 13 (1/1-4/27/2018: income in the amount of TEUR 14) were generated from a change in the fair value of the plan assets. In connection with the standard allocation, the expense equaled TEUR 0 (1/1-4/27/2018: expense of TEUR 29).

10. Subscribed capital

The **subscribed capital** totaling TEUR 210,570 is divided into 8,236,778 no-par value shares. The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain, (abbreviated herein as “CGML”), whose financial statements are included in the consolidated financial statements of Citigroup Inc. New York/USA.

11. Assets and liabilities denominated in foreign currencies

The total amount of assets denominated in a foreign currency is TEUR 37,108 (4/27/2018: TEUR 12,641); the liabilities contain foreign currency amounts totaling TEUR 21,024 (4/27/2018: TEUR 101,324).

IV. Notes to Individual Items on the Income Statement

1. Interest result

The interest result totaling - TEUR 4,449 (1/1-4/27/2018: TEUR 169) can be attributed primarily to the interest expenses owed to Citicorp LLC, USA, (TEUR 4,078).

2. Commission income

The commission income is derived from the following components:

Type of fee	4/28-12/31/2018 TEUR	1/1-4/27/2018 TEUR
Commissions from affiliated enterprises	71,516	24,245
Commissions on securities trading	-	5,465
Commission on foreign currency products	9,700	3,555
Commissions on corporate finance transactions	-	1,512
Commissions from M&A/Advisory	13,961	-
Miscellaneous fees	24	- 12
Internal group cost sharing arrangements	- 7,430	- 1,448
Total	**87,771**	**33,317**

3. Net income from financial trading operations

The net income from financial trading operations (TEUR 25,037) resulted primarily from the results of the Equities and Index Risk trading book in the amount of TEUR 82,177 (1/1-4/27/2018: TEUR 24,806). The result reported in the "Other" trading book equals TEUR 496 (1/1-4/27/2018: TEUR 200) and consists mostly of results from warrants traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the "Currency Risk" trading book and amounting to TEUR 57,636 (1/1-4/27/2018: negative result TEUR 57) consists of the results from warrants traded on the price of gold and on the US Dollar. The net income from financial trading operations includes currency translation income in the amount of TEUR 14,228 and currency translation expenses in the amount of TEUR 17,425.

4. Other operating income

The item (TEUR 5,557; 1/1-4/27/2018: TEUR 35,425) encompasses primarily income from passing through expenses to affiliated enterprises in the amount of TEUR 3,807 (1/1-4/27/2018: TEUR 8,922), income from subleasing in the amount of TEUR 244 (1/1-4/27/2018: TEUR 159) and income from reversing provisions in the amount of TEUR 402 (1/1-4/27/2018: TEUR 370). The decline in other operating income can be attributed to the fact that additional proceeds were generated in the Previous Short Fiscal Year from the sale of the “Custody and Clearance Business” in the amount of TEUR 25,923.

5. Other administrative expenses

The item (TEUR 55,591; 1/1-4/27/2018: TEUR 31,369) consists of, among other things, the item “processing costs Citigroup” totaling TEUR 3,990 (1/1-4/27/2018: TEUR 3,834), expenses involving “Citi Chargeouts” that total TEUR 12,869 (1/1-4/27/2018: TEUR 6,567), custody fees totaling EUR 4,658 (1/1-4/27/2018: TEUR 2,768), lease expenses equaling TEUR 1,925 (1/1-4/27/2018: TEUR 1,572) and costs for listing derivative products on exchanges in the amount of TEUR 1,215 (1/1-4/27/2018: TEUR 1,444).

6. Other operating expenses

The item (TEUR 24,437; 1/1-4/27/2018: TEUR 13,719) includes primarily expenses from valuing the pension plan assets and the corresponding pension obligations (Rose) in the amount of EUR 16,391 and expenses and income from valuing the pension plan assets and the corresponding pension obligations (netted for PRS) in the amount of TEUR 1,875.

V. Miscellaneous Notes

1. Derivative financial instruments

Types of derivatives transactions

As of the end of the recently completed Short Fiscal Year, the derivatives business of the bank included the following transactions allocated to the respective trading books:

- **"Foreign Currency Risk" trading book**
  - OTC currency option transactions
  - Currency warrants
- **"Equities and Index Risk" trading book**
  - Equities and other variable-yield securities in the trading portfolio
  - OTC stock options
  - Equities and index warrants
  - Exchange-traded futures and options transactions on equities and stock indexes
  - Index certificates and equity certificates
- **Other trading book**
  - Exchange-traded futures transactions
  - Warrants on commodities and precious metals.

Trade volumes of derivatives and futures transactions

The total volume of derivatives transactions based on the terms to maturity as of December 31, 2018 is set forth below:

- **“Foreign Currency Risks” trading book**

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC-currency options					
Bought	2	-	-	2	-
Sold	-	-	-	-	-
Currency warrants Own issues					
Bought	152	-	792	944	47.8
Sold	173	-	820	993	- 50.0

The “Foreign Currency Risks” trading book consists primarily of options on the price of gold and on the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the relevant underlying performs. As of the balance sheet date, the book contained exclusively European options (exercise possible only at the end of the term).

- **“Equities and Index Risks” trading book**

Type of Transaction	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equities warrants issued by third parties					
Bought	2	-	-	2	-
Equities warrants Own issues					
Bought	5,847	495	5,152	11,494	2,041.4
Sold	8,380	837	5,305	14,522	- 2,127.0
OTC stock options					
Bought	431	1	-	432	0.1
Sold	-	-	-	-	-
Index warrants issued by third parties					
Bought	34	-	-	34	1.7
Index warrants Own issues					
Bought	4,108	14,080	8,363	26,551	1,486.3
Sold	4,506	19,294	8,408	32,208	- 1,500.2
Exchange-traded index futures					
Bought	26	-	-	26	- 0.3
Sold	24	-	-	24	- 0.2
Exchange-traded index options					
Bought	252	-	-	252	5.0
Sold	62	-	-	62	-4.5
Exchange-traded stock options					
Bought	1,388	245	-	1,633	66.8
Sold	304	3	-	307	- 66.3
Index and equity certificates Own issues					
Bought	76	2	367	445	676.8
Sold	286	9	333	628	- 883.7

The “Other Price Risks” trading book includes primarily options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible throughout the entire term).

- **Other trading operations**

	< 1 year **Nominal amount**	**1-5 years** **Nominal amount**	**> 5 years** **Nominal amount**	**Total** **Nominal amount**	**Market value**
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**
Options on commodities and precious metals **Own issues**					
Bought	6	-	106	112	16.2
Sold	7	-	108	115	-16.6
Exchange-traded futures on commodities and precious metals					
Bought	21	-	-	21	- 0.2
Sold	-	-	-	-	-

The “Other Trading Operations” trading book includes primarily options on the price of oil, gold and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained only European options (exercise possible only at the end of the term).

Counterparty risk in derivatives trading

As of December 31, 2018, the credit equivalents under the CRR (Capital Requirements Regulation), before credit risk weighting and after regulatory netting, are as follows:

Credit Risk	**Companies and individuals and public bodies, including central banks from Zone B**	**Credit institutions from Zone A**	**Credit institutions from Zone b**
Product group	**Credit equivalent (in EUR '000)**		
Foreign Currency Risk and Other Price Risks trading book	1,146	182,850	-
Other trading operations	-	-	-
Total	**1,146**	**182,850**	-

Non-settled forward transactions

In connection with the options transactions, CGME books the premiums on the trade date. On the balance sheet date, this practice results in obligations under futures transactions, which have not yet settled, being reported in the trade balance sheet for currency risks, equity and index risks and other risks.

2. Recommendation for the use of the unappropriated balance sheet profit

The Executive Board recommends bringing forward to a new account the loss reported as of December 31, 2018.

3. Other financial obligations

Other financial obligations take the form of obligations equaling EUR 3.5 million each year through the end of the lease term for the renting the premises (until June 30, 2020).

4. Fee for the annual accounts auditor

The total fees charged by the annual accounts auditor for the Short Fiscal Year encompass the annual accounts auditing services (TEUR 945), expenditures incurred (TEUR 63), other certification work (TEUR 266) and tax advisory services (TEUR 9).

5. Information about the business relations with related parties

The companies identified as related enterprises of CGME were its sole shareholder, CGML, as well as all of its own subsidiaries and affiliated enterprises of the Citigroup Group.

The individuals classified as key management personnel (Executive Board members and Supervisory Board members) of the Citigroup Group are treated as related persons.

The following financial transactions are executed with related enterprises and persons (exclusively group companies): (*see also Affiliate Dependency Report*)

• Money market transactions, investment and borrowing of funds
• Futures transactions involving stocks, currencies, indexes, commodities and precious metals
• Option transactions involving stocks, currencies, indexes, raw materials and precious metals
• Securities transactions (reverse repos and repos)
• Purchase/performance of intra-group services

All transactions were concluded on arm's length terms and conditions.

6. Information about significant transactions following the balance sheet date

Pursuant to a shareholder resolution of December 7, 2018, the Company decided to pay an additional USD 650 million into its equity capital. The additional capital contribution is shown in the capital reserves account.

In addition, the special meeting of the shareholders held on February 15, 2019 adopted a resolution to increase the registered share capital by EUR 31.8 million to EUR 242.4 million through the issuance of 1,244,814 new no-par bearer shares in connection with a capital contribution-in-kind that comprised the tangible and intangible assets and liabilities (including goodwill) maintained by the CGML branches in France, Italy and Spain. The branches are being continued under the CGME name. An application to record the non-cash capital increase has been since filed with the Commercial Register.

Mr. Oliver Russmann is expected to be appointed to the Executive Board in the second quarter of 2019.

Beyond the foregoing, there are no known significant transactions that occurred after the end of the Short Fiscal Year and that have not yet been included in either the income statement or the balance sheet.

7. Group membership

CGME is included in the group of consolidated companies of CGML, whose financial statements are, in turn, included in the consolidated financial statements of Citigroup Inc., New York, 388 Greenwich Street. The consolidated financial statements can be viewed at the website, www.citigroup.com.

8. Governing bodies of the Company

The CGME **Executive Board** remains unchanged and consists of the following members:

- Mr. Stefan Wintels, Frankfurt am Main, COO, Bank Director, Chairman;
- Dr. Silvia Carpitella, Milan/Italy, CFO, Bank Director:
- Mr. Thomas Falk, Hochheim am Main, CRO, Bank Director;
- Mr. Stefan Hafke, Kelkheim, (Corporate/Commercial Banking), Bank Director;
- Mr. Andreas Hamm, Dreieich, CTO, Bank Director;
- Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, (Legal), Bank Director;
- Mr. Christian Spieler, Bad Homburg, (Treasury/Markets) Bank Director.

The **Supervisory Board** consists of the following members:

- Mr. Hans W. Reich, Kronberg, retired Bank Director, Chairman;
- Mr. Bradley Gans, London, Bank Director, Citigroup Global Markets Limited, London;
- Mr. Leo Arduini, London, Bank Director (as of December 11, 2018), Citigroup Global Markets Limited, London;
- Mr. James Bardrick, London, CEO, (as of December 11, 2018), Citigroup Global Markets Limited, London;
- Mr. Tim Färber, Kelsterbach, Bank Director, Employee Representative;
- Mr. Sascha Schmidt, Frankfurt, Bank Director, Employee Representative, (as of December 11, 2018).

9. Board member remuneration

In the Short Fiscal Year, total remuneration for members of the Executive Board was TEUR 6,084. As of the end of the Short Fiscal Year, pension obligations totaled TEUR 3,408.

In the reporting year, total remuneration for the former members of management bodies and their survivors totaled TEUR 1,701. Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 45,570.

Due to the stock-based remuneration, approximately 29,000 shares in the amount of approx. USD 1,817,000 were granted as variable compensation.

In the recently completed Short Fiscal Year, expenses for supervisory board compensation benefits in the amount of TEUR 37 were incurred. CGME is exercising its elective right under § 286 (4) HGB regarding disclosures about provisions (accrued liabilities) for current pensions and pension expectancies (*Anwartschaften*) of the Supervisory Board members under § 285 (9b) HGB.

As consideration for their work, the members of the advisory board (*Beirat*) received TEUR 547 in remuneration in the fiscal year.

As of the end of the year, there were no outstanding loans to members of the CGME Executive Board.

10. Employees

During the Short Fiscal Year, CGME employed an average of 227 persons. The average period of employment (years of service) for staff members, who were employed in the Short Fiscal Year, was as follows:

90	Employees	up to 5 years
49	Employees	6-10 years
44	Employees	11-20 years
44	Employees	21 years or more
227		

Frankfurt am Main, March 26, 2019

Citigroup Global Markets Europe AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Europe AG

for the Short Fiscal Year from April 28, 2018 through December 31, 2018

Throughout the short fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and its business development. The Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and key developments at the Bank and monitored them even between meetings. The focal issues here included, among other things, the effects of Brexit on the Company's direction, strategic plan and organizational structure, the Company's risk situation, the outsourcing of services, the allocation of costs and activities within the Group and challenges in the area of taxes. The Supervisory Board also addressed numerous legislative and regulatory changes, such as the implementation of the remuneration rules under CRD IV of the Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung*). Thus, in accordance with the statutory provisions, the Company's articles of association and the Supervisory Board's internal rules of procedure, it has monitored the Company's management activity.

In the special shareholders' meeting of Citigroup Global Markets Deutschland AG held on May 30, 2018, the shareholders' meeting adopted a resolution to amend the registered company name. As of June 15, 2018, the name of Citigroup Global Markets Deutschland AG has been changed to Citigroup Global Markets Europe AG.
On August 22, 2018, the shareholders' meeting elected Hans Reich and Brad Gans to serve as members of the Company's Supervisory Board for an additional term of office. Based on an expiring term of office, a court appointed the employee representative, Tim Färber, to serve on the Supervisory Board. The term of office of the court-appointed member ended automatically pursuant to § 104 (6) of the German Stock Corporation Act (AktG) upon the appointment of the employee representative on September 20, 2018.

In light of the strong increase in business volume anticipated in the course of Brexit, the shareholders' meeting decided in a special session held on October 23, 2018 to increase the size of the Supervisory Board. The Company's Supervisory Board now consists of six rather than three members. Prior to that shareholders' meeting, Messrs. Tim Färber and Sascha Schmidt were elected as employee representatives to the expanded Supervisory Board.
The shareholders' meeting approved the Supervisory Board nominees and elected Leo Arduini (Head of EMEA Markets & Securities Services) and James Bardrick (CCO – United Kingdom and CEO Citigroup Global Markets Limited) to serve as additional members on the Supervisory Board.

The Supervisory Board held three regular meetings in the short fiscal year. The Supervisory Board also held four special meetings that addressed the Company's positioning in light of Brexit. The subject matter of all regular Supervisory Board meetings were the periodic reports from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. The Supervisory Board also adopted resolutions pursuant to the circulated resolution approval procedure (*Umlaufverfahren*). No personnel decisions needed to be made. The composition of the Executive Board remained unchanged during the reporting period.

The Supervisory Board decided, until further notice, not to form any separate committees.

The annual financial statements and management report for the short fiscal year beginning April 28, 2018 and ending December 31, 2018, including the bookkeeping, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to be in compliance with the applicable statutory provisions and the Company's articles of association. The Supervisory Board engaged the annual accounts auditor, as part of the auditing work, to focus its audit on the suitability of the project organization and compliance with the regulatory requirements for implementing the processes to launch products of Citigroup Global Markets Limited, London at Citigroup Global Markets Europe AG.

The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the final results from the audit of the annual financial statements and management report as undertaken by the Supervisory Board and the auditor's explanations related thereto, there have been no objections raised. At its meeting on March 27, 2019, the Supervisory Board approved the annual financial statements for the short fiscal year as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their commitment and contributions toward achieving the Company's defined goals.

Frankfurt am Main, March 27, 2019

The Supervisory Board

Hans W. Reich
Chairman

Audit Report from the Independent Auditor

To Citigroup Global Markets Europe AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and Management Report

Audit opinions

We have audited the annual financial statements of Citigroup Global Markets Europe AG (until June 14, 2018: Citigroup Global Markets Deutschland AG), Frankfurt am Main, comprising the balance sheet as of December 31, 2018, the income statement, the cash flow statement, and the statement of changes in equity, for the short fiscal year from April 28, 2018 through December 31, 2018, as well as the notes to the annual financial statements, including the presentation of the accounting and valuation policies. In addition, we have audited the management report of Citigroup Global Markets Europe AG for the short fiscal year from April 28, 2018 through December 31, 2018. In conformity with the German statutory provisions, we have not audited the content of the corporate governance statement, which is contained in the management report under the section entitled "Corporate Governance Statement pursuant to § 289f of the German Commercial Code".

Based on the findings made from our audit, we hereby affirm that

- the accompanying annual financial statements comply in all material respects with the German commercial laws applicable to institutions and, in accordance with German principles of proper accounting, give a true and fair view of the net assets and financial position of the Company as of December 31, 2018, as well as its results of operations for the short fiscal year from April 28 through December 31, 2018, and
- the accompanying management report as a whole gives a true and fair view of the Company's situation. This management report is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks of future development. Our audit opinion regarding the management report does not cover the content of the corporate governance statement.

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we hereby affirm that our audit did not lead to any reservations with respect to the propriety (*Ordnungsmäßigkeit*) of the annual financial statements and management report.

Basis for the audit opinion

We conducted our audit of the annual financial statements and management report in compliance with section 317 HGB and Regulation (EU) No. 537/2014, which governs the statutory audit of European public-interest entities (hereinafter referred to as "EU-APrVO") and the German generally accepted principles for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. Our responsibility under these provisions and principles is described in detail in the section of our audit report entitled, "Responsibility of the auditor for the audit of the annual financial statements and the management report". In conformity with European and German laws and with professional regulations, we are independent of the Company, and we have fulfilled our other German professional duties in compliance with these requirements. Moreover, pursuant to Art. 10 (2)(f) EU-APrVO , we hereby affirm that we have not performed any prohibited non-audit services referenced in Art 5 (1) EU-APrVO. We believe that the evidence obtained is sufficient and suitable to provide a basis for our audit opinions about the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit issues are such matters that in our due discretion were most important in our audit of the annual financial statements for the short fiscal year from April 28 to December 31, 2018. These matters were taken into account as a whole in connection with our audit of the annual financial statements and in the formation of our audit opinion; we do not issue a separate audit opinion regarding these matters.

Determination of fair value with the help of valuation models for the valuation of the trading portfolio

Please refer to Note 2 for more information regarding the accounting and valuation policies applied by CGME. Please refer to Note 3 regarding the composition of the derivatives transactions in the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates, the associated hedging transactions (i.e., OTC-traded and exchange-traded derivatives) as well as any buybacks arising from marketi maker activity. At 81.0% of total assets and 82.2% of total equity and liabilities respectively (EUR 4,615.4 million and EUR 4,679.1 million, respectively, in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items on the annual financial statements of Citigroup Global Markets Europe AG.

In some cases, market prices are not observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of the valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in this regard is, above all, that no appropriate valuation models and/or valuation parameters are used and that the trading portfolio as well as net trading income are therefore not measured or calculated in compliance with the accounting requirements.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit work, among others:

In an initial step, we gained a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys that included KPMG internal experts (valuation specialists) and inspected the relevant documents. After performing this structural audit (*Aufbauprüfung*), we tested the effectiveness of the established controls with the help of function audits (*Funktionsprüfungen*).

In particular, the test audit covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. As part of a random sample, we audited whether the validations were conducted and documented properly and whether the implemented valuation model together with the influent valuation parameters are suitable and reasonable for the respective product. Furthermore, we audited the control of the trade transaction valuation through a trade-neutral department using parameters procured from third parties.

Moreover, our valuation specialists also carried out a subsequent valuation for a particular deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the Bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

The valuation principles that are used to calculate the fair values of the trading portfolios, for which no prices can be observed on the market, are proper and in compliance with the valuation principles applied. The Company’s valuation parameters underlying the valuation are as a whole reasonable.

Invoicing of intra-group services

With regard to the accounting and valuation methods applied by Citigroup Global Markets Europe AG, we refer to Note 2.

THE RISK FOR THE FINANCIAL STATEMENTS

Of the commission income totaling EUR 95.2 million, EUR 71.5 million is attributable to brokerage commissions of affiliated enterprises. The commission expenses equaled EUR 7.4 million and included primarily amounts from the intra-group netting of transfer prices. The other operating income totaled EUR 5.6 million and included income from passing through expenses to affiliated enterprises in the amount of EUR 3.8 million.

As a result of the high level of global job-sharing within Citigroup, great importance has been ascribed to intra-group service relationships both with respect to the provision of the original bank services as well as services involving support functions. The invoicing is performed *vis-à-vis* all Citigroup entities, although the billing process, the number of transactions requiring billing and the calculation of the billing amount could be very different depending on the work or service supplied. The risk for the financial statements in this regard is that service relationships with other Citigroup entities could be incorrectly recognized and, consequently, the corresponding income and expenses might be presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit work, among others:

First, we gained an overview of key product lines and services of Citigroup Global Markets Europe AG, the invoicing models specified for these products and services, and the associated risks. We thereupon gleaned an understanding about the processes for the recognition, invoicing, and accounting treatment of the intra-group services rendered and about the internal control system set up with respect thereto.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy of the income and expenses from intra-group services and their processing. After performing this structural audit, we tested the effectiveness of the established controls with the help of function audits.

Finally, as part of substantive audit procedures, we audited the propriety of the manual closing entries by posing questions to management and inspecting the documentation serving as a basis. For services that are compensated based on the revenue and/or fee split method, we audited a random sampling as to whether the services were calculated and compensated correctly on the basis of the group-wide standard and documented transfer pricing method.

OUR CONCLUSIONS

The measures implemented in the bank are suited to accurately recognize income and expenses from intra-group services in CGMD's annual financial statements.

Other Information

The statutory representatives are responsible for the other information. The other information includes the corporate governance statement.

Our audit opinions about the annual financial statements and the management report do not extend to the other information, and accordingly, we do not provide any audit opinion or any other form of audit conclusions with respect to such other information.

In connection with our audit, we are responsible for reading the other information and thereby determining whether the other information

– exhibits any material inconsistencies with the annual financial statements, the management report or the findings we made during the audit, or
– has been otherwise presented in a materially false manner.

Responsibility of the Company's Executive and Supervisory Board for the annual financial statements and the management report

The Company's management (Executive Board) is responsible for preparing annual financial statements that comply in all material respects with the German commercial laws applicable for institutions as well as for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the management is responsible for the internal controls that it has deemed necessary in accordance with German principles of proper accounting in order to facilitate the preparation of annual financial statements that are free from intentional or unintentional material misstatements.

When preparing the annual financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern. Furthermore, it is responsible for disclosing, to the extent relevant, any matters related to the continuance of the Company as a going concern. Moreover, the management is also responsible for preparing the annual financial statements based on the assumption that the Company will continue as a going concern, unless factual or legal circumstances contradict this assumption.

In addition, the management is responsible for preparing the management report, which as a whole gives a true and fair view of the Company’s situation and is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks for future development. The management is also responsible for taking actions and measures (systems) that it believes are necessary to be able to prepare a management report in accordance with the applicable German statutory provisions and to provide sufficiently suitable documentation for the statements made in the management report.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free and clear of any – intended or unintended – material false statements and whether the management report as a whole gives a true and fair view of the Company’s situation, is consistent in all material respects with the annual financial statements and with the findings gleaned from the audit, complies with the German statutory provisions, and correctly presents the opportunities and risks of future development and to issue an audit report that includes our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of certainty, but not a guarantee, that an audit conducted in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from violations or errors and are considered to be material if it can be reasonably expected that they individually or collectively influence the financial decisions made by addressees on the basis of the annual financial statements and the management report.

During the audit, we exercise due discretion and maintain professional skepticism. In addition:

- We identify and assess the risk of intentional or unintentional material misstatements in the annual financial statements and management report, plan and perform audit procedures as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misstatements are not detected is higher with regard to violations than with regard to errors, since violations can involve fraudulent cooperation, falsification, intentional omissions, misleading disclosures and/or the suspension of internal controls.
- We gain an understanding of the internal control system that is relevant for the audit of the annual financial statements and of the arrangements made and measures taken that are relevant for the management report audit in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these Company systems.
- We assess the appropriateness of the accounting policies applied by the Company's statutory representatives (management) as well as the reasonableness of the estimated values presented by the management and any associated disclosures.
- We draw conclusions on the appropriateness of the going-concern accounting principle, as applied by the Company's management, as well as whether there is significant uncertainty in connection with events or circumstances based on the audit evidence obtained that could raise considerable doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, then we are obligated to make reference in the auditors' report to the associated disclosures in the annual financial statements and in the management report, or to modify our respective audit opinion if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence obtained by the date of our auditors' report. However, future events or circumstances can lead to a situation in which the Company can no longer continue as a going concern.
- We assess the overall presentation, structure, and contents of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with German principles of proper accounting.
- We assess the consistency between the management report and the annual financial statements, its compliance with the statutes, and the view conveyed by the report regarding the status and situation of the Company.

- We performed the audit concerning the forward-looking statements in the management report as described by the management. On the basis of sufficiently appropriate audit documentation, we are able to comprehend and track specifically the key assumptions that serve as the basis for the forward-looking statements provided by management and can evaluate the proper derivation of the forward-looking statements based on those assumptions. We are not issuing a separate audit opinion regarding the forward-looking statements and the underlying assumptions. There is a considerable and unavoidable risk that future events will differ significantly from the forward-looking statements.

We discuss with the responsible supervisory bodies the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

We provide the responsible supervisory bodies with a statement affirming that we have complied with the relevant requirements for independence and discuss with them all relationships and other matters that can be reasonably presumed to have an impact on our independence as well as the related protective measures taken.

We determine which of the matters that we have discussed with the responsible supervisory bodies were most important in the audit of the annual financial statements for the current period and therefore those which are particularly important audit issues. We describe such matters in our audit report, unless laws or other legal provisions prevent their public disclosure.

Miscellaneous statutory and other legal requirements

Other disclosures in accordance with Article 10 EU-APrVO

We were selected to serve as auditor by the shareholders' meeting on May 30, 2018. We were appointed by the Chairman of the Supervisory Board on December 19, 2018. We have been the auditor of Citigroup Global Markets Europe AG, Frankfurt am Main, and its predecessor entity, for more than 26 years in a row.

We affirm that the audit opinions included in this auditors' report are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU-APrVO (long-form audit report).

In addition to auditing the annual accounts for the audited company, we have performed the following work, which was not disclosed in the annual financial statements or the management report:

- Limited Assurance Engagement (ISAE 3000) – termination of the banking businesses, for which the banking licence was either revoked by the German Federal Financial Supervisory Authority or surrendered by CGME;
- Examination of the securities services business pursuant to § 89 of the German Securities Trading Act (WpHG);
- Tax advice in connection with transfer pricing

Responsible Auditor

The certified auditor (*Wirtschaftsprüfer*) responsible for the audit is Andreas Dielehner.

Frankfurt am Main, March 27, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

/signed/ Dielehner	/signed/ Dr. Niemeyer
Wirtschaftsprüfer	Wirtschaftsprüfer

Balance Sheet for the Short Fiscal Year as of April 27, 2018

Citigroup Global Markets Europe AG, Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	12/31/2017 TEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		-.--		33,951
of which: at the German *Bundesbank* (German Central Bank) EUR -.-- (12/31/2017 TEUR 33,951)				
c) Credit balances held at post giro offices		-.--	-.--	-
2. Receivables from banks				
a) Due upon demand		735,897,507.61		113,635
b) Other receivables		-.--	735,897,507.61	3,673,752
3. Receivables from clients			90,536,030.69	152,746
of which: secured through *in rem* security interests *(Grundpfandrechte)* EUR -.-- (12/31/2017 TEUR -)				
municipal loans EUR -.-- (12/31/2017 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government entities	-.--			-
ab) issued by other entities	-.--	-.--		-
b) Bonds and debt securities				
ba) issued by government entities	-.--			-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (12/31/2017 TEUR -)				
bb) issued by other entities	-.--	-.--		-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (12/31/2017 TEUR -)				
c) Own debt securities		-.--	-.--	-
face value EUR -.-- (12/31/2017 TEUR -)				

5. Stocks and other variable-yield securities			-.--	-
5a Trading portfolio			5,928,516,478.62	6,184,398
6. Equity investments			1,135,714.07	1,136
of which: held in banks	EUR -.-- (12/31/2017 TEUR)			
held in financial service institutions	EUR -.-- (12/31/2017 TEUR -)			
7. Intangible assets				
a) Internally generated industrial property rights and similar rights and assets		-.--		-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		188,162.80		-
c) Goodwill		-.--		-
d) Prepayments		-.--	188,162.80	-
8. Tangible assets			2,208,276.20	2,500
9. Other assets			39,644,149.12	32,684
10. Prepaid and deferred items			2,733,456.78	115
11. Excess of plan assets over post-employment benefit liability			7,533,021.00	-
Total assets			6,808,392,796.89	10,194,917

		EUR	EUR	EUR	12/31/2017 TEUR
Liabilities and equity capital					
1. Liabilities owed to banks					
a) Payable on demand			110,936,584.87		732,073
b) Having an agreed term or notice period			0.00	110,936,584.87	65,040
2. Liabilities owed to clients					
a) Savings deposits					
aa) with an agreed notice period of three months		-.--			-
ab) with agreed notice period of more than three months		-.--	-.--		-
b) Other liabilities					
ba) payable on demand		54,450,722.17			1,798,472
bb) having an agreed term or notice period		-.--	54,450,722.17	54,450,722.17	895,331
3. Securitized liabilities					
a) Issued debt securities			-.--		-
b) Other securitized liabilities			-.--		-
of which:					
Money market paper	EUR -.-- (12/31/2017 TEUR -)				
Own acceptances and promisory notes outstanding	EUR -.-- (12/31/2017 TEUR -)				
c) Miscellaneous securitized liabilities		-.--	-.--	-.--	-
3a Trading portfolio				5,907,732,985.42	5,941,232
4. Other liabilities				71,918,879.31	83,371

5. Deferred income			0.00	197
6. Accrued liabilities				
a) Pensions and similar obligations		8,365,670.00		18,473
b) Tax reserves		-.--		-
c) Other accrued liabilities		36,173,559.81	44,539,229.81	41,913
7. Funds for general bank risks as defined in § 340e (4) HGB			28,333,610.23	28,334
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210,569,889.00			210,570
ab) silent partner capital	-.--	210,569,889.00		-
b) Capital reserve	318,967,162.22	318,967,162.22		318,967
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserves for treasury shares	-.--			-
cc) reserves required by articles of association	-.--			-
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		-.--	590,480,785.08	590,481
Total liabilities and equity capital			6,808,392,796.89	10,194,917

	EUR	**EUR**	**12/31/2017 TEUR**
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	954,529.71		563,475
c) Liabilities arising from security furnished on behalf of third parties	-.--	954,529.71	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	6,291,180.87	6,291,180.87	449,059

Income Statement
for the Short Fiscal Year from January 1, 2018 through April 27, 2018
Citigroup Global Markets Europe AG, Frankfurt am Main

	EUR	EUR	EUR	1/1/2017-12/31/2017 TEUR
1. Interest income from				
a) Loans and money market transactions	189,564.94			6,476
2. Negative interest income from				
a) Loans and money market transactions	57,537.56	132,027.4		14,133
3. Interest expenses	000			2,744
4. Positive interest from loans and money market transactions	37,048.75	37,048.75	169,076.13	8,568
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		-. --		20
c) Interests in affiliated enterprises		-. --	-. --	-
6. Commission income		34,776,982.87		187,708
7. Commission expenses		1,459,623.42	33,317,359.45	9,026
8. Net income from financial trading operations			24,949,094.40	66,155
included therein are deposits into special accounts per § 340g HGB EUR -,- (1/01/2017-12/31/2017 TEUR 2,590)				
9. Other operating income			35,424,842.22	20,259
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	18,231,767.71			64,824
ab) social security contributions, pension and welfare expenses	3,633,279.61	21,865,047.32		7,449
of which: for pensions EUR 2,273,759.84 (1/01/2017-12/31/2017 TEUR 3,318)				
b) other administrative expenses		31,368,806.81	53,233,854.13	103,894
11. Depreciation, amortisation and write-downs of tangible and intangible assets			273,566.34	737
12. Other operating expenses			13,718,635.64	19,579
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-. --		-

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	-. --	0.00	784
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		26,634,316.09	67,584
17. Extraordinary income		13,757,523.61	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		13,757,523.61	-. --
20. Taxes on income and earnings	272,025.26		702
21. Other taxes, to the extent not included in item 12	-.--	272,025.26	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		40,119,814.44	66,882
24. Annual net income		-. --	-
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-. --	-

Cash Flow Statement in accordance with DRS no. 2-10

	Short fiscal year 2018 TEUR	2017 TEUR
Annual Net Income	**0**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	2.047	-5.888
Change in accruals	-24.500	16.342
Changes in other non-cash expenses/income	-	1.806
Gain/loss from the sale of financial and tangible assets	-	-
Other adjustments (in net terms)	-2.806	-9.776
Subtotal:	**-25.259**	**2.484**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	3.051.489	-151.106
- from clients	62.210	-20.124
Debt securities and other fixed-income securities	-	-
Trading portfolio assets	255.882	-1.157.412
Other assets from current operating activities	-9.578	-16.949
Liabilities:		
- owed to banks	-686.177	-190.865
- owed to clients	-2.639.352	629.068
Securitized liabilities	-	-
Trading portfolio liabilities	-33.499	906.804
Other liabilities from current operating activities	56.481	67.340
Interest and dividend payments received	3.136	25.562
Interest paid	-58	-16.489
Income tax payments	-272	702
Cash flow from current operating activities	**35.003**	**79.016**
Payments received from the sale of		
- Financial assets	290	1.497
- Tangible assets	130	1
Payments made for investments in		
- Financial assets	-	-3.665
- Tangible assets	-317	-599
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies and other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**103**	**-2.766**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	-
Payments made to company owners:		
- Dividend payments	-69.056	-49.178
- Other outgoing payments		
Change in cash resources other capital (in net terms)	-	-
Cash flow from financing activities	-69.056	-49.178
Cash and cash equivalents at the end of previous period	**33.950**	**6.879**
Cash flow from current operating activities	35.003	79.016
Cash flow from investing activities	103	-2.766
Cash flow from financing activities	-69.056	-49.178
Cash and cash equivalents at the end of the period	**0**	**33.951**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per December 31, 2017	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Result December, 2016	-	-	-	-	-
Per April 27, 2018	210,570	318,966	60,944	-	590,480

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Europe AG,
Frankfurt am Main
(formally: Citigroup Global Markets Deutschland AG, Frankfurt am Main)

Notes
to the Financial Statements for the Short Fiscal Year
from January 1, 2018 through April 27, 2018

1. General Notice about Key Legal and Business Changes

Since June 10, 2010, Citigroup Global Markets Europe AG ("CGME"; formerly Citigroup Global Markets Deutschland AG (or "CGMD")), with its registered offices in Frankfurt am Main, has been entered in the Commercial Register of the District Court of Frankfurt am Main under registration number HRB 88301. The registered name of the Company was changed pursuant to a resolution adopted by the shareholders at a special meeting on May 30, 2018.

Pursuant to a resolution adopted by the shareholders at a special meeting on January 31, 2018, the Company initially changed its fiscal year to a period that begins on April 28 of the current year and ends on April 27 of the next year. Thus, a short fiscal year had to be created for the period from January 1, 2018 through April 27, 2018. At a special shareholders' meeting on May 30, 2018, the decision was made to define the fiscal year as the calendar year. Accordingly, another short fiscal year was established for the business period from April 28, 2018 through December 31, 2018.

Furthermore, pursuant to a notarially recorded contract dated April 13, 2018 and in exchange for a limited partnership interest, CGME (formerly CGMD) transferred the entirety of its assets and liabilities (to the extent they are attributable to the so-called "banking business") to Citibank Europe Plc & Co. KG, Frankfurt am Main (CEP KG), by way of a spin-out into a newly formed entity to which Citibank Europe Public Limited Company, Dublin/Ireland, (CEP Ltd.) also acceded as a partner. The sole general partner of CEP KG is CEP Ltd. CEP KG was formally established when it was entered in the Commercial Register on April 27, 2018. For commercial law purposes, the transfer of the assets and liabilities connected with the "banking business" as well as all other claims and obligations related thereto was consummated effective January 1, 2018 (Spin-Out Record Date) pursuant to §§ 135 (1) in combination with § 126 (1) no. 6 of the German Reorganization Act (UmwG). In a second step and pursuant to a contract dated April 13, 2018, CGME (formerly CGMD) then sold its limited partner interest in CEP KG to CEP Ltd. effective as of midnight on April 27, 2018.

Pursuant to a contract dated February 22, 2018, CGME (formerly "CGMD") also sold its "Custody and Clearing Business" division ("German DCC Business") to CEP Ltd. effective as of March 5, 2018.

In accordance with a transfer contract dated April 13, 2018, the previous sole shareholder of CGME (formerly CGMD), Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main (CKG), sold its shares to Citigroup Global Markets Ltd., London/Great Britain, (CGML). Pursuant to a contract of rescission dated April 13, 2018, the control and profit (loss) transfer agreement with CKG was therefore rescinded as of 12 midnight on April 27, 2018.

2. Bases of Accounting

The financial statements for the short fiscal year from January 1 through April 27, 2018 were prepared in accordance with the provisions of the German Stock Corporation Act (AktG) and the German Commercial Code (HGB), and with the provisions under the Accounting Regulation for Banks and Financial Services Institutions (RechKredV).

In light of the fact that the "German DCC Business" and "Banking Business" were sold during the short fiscal year and that the short fiscal year period covers only about four months, the items shown on the balance sheet and income statement of the financial statements as of April 27, 2018 **can be compared** only to a very limited extent with the corresponding items in the annual financial statements for the period from January 1 through December 31, 2017.

The subscribed capital of CGME as of April 27, 2018 consisted of the **registered share capital** in the amount of EUR 210.6 million, which is divided into 8,236,778 no-par value shares. The sole shareholder is CGML.

3. Accounting and Valuation Methods

In the **accounting for and valuation of** ownership and liability items, the commercial law requirements on valuations and the provisions under the RechKredV were observed.

Money market transactions are recognized at their face value or nominal amount. Money market transactions in foreign currencies are measured on the basis of § 256a HGB in combination with § 340h HGB.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the fiscal year.

Receivables from clients are recorded at the repayment amount plus accrued interest less any allowances established to cover loan-related risks.

The valuation (recognition) of **financial instruments in the trading portfolio** were done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed in accordance with the hierarchical order of valuation criteria set forth in § 255 (4) HGB. The value of financial instruments, which are traded on an active market, were valued using generally accepted valuation methods (above all, on the basis of option pricing models). In general, these methods are based on estimates of future cash flow, while taking into account any risk factors that may apply. The most important factors thereby are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of April 27, 2018, the risk discount equaled TEUR 401 for the "foreign currency risk" trading book, TEUR 2,785 for the "equities and index risk" trading book, and TEUR 688 for the "other" trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, CGME applied - as of the balance sheet date - a discount to the "other price risks" trading book in the form of a "market value adjustments" totaling TEUR 1,070, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

Equity investments were stated at their cost of acquisition less unscheduled write-downs.

Only **intangible assets,** which have been acquired for consideration, were stated at the costs of acquisition less straight-line amortization. In the event of a permanent impairment, an unscheduled write-down is taken.

Tangible assets are shown on the balance sheet at acquisition costs less straight line-depreciation and, if applicable, in the case of permanent impairment, they are shown on the balance sheet after applying an unscheduled write-down.

Liabilities owed to banks and **liabilities owed to clients** were stated at their settlement amount (*Erfüllungsbetrag*) plus accrued interest.

Provisions for pension and similar obligations were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship (employment tenure), for which pension commitments have been made, and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. On the basis of the debt assumption agreement (*Vereinbarung zum Schuldbeitritt*), CGME had calculated for the short fiscal year of 2018 an amount of TEUR 304 as a time-of-service expense and charged it to the relevant companies. With respect to the termination of the debt assumption agreements as of the balance sheet date of April 27, 2018, we would refer to our discussions on page 17 of these Notes. As consideration for terminating the debt assumption agreement with Citibank N.A. in New York, Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt, CGME transferred funds pursuant to § 3 (3) of the debt assumption agreement in an amount that represented the full amount of the obligations existing on the record date and arising from the pension commitments and effected this transfer by allocating said amount to the ringfencing of CKG and CNA at Towers Watson Treuhand e. V. The amount of the obligation as of the record date is derived from projected benefit obligation as calculated for these pension obligations as of April 27, 2018 in accordance with US-GAAP. The difference between the amount shown in the commercial accounts and the size of the corresponding obligation shown in accordance with US-GAAP as of April 27,2018 was booked under other operating expenses.

In order to calculate the present cash value, a discount rate of 3.53 % based on a 15-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used in this fiscal year. With respect to the resulting difference, we refer to our comments on page 10 regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.7% adjustment of the current annuities was assumed. The biometric data was taken from the Heubeck 2005G mortality tables.

The contractual security arrangement related to the company pension obligations that had been originally handled through the organization of Citibank Pensionsfund e. V. - as a contractual trust arrangement (CTA) - continues to be performed through a CTA. Since March 28, 2018, Citibank Pensionsfund e. V. has been replaced by an inter-company CTA of Towers Watson Treuhand e.V.

As part of the efforts to hedge the pension commitments, CGME purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds (*liquid Mitteln*) totaling TEUR 4,529.3 were transferred to the trustees at Towers Watson Treuhand e.V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB.

In the recently completed fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 5,600.6 (2017: TEUR 15,702.10) and from the change in the fair value of the plan assets in the amount of TEUR 1,195.2 (2017: TEUR 5,337.4). As in 2017, these effects on earnings components were reported under other operating expenses (2017: netted). The standard allocation (*Regelzuführung*) produced an expense in the amount of TEUR 2,209.10 in the short fiscal year (2017: TEUR 3,137.6).

On the balance sheet date, the fair value of the plan assets that are subject to netting equaled TEUR 178,533.4) (Dec 31, 2017: TEUR 179,728.6). The settlement amount of the pension obligations subject to netting equaled TEUR 171,000.40 on the balance sheet date (Dec 31, 2017: TEUR 191,310.6). The plan assets that exceed the settlement amount as of the balance sheet date and that equaled TEUR 7,533.0 were shown under line item “Excess of plan assets over pension liabilities” (Dec 31, 2017: item “Excess of plan assets over post-employment benefit liabilities” in the amount of TEUR 11,582.0).

Pension obligations also exist under the PAS, PRS and Deferred Compensation plans, which resulted from bonus conversions.

The obligations resulting from the **PAS and Deferred Compensation** plans are linked to the fair value of the relevant fund.

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,031.6. On the balance sheet date, the fair value (market value) of the PAS Fund assets to be netted equaled a total of TEUR 11,138.8 (Dec 31, 2017: TEUR 11,497.4). The settlement amount of the liabilities to be netted equaled TEUR 11,138.8 (Dec 31, 2017: TEUR 11,497.4).

In the current fiscal year, the change in the fair value of the plan assets yielded expenses in the amount of TEUR 358.6 (Dec 31, 2017: TEUR 1,234.7). In the fiscal year, there was no current income reported (Dec 31, 2017: TEUR 2.4). Since the liability under the PAS plan is linked to the fair value of the PAS fund, this yielded income from the discounting of liabilities in the amount of TEUR 358.6 (Dec 31, 2017: TEUR 1,237.1). These components of the earnings are reported on a net basis.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 8,011.8. On the balance sheet date, the fair value (market value) of the netted assets of the deferred compensation fund was TEUR 9,191.8 (Dec 31, 2017: TEUR 9,495.9). The settlement amount of the liabilities to be netted equaled TEUR 9,191.8 (Dec 31, 2017: TEUR 9,495.9)).

In the short fiscal year, the discounting of the obligations yielded income in the amount of TEUR 14.1 (2017: TEUR 21.4), and the change in the fair value of the plan assets yielded an expense totaling TEUR 14.1 (2017: TEUR 21.4). These individual components of earnings are netted and reported as such.

In connection with hedging the obligations under the bonus conversion, CGME purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 41,713.9. It netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the recently completed short fiscal year, the expense generated from the accrual of interest on the pension obligations totals TEUR 1,250.6 (2017: TEUR 3,444.7). The change in the fair value of the plan assets resulted in an expense of TEUR 188.4 (2017: income of TEUR 74.3). In addition, no current income was accrued in the recently completed short fiscal year (2017: TEUR 0.1). As in 2017, the individual components of earnings are reported under "other operating expenses".

The standard allocation produces an expense as of the balance sheet date, "April 27, 2018", in the amount of TEUR 35.6 (2017: expense of TEUR 80.6).

On the balance sheet date, the fair value of the plan assets subject to netting equaled TEUR 49,138.8 (Dec 31, 2017: TEUR 49,327.1). The settlement amount of the corresponding pension obligations was TEUR 57,504.5 (Dec 31, 2017: TEUR 56,218.3). The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 8,365.7 (Dec 31, 2017: TEUR 6,891.2) and was reported as an accrued liability under the item "pensions and similar obligations".

All assets netted against the corresponding obligations as of the balance sheet date consist of liquid funds or units of securities funds. The funds are managed exclusively by outside asset managers, who invest in publicly listed securities according to prescribed investor guidelines. The applied fair value for the assets is based on the overview of the individual fund assets as provided by the respective manager. Alternative valuation methods are not applied.

All funds are outsourced under trusts or other fiduciary arrangements (*Treuhänderschaften*) and are therefore removed from the grasp of creditors in the event of a CGME insolvency.

Accrued liabilities for contingent liabilities and for potential losses from open business transactions are valued at the settlement amount required on the basis of sound business judgment (*vernünftiger kaufmännischer Beurteilung*).

The other accrued liabilities or provisions show a term to maturity of less than one year, except for the obligations under employee anniversaries and involving early retirement.

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 2,158.6 (Dec 31, 2017: TEUR 2,449.0). The fair value of the pledged reinsurance policies in the amount of TEUR 1,776.4 (Dec 31, 2017: TEUR 2,035.0) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 382.2 (Dec 31, 2017: TEUR 414.0) was shown under the line item, “Other accrued liabilities”. In the recently completed short fiscal year, an expense in the amount of TEUR 16.8 (2017: TEUR 64.7) arose from the accrual of interest on the obligations, while income in the amount of TEUR 13.8 (Dec 31, 2017: TEUR 1.2) was yielded from a change in the fair value of the plan assets. As on 2017, these components of earnings are netted and reported under other operating expenses. The standard allocation produces an expense in the amount of TEUR 29.1 (2017: TEUR 99.7).

Accruals were set up in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on CGME’s financial condition.

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book (*Bankbuch*) (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt, 1 HGB, CGME (formerly CGMD) applies the cash value approach in accordance with IDW’s official statement RS BFA 3. Because the banking book was transferred to CEP KG, only a few smaller items remained on the CGME balance sheet for valuation.

The future cash flows generated from such transactions as well as the risk and administrative costs are discounted to present value on the basis of a risk-free yield curve after converting into the reporting currency, if required.

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank’s own refinancing costs. Where there are net liability positions, the fictitious lending transaction is discounted at a rate with no risk premium. Viewed as of April 27, 2018, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

In light of the transfer of the so-called “Banking Business” to CEP KG or CEP Ltd. and the concomitant fundamental change in the business model of CGME, the creation of a provision for threatened losses pursuant to § 340 (1) in combination with § 249 (1) sentence HGB and based on the IDW RS BFA 3 (October 16, 2017 version) was not required as of April 27, 2018.

The **total sum of the amounts, which are barred from payout distribution,** amount to TEUR 120,062.1 (Dec 31, 2017: TEUR 119,720.7). The amount barred from payout distribution within the meaning of § 268 (8) HGB equals TEUR 89,461.4 (Dec 31, 2017: TEUR 91,216.2) is yielded from the capitalization of the plan assets at fair value in the amount of TEUR 248,002.8 (Dec 31, 2017: TEUR 250,048.9). The amount barred from payout distribution within the meaning of § 253 (6) sentence 1 HGB equals a total of TEUR 30,600.7 (Dec 31, 2017: TEUR 28,504.5) and is yielded from the difference between the valuation of the pension provisions using the 10-year average interest rate pursuant to § 253 (2) sentence 1 HGB and the 7-year average interest rate. The freely available provisions as of the balance sheet date exceed the total sum of the amounts that are barred from payout distribution.

Income and **expense** items are duly allocated to the period in which they were generated.

The income is allocated among affiliated enterprises of Citigroup using the so-called “GRA” (Global Revenue Allocation). Under that method, the primary allocation system is the revenue split, which applies to a number of the local sales activities.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 “Negative interest income” or no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

In accordance with § 256a HGB, **foreign currency amounts** were converted into Euros at the exchange rate set by the ECB on the reporting date and published by the German *Bundesbank* system (average spot exchange rate).

4. Notes on the balance sheet

With regard to the notes set forth below, we expressly reference the limited informative value of the comparative figures as of the previous balance sheet date (see also explanations in section 1 of these Notes).

a) Assets based on terms to maturity

Receivables from banks	Apr 27, 2018	Dec 31. 2017
	TEUR	TEUR
a) payable on demand	735,898	113,635
b) up to three months	-	3,673,500
accrued interest	-	252
	735,898	3,787,387

Receivables from clients	Apr 27, 2018	Dec 31. 2017
	TEUR	TEUR
a) up to three months	90,408	85,617
b) more than three months and up to one year	-	67,035
accrued interest	128	94
	90,536	152,746

Liabilities owed to banks	Apr 27, 2018	Dec 31. 2017
	TEUR	TEUR
a) payable on demand	110,937	732,073
b) up to three months	,	64,983
accrued interest	-	57
	110,937	797,113

Liabilities owed to clients	Apr 27, 2018	Dec 31. 2017
	TEUR	TEUR
payable on demand	54,451	1,798,472
up to three months	-	855,000
c) more than three months and up to one year	-	-
d) more than one year and up to five years	-	10,000
e) more than five years	-	30,000
accrued interest	-	331
	54,451	2,693,803

b) Fixed asset movement schedule

	Original acquisition costs			Accumulated depreciation, amortization and write-downs					Book values	
		Additions (Disposals)					Additions (Disposals)			
	12/31/2017	Reposting	12/31/2018	12/31/2017	Write-downs	Write-ups	Reposting	12/31/2018	12/31/2018	12/31/2017
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
		188					0			
Intangible assets acquired for consideration	5,211	0	5,399	5,211	0	0	0	5,211	188	0
		0					0			
		52								
Office and plant equipment	9,603	-	9,651	8,732	92	0	0	8,822	829	871
		-4					-2			
		0					0			
Leasehold improvements	15,254	77	15,322	13,920	182	0	0	14,102	1,220	1,324
		0					0			
		0					0			
Construction in progress	305	0	159	0	0	0	0	0	159	305
		-131					0			
		-15					0			
Equity investments	1,136	0	1,136	0	0	0	0	0	1,136	1,136
		0					0			
		317								
Total	31,500	-131	31,667	27,667	274	0	-2	28,135	3,532	3,636
		-19								

The intangible and tangible assets (office and plant equipment as well as leasehold improvements), as reported on the balance sheet as of April 27, 2018, are used solely by CGME itself. Depreciation, amortization and write-downs relating to the additions made during the short fiscal year totaled TEUR 16.

c) Receivables from, and liabilities owed to, affiliated enterprises

	Apr 27, 2018	Dec 31, 2017
	TEUR	TEUR
Receivables from banks	731,438	103,145
Receivables from clients	16,734	4,841
Other assets	13,829	0
Liabilities owed to banks	105,235	564,980
Liabilities owed to clients	10,000	993,361
Other liabilities	58,528	67,486

d) Assets and liabilities denominated in foreign currencies

	Apr 27, 2018	Dec 31, 2017
	TEUR	TEUR
Assets	12,641	252,336
Liabilities	101,324	192,635

e) Other notes

The item shown on the asset side of the balance sheet, **trading portfolio** (line item 5a), is divided into derivative financial instruments totaling EUR 4,495.9 million (Dec 31, 2017: EUR 4,590.2 million), debt securities and other fixed-income securities in the amount of EUR 871.5 million (Dec 31, 2017: EUR 853.1 million), and shares and other variable-yield securities in the amount of EUR 561.1 million (Dec 31, 2017: EUR 741.2 million). Of the debt securities and other fixed income securities, EUR 871.5 million (Dec 31, 2017: EUR 853.1 million) were eligible and listed for trading on a stock market. Of the shares and other variable-yield securities, EUR 561.1 million (Dec 31, 2017: EUR 741.2 million) were eligible and listed for trading on a stock market.

The equity investments as reported on the balance sheet in the prior year and totaling EUR 1.1 million are not eligible for trading on a stock market.

The item, which is shown as “**other assets**” in the amount of EUR 39.7 million (Dec 31, 2017: EUR 32.7 million), includes primarily tax receivables of EUR 7.8 million (Dec 31, 2017: EUR 10.2 million), claims under reinsurance policies of EUR 0.3 million (Dec 31, 2017: EUR 0.3 million) and receivables from an initial margin and totaling EUR 15.4 million (Dec 31, 2017: EUR 22.2 million). Receivables held against CEP equal EUR 13.8 million (Dec 31, 2017: EUR 0) and are related to the spin-out of the Bank division.

The liability item, which is shown on the balance sheet “**trading portfolio**” (line item 3a), is divided into derivative financial instruments in the amount of EUR 4,606.6 million (Dec 31, 2017: EUR 4,724.6 million), liabilities arising from issued and outstanding debt securities in the amount of EUR 1,282.9 million (Dec 31, 2018: EUR 1,214.2 million) and short positions taken on stock sales in the amount of EUR 18.8 million (prior year: EUR 2.4 million).

The item, “**other liabilities**”, in the amount of EUR 71.9 million (Dec 31, 2017: EUR 83.4 million), relates primarily to liabilities under the profit transfer obligations totaling EUR 40.1 million (Dec 31, 2017: EUR 66.9 million), liabilities arising from deferred cash bonuses owed to employees and totaling EUR 7.5 million (Dec 31, 2017: EUR 6.6 million) and liabilities for turnover tax in the amount of EUR 0.8 million (Dec 31, 2017: EUR 0.7 million).

In addition, as of April 27, 2018, liabilities owed to CEP KG or CEP Frankfurt Branch totaled EUR 14.4 million and resulted from the transfer of pension obligations.

The item shown as "**other accrued liabilities**" relates primarily to the provisions made for bonuses, provisions set aside for investment income withholding tax and turnover tax payments, and provisions for restructuring and early retirement. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 15.5 million (Dec 31, 2017: EUR 20.4 million). Provisions in the amount of EUR 9.3 million (Dec 31, 2017: EUR 9.3 million) relate to unpaid investment income withholding tax for prior fiscal years and EUR 0.3 million relates to outstanding turnover tax payments arising from the warrants business. As of the end of the short fiscal year, provisions for restructuring amounted to EUR 0.1 million (Dec 31, 2017: EUR 0.6 million). Provisions for early retirement equaled EUR 0.4 million (Dec 31, 2017: EUR 0.4 million) after deducting the pledged re-insurance policies in the amount of EUR 1.8 million (Dec 31, 2017: EUR 2.0 million).

Almost all of the **contingent liabilities** were transferred to CEP Ltd. CGME still retains guarantee obligations totaling EUR 1.0 million. CGME believes that the likelihood that claims, which are based on the liabilities shown on the balance sheet, will be made is small, due to the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

With the exception of an export credit that was granted to a Vietnamese company and was secured through a deficiency suretyship (*Ausfallbürgschaft*), the loan portfolio was transferred to CEP Ltd. The irrevocable loan commitments still existing on the balance sheet date and totaling EUR 6.3 million have a term or more than one year.

As of the end of the short fiscal year, CGME had not engaged in any **off-balance sheet transactions** that fall within the meaning of § 285 no. 3a HGB and were outside the ordinary course of business.

During the short fiscal year, **transactions with related parties within the meaning of § 285 no. 21 HGB** were settled on an arm's length basis only.

f) Other contingent liabilities

The debt assumption agreements dated November 30, 2011 that had been concluded with Citibank N.A. in New York, the Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co, KG, Frankfurt, were terminated effective as of the balance sheet date (April 27, 2018) pursuant to the contract of rescission.

g) Other financial liabilities

Financial liabilities under leases running until June 30, 2020 equal EUR 3.5 million *per annum* (Dec. 31, 2017: EUR 3.5 million).

5. Notes on the Income Statement

For the short fiscal year from January 1 through April 27, 2018, the income and expenses included in the income statement resulted from the domestic and foreign business of CGME (formerly CGMD).

Reference is again made to the fact that the comparison numbers from prior years is of only limited informative value.

Despite the continued low interest rates, **interest income** of EUR 0.2 million was generated in the short fiscal year.

Commission income in the amount of EUR 34.8 million (2017: EUR 187.7 million) relates primarily of brokerage commissions of affiliated enterprises and totaling EUR 24.2 million (2017: EUR 125.8 million), commissions from securities transactions of EUR 5.5 million (2017: EUR 25.8 million) and commissions from foreign exchange products totaling EUR 3.6 million (2017: EUR 13.4 million).

Commission expenses equaled EUR 1.5 million (2017: EUR 9.0 million) and included mostly intra-group cost sharing for relationship management.

The **net income of the trading portfolio (or net income from financial trading operations)** resulted primarily from the results of the equities and index risk trading book in the amount of EUR 24.8 million (2017: EUR 55.1 million). The result reported in the "other" trading book equals EUR 0.2 million (2017: EUR 3.1 million) and consists mostly of results from options traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the "currency risk" trading book totaling EUR 0.1 million (2017: positive result of EUR 10.5 million) consists of the results from options traded on the price of gold and on the US Dollar.

In the short fiscal year, no amounts were reported under net income from financial trading operations pursuant to § 340e (4) HGB (2017: EUR 2.6 million).

Other operating income equals EUR 35.4 million (2017: EUR 20.3 million) and includes mostly income derived from the sale of the "Custody and Clearing Business" unit in the amount of EUR 25.9 million (2017: EUR 0.0 million), income from pass-throughs to affiliated enterprises in the amount of EUR 8.9 million (2017: EUR 18.9 million) and income from subleasing in the amount of EUR 0.2 million (2017: EUR 0.4 million).

The **other administrative expenses** (EUR 31.2 million; 2017: EUR 103.9 million) encompass primarily "processing costs of Citigroup" in the amount of EUR 3.8 million (2017: EUR 16.4 million), expenses on "Citi chargeouts" equaling EUR 6.6 million (2017: EUR 32.8 million), custody fees of EUR 2.8 million (2017: EUR 11.1 million), rent expenses in the amount of EUR 1.6 million (2017: EUR 4.9 million) as well as costs for the exchange listing of derivative products in the amount of EUR 1.4 million (2017: EUR 7.5 million).

The **other operating expenses** totaled EUR 13.7 million (2017: EUR 19.6 million) and included mostly expenses and income (netted) from valuing the plan assets (*Pensionsdeckungsvermögens*) (PRS and Rose) and the corresponding pension obligations in the amount of EUR 8.2 million (2017: PRS and Rose EUR 13.8 million). In connection with winding down the debt assumption agreements, CGME booked a one-time expense of EUR 5.4 million.

The **extraordinary income,** which totaled EUR 13.8 million (2017: EUR 0), was earned on the sale of the Banking Business division to CEP Ltd.

Pursuant to a **profit transfer or partial profit transfer agreement**, the allocated profits were transferred to Citicorp Global Markets Finance Corporation & Co, beschränkt haftende KG, Frankfurt am Main, in the amount of EUR 40.1 million (prior year: EUR 66.9 million).

The control and profit (loss) transfer contract between CKG and CGME (formerly CGMD) ended as of April 27, 2018 pursuant to the contract of rescission dated April 13, 2018.

6. Fees of the Annual Accounts Auditor

The total fees charged by the annual accounts auditor for the 2017 fiscal year include:

a) Annual audit services	EUR	610,000.00
b) Other certification services	EUR	0.00
c) Tax advisory services	EUR	0.00
d) Miscellaneous services	EUR	0.00
e) Outlays	EUR	68,918.76
f) Total	EUR	678,918.76

7. Notes on Derivative Transactions

a) Types of derivative transactions

As of April 27, 2018, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

- **aaa) Foreign currency risk trading book:** OTC currency option transactions and currency warrants.

- **aab) Equities and index trading book:** equities and other variable-yield securities in the trading portfolio, OTC stock options, equities and index warrants, exchange-traded futures and options on equities and equity indexes, as well as index certificates and equity certificates.

- **aac) Other trading book:** exchange-traded futures transactions and warrants on commodities and precious metals.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per April 27, 2018:

ba) Foreign currency risks trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC currency options					
Bought	65	-	-	65	0.1
Sold	-	-	-	-	-
Currency warrants					
Own issues					
Bought	208	-	837	1,045	57.9
Sold	304	-	873	1,177	,/, 60.5

The “foreign currency risks” trading book consists primarily of options on the price of gold and the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible throughout the entire term).

bb)Equities and index trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Third-party equity warrants issuers					
Bought	1	2	-	3	0.3
Stock warrants					
Own issue					
Bought	5,447	1,081	4,723	11,251	2,549.7
Sold	7,827	1,781	5,007	14,615	,/, 2,748.4
OTC stock options					
Bought	55	1	-	56	2.1
Sold	17	-	-	17	,/, 0.4
Third party index warrant issuers					
Bought	10	-	-	10	0.8
Index warrants					
Bought	9,300	55	7,312	16,667	1,716.4
Sold	9,799	69	7,430	17,298	,/, 1,734.1
Exchange-traded index futures					
Bought	105	-	-	105	0.9
Sold	161	-	-	161	,/, 1.1
Exchange-traded index options					
Bought	345	4	-	349	5.0
Sold	208	25	-	233	,/,3.6
Index-traded stock options					
Bought	1,813	268		2,081	133.8
Sold	317	7	-	324	,/, 22.3
Index and equity certificates					
Own issues					
Bought	194	13	355	562	871.5
Sold	533	66	323	922	,/, 1,283.0

The “other price risks” includes mostly options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible throughout the entire term).

bc) Other trading operations

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Options on commodities and precious metals					
Own issue					
Bought	8	129	-	137	34.7
Sold	11	134	-	145	,/,36.7
Exchange-traded precious metal futures					
Bought	38	-	-	38	,/, 0.6
Sold	-	-	-	-	-

The “other trading operations” trading book includes above all options on the price of oil, gold and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term.

c) Counterparty credit risk in derivatives trading

As of April 27, 2018, the credit equivalents under the CRR before credit risk weighting and after regulatory netting are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Credit equivalent in EUR '000		
Foreign currency risk and other price risks trading book	6,252	294,296	
Other trading operations	-	347	
Total	6,252	294,643	

d) Non-settled forward transactions

In connection with the option transactions, CGME (formerly CGMD) books the premium on the trade date. On the balance sheet date, this practice results in obligations arising from forward transactions that have not yet settled and that are reported in the trade balance sheet for currency risks, equity and index risks and other risks.

8. Miscellaneous notes

The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain, (CGML), whose financial statements are included in the consolidated financial statements of Citigroup Inc. New York/USA.

The CGME Executive Board remains unchanged and consists of the following members:

Stefan Wintels, Frankfurt am Main, Bank Director, Chairman
Dr. Silvia Carpitella, Frankfurt am Main, Bank Director,
Thomas Falk, Hochheim am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director,
Andreas Hamm, Dreieich, Bank Director,
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Christian Spieler, Bad Homburg, Bank Director.

The Supervisory Board consists of the following members:

Hans W, Reich, Kronberg, Bank Director, Chairman,
Bradley Gans, London, Bank Director, Deputy Chairman,
Tim Färber, Kelsterbach, Salaried Bank Employee, Employee Representative.

During the short fiscal year, CGME employed an average of 262 persons. The average period of employment (service) for staff members, who were employed in the short fiscal year, was as follows:

89	Employees	up to 5 years
53	Employees	6-10 years
60	Employees	11-20 years
60	Employees	21 years or more
262		

In the short fiscal year, total remuneration (including stock options granted) of the Executive Board was TEUR 1,314.9. Pension obligations totaled TEUR 3,007.2. In the reporting year, total remuneration of former members of management bodies and their survivors totaled TEUR 514.3. Liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 44,594.2.

In the short fiscal year, no shares were granted as variable compensation to members of the Executive Board.

In the short fiscal year, no supervisory board remuneration was paid. CGME is exercising its elective right under § 286 (4) HGB regarding disclosures about provisions (accrued liabilities) for current pensions and pension expectancies (*Anwartschaften*) of the supervisory board members under § 285 (9) b HGB.

In the short fiscal year, the members of the advisory board (*Beirat*) were paid no compensation for their work.

As of the end of the short fiscal year, there were no outstanding loan obligations owed by members of the Executive Board of CGMD.

9. Supplementary report

Based on the resolution adopted by the special shareholders' meeting of May 30, 2018, the fiscal year was once again changed. The fiscal year is the calendar year. For the period from April 28, 2018 through December 31, 2018, a short fiscal year is being established.

The change in the registered name from what was formerly Citigroup Global Markets Deutschland AG (CGMD) into Citigroup Global Markets Europe AG (CGME) was entered in the Commercial Register on June 15, 2018.

Frankfurt am Main, July 11, 2018

Citigroup Global Markets Europe AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Europe AG

for the Short Fiscal Year January 1, 2018 through April 27, 2018

Throughout the short fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and its business development. The Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and about key developments at the Bank and in the Group and monitored them even between meetings. The focal issues here included, among other things, the effects of Brexit on the Company’s direction and strategic plan. The Supervisory Board also grappled with the Company’s risk situation, the outsourcing of the banking business to Citibank Europe plc, Germany Branch and the outsourcing services. The Supervisory Board thereby monitored the Company’s management in accordance with the statutory provisions, the Company’s articles and memorandum of association and the Supervisory Board’s own internal rules of procedure.

The Supervisory Board held one regular meeting during the short financial year. The Supervisory Board also held four special meetings that addressed the Company’s positioning in light of Brexit and the related structural reorganization of the Company into a securities trading bank.

The subject of the regular Supervisory Board meeting was the report from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. No personnel decisions needed to be made. The composition of the Executive Board remained unchanged during the reporting period.

Given its size, the Supervisory Board once again did not form any separate committees.

In the special shareholders’ meeting of Citigroup Global Markets Deutschland AG held on May 30, 2018, the shareholders’ meeting adopted a resolution to change the Company’s registered name. As of June 15, 2018, Citigroup Global Markets Deutschland AG is operating under the registered name, Citigroup Global Markets Europe AG.

The annual financial statements and management report for the short fiscal year beginning on January 1, 2018 and ending April 27, 2018, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to comply with the applicable statutory provisions and the Company's articles of association. The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the completed results from the audit of the annual financial statements for the short fiscal year and the management report as undertaken by the Supervisory Board, there have been no reservations raised. At its meeting on August 22, 2018, the Supervisory Board approved the annual financial statements for the short fiscal year as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their extraordinary commitment during the Company's transition into a securities trading bank and their contributions in achieving the Company's defined goals.

Frankfurt am Main, August 22, 2018

The Supervisory Board

Hans W. Reich
Chairman

1 Auditors' Report

As a result of our audit, we have issued the following unqualified audit report (*uneingeschränkten Bestätigungsvermerk*):

Audit Report from the Independent Auditor

To Citigroup Global Markets Europe AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and Management Report

Audit opinion

We have audited the annual financial statements of Citigroup Global Markets Europe AG (until June 14, 2018: Citigroup Global Markets Deutschland AG), Frankfurt am Main, comprising the balance sheet as of April 27, 2018, the income statement, the cash flow statement and the statement of changes in equity, for the short fiscal year from January 1, 2018 through April 27, 2018, as well as the notes to the annual financial statements, including the presentation of the accounting and valuation policies. In addition, we have audited the management report of Citigroup Global Markets Europe AG for the short fiscal year from January 1, 2018 through April 27, 2018.

Based on the findings made from our audit, we hereby affirm that

– the accompanying annual financial statements comply in all material respects with the German commercial laws applicable to institutions and, in accordance with German principles of proper accounting, give a true and fair view of the net assets and financial position of the Company as of April 27, 2018, as well as its results of operations for the short fiscal year from January 1, 2018 through April 27, 2018 and

– the accompanying management report as a whole gives a true and fair view of the Company's situation. This management report is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we hereby affirm that our audit did not lead to any reservations with respect to the propriety (*Ordnungsmäßigkeit*) of the annual financial statements and management report.

Basis for the audit opinion

We conducted our audit of the annual financial statements and management report in compliance with section 317 HGB and Regulation (EU) No. 537/2014, which governs the statutory audit of European public-interest entities (hereinafter referred to as "EU-APrVO") and the German generally accepted principles for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. Our responsibility under these provisions and principles is described in detail in the section of our audit report entitled, "Responsibility of the auditor for the audit of the annual financial statements and the management report". We are independent from the Company in compliance with German laws and professional regulations, and we have fulfilled our other German professional duties in compliance with these requirements. Moreover, pursuant to Art. 10 (2)(f) EU-APrVO , we hereby affirm that we have not performed any prohibited non-audit services referenced in Art. 5 (1) EU-APrVO. We believe that the evidence obtained is sufficient and suitable to provide a basis for our audit opinions about the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit issues are such matters that in our due discretion were most important in our audit of the annual financial statements for the short fiscal year from January 1 to April 27, 2018. These matters were taken into account as a whole in connection with our audit of the annual financial statements and in the formation of our audit opinion; we do not issue a separate audit opinion regarding these matters.

Determination of fair value with the help of valuation models for the valuation of the trading portfolio

Please refer to Note 3 for more information regarding the accounting and valuation policies applied by CGME. Please refer to Note 7 regarding the composition of the derivatives transactions in the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates, the associated hedging transactions (i.e., OTC-traded and exchange-traded derivatives) as well as any buybacks from market maker activity. At 87.1% of total assets and 86.8% of total equity and liabilities respectively (EUR 5,928.5 million and EUR 5,907.7 million, respectively, in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items of annual financial statements of Citigroup Global Markets Europe AG.

In some cases, no market prices are observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in particular in this regard is that no appropriate valuation models and/or valuation parameters are used and that the trading portfolio as well as net trading income insofar are not measured or calculated in compliance with the accounting requirements.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

In an initial step, we acquired a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys that included KPMG internal experts (valuation specialists) and inspected the relevant documents. After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation

In particular, the test audit covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. As part of a random sample, we audited whether the validations were conducted and documented properly and whether the implemented valuation model together with the influent valuation parameters are suitable and reasonable for the respective product. Furthermore, we audited the control of the trade transaction valuation through a trade-neutral department using parameters procured from third parties.

Moreover, our valuation specialists also carried out a subsequent valuation for a particular deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the Bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

The valuation principles that are used to calculate the fair values of the trading portfolios, for which no prices can be observed on the market, are proper and in compliance with the valuation principles applied. The Company’s valuation parameters underlying the valuation are reasonable as a whole.

Invoicing of intra-Group services

With regard to the accounting and valuation methods applied by Citigroup Global Markets Europe AG, we refer to Note 3.

THE RISK FOR THE FINANCIAL STATEMENTS

Of the commission income totaling EUR 34.8 million, EUR 24.2 million is attributable to brokerage commissions of affiliated enterprises. The commission expenses equaled EUR 1.5 million and include primarily contributions from the intra-group settlement of transfer pricing. The other operating income amounted to EUR 35.4 million and includes income arising from the pass-through of expenses to affiliated enterprises in the amount of EUR 8.9 million.

As a result of the high level of global job-sharing within Citigroup, great importance has been ascribed to intra-Group service relationships both with respect to the preparation of the original bank services as well as services involving support functions. The invoicing is performed *vis-à-vis* all Citigroup entities, although the billing process, the number of transactions requiring billing and the calculation of the billing amount could be very different depending on the work or service supplied. The risk for the financial statements in this regard is that service relationships with other Citigroup entities could be incorrectly recognized and, consequently, the corresponding income and expenses might be presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

First, we gained an overview of key product lines and services supplied by Citigroup Global Markets Europe AG, the invoicing models specified for these products and services, and the associated risks. We thereupon gleaned an understanding about the processes for the recognition, invoicing, and accounting treatment of the intra-Group services rendered and about the internal control system set up with respect thereto.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy of the income and expenses from intra-Group services and their processing. After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation.

Finally, as part of substantive audit procedures, we audited the propriety of the manual closing entries by posing questions to management and inspecting the documentation serving as a basis. For services that are compensated based on the revenue and/or fee split method, we audited a random sampling as to whether the services were calculated and compensated correctly on the basis of the Group-wide standard and documented transfer pricing method.

OUR CONCLUSIONS

The measures implemented in the bank are suited to accurately recognize income and expenses from intra-Group services in the annual financial statements of Citigroup Global Markets Europe AG.

True and complete accounting portrayal of the spin-out and transfer of the banking business to Citibank Europe plc, Dublin/Ireland

With regard to the restructuring of Citigroup Global Markets Europe AG and the accounting thereof, we refer to Note 1 "General Notice about the Key Legal and Business Changes".

THE RISK FOR THE FINANCIAL STATEMENTS

Citigroup Global Markets Europe AG transferred its banking business to the German branch of Citibank Europe PLC. The first step had been to transfer by way of a spin-out to a newly formed entity (*Ausgliederung zur Neugründung*) pursuant to § 123 (3) no. 2 of the German Reorganization Act (UmwG) all of the assets in their entirety to Citigroup Europe Plc & Co. KG, which had been newly formed for the spin-out. The spin-out encompassed all assets and liabilities (whether or not these items were shown on the balance sheet) together with contract relationships, contract offers and other legal relationships that had been attributed, either exclusively or primarily, to the banking business of Citigroup Global Markets Europe AG. As consideration for the spin-out of the assets, CGME was granted the sole limited partner interest in Citibank Europe Plc & Co. KG. Citigroup Europe PLC then joined Citibank Europe Plc & Co. KG as its sole general partner. As a second step and pursuant to a separate purchase and assignment contract, Citigroup Global Markets Europe AG sold its limited partner interest in Citigroup Europe Plc & Co. KG to Citibank Europe PLC effective as of April 27, 2018. Title to the assets of Citibank Europe Plc & Co. KG thereby passed to Citibank Europe PLC as the sole remaining partner.

The business, which had been operated by CGME in prior years, was split between the now spun-out traditional banking business and the securities and investment business that CGME had retained. Since the spin-out was carried out with retroactive effect as of January 1, 2018, the bookkeeping for both divisions continued be handled in a common general ledger system until the spin-out was formally recorded in the Commercial Register on April 27. The derecognition of the assets and liabilities related to the banking business was carried out at the time the commercial registration retroactively as of the spin-out date (January 1, 2008). In this regard, the correct and complete derecognition of the assets, liabilities, off-balance sheet obligations and the expenses and income related thereto in this system of Citigroup Global Markets Europe AG was complex. As a result of the spin-out, assets and liabilities each totaling approximately EUR 3.4 billion were transferred. There is a risk for the financial statements that the assets, liabilities, off-balance sheet obligations and the expenses and income related thereto, which are attributable to the transferred banking business, had not been correctly and completely separated and derecognized from those items relating to the securities and investment business, which would mean that the assets, liabilities, off-balance sheet obligations and the expenses and income related thereto, which were retained by Citigroup Global Markets Europe AG, had been incorrectly allocated.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the evaluation of the error risks, we have supported our audit opinion specifically on substantive audit procedures (*aussagebezogene Prüfungshandlungen*). Consequently, we have carried out, *inter alia*, the following auditing procedures:

We first gleaned an overview about the spin-out and specifically the spun-out assets, liabilities, off-balance sheet obligations and the expenses and incomes related thereto, and did so on the basis of the contracts, spin-out plans, bookkeeping documentation and discussions. We thereby gained an understanding of the technical implementation of the spin-out and assessed the accounting on the basis of the contracts. In this regard, we also evaluated the structure and design of the identified control mechanisms that were intended to ensure a correct allocation of the assets, liabilities, off-balance sheet obligations and the expenses and income related thereto.

We have audited the completeness and correctness of the data basis used to identify the spun-out assets, liabilities, off-balance sheet obligations and the expenses and income related thereto and did so by reconciling it with the general ledger.

We compared the assets, liabilities and off-balance sheet obligations, which were identified for the retroactive spin-out as of January 1, 2018, with the notarially recorded spin-out plan that had been adopted at a special shareholders' meeting on April 13, 2018. Thereafter, we reviewed the information contained in the bookkeeping related to all expenses and income and then examined – based on a deliberate sampling (*bewusste Auswahl*) according to considerations of materiality - whether the expenses and income incurred or accrued between the spin-out date (January 1, 2018) and the Commercial Register recordation date (April 27, 2018) had been attributed to the legal entities in conformity with the spin-out plan. In terms of value, the deliberate sampling in each case covered a widely predominant share of the income and the expenses.

Finally, we checked and determined that all general ledger balances, which had been attributed to Citigroup Global Markets Europe AG, were fully and correctly entered into the system for generating the annual financial statements of Citigroup Global Markets Europe AG for the short fiscal year of January 1 through April 27, 2018.

OUR CONCLUSIONS

The assets, liabilities, off-balance sheet obligations and expenses and income related thereto, which were to be spun-out, were identified in conformity with the underlying spin-out plan. Above all, we did not identify any incorrect allocation of the examined expense and income items.

Responsibility of the Company's Executive and Supervisory Board for the annual financial statements and the management report

The Company's management (Executive Board) is responsible for preparing annual financial statements that comply in all material respects with the German commercial laws applicable for institutions as well as for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the management is responsible for the internal controls that it has deemed necessary in accordance with German principles of proper accounting in order to facilitate the preparation of annual financial statements that are free from intentional or unintentional material misstatements.

When preparing the annual financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern. Furthermore, it is responsible for disclosing, to the extent relevant, any matters related to the continuance of the Company as a going concern. Moreover, the management is also responsible for preparing the annual financial statements based on the assumption that the Company will continue as a going concern unless factual or legal circumstances contradict this assumption.

In addition, the management is responsible for preparing the management report, which as a whole gives a true and fair view of the Company's situation and is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks for future development. The management is also responsible for taking actions and measures (systems) that it believes are necessary to be able to prepare a management report in accordance with the applicable German statutory provisions and to provide sufficiently suitable documentation for the statements made in the management report.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free and clear of any – intended or unintended – material false statements and whether the management report as a whole gives a true and fair view of the Company’s situation, is consistent in all material respects with the annual financial statements and with the findings gleaned from the audit, complies with the German statutory provisions, and correctly presents the opportunities and risks of future development and to issue an audit report that includes our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of certainty but not a guarantee that an audit conducted in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from violations or errors and are considered to be material if it can be reasonably expected that they individually or collectively influence the financial decisions made by addressees on the basis of the annual financial statements and the management report.

During the audit, we exercise due discretion and maintain professional skepticism. In addition:

- We identify and assess the risk of intentional or unintentional material misstatements in the annual financial statements and management report, plan and perform audit procedures as a reaction to this risk and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misstatements are not detected is higher with violations than in the case of errors, since violations can involve fraudulent cooperation, falsification, intentional omissions, misleading disclosures and/or the suspension of internal controls.
- We gain an understanding of the internal control system that is relevant for the audit of the annual financial statements and of the arrangements made and measures taken that are relevant for the management report audit in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these Company systems.
- We assess the appropriateness of the accounting policies applied by the Company's statutory representatives (management) as well as the reasonableness of the estimated values presented by the management and any associated disclosures.
- We draw conclusions on the appropriateness of the going-concern accounting principle, as applied by the Company's management, as well as whether there is significant uncertainty in connection with events or circumstances based on the audit evidence obtained that could raise considerable doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are obligated to make reference in the auditors' report to the associated disclosures in the annual financial statements or in the management report, or to

modify our audit opinion if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence obtained by the date of our auditors' report. However, future events or circumstances can lead to a situation in which the Company can no longer continue as a going concern.

- We assess the overall presentation, structure, and contents of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with German principles of proper accounting.
- We assess the consistency between the management report and the annual financial statements, its compliance with the statutes, and the view conveyed by the report regarding the status and situation of the Company.
- We perform the audit concerning the forward-looking statements in the management report as described by the management. On the basis of sufficiently appropriate audit documentation, we are able to comprehend and track specifically the key assumptions that serve as the basis for the forward-looking statements provided by management and can evaluate the proper derivation of the forward-looking statements based on those assumptions. We are not issuing a separate audit opinion regarding the forward-looking statements and the underlying assumptions. There is a considerable and unavoidable risk that future events will differ significantly from the forward-looking statements.

We discuss with the responsible supervisory bodies the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

We provide the responsible supervisory bodies with a statement affirming that we have complied with the relevant requirements for independence and discuss with them all relationships and other matters that can be reasonably presumed to have an impact on our independence as well as the related protective measures taken.

We determine which of the matters that we have discussed with the responsible supervisory bodies were most important in the audit of the annual financial statements for the current period and therefore those which are particularly important audit issues. We describe such matters in our audit report, unless laws or other legal provisions prevent their public disclosure.

Other regulatory and legal requirements

Other disclosures in accordance with Article 10 EU-APrVO

We were selected to serve as auditor by the shareholders' meeting on January 31, 2018. We were appointed by the Chairman of the Supervisory Board on June 25, 2018. We have been the auditor of Citigroup Global Markets Europe AG, Frankfurt am Main, and its predecessor entity, for more than 26 years in a row.

We affirm that the audit opinions included in this auditors' report are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU-APrVO (long-form audit report).

Responsible Auditor

The auditor responsible for the audit is Klaus-Ulrich Pfeiffer.

Frankfurt am Main, July 16, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

/*signed*/ Pfeiffer	/*signed*/ Dr. Niemeyer
Wirtschaftsprüfer	Wirtschaftsprüfer