Supplement No. 2

pursuant to Section 16 para. 1 of the German Securities Prospectus Act (*Wertpapier-prospektgesetz*)

dated 24 August 2018

to the

Registration Document

dated 30 May 2018

of

Citigroup Global Markets Europe AG

Frankfurt am Main

(the "Issuer")

The Supplement and the Registration Document are available free of charge at the offices of Citigroup Global Markets Europe AG, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main and furthermore are available on the website of the issuer at www.citifirst.com under the rider Products>Legal Documents.

Pursuant to Section 16 para. 3 of the German Securities Prospectus Act, investors who have already agreed to purchase or subscribe for securities before this Supplement has been published shall have the right, exercisable within a time period of two working days (or such longer period as may be required by a relevant jurisdiction) after the publication of this Supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy arose before the final closing of the offer to the public and the delivery of the securities.

Addressee of a withdrawal is Citigroup Global Markets Europe AG, Attn. Legal Department, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main. The withdrawal does not have to contain reasons and has to be in text form. The timely dispatch of the withdrawal is sufficient to comply with the deadline.

This supplement is drawn up in connection with the publication of the Issuer's annual financial information as of 27 April 2018 which was published on 24 August 2018 (the "**Annual-Report**").

The information contained in the Registration Document shall be supplemented as described in the following:

*1. In section "**4. Statutory Auditors**" on page 11 of the Registration Document the information included shall be deleted and replaced by the following information:*

"The statutory auditor of the Issuer during the period covered by the historical financial statements in this Registration Document (short fiscal year from 1 January 2018 through 27 April 2018, fiscal year from 1 January 2017 through 31 December 2017, short fiscal year from 1 December 2016 through 31 December 2016 and fiscal year from 1 December 2015 through 30 November 2016) was and respectively is

KPMG AG
Wirtschaftsprüfungsgesellschaft
THE SQUAIRE
Am Flughafen
D-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"

*2. Section "**8 Trend Information**" on page 22 of the Registration Document the information shall be deleted as a whole and replaced by the following information:*

"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 audited financial statements on 27 April 2018.

8.1 Outlook for the overall economy[1]

With respect to the development of the global economy, the Issuer is forecasting in 2018 a moderate increase in the growth rate from 3.3% to 3.4%. The growth rate is expected to be 2.3% in industrial countries and is expected to rise from 4.7% to 4.8% in emerging countries. This growth should steadily continue in 2019.

In 7 of 10 industrial countries, the prime (base) rate is expected to increase, by 75 basis points in the United States and Canada and by 25 basis points in the United Kingdom, Australia, New Zealand, Norway and Sweden. Moreover, 2018 will represent the turning point for bond purchasing by the central banks in the industrial countries. The net bond purchases made by industrial countries will decrease sharply, and the US Federal Reserve will reduce its balance sheet totals and the European Central Bank will end its bond purchasing program. The Bank of Japan will be the only central bank among the industrial countries that will continue to make significant bond purchases.

The year 2017 was an important year for international trade due to, among other things, the termination of the Trans-Pacific Partnership (TPP) by the United States. In the course of 2018, there could be other significant changes. Open issues include the findings from investigations related to Chinese practices involving intellectual property (under Section 301 of the U.S. Trade Act of 1974) and the effects of steel and aluminum imports on national security (under Section 232 of Trade Expansion Act of 1962). In addition, NAFTA and KORUS (the free trade agreement between the US and Korea) will enter into new rounds of negotiation in 2018.

The growth rate of the US economy should be 2.9% in 2018 and 2.8% in 2019.

In 2018, the Eurozone is expecting a growth rate of 2.2%, which could decline slightly in 2019. Given the phase in which the Eurozone currently finds itself, The Issuer assesses the likelihood of a recession to be very small. The European Central Bank is not expected to continue its bond purchasing after September 2018 and will also not raise interest rates until that point in time.

The Issuer is not expecting any major economic instability in Spain because of the conflict with Catalonia. The independence of Catalonia is viewed as a rather unlikely scenario even in the long-term.

For Germany, the Issuer is forecasting a growth rate of 2.1%. The German economy is booming, but the air is getting thinner. Unutlized economic power has been gradually shrinking and has caused a slight decline in the economic momentum. The pace of the economic expansion remains robust, however. The upsurge in the global economy will continue to stimulate the export business. Based on the exceptionally favorable situation on the labor market, domestic activity should remain strong.

8.2 Outlook for the banking industry

Due to challenges such as MiFID II, Basel III, Brexit and other developments in digitalization, 2018 and 2019 will continue provide much suspense for the financial industry.

Up until the end of 2017, prices on the financial markets rose considerably, yet fear of a looming market correction has grown among investors. Nevertheless, the Issuer views a recession as unlikely. An elevated government and corporate debt load could, however, threaten the stability of the financial markets.

In 2018 and 2019, banks will need to monitor and adhere to more regulatory measures such as reporting requirements, the MiFID II implementation, new digital services and alliances in Fintech."

[1] Source: Citigroup Research "Global Economic Outlook and Strategy" dated 23 May 2018.
ECB "Eurosystem Staff macroeconomic projections for the euro area, June 2018" dated 14 June 2018
Deutsche Bundesbank "Finanzstabilitätsbericht 2017" ("Financial Stability Report") dated 29 November 2017

*3. In section "**14. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**" on page 25 of the Registration Document the subsections "**14.1 Financial Statements**", "**14. Auditing of historical annual financial information**", "**14.3 Significant changes in the financial condition or trading position of the Issuer**" shall be deleted and replaced by the following information:*

"**14.1 Financial statements**

The Issuer's annual financial statements for the short fiscal year 2018 and the fiscal years 2017 and 2016 respectively are included in this Registration Document under "*19. Historical Financial Information*" on pages D-1 through D-46 (short fiscal year from 1 January 2018 through 27 April 2018), under "*19. Historical Financial Information*" on pages E-1 through E-42 (fiscal year from 1 January 2017 through 31 December 2017), under "*19. Historical Financial Information*" on pages F-1 through F-43 (short fiscal year from 1 December 2016 through 31 December 2016) and under "*19. Historical Financial Information*" on pages G-1 through G-38 (fiscal year from 1 December 2015 through 30 November 2016).

14.2 Auditing of historical annual financial information

The annual financial statements including the bookkeeping system for the short fiscal year from 1 January 2018 through 27 April 2018, the fiscal year from 1 January 2017 through 31 December 2017, the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016, which are included in this document, were audited by the Issuer's statutory auditor and certified with an unqualified auditor's opinion.

14.3 Significant changes in the financial condition or trading position of the Issuer

There has been no material change in the Issuer's financial condition or trading position since the end of the fiscal year completed on 27 April 2018."

*4. The information in section "**18. Documents on display**" on page 26 of the Registration Document shall be deleted and replaced by the following information:*

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

(a) the Issuer's articles of association;

(b) the audited annual financial statements of the Issuer for the short fiscal year from 1 January 2018 through 27 April 2018, for the fiscal year from 1 January 2017 through 31 December 2017, for the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016.

A hard copy of the documents (a) to (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."

*5. The information in section "**19. Historical Financial Information**" on page 27 of the Registration Document shall be deleted and replaced by the following information:*

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

*6. The following pages (pages D-1 through D-46) are inserted after section "**19. Historical Financial Information**" on page 27 of the Registration Document.*

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	Liabilities and equity capital 12/31/2017 TEUR
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
Intangible assets acquired for consideration	5,211	188 0 0	5,399	5,211	0	0	0 0 0	5,211	188	0
Office and plant equipment	9,603	52 - -4	9,651	8,732	92	0	 0 -2	8,822	829	871
Leasehold improvements	15,254	0 77 0	15,322	13,920	182	0	0 0 0	14,102	1,220	1,324
Construction in progress	305	0 0 -131	159	0	0	0	0 0 0	0	159	305
Equity investments	1,136	-15 0 0	1,136	0	0	0	0 0 0	0	1,136	1,136
Total	31,500	317 -131 -19	31,667	27,667	274	0	-2	28,135	3,532	3,636

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