Citigroup
Global Markets Deutschland AG

Frankfurt am Main

Registration Document

13 July 2010

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1. Risk Factors

The material risk factors, which may affect Citigroup Global Markets Deutschland AG's (the "**Issuer**") ability to meet its obligations under the securities, are described as following. Before deciding to purchase securities, investors should carefully read and consider the following specific risks and all of the other information contained in this Registration Document and in the relevant prospectus. The occurrence of these risks, either independently or simultaneously with other circumstances, may substantially impair the Issuer's business activities or have a material adverse effect on the Issuer's assets and liabilities, financial position and results of operations or on the ability to trade the securities on the secondary market. The sequence in which the following risks are presented is not intended to be either an indication of the probability of their occurrence, their gravity or their importance. An investment in the securities offered by the Issuer may be subject to additional risks and issues, which are currently unknown to the Issuer or which the Issuer currently believes are immaterial, but which could likewise impair the Issuer's business and business prospects and have a material adverse effect on the Issuer's assets and liabilities, financial position and results of operations. Apart from the risks associated with the securities as described in the relevant prospectus, investors may lose all or part of their investment if the price of their securities falls as a result of the occurrence of one or more of the risks described herein, or if the securities can no longer be traded on the secondary market.

1.1 Risk that the Issuer will provide limited or no price quotes

For securities which do not provide for the investor’s right to exercise the rights embedded in the securities at any time or where such an exercise would be unwise because otherwise the time value would be lost (in case of warrants which can be exercised at any time) the ability to sell the securities at any time is very important to you. This is where the Issuer's voluntary intention to quote buying and offered prices is of fundamental importance. Accordingly, one of the largest risks you face is that the Issuer will limit or completely renege on its voluntary intention to quote prices. In such a situation and assuming no one else quotes prices for the securities and hedging transactions via other instruments are not available or additional hedging transactions are not affordable to you, your only option would be, in the worst case scenario, to await final maturity (where no early exercise is possible) of the securities or to exercise your rights on one of the possible dates and to accept the risk of volatility of the disbursement amount until such date. The same applies in the event that the exchange listing of the instrument is suspended prematurely.

1.2 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 redemption 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 depositary bank of the investor or various institutions involved in money transfers. 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 or to deliver on any trades or to pay the disbursement amount upon final maturity. Possible reasons why the Issuer or any aforementioned required third parties are unable to settle securities trades 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 certificate holder's custodian bank.

1.3 Legal risks arising from the issued securities

The Issuer's financial strength could be jeopardised if material components of agreements entered into with third parties prove to be invalid or unenforceable in key respects.

This could occur, for example, if a number of investors purchased the Issuer's publicly offered or exchange-listed securities (in respect of which a prospectus was published in a Member State of the European Union on or after 1 July 2005 in accordance with the relevant national laws enacted to implement the EU Prospectus Directive 2003/71/EC) and then exercised their right to withdraw pursuant to the domestic equivalent of Article 16 (2) of the EU Prospectus Directive 2003/71/EC. Withdrawal would be possible on this basis if material facts in the prospectus for securities issued by the Issuer after 1 July 2005 were incorrect or incomplete, or such facts arose after the prospectus was published and needed to be addressed in a supplement.

Furthermore, the Issuer's financial strength could be jeopardised as a result of claims based on liability for the contents of the prospectus ("prospectus liability") if material facts are negligently omitted or incorrectly described in the Issuer's prospectus and such negligence causes injury or damage to a large number of investors.

In accordance with Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses, the last two years' audited historical financial information in any prospectuses prepared by the Issuer on or after 1 July 2005 pursuant to the national laws enacted to implement the EU Prospectus Directive 2003/71/EC must be presented and prepared in a form consistent with that which will be adopted in the Issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements. If, despite best efforts made, it is impossible for the Issuer to predict or seasonably implement such future changes, then there is a possibility that investors may withdraw from their transactions or enforce claims based on prospectus liability. In such cases, the Issuer could suffer considerable losses. Moreover, it is conceivable that an ongoing public offer and exchange listing of the securities in question will be suspended if the requirements for a continued listing are no longer met because of a delay in implementing accounting standards as described above. As a result thereof, the Issuer could sustain losses from compensatory damage claims enforced by investors, or the investors could lose the intrinsic value of their securities if they cannot enter into an off-exchange securities transaction with the Issuer because of a certain restriction under the public offering.

The Issuer has granted a loan to a financial services company in Kazakhstan. The total value of this loan equals approximately EUR 66.6 million. The Issuer has essentially hedged the risk that this loan will not be serviced in accordance with the contractual obligations by issuing bonds, which provide that the Issuer is obligated to make payment only to the extent that it receives payment from the borrowers. If the contractual obligations under the bonds unexpectedly require that the Issuer makes payments to the bond holders, even though no corresponding payments were received from the borrowers, then the Issuer could face liquidity problems. The explanations regarding prospectus liability and the right to withdraw as described in the first two paragraphs above also apply *mutatis mutandis* to the bonds.

1.4 Liquidity risk despite control and profit (loss) transfer agreement

The Issuer belongs to the Citigroup Inc. Group. The Issuer and its direct holding company are parties of a control and profit (loss) transfer agreement, which is described more specifically below.

Under the agreement, the Issuer's management is subject to the direction of the direct holding company. Profits must be transferred to the direct holding company, and losses must be indemnified by the direct holding company.

Pursuant to §§ 301 *et seq.* of the German Stock Corporation Act ("AktG"), the profit transfer or loss indemnity obligation arises only after the annual financial statements for the relevant fiscal year have been approved. If, during the fiscal year, the Issuer faces liquidity bottlenecks, then - despite the control and profit (loss) transfer agreement - the Issuer may not be able to discharge its obligations under the issued securities in a timely manner or at all.

Despite the control and profit (loss) transfer agreement, the Issuer may be unable to meet its obligations under the securities if the Issuer generates a net loss and the direct holding company, which is required to indemnify the loss, is unable to meet its contractual obligations as a result of its own liquidity problems or over-indebtedness.

1.5 Brokering transactions for other Group companies and allocation of work among Citigroup companies

The vast majority of the Issuer's brokerage commission income and one of its most important sources of 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's costs arising from the exchange of services with other individual Group companies is reimbursed through transfer pricing in accordance with existing contracts. Under this arrangement, the various costs and income are calculated and then allocated to the relevant service provider. Such income relates above all to brokerage commission income for transactions executed as part of equities trading, the underwriting business, corporate finance and the sale of structured products, corporate derivatives, foreign exchange management products and global relationship banking and on which the Issuer acted as an adviser in connection with the sales activities. The Issuer enjoys a close working relationship in all areas, above all with Citigroup Global Markets Limited, London, and Citibank, N.A., London.

If a decision is taken within the Citigroup Group that the responsibilities in question should be redistributed among other Group companies, then the Issuer could lose a significant source of income.

1.6 Proprietary trading risks related to derivative securities issued by the Issuer

The most important trading risks in warrants trading and/or in the issuance of other derivative instruments 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.

In order to cover the open positions resulting from the issued securities, the Issuer will execute hedging transactions, which are linked to various risk variables in the risk model used by the Issuer, such as the relevant underlying, the volatility of the underlying, the term to expiry, the expected dividends or the interest rate. Particularly worthy of mention in this context are the risks 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 above all where hedging transactions are executed in order to cover sold knock-out securities. At best, the Issuer can to a large extent close out the open risk positions resulting from the issued securities, 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, will not be closed as expected because of the counterparty's default, but instead will remain open and therefore will still need to be closed out.

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 bottlenecks, if new or higher costs have to be incurred in order to replace the original contracts.

1.7 Risks in the credit business

The Issuer's credit portfolio consists primarily of international customers in the industrial and financial services sectors with a first class credit rating. This business policy has enabled loan losses to be avoided in the past. The credit portfolio focuses mostly on a manageable number of borrowing entities. If any of the Issuer's key borrowers fail to meet their obligations, then risk provisioning could conceivably increase significantly or loan defaults could occur.

Approximately EUR 66.6 million in loan to a Kazakh financial services company has been refinanced through bonds issued on the capital markets. The Issuer has hedged the risk that this loan will not be serviced in accordance with the contractual obligations (in particular the payment of interest and principal) by issuing bonds, which provide that the Issuer is obligated to make payment only to the extent that it receives payment from the borrowers. The Issuer's default risks have thereby been transferred to investors. See also "Legal risks arising from the issued securities" regarding the legal risks of the issued bonds.

1.8 Risks of interest rate changes

Treasury assesses and controls the Issuer's interest rate risk. The Issuer's exposure to changes in interest rates is a mid to long-term risk and primarily affects holdings in liquid securities that were not originally covered by hedging transactions like interest rate swap agreements. The securities may be sold on short notice. A significant risk from interest rate changes could arise where interest rates are not monitored in a timely or sensitive manner, which could produce the concomitant danger that action to cover such interest rate exposure is not taken early enough.

1.9 Operating 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 the Citigroup Group. If the companies to which such functions have been outsourced fail to discharge their contractual obligations within the prescribed time or at all, then this could also impair the Issuer's ability to seasonably meet its own obligations under the issued securities.

1.10 Tax risks

The tax assessment notices served on the Issuer and/or on the company that was absorbed by the Issuer in 2003 as part of a merger (formerly Salomon Brothers AG) are typically provisional and made subject to an audit by the German tax authorities or a decision on specific issues by the relevant courts. This is a common procedure that allows tax authorities – in connection with a tax audit or following a general tax ruling by a competent tax court – to levy additional taxes years after a tax assessment was issued. The reservations generally involve issues of key importance to the Issuer such as the tax recognition of expenses incurred in hedging previously sold options and the tax recognition of expenses incurred when shareholders use debt to finance current assets.

1.11 General business risks

The Issuer's general business risks include any and all risks that do not qualify as either a market risk, a counterparty risk or a liquidity risk, such as

- Settlement risk

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

- Information risk

  The 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. The information risk also includes risks that are generated by systems and used for processing information.

- Reputation risk

  This represents the Issuer's risk that its relations with its customers could be harmed if its services are poor or transactions are incorrectly executed. This risk also includes the risk of entering into business relations with counterparties, whose business practices do not conform to the standards or business ethics of the Issuer.

- Personnel risk

  The Issuer has a high demand for qualified and specially trained professionals and managers. Personnel risk entails the risk of high staff turnover and the risk that the Issuer will be unable to retain a sufficient staff of qualified personnel, as well as the risk that the Issuer's employees may knowingly or negligently violate established regulations or the firm's business ethics standards.

- Legal and regulatory risks

  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.

2. PUBLICATION AND VALIDITY OF THE REGISTRATION DOCUMENT

This Registration Document will be published by being made available free of charge at the Issuer's business address (Citigroup Global Markets Deutschland AG, New Issues Structuring, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main) as of the day of its approval by the Federal Financial Supervisory Authority (*BaFin*).

This Registration Document shall be valid for 12 months after its publication; this Registration Document solely represents the status of the information contained in it at the time of its publication.

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 DEUTSCHLAND AG IS NOT SOLICITING ANY ACTION BASED UPON IT. NOBODY HAS BEEN AUTHORISED BY CITIGROUP GLOBAL MARKETS DEUTSCHLAND 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 DEUTSCHLAND AG.

3. PERSONS RESPONSIBLE

Citigroup Global Markets Deutschland 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 correct and no important facts have been omitted.

Where information in this Registration Document has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4. STATUTORY AUDITORS

The statutory auditor of the Issuer and Citigroup Global Markets Management AG, as the Issuer's managing general partner until the registration of the merger on 23 June 2010, during the period covered by the historical financial statements in this Registration Document (business years 2009 and 2008) was and respectively is

KPMG AG
Wirtschaftsprüfungsgesellschaft
Marie-Curie-Str. 30
D-60439 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. BUSINESS HISTORY, DEVELOPMENT AND REGISTERED OFFICE OF THE ISSUER

5.1 Business history of the Issuer

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

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

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 that date 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.

<u>Spin-off agreement 2008</u>

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.

<u>Change in legal form of the Issuer and merger of its former general partner 2010</u>

On September 17, 2009, Citigroup Global Markets Deutschland AG & Co. KGaA has changed its fiscal year by resolution of the General Meeting. With effect from December 1, 2009, the fiscal year now begins on 1 December of each year and ends on 30 November of the following year. The reporting year 2009 therefore is a shortened fiscal year which began on January 1, 2009 and ended on November 30, 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 April 21, 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 June 10, 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 June 23, 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).

Following the change in legal form and the merger, all creditors of Citigroup Global Market Deutschland AG & Co. KGaA and Citigroup Global Markets Management AG are, and will be entitled to demand payment of a security, provided they (i) lodge their claims against Citigroup Global Market Deutschland AG & Co. KGaA (in case of the change in legal form) or Citigroup Global Markets Management AG respectively the Issuer (in case of the merger) in writing and (ii) show credibly that the satisfaction of their claims is endangered by the change in legal form or the merger, in each case within six months following the date of the publication of the registration of the change in legal form or the merger in the commercial register.

5.2 Development of the Issuer

Significant events that may have a material impact on the assessment of the Issuer's solvency have recently not occurred.

5.3 Registered office of the Issuer

The Issuer has its registered office in Frankfurt am Main and has a branch office in London.

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

The Issuer's address is:

Citigroup Global Markets Deutschland AG
Frankfurter Welle
Reuterweg 16
D-60323 Frankfurt am Main.

Telephone: +49 (0) 69-1366-0

6. BUSINESS OVERVIEW OF THE ISSUER

6.1 Principal Activities

6.1.1 Overview

The Issuer operates a corporate and investment banking business, offering companies, governments and institutional investors comprehensive financial strategies in investment banking, fixed income, foreign exchange, equities and derivatives, and global transaction services. In addition, it is also a major issuer of warrants and certificates, the final acquirers of which are mainly private customers.

6.1.2 Equity, Warrants and Certificates

(a) Warrants and Certificates:

The Issuer underwrites and sells warrants, turbo warrants (knock-out warrants) and derivative certificates (investment products) in Germany, Italy, France, Portugal, the Netherlands, Switzerland and other European countries, as the case may be. The main focus of its business activities is in Germany. The securities reference primarily shares, share indexes, exchange rates, 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, off-exchange sales concluded with institutes that are linked to the Issuer's electronic trading system actually exceed revenues generated on stock exchanges.

The main part of the Issuer's equities business are the trading transactions (specifically 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 referenced to shares and share indexes.

(b) Equity Sales and Trading:

The Equity Sales Department is divided into the European Equity Sales Desk (for advising and consulting clients on the purchase and sale of European equities); the Program Trading Desk (for marketing portfolio products); the Corporate Equity Derivatives (for risk management advice on equity-linked transactions); the European 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 Japanese Sales Desk (to serve institutional investors on the purchase and sale of Japanese stocks) and the US Equity Sales Desk (for advising institutional investors on the purchase and sale of US and Canadian stocks). The Equity Sales Trading Department forwards customer orders for execution to the relevant trading areas of Citigroup Global Markets Limited, London and/or Citigroup Global Markets Inc., New York.

6.1.3 Capital Markets and Fixed Income Sales

(a) Debt Capital Markets:

In the Debt Capital Markets, the Issuer solicits and structures new offerings of interest bearing securities or transactions based thereon for its customers in the private (companies and financial institutions) and public sector (federal government, state government) in Germany and Austria and assists its customers in issuing and placing such securities (debt capital markets).

Depending on the customer's needs or the market conditions, the individual transactions may be executed in any currency. Transactions may be structured in the form of securities, loans or notes and may be marketed either alone or through a consortium.

(b) Sale of structured products and corporate derivatives:

The Issuer also supports its customers in hedging existing financial risks or in solving individual financial issues by brokering structured interest and credit derivatives as well as corporate 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.

(c) 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.

6.1.4 Corporate Finance

The Issuer brokers the entire range of equity capital-raising products through publicly listed companies, including the underwriting, placement and settlement and clearing of capital increases with pre-emptive rights, initial public offerings in connection with the placement of a capital increase, and equity-linked instruments such as convertible bonds, warrant-linked bonds or warrants for raising new equity capital. With the exception of capital increases, the Issuer brokers the aforementioned instruments also for purposes of placing existing share parcels. This relates primarily to the block placement and/or accelerated block placement of share parcels held by existing shareholders, equity-linked instruments and initial public offerings. The trades are brokered to other companies within the Citigroup Inc. Group.

The Issuer also offers advisory services on national and cross-border mergers and acquisitions for purchasers or sellers of companies or corporate holdings and other advisory related services.

6.1.5 Global Banking Group

The Global Banking Group has been formed through the combination of the Global Corporate Bank and the Investment Bank. Via its support team, Global Banking delivers Citigroup's global financial services to German corporate, financial institutions and institutional clients and their subsidiaries around the world.

The Issuer brokers the entire range of equity capital-raising products through publicly listed companies, including the underwriting, placement and settlement and clearing of capital increases with pre-emptive rights, initial public offerings in connection with the placement of a capital increase, and equity-linked instruments such as convertible bonds, warrant-linked bonds or warrants for raising new equity capital. With the exception of capital increases, the Issuer brokers the aforementioned instruments also for purposes of placing existing share parcels. This relates primarily to the block placement and/or accelerated block placement of share parcels held by existing shareholders, equity-linked instruments and initial public offerings. The trades are brokered to other companies within the Citigroup Inc. Group.

The Issuer also offers advisory services on national and cross-border mergers and acquisitions for purchasers or sellers of companies or corporate holdings.

The Global Banking Group supports clients in their financing needs, liquidity management solutions, risk management and ensures that the clients' needs and those of its subsidiaries are met by the Issuers global network. In that function the Global Banking Group is working very closely around the globe with the financial institutions belonging to Citigroup.

The Issuer's credit portfolio consists primarily of international customers who are generally in the industrial or financial services sectors.

In connection with the global working relationships within Citigroup, a significant portion of the services (above all, trading) is brokered to foreign financial institutions within the Group on behalf of the customers, whereby the costs incurred by the Issuer as well as the income generated by the partner companies are allocated via transfer pricing arrangements.

6.1.6 Global Transaction Services

The business unit Global Transaction Services advises corporate clients, financial institutions and the public sector on the implementation of solutions in the areas of global payment transactions, liquidity and treasury management, the entire field of securities settlement and trade finance and manages accounts and deposits for its clients.

Specialized solutions are offered by the business unit Securities Settlement and Custody Services (Securities and SFS). Clients, primarily financial institutions, benefit from Citi´s securities services which also support the Issuer's proprietary trading in securities (in particular warrants and related hedging transactions in shares) and include the entire trading in derivative exchange contracts for clients or Issuers respectively.

6.1.7 Treasury

The Issuer's treasury business is divided into Risk Treasury and Corporate Treasury. Risk Treasury is responsible for the daily management of assets, liabilities, liquidity and the Issuer's interest rate risks.

Corporate Treasury is responsible for treasury activities not linked to risk, such as the management of assets and liabilities (asset liability management), liquidity management (definition and monitoring of limits and triggers) and regulatory matters.

Furthermore, Treasury regularly handles loans, deposits and currency swaps for selected corporate customers.

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's costs arising from the exchange of services with other individual Group companies is reimbursed through transfer pricing in accordance with existing contracts. Under this arrangement, the various costs and income are calculated and then allocated to the relevant service provider. Such income relates above all to brokerage commission income for transactions executed as part of equities trading, the underwriting business, corporate finance and the sale of structured products, corporate derivatives, foreign exchange management products and global relationship banking and on which the Issuer acted as an adviser in connection with the sales activities. The Issuer enjoys a close working relationship in all areas, above all with Citigroup Global Markets Limited, London, 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 banking 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 wholly-owned by the German holding company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, a limited partnership with registered offices in Frankfurt/Main.

Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is also a silent partner of the Issuer, having a silent equity interest ("Stille Einlage") totalling EUR 115,894,318.21 as of 30 November 2009.

The general partner of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is Citigroup Global Markets Finance LLC (USA). The sole limited partner is Citi Overseas Investment Bahamas Inc.

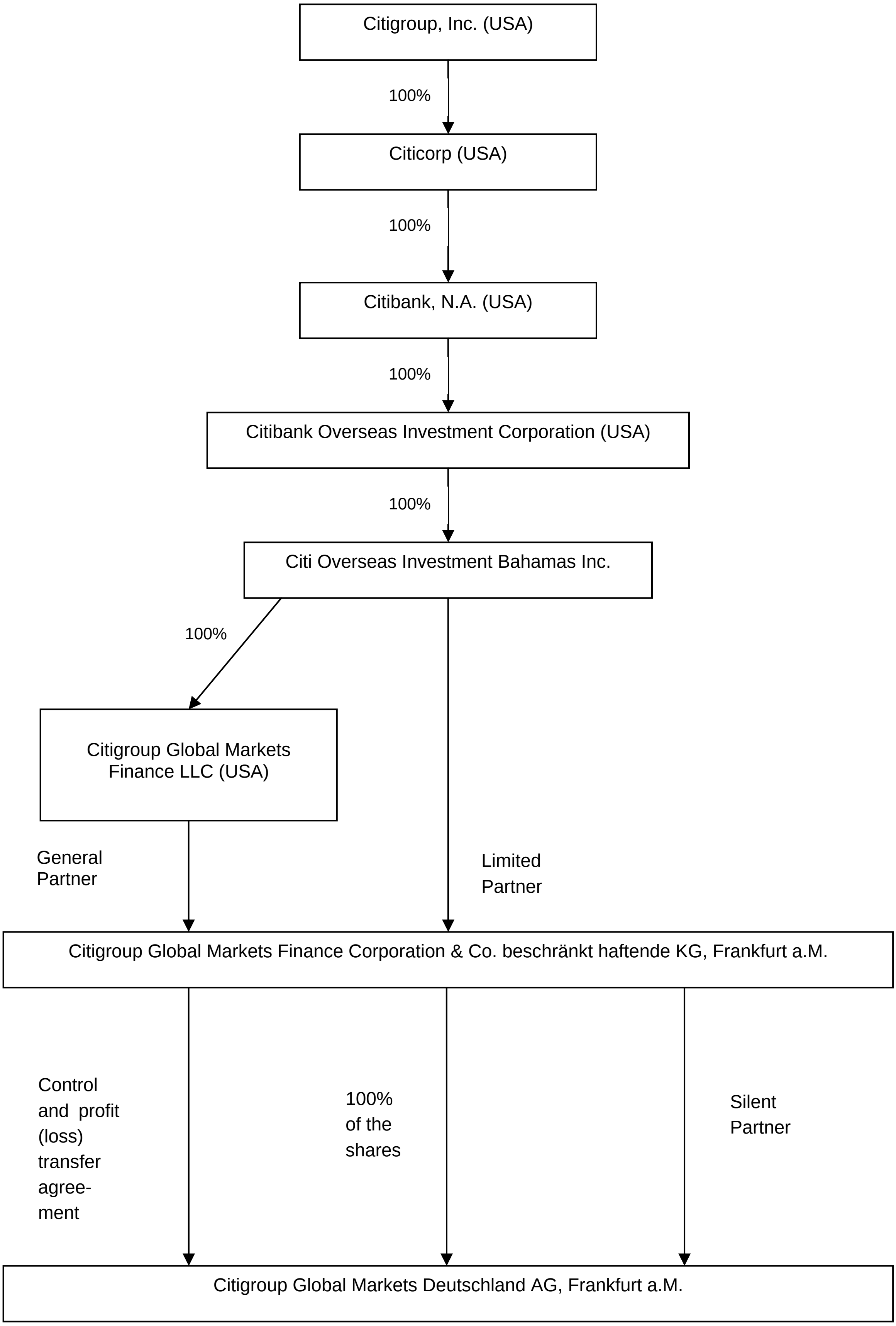
All shares of Citigroup Global Markets Finance LLC are held by Citi Overseas Investment Bahamas Inc., the sole shareholder of which is Citibank Overseas Investment Corporation (USA). This company is in turn wholly-owned by Citibank, N.A. (USA). Citibank, N.A. (USA) is a wholly-owned subsidiary of Citicorp (USA), which in turn is a wholly owned subsidiary of Citigroup, Inc. (USA).

In addition to the integration of the Issuer into the Citigroup Inc. Group, a control and profit (loss) transfer agreement has been executed by the direct parent company and the Issuer.

According to the aforementioned agreement, the Issuer has surrendered the managerial control of its respective enterprises to the direct parent company. Accordingly, the direct parent company is authorised to issue directives and instructions to the Issuer.

Moreover, the Issuer is obligated under the agreement to transfer its entire profit to Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG. As consideration for the transfer, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is obligated pursuant to § 302 (1) and (3) of the German Stock Corporation Act ("*AktG*") to indemnify any annual net loss, which the Issuer incurs during the term of the agreement.

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 audited financial statements, i.e. 30 November 2009.

No significant events have occurred since the date of the last financial statements.

After an economic rollercoaster ride in 2009, the Issuer is expecting the global economy to experience a sustained recovery in 2010 and 2011, although the recovery will in the opinion of the Issuer vary between developing countries and industrial countries. As far as warrants and certificates are concerned, the Issuer generally expects that the environment for this segment will remain difficult. Nevertheless, due to new products – primarily in the new asset classes segment – and in light of an anticipated stabilization of the markets, the Issuer does expect a positive development in 2010. Based on the forecasts made by the individual business segments and the cost savings resulting from the restructuring and cost optimization programs launched in the past years, the Issuer expects an overall profit for fiscal year 2010.

9. PROFIT FORECASTS OR ESTIMATE

The Issuer has decided not to make any profit forecasts or profit estimates in this document.

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

The Issuer is a public limited company (Aktiengesellschaft), which is organized under the laws of Germany. The sole shareholder is Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG.

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

- Hans W. Reich, Kronberg, Director, Chairman, having his business address at Reuterweg 16, 60323 Frankfurt am Main;
- Bradley Gans, London, Director, Deputy Chairman, having his business address at Citigroup Global Markets Ltd., Canary Warf, Canada Square, London, United Kingdom;
- Reiner Henszelewski, Frankfurt am Main, employee representative, having his business address at Reuterweg 16, 60323 Frankfurt am Main.

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

- Maurice Thompson, London, Chairman, Director, Strategy and Business planning, Risk Management/Credit Administration, Human Resources, Legal Department and Management Office;
- Dr. Paul Lerbinger, Frankfurt am Main, Director, Customer Relations and Strategy (Banking);
- Fred B. Irwin, Frankfurt am Main, Director, Taxes and Public Relations;
- Dr. Nikolaus Närger, Stuttgart, Director (Co-Head Banking), Corporate Banking, Asset Finance Products and Global Transaction Services;
- Stefan Wintels, Frankfurt am Main, Director (Co-Head Banking), Investment Banking;

- Christian Spieler, Frankfurt am Main, Director, Fixed Income Product, Share and Warrant Business, Alternative Investments, Asset Finance Products and Bond Issues;
- Heinz Peter Srocke, Hanau, Director, Treasury/Liquidity Management and Accounting;
- Sam Riley, Frankfurt am Main, Director, Internal Business/Banking Organization, Clearing and Settlement (Securites/Payments), Asset Finance Operations, IT and Operational Risk & Controlling;

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:

- Hans W. Reich: Member of the supervisory boards of Aareal Bank AG and HUK Coburg Holding AG;
- Fred B. Irwin: Member of the supervisory boards of IFB AG and Motorola GmbH;
- Dr. Paul Lerbinger: Member of the supervisory board of Main First AG.

11. CONFLICTS OF INTEREST

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.

12. MAJOR SHAREHOLDERS

The sole shareholder of the Issuer is Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG.

Regarding the Issuer's integration into the Citigroup Inc. Group and the inter-company agreements executed with the Issuer, see the discussion in subsection 7.

13. ARRANGEMENTS THE OPERATION 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.

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

14.1 Financial statements

The Issuer's annual financial statements and management report for fiscal year 2008 and 2009 respectively are included in this Registration Document as a part of the annual report for fiscal year 2008 (pages 21 through 65 of this Registration Document) and 2009 respectively (pages 67 through 112 of this Registration Document). The remaining pages of the annual report for fiscal year 2008 and 2009 respectively do not contain any relevant information about the Issuer.

14.2 Auditing of historical annual financial information

The annual financial statements including the bookkeeping system and the management report of the Issuer for the business years 2008 and 2009, 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 change 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 recently completed fiscal year on 30 November 2009 for which audited financial information was published.

15. LEGAL AND ARBITRATION PROCEEDINGS

There are no government interventions, legal proceedings or arbitration proceedings pending or threatened against the Issuer, which have been instituted against it and which may have or have within the last 12 months had significant effects on its financial condition or profitability.

16. MATERIAL CONTRACTS

With the exception of the contracts listed in subsection 7 (Organisational Structure of the Issuer) and the there described group integration, 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. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTERESTS

None.

18. DOCUMENTS ON DISPLAY

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 fiscal years 2008 and 2009.

A hard copy of these documents 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.

19. ANNUAL REPORT 2008

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Citigroup Global Markets Deutschland AG & Co. KGaA

Annual Report for Fiscal Year 2008

Citigroup Global Markets Deutschland AG & Co. KGaA

Management Report for Fiscal Year 2008

Business Development

Citigroup Global Markets Deutschland AG & Co. KGaA (hereinafter referred to as "CGMD") maintains active business relationships with the approximately 150 most important corporate, insurance and banking groups in Germany as well as with the government of the Federal Republic of Germany and the regional governments of the Federal States. CGMD specifically supports its clients in

- providing them with liquidity,
- arranging syndicated loans or capital market financing,
- advising them in the management of interest rate and currency risk,
- investment banking,
- cash management,
- export finance,
- issuing warrants and certificates,
- the settlement or custody of securities, and providing support and advisory services of institutional investors
- supplying numerous structured and derivative products or services.

In providing this support, it cooperates closely with other subsidiaries of Citigroup Inc., New York (hereinafter collectively referred to as "Citigroup").

Due to its proven risk management and the above-average credit standing of its client portfolio, CGMD was again able to avoid loan defaults. Nevertheless, write-downs to the face value of sold loan commitments had to be undertaken in the recently completed fiscal year.

The distortions on the financial markets adversely affected our fiscal year 2008. Given the difficult market environment, revenues declined accordingly, particularly those generated from investment banking, the issuance of warrants and trading in fixed income securities.

CGMD was also unable to escape the 2008 ongoing global economic slowdown triggered by the international banking crisis. These events led to a significant drop in earnings.
CGMD is headquartered in Frankfurt am Main and maintains a subsidiary in London as well as a dependent branch office in Munich. At the end of 2008, Citigroup had 550 employees working in Germany, of which 396 worked for CGMD. We would like to express our recognition and thanks to all our employees and advisors for their high level of commitment and the contributions they made.

The current and future development of CGMD depends mostly on the development of the Citigroup.

Development of the Macroeconomic Fundamentals

After a favorable start in 2008, the gross domestic product (GDP) shrank significantly over the next three quarters. Despite above-average economic growth of 1.3% (calendar adjusted: 1.0%) in 2008, Germany found itself by the end of the year in the throes of a deep recession as part of the international financial crisis. In addition to a significant decline in exports, domestic demand, particularly for investments, has fallen. Private consumption in 2008 has dropped for the second straight time triggered first by dramatically rising energy and food prices (thereby stifling demand) and then by higher unemployment that weighed down consumer spending.

Market Review

The rapidly deteriorating economic expectations in the aftermath of the US credit crisis together with the dramatic correction in the commodities markets have led to a loss of confidence on the stock markets. The German DAX index closed the 2008 stock exchange year at 4,810 points, which is roughly 40% below the 2007 close, and had thereby fallen to its lowest level since 2004. As an expression of the incipient economic slow-down, the IFO Business Climate Index in December fell to 82.7 points, which represents the lowest level since 2003.

Equity Business & Warrants & Derivatives

Equity Business

Notwithstanding the unavoidable staff reductions, CGMD was able to hold stable its market position in the equities business among institutional clients. Nevertheless, the loss of confidence among investors did lead to diminished transactional turnover. Moreover, the continuing flight from equity fund mandates and the reduced market level did not prove helpful and ultimately manifested itself in declining fee income compared to the previous year.

Warrants and Certificates

In the segment for retail derivatives, 2008 proved to be a difficult year. In the first half of the year, demand focused primarily on commodities and fixed income products, which CGMD had successfully distributed in the primary market. As a result of the Lehman Brothers bankruptcy and the subsequent market trend away from certificates, both primary and secondary markets experienced massive revenue declines. In addition, confidence in American banks diminished, a development that has impacted Citigroup particularly since the fourth quarter. This is also reflected in the market shares, which have been slipping in almost all European countries for a number of months. The overall market environment, together with the high volatility and the special circumstances in 2008 as discussed above, have led to a significant reduction in CGMD’s bottom line.

In recent months, a variety of new programs have been implemented to improve the Citi trading platform. These programs will strengthen our secondary market trading in 2009. Moreover, the global restructuring into a Cross-Asset Unit will allow us to market and distribute additional products/asset classes through our platform. Therefore, despite the difficult market environment, we expect that in 2009 this segment make a growing contribution to earnings and will increase market share.

Capital Market Activities and Interest-Rate related Client Business

Within Citigroup, CGMD once again in fiscal year 2008 provided support for numerous issuers in the corporate and financial sectors in connection with the placement of international issues. The institutions it advises are banks, insurance carriers and companies in the public sector. With an underwriting volume of over EUR 17 million, CGMD continues to rank among the leading underwriters in Germany.

Over the past year, Citigroup successfully performed the following selected strategic issues as lead manager for German, Austrian and Swiss issuers:

• Deutsche Postbank Pfandbrief	EUR 1.5bn	Benchmark 2008/2013
• KA Kommunalkredit Austria	EUR 1.0bn	Benchmark 2008/2012
• Allianz Senior Benchmark	EUR 1.5bn	Benchmark 2008/2013
• L-Bank Benchmark	EUR 1.5bn	Benchmark 2008/2013
• Deutsche Bank AG. Trust. Pref. Sh.	USD 1.9bn	Benchmark 2008
• Deutsche Bank AG. Trust. Pref. Sh.	USD 1.1bn	Benchmark 2008
• Deutsche Postbank Pfandbrief	EUR 1.0bn	Benchmark 2008/2015
• Allianz Tier 1	EUR 1.5bn	Benchmark 2008
• Credit Suisse Tier 1	USD 1.0bn	Benchmark 2008
• Nord LB Pfandbrief	EUR 1.0bn	Benchmark 2008/2013
• BMW US Capital LLC	EUR 1.75bn	Benchmark 2008/2015
• BMW (UK) Capital plc	JPY 42.9bn	Benchmark 2008/2013
• Philip Morris International	EUR 750m	Benchmark 2008/2015
• Philip Morris International	EUR 1.0bn	Benchmark 2008/2011
• Philip Morris International	USD 1.25bn	Benchmark 2008/2014
• Metro Finance B.V.	EUR 500bn	Benchmark 2008/2013

Structured Products Placements

This business focuses on selling structured interest rate and credit products to Germany and Austria through CGMD. A major part of the business consists in placing credit derivative and interest rate transactions, which are individually tailored to meet the requirements of our clients. Despite the difficult and sometimes declining market environment, Citigroup will continue to attempt to expand its existing customer base and offer innovative products in 2009.

Foreign Exchange

The foreign exchange business with large companies and institutional investors was affected primarily by the volatility on the currency markets, which increased dramatically in the second half of the year. By virtue of our long-standing presence on the Frankfurt financial scene and our loyal customer relations, we were able to achieve excellent results in this sub-segment in 2008.

Corporate Business

The volume in equity issues (including convertible or exchangeable bonds) dropped off significantly in 2008. Particularly in the last quarter of 2008, the difficult capital market environment led to a considerable decline worldwide in the number of public offerings and IPO volumes. This development was seen in the German market as well. The volume of equity issues on the market in 2008 was less than one-half the volume of equity issues reported in 2007, and the number of transactions plummeted by approximately 74%(1).

Some examples of the transactions which CGMD supported in 2008 include:

- Convertible bonds of TUI / TUI Travel (approx. EUR 450m)
- IPO of SMA Solar Technology (approx. EUR 362)
- Convertible bonds of Qimonda (approx. EUR 162m)

In 2008, the volume of M&A transactions that were announced worldwide declined by approx. 30% to a value of USD 2,936bn(1). The number of transactions valued in excess of USD 1bn fell considerably (approx. 38%) from the 2007 levels. Germany also saw a significant drop in M&A activity from the previous year, which can be attributed above all to the capital market environment and the related higher uncertainty during the course of the year.

Despite the extremely difficult market environment, Citigroup was able to further improve its market share and advised its clients on many national (Germany, Austrian, Switzerland) and cross-border transactions.

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The following sample transactions are worth mentioning for 2008:

- Sale of 20% of Endesa Italia to E.ON (approx. EUR 11.3bn)
- Sale of Citibank Privatkunden AG by Citigroup to Crédit Mutuel (approx. EUR 4.9bn)
- Sale of Hapag-Lloyd by TUI to an investor group out of Hamburg (approx. EUR 4.5bn)
- Acquisition of HSB Group by Münchener Rückversicherung (approx. EUR 533m)
- Acquisition of EnAlphin by Energiedienst (approx. EUR 383m)
- Sale of 35.6% holding in Inotera by Qimonda to Micron (approx. EUR 296m)
- Purchase of 10% of Kamaz by Daimler (approx. EUR 190m)

Given the continuing challenges faced by the world economy and the global financial markets, a decline in the volume of both global and German equity issues, initial public offerings and M&A transactions is likewise expected. It also remains to be seen as to when the equity markets will begin to recover as capital increases through the issuance of equity-linked or subscription rights are used for corporate financing.

Note: (1) Source is Thomson Financial per December 31, 2008.

Global Transaction Services

Global Transaction Services (hereinafter referred to as "GTS") offers innovative solutions in Cash Management, Trade Services and Securities & Funds Services to global companies, financial institutions and the public sector. The product offering includes processing payment transactions worldwide, liquidity management, trade finance, securities settlement and custody services. With its network, which spans over 100 countries, Citigroup offers its clients solutions that are not just local but also cross-border and integrated.

In fiscal year 2008, Cash Management remained a major element contributing to the value of the GTS business segment in Germany, having achieved a growth rate of 4% in a turbulent environment.

The Treasury and Trade Solutions Management Team was permanently strengthened in 2008 through the appointment of a Treasury and Trade Solution Head and a Cash Management Product Manager Germany.

Crucial support to this commitment to expanding the position of the Cash Management business in Germany as a local business came from the successful launch of the SEPA Credit Transfers in Germany and the contemporaneous integration in the regional and global infrastructures of Citigroup. At the same time in 2008, the course was set for a successful launch of SEPA Direct Debits in Germany at the end of 2009.

Securities Settlement and Custody Services was also able to close out 2008 on a successful note. Despite the difficult macroeconomic environment, the transaction volume rose by almost 20%. This development is attributable both to the success achieved in acquiring new clients and to the increase in trading activity of our existing clients, both on the established stock exchanges as well as on the new alternative European trading platforms.

The segment Fund Services is becoming more and more important. In this respect, CGMD discontinued the limited Custody Bank Services segment and is now, in line with general market expectations, concentrating on the business with international fund managers.

By further improving efficiencies and expanding its product range to meet customer need, CGMD sees itself well-positioned for 2009 to meet the complex fund requirements in Germany using the most modern systems and settlement structures.

Treasury

The global economic slide accelerated significantly in the fourth quarter of 2008. Beginning with the subprime crisis which started in the United States and Great Britain in 2007, all asset classes and economic regions in the world have gradually become embroiled in the problems of the collapsing asset values.

The bankruptcy of US investment firm Lehman Brothers in September 2008 only accelerated the process. This event helped trigger major distortions in the international equities markets and a deep crisis of confidence in the financial industry, which was only aggravated by the fact that many financial institutions realized their historical loss and write-off potentials. Analogously, a new model for assessing the credit standing of banks, insurance carriers and the credit processing industry emerged which, in turn, produced a significant spike in credit spreads.

Shortly thereafter many early macroeconomic indicators (consumer confidence, new industrial orders, etc.) began collapsing and in some cases hitting historical lows, which then pointed to a deep recession on a global scale. Every economic region therefore confronted a downturn in economic activity or annualised negative growth. A reverse trend has not yet emerged, but is expected no earlier than the fourth quarter of 2009. In this connection, another problem appears to be the sovereign debt of various southern European Member States of the European Union as well as a number of eastern European countries, which is the result, on the one hand, of significant structural deficits and, on the other hand, the launch of economic programs.

Through targeted intervention, governments and central banks throughout the world are attempting to calm the markets. The economic stimulus programs launched by governments are finding support in the continued relaxation of monetary policies at the central banks. Prime rates were reduced drastically, and the entire range of monetary tools was deployed in order to stabilize financial markets. Since October 2008, the ECB has lowered its main refinancing rate by a total of 3.0 percentage points to 1.25%.

As a consequence of centralizing European liquidity management, CGMD is conceptually very well positioned, and the refinancing of the entities belonging to the group is guaranteed at all times. During the recently completed fiscal year, Treasury was able to make a positive contribution to overall development through active asset and liability management.

In 2009, Citigroup will cultivate its very extensive and regular contacts with the central banks and supervisory authorities in Europe. In addition, our experts participate actively in various associations and working groups in order to make a meaningful and positive contribution to the framework of the banking industry. Citigroup believes that this involvement puts it in a good position to anticipate new developments in a timely manner and to adapt our overall structure to potential innovations in a way that best meets the interests of our clients.

Risk Management

Overview

The organizational structure and risk management processes are set forth in detail in the "Credit, Market and Operational Risk Policies" introduced by Citigroup. These policies have also been adopted by CGMD.

From a risk perspective, the most important types of trading business offered by CGMD are:

- warrants
- issuance of investment certificates
- money market transactions with credit institutions
- purchase and sale of fixed-interest securities to ensure liquidity
- interest-rate swaps & interest-rate futures, predominantly to hedge interest rate exposures
- securities borrowing

In addition, CGMD is also involved in traditional lending transactions with top institutional borrowers.

The different types of risks inherent in these products are included in the risk management system as follows.

Market Risk

The market risk management of CGMD is divided into three main segments, which are responsible for currency risks, interest risks and other price risks, respectively.

In order to assess the risk position in Trading and Treasury, all individual transactions are marked to market on a daily basis. The prices underlying the valuation are obtained directly from independent external sources or are assessed using Citigroup's globally recognized pricing models. The market parameters used in this process are imported automatically into the valuation systems or are recorded manually by the traders. In the event of the latter, the market parameters are thoroughly checked by the back-office which then compares them with independent external sources. Based on these data, the current market values and the daily gains and losses are assessed independently from the trading function. The results are reconciled with Trading and provided to the divisional heads and senior management on a daily basis.

The risk exposures in the trading books and in Treasury are quantified daily. This is carried out by means of factor sensitivity analyses that evaluate all trade transactions both in terms of their price relevant market factors (foreign exchange, equity and equity index spot prices, yield curves and interest rate volatility, currencies, equities and equity indices) and in terms of the changes in value that would occur in the event of a standardized upwards movement. This provides an overview on the risk profile of the individual trading portfolios and the Bank as a whole.

In addition, we quantify the loss potential of each market factor and calculate the "value at risk", taking into account the correlation between the market factors. The "value at risk" quantifies the maximum loss to be expected from a trading book during a holding period of one day and with a confidence level of 99% (2.33 standard deviation). The calculation also takes into account the specific risks of individual stocks (beta risk).

“Value at risk“ is calculated using a Monte Carlo simulation, which Citigroup carries out centrally from New York for all trading activities and which is based on uniform valuation criteria. The volatilities of the individual market factors and their correlations that are used in the calculation are determined empirically each quarter. If required, they may also be adjusted between these periods.

In addition, extreme market changes are simulated through trading-independent stress tests that are carried out in regular intervals and, in specific situations, on an *ad hoc* basis.

In line with the risk quantification model, the Bank has defined limit structures and so-called “Management Action Triggers” for the individual trading books and for its Treasury.

Due to the complexity of the derivative trading activities, CGMD is connected to a Citigroup risk monitoring system that operates independently from the trading function. It shows the aggregate market price risk by products, currencies and markets and compares the risk exposures on the different levels to the relevant limits. The system generates daily reports (which highlight specific limit breaches where applicable). They are provided to Risk Controlling each morning. The trading independent Risk Controlling function monitors compliance with the limits and the escalation of the Management Action Trigger on a daily basis. The aggregated reports are provided to the Executive Board and the heads of the trading desks.

Credit Risk

CGMD continuously monitors whether the lines of credit granted to the contractual parties and the counterparty limits for trade transactions are being observed. Monitoring is performed per product (“traded product” or “non-traded product”) and is carried out by a department that operates independently from Trading. The Bank differentiates these counterparty risks between settlement risks and pre-settlement exposures. The settlement risk is the risk incurred by the Bank if the Bank duly performs under a contract on settlement day, but the client does not perform. The pre-settlement exposure is the risk incurred by the Bank if the client is unable to meet its obligations under a contract and the Bank must therefore cover the position in the market. The risk is calculated based on a mark-to-market valuation of the client exposure.

The Bank defines limits for various credit types according to the relevant counterparty, who may, where applicable, be generally assigned to a class of debtors. These limits are approved by the competent decision-makers.

Reports on the different counterparty risks are generated by the system and analyzed on a daily basis. In the event of identified limit breaches, the competent individuals are informed promptly.

Liquidity Risk

Liquidity risk is managed by the Treasury Division. The controls are based on analyses of all cash flows according to products and currencies and include the monitoring of, and setting limits for, aggregated cash outflows and inflows. On a quarterly basis, this is complemented by scenario analyses in order to identify whether unexpected events could create liquidity squeezes and which corrective measures could be taken. Risk Controlling monitors compliance with the limits on a daily basis. It keeps senior management informed of the Bank's liquidity situation in a timely manner.

Operational Risks

Operational risks are defined by CGMD as all risks which do not qualify as market, credit or liquidity risks. These include:

- **Clearing (Processing) Risk**
  The risk of processing business transactions incorrectly or carrying out transactions that do not comply with the intention and the expectation of the Bank's senior management.
- **Information Risk**
  The risk that information that was prepared, received, conveyed or stored internally or outside of the Bank can no longer be accessed. Furthermore, this information may be of poor quality, handled incorrectly or misappropriated. Risks resulting from the use of information processing systems themselves are also classified as information risks.
- **Reputation Risk**
  The risk that insufficient services or incorrect execution of business transactions will damage the relationship between the Bank and its clients. It also includes the risk that the Bank will enter into business relationships with counterparties whose business practices do not meet our standards or best practices.
- **Personnel Risk**
  Due to its focus on investment banking, the Bank has a strong need for qualified and trained professionals and managers. Thus, it runs the risk of high employee turnover or the risk of being unable to attract and retain sufficiently qualified staff. In addition, it runs the risk that employees of the firm deliberately or negligently breach pre-defined rules or do not comply with the best practices of the Bank.

  Legal and Regulatory Risks
  We define all risks resulting from binding contracts and legislation as legal risks. Regulatory risks result from the regulations that are applicable to the Bank.

The responsibility for the management of operational risks lies below Executive Board level, namely with the Bank's department heads. These persons are responsible for creating, documenting and regularly updating all work directives and control procedures.

The roles and responsibilities, as well as the documentation are defined in accordance with the applicable Citigroup Policies. These responsibilities are supported by an internal control system. An integrated reporting system ensures that emerging risks are reported in a timely manner to the control functions.

Operational risk is further minimized by Bank's Internal Audit Division, which reviews the adequacy of, and the compliance with, the defined standards and procedures and which highlights potential weaknesses in the workflow organization. In addition, the employees responsible for the processes oversee self-assessment procedures: processes, controls and management information statistics are critically reviewed in a self-assessment exercise performed during the course of the year.

Optimizing the information technology plays a crucial role in reducing operational risks. In order to compete efficiently in a global, information-driven market, the Bank needs global electronic systems and databases which ensure that reliable data can be accessed quickly and as often as necessary.

Personnel risks, which arise from the need for qualified employees, from employee turnover and from employee training, are managed jointly by the Human Resources Department and the department in question. Personnel development and training programs are offered to all employees. Through an individual employee development plan that is agreed between the employee and his/her manager, both the employee and the Human Resources Department gain an overview of the individual training planned for the upcoming year. These programs ensure that employees keep developing their skills and abilities. The Bank thereby pursues its goal of minimizing employee turnover and the ensuing personnel risk.

The Bank employs traditional recruiting methods and makes extensive use of the services provided by recruiting agencies and the Internet.

The Compliance Department is responsible for monitoring whether the internal rules and standards for employee conduct and the employee guidelines are being observed. In addition, the Compliance Department regularly trains our employees on money laundering issues.

The Legal Department is responsible for recognizing legal risks and limiting them in cooperation with other units of the Group. Where required, outside advisors are retained for specific issues. As far as possible, standard master agreements are concluded. The Legal Department is responsible for reviewing and monitoring all contracts. In addition, it advises all other departments of the Bank on legal issues and keeps them informed of important changes in the law.

Implementation of the Minimum Requirements for Risk Management

In October 2007, the German Federal Financial Supervisory Authority (the *Bundesanstalt für Finanzdienstleistungsaufsicht* or “BaFin”) defined minimum requirements for risk management (hereinafter referred to as “MaRisk”). Whereas the existing minimum requirements for the trading business (hereinafter referred to as “MaH”), the credit business (hereinafter referred to as “MaK”) and internal auditing (hereinafter referred to as “MaIR”) focused only on individual segments of the business and risk categories, the MaRisk follow a holistic approach and also take into account operational and liquidity risk. In addition, financial institutions must ensure that potential operational risks are covered with sufficiently large economic capital.

For both of its Frankfurt entities – CGMD and Citibank, N.A. New York, Frankfurt branch – the Bank set up a consolidated document that specifies how the MaRisk are implemented into guidelines applicable to both entities. These guidelines are based largely on the strategies of the business units and the related risk tolerance analysis.

The resulting calculation of the economically required capital is intended to cover all potential risks of the relevant business unit, classified according to operational risk, market risk, liquidity risk and credit risk. The risk capital limits derived therefrom are shown per business unit and risk category. As an example, the calculation as of the end of 2008 is set forth below:

Amount in USD millions per end of December, 2008	Credit risk	Market risk	Liquidity risk	Operational risks	Total risks
Capital Market & Banking	145	-	28	68	241
Global Transaction Services	2	-	-	1	3
Global Corporate & Investment Banking	147	-	28	69	244

Development of Net Assets, Financial Condition and Results of Operation

As of December 31, 2008, the total assets of CGMD increased by EUR 4,594.0m over the previous year to EUR 20,551.2m.

The largest single balance sheet items were "receivables from banks", which amounted to EUR 15,751.1m (2007: EUR 10,159.7m), "liabilities owed to banks", which amounted to EUR 14,554.5m (2007: EUR 7,372.4m), "receivables from customers", which amounted to EUR 1,579.0m (2007: EUR 1,782.0m) and "securitized liabilities", which amounted to EUR 2,117.7m (2007: EUR 3,757.1m). "Securitized liabilities" consist of USD loan participation notes equaling EUR 963.9m that were issued as credit linked notes in order to hedge specific USD-denominated receivables from customers and banks. This item also includes listed index and equity certificates totaling EUR 1,153.8m.

Debt securities issued by government institutions and bonds and other fixed-interest securities were reported at EUR 20.8m (2007: EUR 123.5m). Of this amount, EUR 20.8m are eligible for use as collateral at the European Central Bank. This item was lower because securities matured and were sold, inasmuch as the Bank relies on other instruments in managing its liquidity.

The other assets and other liabilities result largely from the warrants business and include the premiums yielded from these transactions.

At CGMD, the derivatives business, which in the trading books is divided between currency risks and other price risks, is based on taking, hedging and unloading risks.

The Foreign Currency Risk Trading Book includes

- currency spot and forward transactions
- OTC currency options transactions, and

- currency warrants

The Other Price Risk Trading Book includes

- stocks and other variable-yield securities from the trading portfolio
- index bonds and equity discount certificates,
- stock and index options, and
- forward transactions on equities and indexes.

As of December 31, 2008, the Company's equity capital (including the loss allocation to the silent partners) equaled EUR 568.6m (2007: EUR 586.9m), and includes a silent partnership contribution of EUR 104.4m (2007: EUR 122.7m).

The liabilities based on guarantees and warranties dropped to EUR 477.6 (2007: EUR 552.4m).

Irrevocable lines of credit totaled EUR 661.3m (2007: EUR 968.6m).

As a result of a general currency-congruent refinancing structure, exchange rate movements had only a marginal impact on the CGMD's earnings.

As a rule, the CGMD refinances itself almost exclusively by borrowing funds from financial institutions and affiliated enterprises of Citigroup. Because the European liquidity management was centralized, CGMD was able to report high liquidity as of the balance sheet date, and invested the cash under a deposit facility held at the German Bundesbank (German Central Bank). In the recently completed fiscal year, the CGMD was therefore able at all times to meet its current payment obligations and to comply with its duties to file its statutory liquidity reports.

In fiscal year 2008, CGMD reported a loss (before transferring it to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG) of EUR 49.3m (2007: profit of EUR 33.4m).

Because of the continuing turbulence on the international capital markets, the net interest income fell to EUR 84.2m (2007: EUR 94.9m). Due to higher dividend payments received, the current income from shares and equity investments increased to EUR 29.0m (2007: EUR 28.8m).

Commission income rose by EUR 66.5m to EUR 122.7m (2007: EUR 189.2m). Commission income consists predominantly of transfer pricing revenue from broker transactions with affiliated companies. This relates to brokering products from the Fixed Income and Fixed Income Derivatives Division as well as from the Equity and Equity Derivatives Division. They also include commissions from securities transactions and Eurex products. The decline in income is mainly attributable to the crisis on the financial markets and the related drop in business as well as a change in the calculation method for allocating income within Citigroup.

In the recently completed fiscal year, the Bank had to book a net loss from financial trading operations in the amount of EUR 45.7m (2007: net loss of EUR 11.8m), which is attributable to the equities, warrants and certificates business. Here as well, the situation on the international financial markets adversely affected income.

Personnel expenses rose by EUR 3.5m to EUR 132.6m (2007: EUR 129.1m) as a result of higher restructuring provisions totaling EUR 40.5m.

The other administrative expenses declined by EUR 5.9m to EUR 96.2m (2007: EUR 102.1m), which is due mainly to lower rent payments, custody fees and declining costs for information services.

The losses transferred under profit transfer or partial profit transfer agreements are attributable to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG (in the amount of EUR 31.0m) and to the silent partners (in the amount of EUR 18.3m).

Supplementary Report (*Nachtragsbericht*)

There have been no events of special importance following the conclusion of the fiscal year, which had a material effect on the course of the CGMD's business.

Key Financial Performance Indicators

The table below provides a comparison of certain noteworthy financial statistics between fiscal year 2008 and fiscal year 2007, which reveals the business development of Citigroup Global Markets Deutschland:

	2008	2007	Change	
	EUR m	EUR m	EUR m	%
Balance sheet total	20,551	15,957	4,594	28.8
Business volume	21,690	17,478	4,212	24.1
Equity capital	569	587	-18.3	-3.1
Loan volume	19,492	15,420	4,071	26.4
Number of employees	396	435	-39	-9

	2008	2007	Change	
	EUR m	EUR m	EUR m	%
Interest income from operations	84	95	-11	11.3
Commissions from brokerage business	70	139	-69	50.0
Commissions from securities business	20	20	0	0
Net income from financial operations	-46	-12	-34	-286.3
General administrative expenses	229	231	2	-1.1

As of the balance sheet date, the balance sheet equity capital consists of the following components:

	Dec 31, 2008	2007	Change
	EUR m	EUR m	EUR m
Subscribed capital			
Share capital	210.6	210.6	-
Silent partnership capital	104.4	122.7	18.3
Capital reserves	192.8	192.8	-
Legal reserve	32.9	32.9	-
Other earnings reserves	27.9	27.9	-

The regulatory capital under BIS consists of core capital and supplemental capital (subordinated liabilities) after approval as follows:

	Dec 31, 2008 EUR m	2007 EUR m
Equity capital on balance sheet	568.6	586.9
Less		
Intangible assets	-2.7	-3.3
Core capital	565.9	583.6
Supplemental capital	0.0	51.1
Equity capital	565.9	634.7
Capital ratios		
Tier 1 capital in %	18.7	15.0
Total capital ratio in %	18.7	16.3

Outlook

The global recession will continue to have a negative impact on the German economy in 2009. According to forecasts made by Citi Economic and Market Analysis, Germany's GDP is expected to decline by 5% this year, the largest single drop in the post-war period. In the opinion of Citi economists, the main contributing factor to the decline in the GDP in 2009 will be a dramatic 15.1% drop in exports. In addition to a slump in the export business, more restrictive financing terms will hamper domestic investments and also lead to another jump in unemployment. Citi economists project that on an average annual basis, the unemployment rate will climb to 9.2% in 2009 compared to 7.8% in 2008. Despite a significant increase in unemployment and a dramatic rise in short-time work, our economists still predict a slight increase in private consumption. Households can benefit not only from a considerable drop in inflation, but also from government support. The government economic stimulus packages that have been enacted should help stabilize the overall economic activity in the second half of 2009. These programs will, however, probably also inflate the budget deficit to 3.7% of GDP. The economic outlook remains very uncertain primarily because of the ongoing financial and banking crisis.

In order to stabilize the economy, most governments in the major Western industrial countries have strung together economic packages. Even in Germany, the government in early 2009 launched another 50bn-euro program to stimulate the economy. Moreover, in many countries including Germany and France, government initiatives have been launched to help ease the financing conditions by providing guarantees for companies to limit the effect of the credit crunch on their investments or by expanding the bank rescue packages to help ease financing terms and conditions. In our opinion, these programs should probably help stabilize the economy and relieve the financial markets in the mid-term. However, the programs are too little and too late to bring about a quick conclusion to the deep recession in these countries. Moreover, these actions are intended merely as temporary measures and will be wound down in the coming years, which will probably lead to renewed setbacks for the world economy.

Nevertheless it is important to emphasize that Citigroup is expecting that the global economy will recover at the end of 2009 thanks to the massive support provided by fiscal and monetary policy. Since the stimulus actions taken for the US economy are stronger than those taken in Euroland, we expect a quicker recovery in the United States (despite the more pronounced economic problems there) than in Europe where the situation will probably only stabilize by the end of 2009.

Given the continuing challenges faced by the world economy and the global financial markets, a decline in the volume of both global and German equity issues, initial public offerings and M&A transactions is expected for 2009. It also remains to be seen as to when the equity markets will begin to recover as capital increases through the issuance of equity-linked or subscription rights are used for corporate financing.

Despite a difficult market environment in fiscal year 2009, CGMD Deutschland expects the Warrants and Certificates segment to make a positive contribution to earnings as a result of a variety of new implemented programs to improve the trading platform, which strengthen the secondary markets and as a result of the global restructuring into a Cross-Asset Unit.

In Fixed Income and in brokering interest and credit derivatives, the Bank will continue to attempt in 2009, despite the difficult and in part declining market environment, to build its client base and offer innovative products.

CGMD sees its Global Transaction Service (GTS) segment optimally positioned for 2009. With further improvements in efficiency and the expansion of the product range linked to customer needs, GTS is well-prepared to face the complex requirements of the securities business in Germany, using the most modern systems and settlement structures.

Citigroup will continue to use its financial strength and its presence in over 100 countries worldwide in the best interests of its clients. CGMD is part of the Citigroup business unit, which emerged from the company's restructuring and into which the core business fields were bundled. The business of the Bank is therefore an integral part of the Group's corporate strategy (which also includes the risk strategy). The success of a business relationship with a client is measured on a firm-wide basis in terms of "return on risk capital", a financial performance indicator for business relationships with clients. Therefore, the earnings of CGMD are not considered in isolation. Instead, all interest-rate, commission and trading ("cross selling") revenues generated from all relationships that Citigroup maintains with a client - adjusted by the respective product costs - are compared to the economic capital tied up for this purpose.

Based on this strategic concept, CGMD will continue to contribute to the ongoing expansion of the corporate, investment and transaction banking business of Citigroup in Germany.

In light of the restructuring and cost optimization programs launched, the Bank is expecting satisfactory results for the current fiscal year.

Future Risks and Opportunities

It is a fact that the current crisis has revealed more than ever the major differences in the public finances of the Member States of the European Monetary Union (EMU). While the market in the past has paid little attention to these differences, recent changes in investors' general willingness to assume risk has dramatically increased the risk premiums for a number of states with high debt and/or deficit ratios. Despite the "no bailout" clause in place, Citigroup assumes that European institutions will attempt to support those distressed Member States in order to avoid a possible default.

In our view a default by an EMU Member State will be very costly both for the country in question and for the other Member States. This will be true whether the country in question leaves the European Union or stays with the euro.

If a defaulting state remains in the EMU, the financing costs for the remaining sovereign debt and the private sector debt would increase considerably and thereby trigger a protracted phase of economic weakness. If a Member State defaults, one could expect that the spreads for other Member States with similarly strained public finances will continue to rise and that the likelihood that these Member States will default will also increase. This kind of development would also harm Member States with solid public finances inasmuch as they would be dragged down by the declining export of goods in defaulting states.

Even if a defaulting state leaves the Union (a matter not covered under the EMU rules), costs would arise. The relevant country would benefit, however, from a significant devaluation, which would both increase its competitiveness and attract foreign investment.

The devaluation, however, would significantly increase the euro-based private sector debt load and thereby usher in a long period of weakness. As in the case of a defaulting country remaining in the EMU, if a Member State were to leave the Union, the increasing spreads in the remaining EMU States and their threatened departure would produce costs. The upward revaluation of the euro in relation to the third party currency would also create cost pressures for them.

In light of this high financial cost that would result from the default of a Member State (the political costs are not included here), we assume that the European institutions will attempt to undertake stabilising measures. Since in our opinion the European Central Bank (ECB) does not have any mandate for such activities, the Member States and EU Commission will be required to exploit its latitude in order to provide support to the financially distressed countries, without violating the "no bailout" clause. Even though we do not expect that the Member States will reach an agreement about issuing a common or joint euro bond, we rather expect there to be support measures undertaken by the Commission or on a bilateral level.

In view of the restructuring and cost optimisation measures taken by Citigroup, CGMD sees an opportunity to develop favourably in the coming year. Given its close integration in the Citigroup network, CGMD should be able to profit from recovering business activities both in and out of Europe.

By virtue of the strong economic links to other units within Citigroup, the continued progress of CGMD will closely track the economic development of Citigroup.

Financial Statements

Notes to the Financial Statements for Fiscal Year 2008

and other information

Balance Sheet as of December 31, 2008
Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurt am Main

Assets		EUR	EUR	EUR	2007: TEUR
1. Cash reserve					
a) Petty cash			270,24		5
b) Credit balances held at central banks			72.114.697,06		24.487
of which: at the German Bundesbank (German Central Bank)	EUR 72.114.697,06 (2007: TEUR 24.487)				
c) Credit balances held at post giro offices			-,--	72.114.967,30	-
2. Receivables from banks					
a) Due upon demand			3.188.529.156,82		4.221.137
b) Other receivables			12.562.541.394,66	15.751.070.551,48	5.938.532
3. Receivables from customers				1.578.953.487,21	1.781.977
of which: secured by mortgages or other real property					
security interests	EUR -,-- (2007: TEUR -)				
Municipal loans	EUR -,-- (2007: TEUR -)				
4. Debt securities and other fixed-income securities					
a) Money market paper					
aa) issued by government institutions		-,--			-
ab) issued by others		-,--	-,--		-
b) Bonds and debt securities					
ba) issued by government institutions		20.773.853,03			123.521
of which: eligible as collateral with the German Bundesbank	EUR 20.773.853,03 (2007: TEUR 123.521)				
bb) issued by others		-,--	20.773.853,03		-
of which: eligible as collateral with the German Bundesbank	EUR -,-- (2007: TEUR -)				
c) Bank's own debt securities			-,--	20.773.853,03	-
Face value	EUR -,-- (2007: TEUR -)				
5. Equities and variable-yield securities				1.222.501.756,09	1.712.951
6. Equity investments				367.944,56	368
of which: in banks	EUR 217.842,30 (2007: TEUR 218)				
in financial services institutions	EUR -,-- (2007: TEUR -)				
7. Trust assets				-,--	24.872
of which trust loans	EUR -,-- (2007:. TEUR 24.872)				
8. Intangible assets				2.682.799,17	3.328
9. Tangible assets				7.461.070,07	9.618
10. Other assets				1.895.188.162,34	2.116.368
11. Prepaid and deferred items				71.656,97	29
Total Assets				20.551.186.248,22	15.957.193

	EUR	EUR	EUR	Liabilities and Equity Capital 2007: TEUR
1. Liabilities owed to banks				
a) Payable on demand		2.890.920.340,69		2.137.863
b) Having an agreed term or notice period		11.663.565.249,65	14.554.485.590,34	5.234.514
2. Liabilities owed to customers				
a) Savings deposits				
aa) having an agreed notice period of three months	-,--			-
ab) having an agreed notice period of more than three months	-,--	-,--		-
b) Other liabilities				
ba) payable on demand	1.037.410.509,69			1.289.371
bb) having an agreed term or notice period	90.969.130,04	1.128.379.639,73	1.128.379.639,73	210.406
3. Securitized liabilities				
a) Debt securities issued		963.893.558,23		1.398.480
b) Other securitized liabilities		-,--		-
of which:				
money market paper EUR -,-- (2007: TEUR -)				
own acceptance and promissory notes outstanding EUR -,-- (2007: TEUR -)				
c) Miscellaneous securitized liabilities		1.153.765.916,97	2.117.659.475,20	2.358.639
4. Trust liabilities			0,00	24.872
of which: trust loans EUR -,-- (2007: TEUR 24.872)				
5. Other liabilities			1.963.909.423,98	2.429.492
6. Deferred items			79.752,45	84
7. Accrued liabilities				
a) Pensions and similar obligations		128.431.839,36		120.984
b) Tax accruals		1.251.676,59		33.810
c) Other accrued liabilities		88.449.184,01	218.132.699,96	80.680
8. Subordinated liabilities			-,--	51.129
10. Equity capital				
a) Subscribed capital				
aa) registered share capital	210.569.889,00			210.570
ab) silent partner capital	104.380.233,00	314.950.122,00		122.710
b) Capital reserve	192.745.810,70	192.745.810,70		192.746
c) Earnings reserves				
ca) legal reserve	32.927.197,15			32.927
cb) reserve for treasury shares	-,--			-
cc) reserves required by the articles of association	-,--			-
cd) other earnings reserves	27.916.536,71	60.843.733,86		27.916
d) Unappropriated earnings/loss		-,--	568.539.666,56	-
Total Liabilities and Equity Capital			20.551.186.248,22	15.957.193

	EUR	EUR	2007: TEUR
1. Contingent liabilities			
a) Contingent liabilities from credited but uncleared bills of exchange	-,--		-
b) Contingent liabilities from guarantees and warranty commitments	477.637.423,02		552.362
c) Contingent liabilities from security provided on behalf of third parties	-,--	477.637.423,02	-
2. Other obligations			
a) Commitment under fictitious repurchase (repo) agreements	-,--		-
b) Placement and underwriting commitments	-,--		-
c) Irrevocable lines of credit previously granted	661.260.460,89	661.260.460,89	968.572

Statement of Income
for the period January 1 through December 31, 2008
Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurt am Main

	EUR	EUR	EUR	2007: TEUR
1. Interest income from				
a) Loans and money market transactions	491.644.038,33			542.118
b) Fixed-income securities and debt register claims	2.291.885,16	493.935.923,49		19.977
2. Interest expenses		409.768.014,07	84.167.909,42	467.179
3. Current income from				
a) Shares and other variable-yield securities		28.962.548,29		28.360
b) Equity investments		31.448,70		404
c) Interests in affiliated enterprises		-,--	28.993.996,99	-
4. Commission income		122.650.053,57		189.244
5. Commission expenses		4.735.974,74	117.914.078,83	7.312
6. Net income from financial trading operations		./.	45.663.823,54	./. 11.820
7. Other operating income			13.908.152,62	13.887
8. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	114.124.162,70			111.338
ab) social security contributions, pension and welfare expenses	18.436.601,80	132.560.764,50		17.759
of which: for pensions EUR 10.843.874,07 (2007: TEUR 11,033)				
b) Other administrative expenses		96.190.475,21	228.751.239,71	102.143
9. Amortization, depreciation, and write-down of tangible and intangible assets			4.736.496,73	4.387
10. Other operating expenses			3.405.193,79	2.874
11. Write-downs of and provisions for receivables and certain securities and additions to loan reserves		1.856.554,83		1.211
12. Income from reversal of write-downs of receivables and certain securities and income from reversal of loans reserves		-,--	./. 1.856.554,83	-
13. Write-downs of and provisions for equity investments, interests in affiliated enterprises and long-term securities		124.434,18		863
14. Income from the reversal of write-ups of equity investments, interests in affiliated enterprises and long-term securities		1.181.430,91	1.056.996,73	-
15. Results from ordinary operations		./.	38.372.174,01	67.104

	EUR	EUR	EUR	2007: TEUR
16. Income taxes		10.927.820,45		33.666
17. Other taxes, to the extent not included under item 10		-,--	10.927.820,45	-
18. Income from loss transfers			49.299.994,46	-
19. Profits transferred pursuant to profit pooling, profit transfer or partial profits transfer agreement			-,--	33.438
20. Annual net income for 2008			-,--	-
21. Profit carried forward/ loss-carry forward from 2007			-,--	-
			-,--	-
22. Transfers from capital reserves			-,--	-
			-,--	-
23. 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		-,--	-,--	-
			-,--	-
24. Transfers from capital with participation rights			-,--	-
			-,--	-
25. 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		-,--	-,--	-
			-,--	-
26. Replenishment capital with participation rights			-,--	-
27. Unappropriated earnings (balance sheet profit)			-,--	-

Citigroup Global Markets Deutschland AG & Co. KGaA
Frankfurt am Main

Notes to the Financial Statements for Fiscal Year 2008

Citigroup Global Markets Deutschland AG & Co. KGaA (“CGMD”) is a partnership limited by shares (“KGaA”) with its registered offices in Frankfurt am Main, Germany. CGMD is recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 57295.

1. Accounting and Valuation Methods

The annual financial statements for fiscal year 2008 were prepared in accordance with the German Banking Act (KWG), the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

Citigroup Global Markets Deutschland AG & Co. KGaA adheres to the requirements set forth in § 252 (1) of the HGB regarding the valuation of **derivative transactions**. Citigroup Global Markets Deutschland AG & Co. KGaA values the foreign currency and other price risks, which are inherent in its trading books, on the basis of accepting, hedging and transferring risks. Therefore, the risk-offsetting effects of individual transactions in a trading book can be valued only when taking into account all transactions within that portfolio. Accordingly, the items making up the trading book are not measured individually. Instead, the trading books together are seen as a single valuation unit.

Foreign Currency Risk Trading Book

Forward exchange and option transactions are valued on the basis of the provisions set forth in § 340 h HGB and the opinions BFA 2/1995 and BFA 3/1995 issued by the Banking Committee of the German Institute of Auditors (*Institut der Wirtschaftsprüfer in Deutschland e.V.*) as follows:

Gains or losses from any forward exchange transactions are calculated by comparing the transaction rate with the relevant forward rate as of the balance sheet date.

Purchased and written options are measured at their respective market price or fair value. Gains or losses on these transactions are calculated by comparing the market values on the balance sheet date with the premiums paid or received.

The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Other Price Risks Trading Book

Shares and other variable-yield securities in the trading portfolio as well as index-linked debt securities and share discount certificates are stated at their respective market price or fair value. Gains or losses are calculated by comparing the acquisition costs with the market value. The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Stock options and index options are stated at market price or fair value. Gains or losses on such trades are calculated by comparing the difference between the market value on the balance sheet date and the premiums paid or received. The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Forward transactions in equities and indices are marked to market. The profits or losses are reflected as the difference between the market values and the relevant contracted price based on the underlying instrument.

Interest-rate derivatives

In connection with hedging the risks related to changes in the interest rates, the Bank entered into certain interest-rate futures. These futures are marked to market. The profits or losses are reflected as the difference between the market values and the relevant contracted price based on the underlying instrument.

Treasury

Money market transactions are recognized at their face value or settlement amount. Money market transactions in foreign currencies are measured on the basis of § 340 h HGB and in accordance with opinion BFA 3/1995 issued by the banking committee of the German Institute of Auditors.

Bonds and debt securities are stated at the lower of cost or market value.

Option premiums paid and received are marked to market and recorded on the balance sheet until maturity or until the options are exercised.

Issued **Index-linked and equity-linked debt securities** are entered on the balance sheet as “other securitized liabilities”. Repurchased index-linked and equity-linked debt securities are entered on the balance sheet at their redemption value under “equities and other variable-yield securities”.

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

Receivables from customers are recorded at their nominal value plus accrued interest less any allowances established to cover loan-related risks.

Long-term securities are stated at the lower of acquisition cost or fair value as prescribed in § 253 (2) HGB.

Equity investments are stated at their cost of acquisition.

Intangible assets are stated at the costs of acquisition less straight-line amortization.

Tangible assets are stated at acquisition cost less straight line-depreciation.

Liabilities owed to banks and liabilities owed to customers are stated at face value plus accrued interest.

Pension accruals have been calculated in accordance with tax-based procedures using the entry-age-normal method (*Teilwertmethode*) and assuming an annual discount rate of 6 % and the current mortality tables (Heubeck RT 2005 G).

Accrued liabilities are created to cover liabilities, which existed on the balance sheet date but the precise amount of which was not known, and for any potential losses from open business transactions.

Accruals have been made in the balance sheet for **contracts and pending legal disputes**, which could have an adverse affect on CGMD's financial condition.

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

Due to changes to the calculation method in transfer pricing and declining business volume caused by the situation on the international capital markets, there was a noticeable drop in commision income compared to the previous year.

Foreign currency positions were converted into euros at the exchange rate set by the ECB on the reporting date and published by the German Bundesbank system (the ESCB-reference rate).

2. Notes on the Balance Sheet

a) Fixed asset movement schedule

	Original acquisition costs			Reversal of write-downs (Cumulative write-ups)		Accumulated depreciation, amortization and write-downs		Book values	
	Dec. 31, 2007	Additions (Disposals)	Transfer	Dec. 31, 2007	Additions	Dec 31. 2007	Additions (Disposals) Transfer	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Intangible assets	6,998	237	-	-	-	3,670	882	2,683	3,328
Office and plant equipment	20,211	1,393 (352)	-	-	-	16,656	1,625 (345)	3,316	3,555
Leasehold Improvements	23,032	61 (16)	-	-	-	17,080	2,229 (10)	3,778	5,952
Construction in progress	111	320 (64)	-	-	-	-	-	367	111
Equity investments	368	-	-	-	-	-	-	368	368
Long-term securities	140,136	6,885	21	15,301	-	15,301	124	146,918	138,995
Total	190,856	8,896 (432)	21	15,301	-	52,707	4,860 (355)	157,430	152,269

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD.

b) Assets based on terms to maturity

Receivables from banks	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
a) payable on demand	3,188,529	4,198,301
b) up to three months	12,401,850	5,518,886
c) more than three months and up to one year	34,981	285,100
d) more than one year and up to five years	36,638	40,585
e) more than five years	71,855	69,196
accrued interest	17,218	47,601
	15,751,071	10,159,669

Receivables from customers	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
a) up to three months	1,013,095	402,502
b) more than three months and up to one year	533,846	51,066
c) more than one year and up to five years	1,500	1,037,174
d) more than five years	0	251,225
accrued interest	30,512	40,010
	1,578,953	1,781,977

Liabilities owed to banks	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
a) payable on demand	2,890,921	2,137,863
b) up to three months	11,663,566	5,206,886
c) more than three months and up to one year	-	-
d) more than one year and up to five years	-	-

accrued interest	889	27,628
	14,554,486	7,372,377

Liabilities owed to customers	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
payable on demand	1,037,411	1,288,854
a) up to three months	60,437	140,353
b) more than three months and up to one year	0	34,203
c) more than one year and up to five years	29,144	33,121
e) more than five years	0	1,023
accrued interest	1,388	2,223
	1,128,380	1,499,777

Securitized liabilities	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
a) issued debt securities		
less than one year	861,979	0
more than one year and up to five years	71,855	1,035,674
more than five years	0	322,668
accrued interest	30,061	40,139
b) miscellaneous securitized liabilities	940,450	
more than one year and up to five years	213,314	2,358,638
	2,117,659	3,757,119

c) Receivables from and liabilities owed to affiliated enterprises

	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
Receivables from banks	6,218,939	9,833,092
Receivables from customers and other assets	249,169	42,983
Other assets	157,140	280,614
Liabilities owed to banks	13,605,775	3,711,273
Liabilities owed to customers	362,502	428,073

d) Assets and liabilities denominated in foreign currencies

	Dec. 31, 2008	Dec. 31, 2007
	EUR '000	EUR '000
Assets	2,028,035	2,150,428
Liabilities	1,945,760	1,991,189

e) Cash flow statement pursuant to DRS No. 2-10

	2008 TEUR	2007 TEUR
Annual Net Income		**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	4,080	5,250
Changes in accruals	-17,341	20,855
Change in other non-cash expenses / income	-1,360	843
Gain/loss from the sale of financial and tangible assets	-12	-161
Other adjustments (per account)	-43,745	-42,523
Subtotal:	**-58,378**	**-15,736**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-5,591,401	-4,045,211
- from customers	227,627	1,606,403
Securities (to the extent not financial investments)	602,387	-204,464
Other assets from current operating activities	221,136	-1,010,702
Liabilities:		
- owed to banks	7,157,236	3,502,387
- owed to customers	-371,398	162,266
Securitized liabilities	-1,639,460	-1,157,602
Other liabilities from current operating activities	-465,586	1,131,876
Interest and dividend payments received	432,103	470,396
Interest paid	-377,430	-394,206
Income tax payments	-10,928	-33,667
Cash flow from current operating activities	**125,908**	**11,740**
Payments received from the sale of		
- Financial assets	0	776
- Tangible assets	89	264
Payments made for investments in		
- Financial assets	-6,906	-12,580
- Tangible assets	-2,009	-1,087
Payments received from the sale of consolidated companies and other business units	0	0
Payments made for the purchase of consolidated companies and other business units	0	0
Change in cash resources based on investing activities (net)	0	0
Cash flow from investing activities	**-8,826**	**-12,627**
Payments received from contributions into equity capital (capital increases, sale of own shares, etc.)	0	0
Payments made to company owners:		

- Dividend payments	0	0
- Other outgoing payments	0	0
Changes in cash resources other capital (net)	-69,459	0
Cash flow from financing activities	**-69,459**	**0**
Cash and cash equivalents at the end of the previous period	**24,492**	**25,379**
Cash flow from current operating activities	125,908	11,740
Cash flow from investing activities	-8,826	-12,627
Cash flow from financing activities	-69,459	0
Cash and cash equivalents at the end of the period	**72,115**	**24,492**

f) Other notes

Equities and other variable-yield securities totaling approximately TEUR 1,075,584 were marketable or listed on stock exchanges.

All debt securities and other fixed-income securities totaling TEUR 20,774 were publicly listed. Of this amount, TEUR 20,000 has a residual term to maturity of less than one year.

Equity investments totaling TEUR 0 were publicly listed. Equity investments totaling TEUR 368.0 were not publicly listed.

The balance sheet item “other assets” consists substantially of paid option premiums. Of the paid option premiums, an amount equaling EUR 1,455.2 million (2007: 1,665 million) related to the Company’s own warrants repurchased on the open market.

Th eecuritized liabilities include mostly issued debt securities totaling EUR 963.9 million (2007: 1,398.5 million). This item contains debt securities, which are linked to loans made to customers (Credit Linked Notes).

The balance sheet item “other liabilities” consists primarily of option premiums received.

The item entitled "other accrued liabilities" contains significant provisions for bonuses and restructuring as well as threatened losses. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 25.1 million (2007: EUR 41.8 million).

Based on a cost optimization program that was launched by the Bank in 2007 and expanded in 2008, provisions for restructuring were set aside in the amount of EUR 40.6 million (2007: EUR 18.3 million).

The subordinated order bond for EUR 51.1 million, which the Bank issued on April 26, 1999 and which was included under subordinated liabilties, was repaid to Citicorp Deutschland GmbH on September 30, 2009. The interest accrued on these subordinated liabilities in the fiscal year was TEUR 1,876.

An affiliated enterprise contributed silent partner capital which, after allocating losses of EUR 18.3 million (2007: profit share EUR 20.9 million), totaled EUR EUR 104.4 million in 2008 (2007: EUR 122.7 million).

The contingent liabilities relate to guarantees and warranty agreements. These agreements stem from guarantees made in the amount of EUR 477.6 million (2007: EUR 552.4 million).

Of the irrevocable credit lines granted in the amount of EUR 661.3 million (2007: EUR 968.6 million), approximately EUR 495.3 million (2007: EUR 713.3 million) had a term to maturity of more than one year. The lines of credit have been granted primarily to non-banks.

g) Other contingent liabilities

The Bank has joined the True Sale Initiative led by the German Bank of Reconstruction and Development (*Kreditanstalt für Wiederaufbau*), located in Frankfurt am Main, and is obligated to make a capital contribution to the service company for the securitization platform. The contribution obligation is limited to EUR 1.9 million.

The Company also has an obligation to provide additional funding in the amount of TEUR 1,700 to Liquiditäts-Konsortialbank Gesellschaft mit beschränkter Haftung, Frankfurt/Main. This contribution equals five times the amount of its participating interest, which equals TEUR 340.

In addition, under a type of absolute guarantee (*selbstschulderische Bürgschaft*), the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association, Bundesverband deutscher Banken e.V.

3. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

Net interest income declined to EUR 84.2 million (2007: EUR 94.9 million).

Commission income was EUR 122.7 million (2007: EUR 189.2 million). This amount includes primarily brokerage commissions from affiliated enterprises, commissions on securities transactions, and Eurex products.

Commission expenses equaled EUR 4.7 million (2007: EUR 7.3 million). They relate almost exclusively to sales commissions on warrants and commissions on options and securities transactions.

The net income from financial trading operations consists primarily of gains or losses from the currency risk and other price risk trading books. The Bank also engages in hedging transactions with interest-rate futures, the gains or losses from which are likewise booked under “net income from financial trading operations”.

Other operating income was EUR 13.9 million (2007: EUR 13.9 million).

Personnel expenses equaled EUR 132.6 million (2007: EUR 129.1 million). The increase was based mostly on expenses for restructuring in the amount of EUR 20.0 million.

Other administrative expenses were EUR 96.2 million (2007: EUR 102.1 million). The auditor’s fees, which were recorded as an expense in the fiscal year, were EUR 0.9 million (2007: EUR 0.9 million).

The increase in write-downs of and provisions for receivables is largely attributable to the sale of loan commitments and the losses sustained thereby in the amount of EUR 2.8 million.

Write-downs of and provisions for equity investments, interests in affiliated enterprises and long-term securities in the amount of EUR 0.1 million (2007: EUR 0.9 million) relate to the write-downs of investment certificates (PRS restricted fund).

In the fiscal year, the Bank booked income taxes on its gains and profits in the amount of EUR 10.9 million (2007: EUR 33.7 million).

Pursuant to a profit transfer or partial profit transfer agreement, the allocated losses were transferred to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG, Düsseldorf, in the amount of EUR 31.0 million and to the silent partner in the amount of EUR 18.3 million.

4. Notes on Derivative Transactions

a) Types of derivative transactions

As of December 31, 2008, the Bank's derivative transactions include the following:

aa) Trading transactions

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

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

- **aac) Other trading transactions:** exchange-traded interest futures and interest swap agreements.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per December 31, 2008, as follows:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amoun	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Foreign currency spot and forward transactions	5	-	-	5	-	-
OTC currency options						
Bought	198	-	-	198	35.4	35.4
Sold	156	-	-	156	33.1	./. 33.1
Currency warrants						
Own issued						
Bought	1,403	-	-	1,403	68.20	68.2
Sold	1,514	-	-	1,514	70.5	./. 70.5

The currencies traded are mainly US Dollar (USD) and Japanese Yen (JPY).

bb) Other price risks trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amoun	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC-traded stock options						
Bought	2,622	595	-	3,217	148.4	148.4
Sold	993	260	-	1,253	219.4	./. 219.4
Equity warrants						
Own issues						
Bought	13,673	504	-	14,177	385.3	385.3
Sold	17,404	665	-	18,069	440.5	./. 440.5
OTC-traded index options						
Bought	167	75	-	242	37.4	37.4
Sold	101	104	-	205	62.7	./. 62.7
Third party index warrants						
Bought	567	2	-	569	5.2	5.2
Index warrants						
Own issues						
Bought	17,452	371	-	17,823	1,960.9	1,960.9
Sold	20,070	441	-	20,511	1,984.4	./. 1,984.4
Third party equity warrants						
Bought	10	10	-	20	12.7	12.7

Exchange-traded index futures

Bought	15	-	-	15	0.2	0.2
Sold	34	-	-	34	./. 0.3	./. 0.3

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amoun	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Exchange-traded index options						
Bought	2,271	74	-	2,345	50.1	50.1
Sold	378	54	-	432	46.6	./. 46.6
Exchange-traded stock options						
Bought	844	188	-	1,032	82.9	82.9
Sold	523	75	-	598	73.0	./. 73.0
Index-linked debt securities and share discount certificates						
Own issues						
Bought	480	320	-	800	627.6	627.6
Sold	750	404	-	1,154	883.0	./. 883.0

bc) Other trading transactions

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amoun	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Exchange-traded interest-rate futures transactions						
Bought	1,129	161	-	1,290	./. 5.1	./. 5.1
Sold	79	41	-	120	0.8	0.8
Interest-rate swap agreements						
Bought	167	93	36	296	3.7	3.7
Sold	167	93	36	296	3.7	./. 3.7

c) Counterparty credit risk in derivatives trading

As of December 31, 2008, the credit equivalents, as defined in the German Solvency Ordinance (SolvV) before credit risk weighting and after regulatory netting, are as follows:

Credit risk	Companies and private persons and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Risk-weighted credit equivalent in EUR '000		
Foreign currency risk and other price risks trading book	**-**	**301,051**	-
Other trading transactions	**-**	**39,274**	-
Total	-	**340,325**	-

5. Miscellaneous notes

Citigroup Global Markets Deutschland AG & Co. KGaA will be included in the consolidated financial statements of Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG, Düsseldorf, which, in turn, is included in the consolidated financial statements of Citigroup Inc., New York. In connection with the sale of the German private banking businss and the related spin-off of Citigroup Global Markets AG & Co. KGaA, all shares in Citigroup Global Markets AG & Co. KGaA, the silient partnership interest in Citigroup Global Markets AG & Co. KGaA and the control and profit transfer agreement of the former owener of Citigroup Deutschland GmbH were transferred to Citigroup Global Markets Finance Corporation & Co. haftende KG, effective retroactively as of January 2, 2008.

Since 2001 Citigroup Global Markets Deutschland AG & Co. KGaA has had a branch office in London, which primarily executes the settlement of warrants transactions.

The management of Citigroup Global Markets Deutschland AG & Co. KGaA, will be taken over by Citigroup Global Markets Management AG, Frankfurt am Main, acting as general partner.

The following persons are the members of the Executive Board of Citigroup Global Markets Management AG:

Maurice Thomson, London, Bank Director, since August 20, 2008

Dr. Christian Ganssmüller, Freiburg, Bank Director, term ended January 31, 2008

Dr. Helmut Gottlieb, Frankfurt am Main, Bank Director, term ended December 2, 2008

Dr. Jürgen Guba, Hofheim a Ts., Bank Director, term ended September 30, 2008

Fred B. Irwin, Frankfurt am Main, Bank Director

Dr. Paul Lerbinger, Frankfurt am Main, Bank Director

Stefan Mülheim, Wiesbaden, Bank Director, term ended December 2, 2008

Dr. Nikolaus Närger, Stuttgart, Bank Director,

Christian Spieler, Bad Homburg, Bank Director, since November 1, 2008

Heinz P. Srocke, Hanau, Bank Director

Dieter Visser, Echzell, Bank Director

Stefan Wintels, Frankfurt, Bank Director, since September 1, 2008

The Supervisory Board consists of the following members:

Maurice Thompson, London, Bank Direct, Chairman, term ended August 20, 2008

Hans W. Reich, Kronberg, Bank Director, Chairman since August 20, 2008

Bradley Gans, London, Bank Director, Deputy Chairman

Reiner Henszelewski, Frankfurt am Main, Salaried Bank Employee, Employee Representative

During fiscal year 2008, the Bank employed an average of 428 persons. The average period of employment for staff members as of December 31, 2008 was as follows:

152	Employees	1-4 years
78	Employees	5-9 years
49	Employees	10-14 years
81	Employees	15 years and more
360		

In fiscal year 2008, total remuneration to the Managing Directors of Citigroup Global Markets Deutschland AG & Co. KGaA (including stock options granted) was TEUR 6,321.6. Pension and retirement obligations totaled approximately TEUR 1,919.2. The remuneration of the Supervisory Board equaled approximately TEUR 6.0. Total remuneration of former members of management bodies and their survivors in the reporting year, including stock options exercised, totaled approximately TEUR 669.6. Accrued liabilities for pension and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 6,730.0.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of Citigroup Global Markets Management AG.

In fiscal year 2008, Hans Reich was a member of the supervisory boards of Thyssen Krupp Stahl AG, HUK Coburg, and Areal Bank AG.

In fiscal year 2008, Fred Irwin sat on the Supervisory Board of IFB AG.

The subscribed capital of Citigroup Global Markets Deutschland AG & Co. KGaA consisted of registered share capital of EUR 210.6 million and a silent partner capital contribution of EUR 104.4 million. The registered share capital is divided into 8,236,778 no par value shares.

Frankfurt am Main, April 20, 2009

Citigroup Global Markets Deutschland AG & Co, KGaA

Maurice Thompson	Fred B. Irwin
Dr. Paul Lerbinger	Dr. Nikolaus Närger
Christian Spieler	Heinz P. Srocke
Dieter Visser	Stefan Wintels

AUDITOR’S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurt/Main, for the business year from 1. January 2008 to 31. December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law (and supplementary provisions of the shareholder agreement/articles of incorporation) are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements (and supplementary provisions of the shareholder agreement/ articles of incorporation) and 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. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt,

April 21, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signature	signature
Dr. Hübner	Hell
[Wirtschaftsprüfer]	[Wirtschaftsprüfer

20. ANNUAL REPORT 2009

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Citigroup Global Markets Deutschland AG & Co. KGaA

Annual Report for the shortened Fiscal Year 2009

Citigroup Global Markets Deutschland AG & Co. KGaA
Management Report for Fiscal Year 2009

Business Development

Citigroup Global Markets Deutschland AG & Co. KGaA (hereinafter referred to as "CGMD") maintains active business relationships with approximately 150 of the most important corporate, insurance and banking groups in Germany as well as with the government of the Federal Republic of Germany and the regional governments of the Federal States. CGMD specifically supports its clients in

- providing them with liquidity,
- arranging syndicated loans and/or capital market financing,
- advising them in the management of interest rate and currency risk,
- investment banking,
- cash management,
- export financing,
- issuing warrants, certificates and notes,
- the settlement or custody of securities, and providing support and advisory services for institutional investors
- supplying numerous structured and derivative products or services.

In providing this support, it cooperates closely with other subsidiaries of Citigroup Inc., New York (hereinafter collectively referred to as "Citi").

Due to its proven risk management and the above-average credit standing of its client portfolio, CGMD was again able to avoid direct loan defaults. Nevertheless, write-downs to the face value of sold loan commitments had to be undertaken in the recently completed fiscal year.

Due to the continuing distortions on the financial markets, 2009 proved to be a very challenging year. Nevertheless, CGMD was able to increase revenues, particularly in warrants and equities trading. Even earnings improved considerably from 2008, despite the difficult worldwide economic conditions.

CGMD is headquartered in Frankfurt am Main and maintains a branch office in London as well as a dependent branch office in Munich. As of November 30, 2009, Citi had 524 employees working in Germany, of which 330 worked for CGMD. We would like to express our recognition and thanks to all our employees and advisors for their high level of commitment and for the contributions they made.

The current and future development of CGMD depends mostly on the development of the Citi.

Development of the Macroeconomic Fundamentals

In 2009, after erratic economic development, Germany's gross domestic product (GDP) shrank 5% from last year. This slump represents the biggest decline in economic output in Germany's post-war history. After a dramatic drop in economic output at the turn of 2008/2009, which was triggered largely by a slump in exports and investments, the economy slowly began to recover in the second quarter. In addition to an increase in global demand, the stimulus packages provided by the Government contributed to this positive development. One key program here was the German “cash-for-clunkers” program, which helped temporarily revitalize private consumption. The biggest factors contributing to growth in the second half of the year were stronger exports and the restocking of depleted inventories.

Market Review

The year 2009 was greatly influenced by the after-shocks of the global financial crisis. The beginning of the year was marked by investors’ lack of faith in the financial industry in general and in Citi in particular. Starting in March, however, some favorable trends began to emerge and customers once again showed a willingness to rebuild risk positions. The DAX stood at 5,957 points as the stock exchange closed out its year; a figure that represents a 19.8% increase over where the index began the year. The Ifo Business Climate Index for Industry and Trade improved again in January 2010, thereby continuing the recovery commenced in 2009.

Equity Business & Warrants & Derivatives

Equity Business

In order to further improve its customer service and to keep up with the local/global competition, the Citi Equities Team in Frankfurt was reorganized in 2009. There were also changes on the customer side, such as the merger of the German asset managers, ComInvest and Allianz Global Investors.

Overall it should be noted that despite the anticipated difficult business conditions in 2009, the segment was still able to achieve satisfactory results. The expectation is that the markets will continue to stabilize and there will be optimistic developments for 2010.

Warrants and Certificates

In 2009, the retail derivatives segment continued to be impacted by the Lehman Brothers bankruptcy and the concern about the credit standing of American banks. This trend is reflected most clearly in the trading of certificates, where overall demand remained very low in 2009. Nevertheless, CGMD was still able to make decent progress in this difficult market over the entire year and, contrary to the general trend afflicting American and Anglo-Saxon banks, was able to garner market share in leverage products throughout the year. This yielded an earnings contribution in 2009 which was both positive and significantly higher than in 2008. In this respect, the measures launched in 2008 to stabilize the secondary market trading and the related active expansion of the product packages together with various marketing campaigns were major factors contributing to the generally successful fiscal year for warrants and certificates.

During the recently completed 2009 year, efforts were again made to expand the existing range of products. New products, above all, in the New Asset Classes segment, were developed and will be presented starting in 2010. Nevertheless, the Bank believes that the market environment for leveraged products and specifically investment products will remain a tough one, but feels that it should improve with the anticipated market stabilization in 2010.

Capital Market Activities and Interest Rate related Client Business

Fixed Income Capital Markets

Once again in fiscal year 2009, CGMD - as part of the Citi Group - provided support for numerous issuers in the corporate and financial sectors in connection with the placement of international issues.

Over the past year in Germany, Citi successfully performed the following selected strategic issues as lead manager for German, Austrian and Swiss issuers:

- Raiffeisen Zentralbank Österreich EUR 1.5bn Benchmark 2009/2014
- L-Bank Benchmark USD 1.0bn Benchmark 2009/2011
- Deutsche Postbank EUR 1.0bn Benchmark 2009/2014
- KA Kommunalkredit Austria EUR 1.0bn Benchmark 2009/2012
- Erste Bank Group Austria EUR 1.0bn Benchmark 2009/2016
- KA Kommunalkredit Austria EUR 1.0bn Benchmark 2009/2013
- Hypo Group Alpe Adria EUR 1.0bn Benchmark 2009/2013
- EUROHYPO EUR 1.0bn Benchmark 2009/2015
- Deutsche Pfandbriefbank EUR 1.5bn Benchmark 2009/2014
- ASFINAG USD 1.25bn Benchmark 2009/2013
- E.ON EUR 1.75bn Benchmark 2009/2014
- Novartis USD 5.00bn 2 Tranches Benchmark
- Roche USD 16.5bn Multi-tranche Benchmark
- BMW EUR 1.25bn Benchmark 2009/2015
- Roche EUR 11.25bn Multi-tranche Benchmark
- Roche STG 1.25bn Benchmark 2009/2015
- Daimler EUR 1.0bn Benchmark 2009/2011
- Henkel EUR 1.0bn Benchmark 2009/2014
- BASF EUR 1.35bn Benchmark 2009/2012
- Dt. Telekom STG 700m Benchmark 2009/2022
- Holcim STG 300m Benchmark 2009/2017
- Volkswagen EUR 3.0bn 2 Tranches Benchmark
- SwissRe EUR 1.6bn 2 Tranches Benchmark
- ThyssenKrupp EUR 1.0bn Benchmark 2009/2014
- Dt. Telekom USD 1.5bn 2 Tranches Benchmark
- Holcim USD 1.0bn 2 Tranches Benchmark
- Deutsche Bahn EUR 500m Benchmark 2009/2017

CGMD also acted as advisor on most of these transactions.

Structured Products Placements

This business focuses on selling structured interest rate and credit products to Germany and Austria through CGMD. A major part of the business consists in placing credit derivative and interest rate transactions, which are individually tailored to meet the requirements of our clients. In line with the movement among German banks to reduce their balance sheet totals, the focus in 2009 had been on buy-backs and winding-down of portfolios. Again in 2010, the segment will direct its customer focus not on soliciting new business, but on optimizing the existing balance sheets.

Foreign Exchange

The main feature of our foreign exchange business with large companies and institutional investors was the high degree of volatility on the currency markets during the first half of the year. The normalization that occurred throughout the year and the decline in customer orders resulting therefrom yielded a result in this sub-segment (as in the overall market) which was lower than the results achieved in the previous year.

Corporate Business

The global volume in equity issues (including convertible or exchangeable bonds) grew dramatically once again in 2009. The number of transactions also rose to the same extent. Except with respect to the number of newly listed companies, this trend was also apparent on the German markets. The volume of equity issues here increased by approximately 7%.(1). The number of transactions rose by approximately 20% during this same period(1).

In 2009, Citi worked on a number of transactions in Germany, including (but not limited to):

- Bonds issued by KfW and exchangeable into Deutsche Post shares (approx. EUR 750m)
- Capital increase of Infineon (approx. EUR 725m)
- Accelerated stock placement of American Water for RWE (approx. EUR 547m)
- Accelerated stock placement of REC for Q-Cells (approx. EUR 537m)
- Stock placement of American Water for RWE (approx. EUR 362m)
- Convertible bonds issued by Q-Cells (approx. EUR 250m)
- Convertible bonds issued by TUI (approx. EUR 218m)

CGMD also acted as advisor on most of these transactions.

Note: (1) Source is Thomson Financial as of December 31, 2009.

In 2009, the volume of M&A transactions that were announced worldwide declined by approx. 28% to a value of USD 2,082bn[(1)]. The number of transactions valued in excess of USD 1bn dropped considerably (approx. 31%) from the 2008 levels. Germany also saw a significant drop in M&A activity from the previous year, which can be attributed above all to the global financial crisis.

In Germany, CGMD served as an advisor to its clients on many national (Germany, Austrian, Switzerland) and cross-border transactions in cooperation with other Citi Group entities.

Some examples of transactions carried out in 2009 are:

- Sale of Essent to RWE (approx. EUR 9.3bn)
- Qatar Investment Authority's investment in Volkswagen
- Sale of Hapag-Lloyd by TUI to an investor group out of Hamburg (approx. EUR 4.5bn)
- Investment by Volkswagen in Porsche AG with 49.9% stake (approx. EUR 3.9bn)
- Acquisition of LeasePlan by Volkswagen
- Sale of LeasePlan to Metzler Asset Mgmt.
- Acquisition of HSB Group by Münchner Rückversicherung (approx. EUR 533m)
- Sale of B.net Burgenland Telekom to Kabelsignal
- Advising WestLB in the spin-off of business divisions

CGMD also participated in most of these transactions.

The segment achieved satisfactory results during the recently completed fiscal year. For 2010, the expectation is that there will be a moderate improvement both in the global and German volumes of share offerings (equity issues), initial public offerings (IPOs) and M&A transactions. Nevertheless, the uncertainty caused by the continuing challenges in the global economy and the global financial markets remains.

Lending Operations

In its lending operations with international corporate clients, the volume of funds Citi provided as principal on a global scale was not significantly different from the volume of funds it provided in the previous year. In this regard, CGMD benefits from its working relationship with major German corporations that do business worldwide and have had a long-term client relationship with Citi.

The selected credit transactions, in which Citi participated in Germany in 2009, include:

- Linde AG, EUR 1.5 billion forward start facility maturing in March 2013
- Daimler AG, EUR 3 billion multi-currency revolving credit facility maturing in October 2011
- Continental AG, EUR 2.5 billion forward start facility maturing in August 2012
- E.ON AG, EUR 4 billion multi-currency revolving credit facility maturing in November 2010
- RWE AG, EUR 2 billion revolving credit facility maturing in October 2011
- SAP AG, EUR 1.5 billion Revolving Credit Facility maturing in September 2012

CGMD also participated in most of these transactions.

The corporate client segment works together closely with other Citi entities throughout the world as well as with the product sectors covered at CGMD. One of the key duties of employees engaged in this segment is to structure and implement solutions for our major German clients within the Citi global network. The corporate client advisors serve as the link between the client and the relevant representatives of the product groups and the Citi representatives in other countries.

Global Transaction Services

Global Transaction Services (hereinafter referred to as “GTS”) offers innovative solutions in Cash Management, Trade Services and Securities & Funds Services to global companies, financial institutions and the public sector. The product offering includes processing payment transactions worldwide, liquidity management, trade finance, securities settlement and custody services. With its network, which spans over 100 countries, Citigroup offers its clients solutions that are not just local but also cross-border and integrated.

In fiscal year 2009, Cash Management remained a major element contributing to the value of the GTS business segment in Germany.

The Cash Management business in Germany - a strong local product business for GTS - was given a boost in 2009 through the successful implementation of the Payment Service Directive and the SEPA Direct Debit processes and was at the same time further integrated into the regional and global infrastructures of Citi.

Within Treasury and Trade Solutions, the Trade Team was combined with the Export & Agency Finance Team in 2009 in an effort to achieve synergies in short-term, mid-term and long-term trade financing.

Given the difficult overall economic climate, Securities Settlement and Custody Services were likewise able to successfully close out 2009 on a high note. In addition to linking all of the relevant alternative European trading platforms with a widely positioned product package, these segments were able to successfully solicit new customers for the expanded service package encompassing all aspects of derivatives clearing.

By further improving efficiencies and expanding its product range to meet customer needs, CGMD sees itself well-positioned for 2010 to satisfy the complex fund requirements in Germany using the most modern systems and settlement structures.

Treasury

The cyclical recovery of the German economy should have continued in the fourth quarter of 2009, even though the pace of recovery will have slowed down compared to the quarter that preceded it. Whereas international economic growth triggered by recharged demand in Asia and the United States is creating some significant momentum, the domestic economy should probably show signs of regressing, a trend that may be attributed not least to Germany's expiring "cash-for-clunkers program", which created an anti-cyclical stimulus in the second and third quarter of 2009.

In essence, however, since the slight recovery trend does appear to be holding, one can assume that economic growth will continue in 2010. Leading research institutions are forecasting economic growth of up to 2%, even though there is potential for an underestimated setback (a "double dip"). Many companies are currently still benefiting from the economic stimulus programs launched in the previous year and from the restocking of inventories, which had to be drawn down considerably during the crisis. The overall economy could still succumb to a sustained downturn as a result of unemployment, which continues to rise and serves as a trailing economic indicator, and as a result of the European Central Bank's monetary policy, which is expected to become tighter at mid-year.

As a consequence of the crisis and the support programs launched by governments, the financial risks and burdens were shifted at both the micro and macro levels of the economy. The stimulus programs together with decreased tax revenues resulting from the crisis have caused many countries, including those of the European Monetary Union, to exceed their fiscal capacity. This development could once again slow down the recovery process at least in certain parts of the Eurozone.

The liquidity situation in the Eurozone has eased considerably in recent months. The relaxation of monetary policy, which led to historically low interest rates last year, has played a substantial role in reviving the health of the financial system. The banking sector has to a large extent stabilized, even though here again there may be potential for a setback.

In order to prevent looming inflation, central banks are expected to reduce liquidity beginning mid-year 2010. The interest rate will increase moderately at the short end, and the liquidity disbursement through various money market tenders will be reduced.

Conceptually, CGMD is very well positioned in this environment. The refinancing of the entities within the alliance was and is guaranteed at all times. CGMD's capital ratios are extremely strong.

In 2010, Citi will again cultivate its very extensive and regular contacts with the central banks and supervisory authorities in Europe. In addition, our experts actively participate in various associations and working groups in order to make a meaningful and positive contribution to the framework of the banking industry. Citi believes that this involvement puts it in a good position to anticipate new developments in a timely manner and to adapt our overall structure to potential innovations in a way that best meets the interests of our clients.

Risk Management

Overview

The organizational structure and risk management processes are set forth in detail in the "Credit, Market and Operational Risk Policies" introduced by Citi. These policies have also been adopted by CGMD.

From a risk perspective, the most important types of trading business offered by CGMD are:

- warrants
- issuance of investment certificates / notes
- money market transactions with credit institutions
- purchase and sale of fixed-interest securities to ensure liquidity
- interest-rate swaps & interest-rate futures, predominantly to hedge interest rate exposures
- securities borrowing

In addition, CGMD is also involved in traditional lending transactions with top institutional borrowers.

The different types of risks inherent in these products are included in the risk management system as follows.

Market Risk

The market risk management of CGMD is divided into three main segments, which are responsible for currency risks, interest risks and other price risks, respectively.

In order to assess the risk position in Trading and Treasury, all individual transactions are marked to market on a daily basis. The prices underlying the valuation are obtained directly from independent external sources or are assessed using Citigroup's globally recognized pricing models. The market parameters used in this process are imported automatically into the valuation systems or are recorded manually by the traders. In the event of the latter, the market parameters are thoroughly checked by the back-office which then compares them with independent external sources. Based on these data, the current market values and the daily gains and losses are assessed independently from the trading function. The results are reconciled with Trading and provided to the divisional heads and senior management on a daily basis.

The risk exposures in the trading books and in Treasury are quantified daily. This is carried out by means of factor sensitivity analyses that evaluate all trade transactions both in terms of their price relevant market factors (foreign exchange, equity and equity index spot prices, yield curves and interest rate volatility, currencies, equities and equity indices) and in terms of the changes in value that would occur in the event of a standardized upwards movement. This provides an overview on the risk profile of the individual trading portfolios and the Bank as a whole.

In addition, we quantify the loss potential of each market factor and calculate the "value at risk", taking into account the correlation between the market factors. The "value at risk" quantifies the maximum loss to be expected from a trading book during a holding period of one day and with a confidence level of 99% (2.33 standard deviation). The calculation also takes into account the specific risks of individual stocks (beta risk).

“Value at risk“ is calculated using a Monte Carlo simulation, which Citi carries out centrally from New York for all trading activities and which is based on uniform valuation criteria. The volatilities of the individual market factors and their correlations that are used in the calculation are determined empirically each quarter. If required, they may also be adjusted between these periods.

In addition, extreme market changes are simulated through trading-independent stress tests that are carried out in regular intervals and, in specific situations, on an ad hoc basis.

In line with the risk quantification model, the Bank has defined limit structures and so-called “Management Action Triggers” for the individual trading books and for its Treasury.

Due to the complexity of the derivative trading activities, CGMD is connected to a Citi risk monitoring system that operates independently from the trading function. It shows the aggregate market price risk by products, currencies and markets and compares the risk exposures on the different levels to the relevant limits. The system generates daily reports (which highlight specific limit breaches where applicable). They are provided to Risk Controlling each morning. The trading independent Risk Controlling function monitors compliance with the limits and the escalation of the Management Action Trigger on a daily basis. The aggregated reports are provided to the Executive Board and the heads of the trading desks.

Credit Risk

CGMD continuously monitors whether the lines of credit granted to the contractual parties and the counterparty limits for trade transactions are being observed. Monitoring is performed per product (“traded product” or “non-traded product”) and is carried out by a department that operates independently from Trading. The Bank differentiates these counterparty risks between settlement risks and pre-settlement exposures. The settlement risk is the risk incurred by the Bank if the Bank duly performs under a contract on settlement day, but the client does not perform. The pre-settlement exposure is the risk incurred by the Bank if the client is unable to meet its obligations under a contract and the Bank must therefore cover the position in the market. The risk is calculated based on a mark-to-market valuation of the client exposure.

The Bank defines limits for various credit types according to the relevant counterparty, who may, where applicable, be generally assigned to a class of debtors. These limits are approved by the competent decision-makers.

Reports on the different counterparty risks are generated by the system and analyzed on a daily basis. In the event of identified limit breaches, the competent individuals are informed promptly.

Liquidity Risk

Liquidity risk is managed by the Treasury Division. The controls are based on analyses of all cash flows according to products and currencies and include the monitoring of, and setting limits for, aggregated cash outflows and inflows. On a quarterly basis, this is complemented by scenario analyses in order to identify whether unexpected events could create liquidity squeezes and which corrective measures could be taken. Risk Controlling monitors compliance with the limits on a daily basis. It keeps senior management informed of the Bank’s liquidity situation in a timely manner.

Operational Risks

Operational risks are defined by CGMD as all risks which do not qualify as market, credit or liquidity risks. These include:

- **Clearing (Processing) risk**
  The risk of processing business transactions incorrectly or carrying out transactions that do not comply with the intention and the expectation of the Bank's senior management.
- **Information risk**
  The risk that information that was prepared, received, conveyed or stored internally or outside of the Bank can no longer be accessed. Furthermore, this information may be of poor quality, handled incorrectly or misappropriated. Risks resulting from the use of information processing systems themselves are also classified as information risks.
- **Reputation risk**
  The risk that insufficient services or incorrect execution of business transactions will damage the relationship between the Bank and its clients. It also includes the risk that the Bank will enter into business relationships with counterparties whose business practices do not meet our standards or best practices.
- **Personenl risk**
  Due to its focus on investment banking, the Bank has a strong need for qualified and trained professionals and managers. Thus, it runs the risk of high employee turnover or the risk of being unable to attract and retain sufficiently qualified staff. In addition, it runs the risk that employees of the firm deliberately or negligently breach pre-defined rules or do not comply with the best practices of the Bank.
- **Legal and Regulatory Risks**
  We define all risks resulting from binding contracts and legislation as legal risks. Regulatory risks result from the regulations that are applicable to the Bank.

The responsibility for the management of operational risks lies below Executive Board level, namely with the Bank's department heads. These persons are responsible for creating, documenting and regularly updating all work directives and control procedures.

The roles and responsibilities, as well as the documentation are defined in accordance with the applicable Citi Policies. These responsibilities are supported by an internal control system. An integrated reporting system ensures that emerging risks are reported in a timely manner to the control functions.

Operational risk is further minimized by Bank's Internal Audit Division, which reviews the adequacy of, and the compliance with, the defined standards and procedures and which highlights potential weaknesses in the workflow organization. In addition, the employees responsible for the processes oversee self-assessment procedures: processes, controls and management information statistics are critically reviewed in a self-assessment exercise performed during the course of the year.

Optimizing the information technology plays a crucial role in reducing operational risks. In order to compete efficiently in a global, information-driven market, the Bank needs global electronic systems and databases which ensure that reliable data can be accessed quickly and as often as necessary.

Personnel risks, which arise from the need for qualified employees, from employee turnover and from employee training, are managed jointly by the Human Resources Department and the department in question. Personnel development and training programs are offered to all employees. Through an individual employee development plan that is agreed between the employee and his/her manager, both the employee and the Human Resources Department gain an overview of the individual training planned for the upcoming year. These programs ensure that employees keep developing their skills and abilities. The Bank thereby pursues its goal of minimizing employee turnover and the ensuing personnel risk.

The Bank employs traditional recruiting methods and makes extensive use of the services provided by recruiting agencies and the Internet.

The Compliance Department is responsible for monitoring whether the internal rules and standards for employee conduct and the employee guidelines are being observed. In addition, the Compliance Department regularly trains our employees on money laundering issues.

The Legal Department is responsible for recognizing legal risks and limiting them in co-operation with other units of the Group. Where required, outside advisors are retained for specific issues. As far as possible, standard master agreements are concluded. The Legal Department is responsible for reviewing and monitoring all contracts. In addition, it advises all other departments of the Bank on legal issues and keeps them informed of important changes in the law.

Implementation of the Minimum Requirements for Risk Management

In October 2007, the German Federal Financial Supervisory Authority (the Bundesanstalt für Finanzdienstleistungsaufsicht or “BaFin”) defined minimum requirements for risk management (hereinafter referred to as “MaRisk”). Major sections of these requirements were once again revised and supplemented by a new version of MaRisk which was published in August of 2009. Financial institutions must explain in an all-encompassing strategy how the risk profile resulting from its business activities is analyzed, monitored and managed. The four main risk categories, which must be included here, are liquidity risk, credit risk, market risk and operational risk. CGMD and Citibank, N.A. New York, Frankfurt branch, have established the appropriate infrastructure in order to adequately monitor and manage the aforementioned risks at all times. Financial institutions must also ensure that potential operational risks are covered with sufficiently large economic capital (ökonomisches Kapital).

For both Citi entities in Frankfurt – CGMD and Citibank, N.A. New York, Frankfurt branch – the Bank generated a consolidated document that specifies how the MaRisk are implemented into guidelines applicable to both entities. The core features of these guidelines are the strategies of the business units indentified for these purposes and a risk tolerance analysis that is based thereon.

CDMD revised major sections of its risk tolerance concept in the past year. Whereas an all-encompassing approach had been selected in the past to calculate the required risk-covering economic capital (according to which, both local units – CGMD and Citibank, N.A. New York, Frankfurt branch – were viewed as consolidated), the focus now is on the dedicated business strategy of CGMD.

As a consequence of this change, the stand-alone economic capital of CGMD Frankfurt is used as a basis for calculating that entity’s risk profile, which is derived from the key risk categories of operational risk, market risk, liquidity risk and credit risk. Other important influencing factors (pension fund risk and CGMD holdings) were also included in the risk capital calculation.

We are convinced that the Bank has launched a risk management system that is considered customary in the banking industry and meets the requirements of MaRisk.

The following graph provides an overview of the significant risk parameters as of November 30, 2009:

The following table shows the development of the economic capital of CGMD Frankfurt for 2009:

Capital Risk Allocation

in mmUSD

	Risk Capital	Tier 1 Capital	Trigger	% of Capital	Credit	Market	AML	Ops	Equity	Pension*	EUR/USD FX
Limits 2009			> 1,5		140	230		140	1,5	60	
Q408	331	815	2,46	41%	121	33		128	0,8	48	
Q109	321	751	2,34	43%	101	43		128	0,8	48	1,3308
Q209	323	798	2,47	41%	85	61		128	0,7	48	1,4134
Q309	407	827	2,03	49%	110	114		128	1,1	54	1,4643
Oct 09	433	836	1,93	52%	110	140		128	1,1	54	1,4800
Nov 09	399	849	2,13	47%	64**	148		128	1,1	58	1,5023

The diagram below provides an overview of the development of the value at risk during fiscal year 2009:

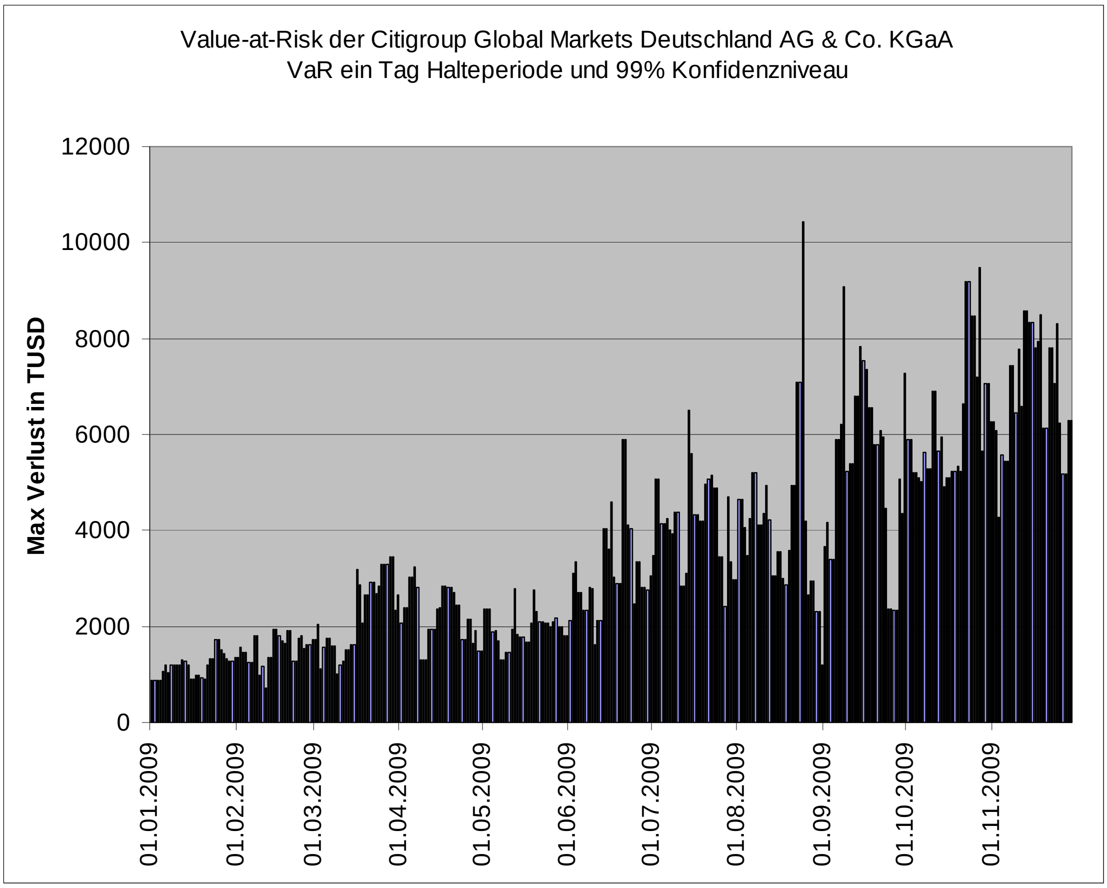
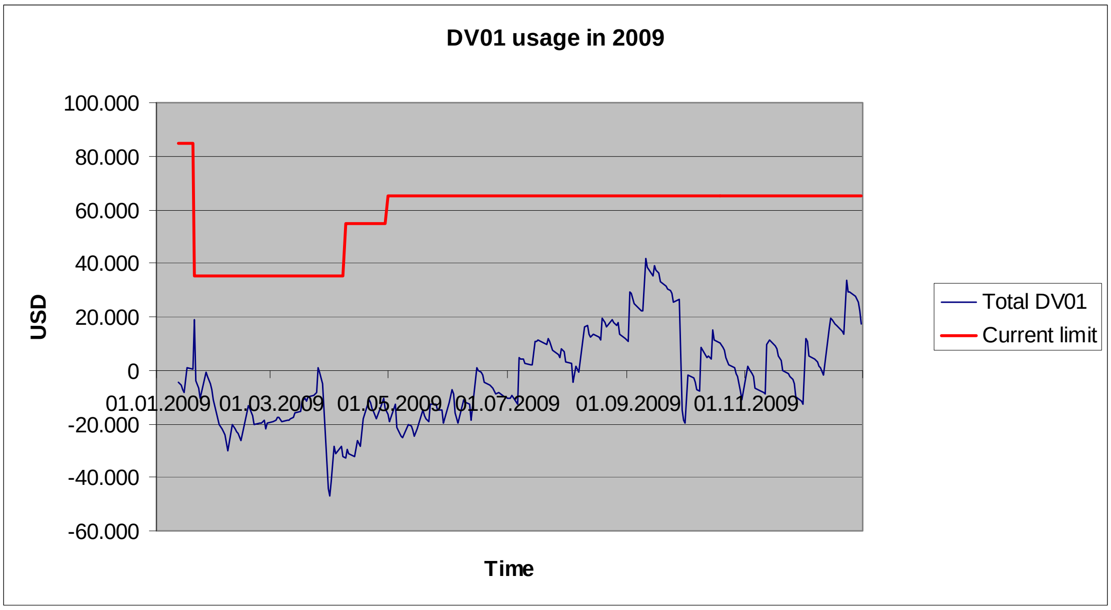


Chart Title: “Value-at-Risk of CGMD AG & Co. KGaA / VaR One-Day Holding Period and 99% Confidence Level” [*the chart shows the maximum losses in TUSD over calendar year 2009*]

The following diagram charts the interest risk for the Bank's non-trading book in 2009:



Significant Features of the Internal Control System with respect to the Accounting

The accounting of CGMD is performed pursuant to the Citi Group instructions on the basis of US-GAAP. In order to meet the semi-annual and annual local requirements of financial reporting (annual financial statements and management report) required under the German Commercial Code (HGB) and/or the German Regulation on Financial Institution Accounting (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* or "RechKredV"), all of the account balances of CGMD are transmitted from the Bank's general ledger into a database, which has been set up separately for this purpose. Within this system, the necessary allotments, reclassifications and adjustment book entries that are reported on the income statement are performed in compliance with the so-called "second-set-of-eyes principle" prescribed under the applicable German accounting rules. This procedure falls within the purview of the local finance department which, within the organization, reports directly to the Executive Board member responsible for this area.

CGMD maintains an internal reconciliation system for all balance sheet accounts. Under this system, each balance sheet account is assigned to an account supervisor, who must reconcile and document the balance in the relevant account on a monthly or quarterly basis. The risk that certain balance sheet accounts will be inactive or left unassigned is thereby eliminated.

During monthly meetings, the executive officers of CGMD are informed about the overall balance sheet and the current income statement of CGMD on the basis of the monthly report that is prepared in accordance with US-GAAP.

The Bank has, in accordance with the Citi Group standard, implemented the "Risk and Control Self Assessment" (RCSA), which is consistent with the "Internal Control – integrated Framework" adopted by the "Committee of Sponsoring Organizations of the Readway Commission" (COSO). With the help of this system, Citi performs on a worldwide basis for each organizational unit at a procedural level the task of identifying the risks and implemented controls and then documents these "end-to-end" procedures. The implementation of the procedure is the responsibility of all processing staff members within CGMD and is generally carried out on a quarterly basis and at least once annually.

The US-GAAP accounting is governed by Citi's "Accounting Policy Manual", which is applicable worldwide. Under the local accounting system, analytical testing and controls are performed for all significant account developments and for changes in the individual items as of the applicable record date for the financial statements.

A system-wide neutral price control is performed each business day.

Furthermore, Citi operates under a Code of Ethics, which sets forth rules of conduct for the employees. This Code is reviewed again once each year in the form of an obligatory online training course which is taken by every employee. The Compliance Department is responsible for monitoring adherence to this training requirement.

The Bank's general ledger is administered by central departments. The Internal Control

Department in Frankfurt is responsible for monitoring authorizations to access the general ledger system. Book entries are carried out mostly on an automated basis through the relevant sub-systems of the Bank.

The software required for the financial reporting under local standards together with the data required for those purposes are deposited in a restrictive IT environment and labeled as subject to limited access rights.

The results from the RCSA, the test results of the internal Group auditing and the Bank's own internal auditing department and the documentation of any remedial actions thereupon launched are all recorded in a database, and management is informed on a monthly basis regarding the progress of such actions.

Development of Net Assets, Financial Condition and results of Operation

As of November 30, 2009, the total assets of CGMD increased by EUR 7,799.5m over the previous year to EUR 12,751.6m. The largest single balance sheet items were "receivables from banks", which amounted to EUR 8,789.6 (2008: EUR 15,751.1m), "liabilities owed to banks", which amounted to EUR 6,782.5m (2008: EUR 14,554.5m), "receivables from customers", which amounted to EUR 476.4m (2008: EUR 1,579.0m), and "securitized liabilities", which amounted to EUR 623.9m (2008: EUR 2,117.7). "Securitized liabilities" consist of USD loan participation notes equaling EUR 67.3m that were issued as credit linked notes in order to hedge specific USD-denominated receivables from customers and banks. This item also includes listed index and equity certificates totaling EUR 556.6m.

Debt securities issued by government institutions and bonds and other fixed-interest securities were reported at 0 (2008: EUR 20.8m) as of the balance sheet date. This item was lower because securities matured inasmuch as the Bank relies on other instruments in managing its liquidity.

The other assets and other liabilities result largely from the warrants business and include the premiums yielded from these transactions.

At CGMD, the derivatives business, which in the trading books is divided between currency risks and other price risks, is based on taking, hedging and unloading risks.

The Foreign Currency Risk Trading Book includes

- currency spot and forward transactions
- OTC currency options transactions, and
- currency warrants

The Other Price Risk Trading Book includes

- stocks and other variable-yield securities from the trading portfolio
- index bonds and equity discount certificates,
- stock and index options, and
- forward transactions on equities and indexes.

As of November 30, 2009, the Company's equity capital (including the profit allocation to the silent partners) equaled EUR 580.1m (2008: 568.6m), and includes a silent partnership contribution of EUR 115.9m (2008: EUR 104.4m).

The liabilities based on guarantees and warranties rose to EUR 486.9m (2008: EUR 477.6m).

Irrevocable lines of credit totaled EUR 773.8m (2008: EUR 661.3m).

As a result of a general currency-congruent refinancing structure, exchange rate movements had only a marginal impact on the CGMD's earnings.

As a rule, the CGMD refinances itself almost exclusively by borrowing funds from financial institutions and affiliated enterprises of Citi. Because the European liquidity management was centralized, CGMD was able to report high liquidity as of the balance sheet date, and invested the cash under a deposit facility held at the German Bundesbank (German Central Bank). In the recently completed fiscal year, the CGMD was therefore able at all times to meet its current payment obligations and to comply with its duties to file its statutory liquidity reports.

In fiscal year 2009, CGMD reported a profit (before transferring it to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG) of EUR 41.5m (2008: loss of EUR 49.3m).

As a result of the historically low interest rates, the net interest income fell to EUR 10.8 (2008: EUR 84.2m). Due to higher dividend payments received, the current income from shares and equity investments increased to EUR 40.4m (2008: EUR 29.0m).

Commission income rose by EUR 16.3m to EUR 106.4m (2008: EUR 122.7m). Commission income consists predominantly of transfer pricing revenue from broker transactions with affiliated companies. This relates to brokering products from the Fixed Income and Fixed Income Derivatives Division and from the Equity and Equity Derivatives Division. This item also includes commissions from securities transactions and Eurex products.

In the recently completed fiscal year, the Bank was able report a net profit from financial trading operations in the amount of EUR 28.0m (2008: net loss of EUR 45.7m), which is attributable to transactions with warrants and certificates. The stabilization of conditions on the international financial markets had a favorable impact on income in the recently completed fiscal year.

Personnel expenses decreased by EUR 55.7m to EUR 76.9m (2008: EUR 132.6m) primarily as a result of a cost from 2008 for restructuring provisions totaling EUR 40.6m.

Other administrative expenses declined by EUR 23.2m to EUR 73.0m (2008: EUR 96.2m), which is due mainly to lower rent payments, custody fees and lower costs for information services.

The profits transferred under profit transfer or partial profit transfer agreements are attributable to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG (in the amount of EUR 30.0m) and to the silent partners (in the amount of EUR 11.5m).

Supplementary Report (Nachtragsbericht)

There have been no events of special importance following the conclusion of the fiscal year, which had a material effect on the course of the CGMD's business.

Key Financial Performance Indicators

The table below provides a comparison of certain noteworthy financial statistics between fiscal year 2009 and fiscal year 2008 and thereby reveals the business development of Citigroup Global Markets Deutschland:

	2009 EUR M	2008 EUR m	EUR m	Change %
Balance sheet total	12,752	20,551	7,799	-37.9
Business volume	14,012	21,690	7,678	-35.4
Equity capital	580	569	11	2.0
Loan volume	11,297	19,492	8,196	-42
Number of employees	330	396	-66	-16.7

	2009 EUR M	2008 EUR m	EUR m	Change %
Interest income from operations	11	84	-73	-86.9
Commissions from brokerage business	70	70	0	0
Commissions from securities business	13	20	-7	-35.0
Net income from financial operations	28	-46	74	160.9
General administrative expenses	150	229	-79	-34.5

As of the balance sheet date, the balance sheet equity capital consists of the following components:

	Nov 30, 2009 EUR m	2008 EUR m	Change EUR m
Subscribed capital			
Share capital	210.6	210.6	-
Silent partnership capital	115.9	104.4	11.5
Capital reserves	192.8	192.8	-
Legal reserves	32.9	32.9	-
Other earnings reserves	27.9	27.9	-

The regulatory capital under BIZ consists of core capital and supplemental capital (subordinated liabilities) after approval as follows:

	Nov 30, 2009 EUR m	2008 EUR m
Equity capital on balance sheet	580.1	568.5
Less		
Intangible assets	-2.0	-2.0-2.7
Core capital	578.1	565.8
Supplemental capital	0.0	0.0
Equity capital	578.1	565.8
Capital ratios		
Tier 1 capital in %	16.6	18.7
Total capital ratio in %	16.6	18.7

Despite the ongoing after-shocks from the crisis in the international financial markets, CGMD was still able to achieve a turnaround in results during the recently completed fiscal year.

Outlook

The forecast made by CGMD in last year's management report regarding the decline in GDP and in exports proved mostly accurate. The increase in the unemployment rate was underestimated, however; a fact that may be attributed to the extension of the program encouraging reduced hours over redundancies. As already explained, following a loss in 2008, CGMD was able to report annual net income (before profit transfer) again in 2009, thereby achieving the satisfactory goal projected by the Bank.

After an economic rollercoaster ride in 2009, the Bank is expecting the global economy to experience a sustained recovery in 2010 and 2011, whereby the recovery will vary between developing countries and industrial countries. Whereas Citi expects a very dynamic recovery for many developing countries, particularly in Asia, it is anticipating a more moderate increase in economic output for the industrialized countries. With few exceptions, we expect inflation rates to remain low in 2010 and 2011. Low inflation rates would allow the large central banks to gradually reduce their level of support. Over a 5 to 10-year timeframe, Citi expects significantly more dynamic growth in the developing countries and in the industrial countries. The latter countries will suffer from the fact that both the private and public sectors need to be consolidated.

The Bank is forecasting 1.5% economic growth in Euroland in 2010. In this forecast, the Bank is assuming that the pace of growth will be slower in 2010 than it was in the second half of 2009, which was distorted through one-time effects (replenishment of depleted inventories, cash-for-clunkers programs). In addition to the continued fiscal support from government, exports are also expected to contribute to growth. Where unemployment continues to rise, the Bank expects that the private consumption will remain stagnant during the coming year.

In this environment, CGMD expects inflation rates to remain low, even though commodity prices will rise due to increased demand from Asia. With little pressure on inflation, we expect that the ECB not to increase its official interest rates in 2010. In order not to put any more upward pressure on the euro, we are assuming that the ECB will not increase its interest rates until after the Federal Reserve has raised its rates, which we expect to happen for the first time in the fourth quarter of 2010.

Nevertheless, we anticipate that 2010 will be the year in which the ECB monetary policy is normalized again. The central bank has made it clear that beginning in 2010, it will gradually begin removing the ample liquidity that has been supplied. Now that the ECB’s first steps have been decided, we expect the supply of liquidity to be reduced for the second half of the year. This action will lead to a significant increase in the rates for overnight money back up to the level of the official interest rates themselves. Only after the normalization of liquidity and money market interest rates is completed will the ECB (in 2011) then begin with normalizing the official interest rates.

The Bank generally expects that the environment for the warrants and certificates segment will remain difficult. Nevertheless, due to new products – primarily in the New Asset Classes segment - and in light of an anticipated stabilization of the markets, the Bank does expect a positive development in 2010.

For 2010, the Bank expects that the volume of share offerings, IPOs and M&A transactions will improve moderately both in Germany and on a global scale. Some uncertainty will remain, however, due to the continued challenges in the world economy amd the global financial markets.

With respect to the placement of structured porducts, the focus in 2010 will be not on generating new orders, but on optimizing existing portfolios.

CGMD believes that because of the ongoing improvements in efficiency and the expansion of the product range directed to meeting customer needs, its Global Transaction Service (GTS) segment is also well positioned for 2010 to meet the complex requirements of the securities business in Germany using the most modern systems and settlement structures.

Based on the forecasts made by the individual business segments and the cost savings resulting from the restructuring and cost optimization programs launched in the past few years, the Bank expects to make a profit again for fiscal year 2010.

Future risks and opportunities

It is a fact that the current crisis has revealed more than ever the major differences in the public finances of the Member States of the European Monetary Union (EMU). While the market in the past has paid little attention to these differences, recent changes in investors' general willingness to assume risk has dramatically increased the risk premiums for a number of states with high debt and/or deficit ratios. The decisions of the EU Council have revealed the political will of the European governments to work against any liquidity shortfalls of a member country. Nevertheless, the bond markets remain tense and could ultimately contribute to the deterioration of overall financing conditions. The Bank is also exposed to this risk.

In addition to these risks emanating from the bond markets, the prospect for new capital and valuation standards is a threat to the economic recovery. New criteria could once again impede banks' lending practices which are already tight as it is or, even worse, trigger a credit crunch for the economy. Such scenarios could be avoided, however, through government supportive measures in the form of loan securitizations. With the aid of such measures, companies could to a large extent be shielded from the adverse effects of the balance sheet adjustments occurring in the banking sector. The Bank's lending operations are also subject to such risks.

In the upcoming fiscal year, the Bank will also benefit from the restructuring and cost optimisation measures taken in 2008 and from the lower cost basis created thereby. For this reason and because of the ongoing recovery in the capital markets, CGMD is awaiting favourable growth in the coming year. Given its close integration in the Citi Group, CGMD should stand to benefit from recovering business activities both in and out of Europe.

By virtue of the strong economic links to other entities within Citi, the continued progress of CGMD will closely track the economic development of Citigroup.

Citigroup Global Markets Deutschland AG & Co. KGaA

Financial Statements

Notes to the Financial Statements for Fiscal Year 2009 and other information

Annual Balance Sheet as of November 30, 2009

Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurt am Main

Assets	EUR	EUR	EUR	Dec 31, 2008
1. Cash reserve				
a) Petty cash		7 976,65		1
b) Credit balances held at central banks		10 769 288,46		72 114
of which: at the German Bundesbank (German central bank) EUR 10 769 288,46 (12/31/2008 TEUR 72 114)				
c) Credit balances held at Postgiro offices		-,--	10 777 265,11	-
2. Receivables from banks				
a) Due upon demand		2 644 538 173,37		3 188 529
b) Other receivables		6 145 067 516.11	8 789 605 689,48	12 562 542
3. Receivables from customers			476 438 363,97	1 578 953
of which: secured by mortgages or other real property				
Security interests EUR -,-- (12/31/2008 TEUR -)				
Municipal loans EUR -,-- (12/31/2008 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government institutions	-,--			-
ab) issued by others	-,--	-,--		-
b) Bonds and debt securities				
ba) issued by government institutions				20 774
of which: eligible as collateral with the German Bundesbank: EUR (12/31/2008 TEUR 20 774)				
bb) issued by others	-,--	-,--		-
of which: eligible as collateral with the German Bundesbank EUR -,-- (12/31/2008 TEUR -)				
c) Bank's own debt securities		-,--	-,--	-
Face value EUR -,-- (12/31/2008 TEUR -)				
5. Equities and variable-yield securities			690 801 341,72	1 222 502
6. Equity investments			679 013,92	368
of which: in banks EUR 217 842,30 (12/31/2008 TEUR 218)				
in financial services institutions EUR -,-- (12/31/2008 TEUR -)				
7. Intangible assets			1 965 537,52	2 683
8. Tangible assets			5 166 177,09	7 461
9. Other assets			2 775 778 784,14	1 895 188
10. Prepaid and deferred items			428 851,45	71
Total Assets			12 751 641 024,40	20 551 186

Liabilities and Equity Capital

	EUR	EUR	EUR	Dec 31, 2008 TEUR
1. Liabilities owed to banks				
a) Payable on demand		1 695 005 430.24		2 890 921
b) Having an agreed term or notice period		5 087 484 074.69	6 782 489 504,93	11 663 565
2. Liabilities owed to customers				
a) Savings deposits				
aa) having an agreed notice period of three months	-,--			-
ab) having an agreed notice period of more than three months	-,--	-,--		-
b) Other liabilities				
ba) payable on demand	1 165 862 391,46			1 037 411
bb) having an agreed term or notice period	473 057 195,18	1 638 919 586.64	1 638 919 586,64	90 969
3. Securitized liabilities				
a) Debt securities issued		67 314 608,35		963 893
b) Other securitized liabilities				-
of which:				
money market paper EUR -,-- (12/31/2008 TEUR -)				
own acceptance and promissory notes outstanding EUR -,-- (12/31/2008 TEUR -)				
c) Miscellaneous securitized liabilities		556 543 570,79	623 858 179,14	1 153 766
4. Other liabilities			2 915 479 585,30	1 963 909
5. Deferred items			266 969,24	79
6. Accrued liabilities				
a) Pensions and similar obligations		130 991 158,11		128 432
b) Tax accruals		-,--		1 252
c) Other accrued liabilities		79 582 289,24	210 573 447,35	88 449
7. Equity capital				
a) Subscribed capital				
aa) registered share capital	210 569 889,00			210 570
ab) silent partner capital	115 894 318,21	326 464 207,21		104 381
b) Capital reserve	192 745 810,73	192 745 810,73		192 746
c) Earnings reserves				
ca) legal reserve	32 927 197,15			32 927
cb) reserve for treasury shares	-,--			-
cc) reserves required by the articles of association	-,--			-
cd) other earnings reserves	27 916 536,71	60 843 733,86		27 916
d) Unappropriated earnings/loss		-,--	580 053 751,80	-
Total Liabilities and Equity Capital			12 751 641 024,40	20 551 186

	EUR	EUR	12/31/2008 TEUR
1. Contingent liabilities			
a) Contingent liabilities from credited but uncleared bills of exchange	-,--		-
b) Contingent liabilities from guarantees and warranty commitments	486 885 016,87		477 637
c) Contingent liabilities from security provided on behalf of third parties	-,--	486 885 016,87	-
2. Other obligations			
a) Commitment under fictitious repurchase (repo) agreements	-,--		-
b) Placement and underwriting commitments	-,--		-
c) Irrevocable lines of credit previously granted	773 777 446,10	773 777 446,10	661 260

Statement of Income
for the period January 1 through November 30, 2009
Citigroup Global Markets Deutschland AG & Co. KGaA, Frankfurt am Main

	EUR	EUR	EUR	2008: TEUR
1. Interest income from				
a) Loans and money market transactions	148.921.039,95			491.644
b) Fixed-income securities and debt register claims	-,--	148.921.039,95		2.292
2. Interest expenses		138.157.031,77	10.764.008,18	409.768
3. Current income from				
a) Shares and other variable-yield securities		40.323.215,74		28.963
b) Equity investments		32.783,79		31
c) Interests in affiliated enterprises		-,--	40.355.999,53	-
4. Commission income		106.359.250,77		122.650
5. Commission expenses		4.069.717,19	102.289.533,58	4.736
6. Net income from financial trading operations (1/1-12/31/2008 net expense)			28.029.072,57	./. 45.664
7. Other operating income			13.766.307,84	13.908
8. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	61.522.147,07			114.124
ab) social security contributions, pension and welfare expenses of which: for pensions EUR 10.770.590,10 (1/1-12/31/2008 TEUR 10.844)	15.345.037,74	76.867.184,81		18.437
b) Other administrative expenses		73.022.207,95	149.889.392,76	96.190
9. Amortization, depreciation, and write-down of tangible and intangible assets			4.125.189,06	4.736
10. Other operating expenses			676.661,11	3.405
11. Write-downs of and provisions for receivables and certain securities and additions to loan reserves		-,--		./. 1.857
12. Income from reversal of write-downs of receivables and certain securities and income from reversal of loans reserves		812.485,01	812.485,01	-
13. Write-downs of and provisions for equity investments, interests in affiliated enterprises and long-term securities		64.700,49		124
14. Income from the reversal of write-downs of equity investments, interests in affiliated enterprises and long-term securities		124.434,18	59.733,69	1.181
15. Results from ordinary operations			41.385.897,47	./. 38.372

	EUR	EUR	EUR	2008 TEUR
16. Revenues from income taxes (1/1-12/31/2008 tax expense)		104.315,66		10.928
17. Other taxes, to the extent not included under item 10		-,--	104.315,66	-
18. Income from loss transfers			-,--	49.300
19. Profits transferred pursuant to profit pooling, profit transfer or partial profit transfer agreement			41.490.213,13	-
20. Annual net income			-,--	-
21. Profit carried forward/ loss-carry forward from 2008			-,--	-
			-,--	-
22. Transfers from capital reserves			-,--	-
			-,--	-
23. 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		-,--	-,--	-
			-,--	-
24. Transfers from capital with participation rights			-,--	-
			-,--	-
25. 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		-,--	-,--	-
			-,--	-
26. Replenishment capital with participation rights			-,--	-
27. Unappropriated earnings (balance sheet profit)			-,--	-

Citigroup Global Markets Deutschland AG & Co. KGaA

Frankfurt am Main

Notes to the Financial Statements for Abridged Fiscal Year 2009

Citigroup Global Markets Deutschland AG & Co. KGaA (“CGMD”) is a partnership limited by shares (“KGaA”) with its registered offices in Frankfurt am Main, Germany. CGMD is recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 57295.

Pursuant to a shareholder resolution adopted on September 17, 2009, the Company changed its fiscal year. Effective December 1, 2009, the Company’s fiscal year begins on December 1st of each year and ends on November 30th of the following year. Thus, the 2009 reporting year is an abridged (short) fiscal year, which began on January 1, 2009 and ends on November 30, 2009. Accordingly, the information related to this reporting year is as of November 30, 2009, while the information concerning the previous year is as of December 31, 2008.

1. Accounting and Valuation Methods

The annual financial statements for fiscal year 2009 were prepared in accordance with the German Banking Act (KWG), the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

Citigroup Global Markets Deutschland AG & Co. KGaA adheres to the requirements set forth in § 252 (1) of the HGB regarding the valuation of **derivative transactions**. Citigroup Global Markets Deutschland AG & Co. KGaA values the foreign currency and other price risks, which are inherent in its trading books, on the basis of accepting, hedging and transferring risks. Therefore, the risk-offsetting effects of individual transactions in a trading book can be valued only when taking into account all transactions within that portfolio. Accordingly, the items making up the trading book are not measured individually. Instead, the trading books together are seen as a single valuation unit.

Foreign Currency Risk Trading Book

Forward exchange and option transactions are valued on the basis of the provisions set forth in § 340 h HGB and the opinions BFA 2/1995 and BFA 3/1995 issued by the Banking Committee of the German Institute of Auditors (*Institut der Wirtschaftsprüfer in Deutschland e.V.*) as follows:

Gains or losses from any forward exchange transactions are calculated by comparing the transaction rate with the relevant forward rate as of the balance sheet date.

Purchased and written options are measured at their respective market price or fair value. Gains or losses on these transactions are calculated by comparing the market values on the balance sheet date with the premiums paid or received.

The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Other Price Risks Trading Book

Shares and other variable-yield securities in the trading portfolio as well as index-linked debt securities and share discount certificates are stated at their respective market price or fair value. Gains or losses are calculated by comparing the acquisition costs with the market value. The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Stock options and index options are stated at market price or fair value. Gains or losses on such trades are calculated by comparing the difference between the market value on the balance sheet date and the premiums paid or received. The subsequent measurement is based on the difference between the market values as of the previous balance sheet date.

Forward transactions in equities and indices are marked to market. The profits or losses are reflected as the difference between the market values and the relevant contracted price based on the underlying instrument.

Interest-rate derivatives

In connection with hedging the risks related to changes in the interest rates, the Bank entered into certain interest-rate futures. These futures are marked to market. The profits or losses are reflected as the difference between the market values and the relevant contracted price based on the underlying instrument.

Treasury

Money market transactions are recognized at their face value or settlement amount. Money market transactions in foreign currencies are measured on the basis of § 340 h HGB and in accordance with opinion BFA 3/1995 issued by the banking committee of the German Institute of Auditors.

Bonds and debt securities are stated at the lower of cost or market value.

Option premiums paid and received are marked to market and recorded on the balance sheet until maturity or until the options are exercised.

Issued **Index-linked and equity-linked debt securities** are entered on the balance sheet as “other securitized liabilities”. Repurchased index-linked and equity-linked debt securities are entered on the balance sheet at their redemption value under “equities and other variable-yield securities”.

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

Receivables from customers are recorded at their nominal value plus accrued interest less any allowances established to cover loan-related risks.

Long-term securities are stated at the lower of acquisition cost or fair value as prescribed in § 253 (2) HGB.

Equity investments are stated at their cost of acquisition.

Intangible assets are stated at the costs of acquisition less straight-line amortization.

Tangible assets are stated at acquisition cost less straight line-depreciation.

Liabilities owed to banks and liabilities owed to customers are stated at face value plus accrued interest.

Pension accruals have been calculated in accordance with tax-based procedures using the entry-age-normal method (*Teilwertmethode*) and assuming an annual discount rate of 6 % and the current mortality tables (Heubeck RT 2005 G).

Accrued liabilities are created to cover liabilities, which existed on the balance sheet date but the precise amount of which was not known, and for any potential losses from open business transactions.

Accruals have been made in the balance sheet for **contracts and pending legal disputes**, which could have an adverse affect on CGMD’s financial condition.

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

Foreign currency positions were converted into euros at the exchange rate set by the ECB on the reporting date and published by the German Bundesbank system (the ESCB-reference rate).

2. Notes on the Balance Sheet

a) Fixed asset movement schedule

	Original acquisition costs			Reversal of write-downs (Cumulative write-ups)		Accumulated depreciation, amortization and write-downs		Book values	
	Dec. 31, 2008	Additions (Disposals)	Transfer	Dec. 31, 2008	Additions	Dec 31. 2008	Additions (Disposals) Transfer	Dec. 31, 2009	Dec. 31, 2008
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets	7,235	-	-	-	-	4,552	717	1,966	2,683
Office and plant equipment	21,252	338	-	-	-	17,936	1.360	2,294	3,316
Leasehold improvements	23,077	928	-	-	-	19,299	2,048	2.658	3,778
Construction in progress	367	(153)	-	-	-	-	-	214	367
Equity investments	368	311	-	-	-	-	-	679	368
Long-term securities	147,042	156 (3,447)	(1,216)	15,301	125	15,426	65	142,470	146,918
Total	199,341	(1,867)	(1,216)	15,301	125	57,213	4,190	150,281	157,430

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD.

b) Assets based on terms to maturity

Receivables from banks	Nov. 30, 2009	Dec. 31, 2008
	EUR '000	EUR '000
f) payable on demand	2,644,538	3,188,529
g) up to three months	5,418,387	12,401,850
h) more than three months and up to one year	618,732	34,981
i) more than one year and up to five years	103,202	36,638
j) more than five years	-	71,855
accrued interest	4,747	17,218
	8,789,606	15,751,071

Receivables from customers	Nov. 30, 2009	Dec. 31, 2008
	EUR '000	EUR '000
e) up to three months	447,784	1,013,095
f) more than three months and up to one year	28,012	533,846
g) more than one year and up to five years	-	1,500
h) more than five years	-	0
accrued interest	642	30,512
	476,438	1,578,953

Liabilities owed to banks	Nov. 30, 2009	Dec. 31, 2008
	EUR '000	EUR '000
e) payable on demand	1,695,005	2,890,921
f) up to three months	5,086,181	11,663,566
g) more than three months and up to one year	-	-
h) more than one year and up to five years	-	-
accrued interest	1,304	889
	6,782,490	14,554,486

Liabilities owed to customers	Nov. 30, 2009	Dec. 31, 2008
	EUR '000	EUR '000
payable on demand	1,165,862	1,037,411
d) up to three months	344,924	60,437
e) more than three months and up to one year	5,000	0
f) more than one year and up to five years	72,144	29,144
e) more than five years	50,000	0
accrued interest	990	1,388
	1,638,920	1,128,380

Securitized liabilities	Nov. 30, 2009	Dec. 31, 2008
	EUR '000	EUR '000
a) issued debt securities		
less than one year	-	861,979
more than one year and up to five years	66,565	71,855
more than five years	-	0
accrued interest	750	30,061

b) miscellaneous securitized liabilities

less than one year	226,091	940,450
more than one year and up to five years	330,452	213,314
	623,858	2,117,659

c) Receivables from and liabilities owed to affiliated enterprises

	Nov. 30, 2009	Dec. 31, 2008
	EUR ‘000	EUR '000
Receivables from banks	8,560,825	6,218,939
Receivables from customers	45,874	249,169
Other assets	55,736	157,140
Liabilities owed to banks	6,.182,414	13,605,775
Liabilities owed to customers	267,076	362,502

d) Assets and liabilities denominated in foreign currencies

	Nov. 30, 2009	Dec. 31, 2008
	EUR ‘000	EUR '000
Assets	1,145,043	2,028,035
Liabilities	1,193,525	1,945,760

e) Cash flow statement pursuant to DRS No. 2-10

	2009	2008
	EUR '000	**EUR '000**
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	4,151	4,080
Changes in accruals	-7,560	-17,341
Change in other non-cash expenses / income	-2,601	-1,360
Gain/loss from the sale of financial and tangible assets	-	-12
Other adjustments (per account)	-8,556	-43,745
Subtotal:	**-14,566**	**-58,378**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	6,961,465	-5,591,401
- from customers	1,105,031	227,627
Securities (to the extent not financial investments)	548,027	602,387
Other assets from current operating activities	-880,948	221,136
Liabilities:		
- owed to banks	-7,771,996	7,157,236
- owed to customers	510,540	-371,398
Securitized liabilities	-1,493,801	-1,639,460
Other liabilities from current operating activities	951,757	-465,586
Interest and dividend payments received	143,566	432,103
Interest paid	-135,114	-377,430
Income tax payments	104	-10,928
Cash flow from current operating activities	**-75,935**	**125,908**
Payments received from the sale of		
- Financial assets	4,663	0
- Tangible assets	153	89
Payments made for investments in		
- Financial assets	-467	-6,906
- Tangible assets	-1,266	-2,009
Payments received from the sale of consolidated companies and other business units	0	0
Payments made for the purchase of consolidated companies and other business units	0	0
Change in cash resources based on investing activities (net)	0	0
Cash flow from investing activities	**3,083**	**-8,826**

Payments received from contributions into equity capital (capital increases, sale of own shares,	0	0
Payments made to company owners:		
- Dividend payments	0	0
- Other outgoing payments	0	0
Changes in cash resources other capital (net)	11,514	-69,459
Cash flow from financing activities	**11,514**	**-69,459**
Cash and cash equivalents at the end of the previous period	**72,115**	**24,492**
Cash flow from current operating activities	-75,935	125,908
Cash flow from investing activities	3,083	-8,826
Cash flow from financing activities	11,514	-69,459
Cash and cash equivalents at the end of the period	**10,777**	**72,115**

f) Other notes

Equities and other variable-yield securities totaling approximately TEUR 548,331 were marketable or listed on stock exchanges.

Of the equity investments, only TEUR 0.1 in equity investments were publicly listed. Equity investments totaling TEUR 678.9 were not publicly listed.

The balance sheet item “other assets” consists substantially of paid option premiums. Of the paid option premiums, an amount equaling EUR 2.383.2 million (2008: 1,455.2 million) related to the Company’s own warrants repurchased on the open market.

Th securitized liabilities include mostly issued debt securities totaling EUR 67.3 million (2008: 963.9 million). This item contains debt securities, which are linked to loans made to customers (Credit Linked Notes).

The balance sheet item “other liabilities” consists primarily of option premiums received.

The item entitled "other accrued liabilities" contains significant provisions for bonuses and restructuring as well as early retirement obligations. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 36.0 million (2008: EUR 25.1 million).

An affiliated enterprise contributed silent partner capital which, after allocating profits of EUR 11.5 million (2008: share of loss was EUR 18.3 million), still totaled EUR 115.9 million in 2009 (2008: EUR 104.4 million).

The contingent liabilities relate to guarantees and warranty agreements. These agreements stem from guarantees made in the amount of EUR 486.9 million (2008: EUR 477.6 million).

Of the irrevocable credit lines granted in the amount of EUR 773.8 million (2008: EUR 661.3 million), approximately EUR 540.0 million (2008: EUR 388.2 million) had a term to maturity of more than one year. The lines of credit have been granted primarily to non-banks.

g) Other contingent liabilities

The Bank has joined the True Sale Initiative led by the German Bank of Reconstruction and Development (*Kreditanstalt für Wiederaufbau*), located in Frankfurt am Main, and is obligated to make a capital contribution to the company servicing the securitization platform. The contribution obligation is limited to EUR 1.9 million.

The Company also has an obligation to provide additional funding in the amount of TEUR 1,700 to Liquiditäts-Konsortialbank Gesellschaft mit beschränkter Haftung, Frankfurt/Main. This contribution equals five times the amount of its participating interest, which equals TEUR 340.

In addition, under a type of absolute guarantee (*selbstschulderische Bürgschaft*), the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association, Bundesverband deutscher Banken e.V.

Since the 4th quarter of 2009, the Bank has been participating in the credit filing system (*Krediteinreichungsverfahren*) of the German Central Bank (*Bundesbank*), pursuant to which the credit commitment on file serves as security for the cash funds received.

3. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

Net interest income declined to EUR 10.8 million (2008: EUR 84.2 million).

Commission income was EUR 106.4 million (2008: EUR 122.7 million). This amount includes primarily brokerage commissions from affiliated enterprises, commissions on securities transactions, and Eurex products.

Commission expenses equaled EUR 4.1 million (2008: EUR 4.7 million). They relate almost exclusively to sales commissions on warrants and commissions on options and securities transactions.

The net income from financial trading operations consists primarily of gains or losses from the currency risk and other price risk trading books. The Bank also engages in hedging transactions with interest-rate futures, the gains or losses from which are likewise booked under “net income from financial trading operations”.

Other operating income was EUR 13.8 million (2008: EUR 13.9 million). The item includes income unrelated to the accounting period of EUR 0.5 million (2008: EUR 0 million).

Personnel expenses decreased by EUR 55.7 million to EUR 76.9 million (2008: EUR 132.6 million). The decrease is attributable primarily to the fact that during the reporting period fewer allotments were made to the restructuring reserve (EUR 1.6 million, compared to EUR 40.6 million in 2008). Salary payments were also lower due to the staff reductions made in the fiscal year in an effort to reduce personnel expenses.

Other administrative expenses totaled EUR 73.0 million (2008: EUR 96.2 million).

The increase in write-downs of and provisions for receivables is largely attributable to the sale of loan commitments and the losses sustained thereby in the amount of EUR 1.7 million (2008: EUR 2.8 million).

In the fiscal year, the write-downs of and provisions for equity investments, interests in affiliated enterprises and long-term securities in the amount of EUR 0.1 million (2008: EUR 0.1 million) relate to the write-downs on the deferred compensation fund.

In the fiscal year, income from the reversal of write-downs on equity investments, interests in affiliated enterprises and long-term securities in the amount of EUR 0.1 million (2008: EUR 1.2 million) relate to investment certificates (PAS restricted fund)

In the fiscal year, the Bank booked as a gain on its income statement revenue from past year income taxes in the amount of EUR 0.1 million (2008: EUR 10.9 million).

Effective as of the end of fiscal year 2008, the tax allocation agreement that had been in place with Citigroup Global Makrets Finance Corporation & Co. beschränkt haftende KG, Düsseldorf, was terminated. The expenses incurred for domestic taxes are still shown at the level of the tax group parent company (*Organträger*).

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, Düsseldorf, in the amount of EUR 30.0 million and to the silent partner in the amount of EUR 11.5 million.

4. Fee of the Annual Accounts Auditor

The total fee charged by the annual accounts auditor for fiscal year 2009 includes:

a) Annual audit	EUR 689,000.00	
b) Other consulting services	EUR 0.00	
c) Tax advisory services	EUR 0.00	
d) Miscellaneous services	EUR 10,000.00	
e) Total		EUR 699,000.00

5. Notes on Derivative Transactions

a) Types of derivative transactions

As of November 30, 2009, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

aaa) Foreign currency risk trading book: Foreign currency spot and forward transactions as well as OTC currency option transactions and currency warrants.

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

aac) Other trading transactions: exchange-traded interest futures and interest swap agreements.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per November 30, 2009, as follows:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Foreign currency spot and forward transactions	22	-	-	22	-	-
OTC currency options						
Bought	50	-	-	50	1.1	1.1
Sold						
Currency warrants						
Own issued						
Bought	567	12	-	579	10.6	10.6
Sold	633	24	-	657	11.5	./. 11.5

The currencies traded are mainly US Dollar (USD), British Pound Sterling (GBP), and Japanese Yen (JPY).

cc) Other price risks trading book

	< 1 year Nominal amount EUR in millions	1-5 years Nominal amount EUR in millions	> 5 years Nominal amount EUR in millions	Total Nominal amount EUR in millions	Carrying value EUR in millions	Market value EUR in millions
OTC-traded stock options						
Bought	1,496	252	-	1,748	49.0	49.0
Sold	724	68	-	792	89.3	./. 89.3
Equity warrants						
Own issues						
Bought	6,068	2,797	-	8,865	752.0	752.0
Sold	7,877	3,682	-	11,559	811.5	./. 811.5
OTC-traded index options						
Bought	119	88	-	207	31.7	31.7
Sold	110	102	-	212	45.8	./. 45.9
Third party index warrants						
Bought	43	-	-	43	3.3	3.3
Index warrants						
Own issues						
Bought	18,746	8,899	-	27,645	2,338.7	2,338.7
Sold	19,776	9,305	-	29,081	2,388.8	./ .2,388.8
Third party equity warrants						
Bought	5	1	-	6	0.1	0.1

Exchange-traded index futures

Bought	303	-	-	303	1,4	./. 1,4
Sold	369	-	-	369	.1,3	1,3

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Exchange-traded index options						
Bought	1,374	220	-	1,594	45.4	45.4
Sold	115	56	-	171	28.1	./. 28.1
Exchange-traded stock options						
Bought	1,039	373	-	1,412	87.8	87.8
Sold	427	88	-	515	42.4	./. 42.4
Index-linked debt securities and share discount certificates						
Own issues						
Bought	360	78	-	438	403.1	403.1
Sold	215	342	-	557	525.5	./. 523.5

bc) Other trading transactions

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Carrying value	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Exchange-traded interest-rate futures transactions						
Bought	379	20	-	399	0.5	0.5
Sold	81	15	-	96	-	. -
Interest-rate swap agreements						
Bought	5	88	36	129	19.7	19.7
Sold	5	88	36	129	19.7	./.19.7

c) Counterparty credit risk in derivatives trading

As of November 30, 2009, the credit equivalents, as defined in the German Solvency Ordinance (SolvV) before credit risk weighting and after regulatory netting, are as follows:

Credit risk	Companies and private persons and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Risk-weighted credit equivalent in EUR '000		
Foreign currency risk and other price risks trading book	**-**	**179,015**	-
Other trading transactions	**-**	**23,353**	-
Total	-	**202,368**	-

6. Miscellaneous notes

Citigroup Global Markets Deutschland AG & Co. KGaA will be included in the consolidated financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Düsseldorf, which, in turn, is included in the consolidated financial statements of Citigroup Inc., New York.

Since 2001, Citigroup Global Markets Deutschland AG & Co. KGaA has had a branch office in London, which primarily handles the settlement of warrants transactions.

The management of Citigroup Global Markets Deutschland AG & Co. KGaA will be taken over by Citigroup Global Markets Management AG, Frankfurt am Main, acting as general partner.

The following persons are the members of the Executive Board of Citigroup Global Markets Management AG:

Maurice Thompson, London, Bank Director, Chairman

Fred B. Irwin, Frankfurt am Main, Bank Director

Dr. Paul Lerbinger, Frankfurt am Main, Bank Director, Deputy Chairman

Dr. Nikolaus Närger, Stuttgart, Bank Director,

Christian Spieler, Frankfurt, Bank Director

Heinz Peter Srocke, Hanau, Bank Director

Dieter Visser, Echzell, Bank Director, term expired June 30, 2009

Stefan Wintels, Frankfurt, Bank Director.

The Supervisory Board consists of the following members:

Hans W. Reich, Kronberg, Bank Director, Chairman

Bradley Gans, London, Bank Director, Deputy Chairman

Reiner Henszelewski, Frankfurt am Main, Salaried Bank Employee, Employee Representative

During fiscal year 2009, the Bank employed an average of 346 persons. The average period of employment for staff members as of November 30, 2009 was as follows:

143	Employees	up to 5 years
69	Employees	6-10 years
79	Employees	11-20 years
39	Employees	21 years or more
330		

In fiscal year 2009, total remuneration to the Executive Board (including stock options granted) was TEUR 4,221.9. Pension obligations totaled approximately TEUR 1,614.0. In the reporting year, total remuneration of former members of management bodies and their survivors (including stock options exercised) totaled approximately TEUR 546.3. Accrued liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 7,288.1.

No remuneration was paid to the Supervisory Board members in fiscal year 2009.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of Citigroup Global Markets Management AG.

In fiscal year 2009, Hans Reich was a member of the Supervisory Boards of HUK Coburg Holding AG and Aareal Bank AG.

In fiscal year 2009, Fred Irwin sat on the Supervisory Boards of Motorola GmbH and IFB AG.

The subscribed capital of Citigroup Global Markets Deutschland AG & Co. KGaA consisted of registered share capital of EUR 210.6 million and a silent partner contribution of EUR 115.9 million. The registered share capital is divided into 8,236,778 no par value shares.

Frankfurt am Main, April 8, 2010

Citigroup Global Markets Deutschland AG & Co. KGaA

Maurice Thompson	Fred B. Irwin
Dr. Paul Lerbinger	Dr. Nikolaus Närger
Christian Spieler	Heinz P. Srocke
Stefan Wintels	

Auditor's Report

We have audited the annual financial statements - comprising the balance sheet, the income statement and the notes to the financial statements – as well as the bookkeeping system and the management report of the Citigroup Global Markets Deutschland AG & Co KGaA, Frankfurt am Main, for the short fiscal year from January 1, 2009 through November 30, 2009. The bookkeeping and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements (including the bookkeeping system) and the management report on the basis of our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("*Handelsgesetzbuch*" or the "German Commercial Code") and German generally accepted standards for auditing financial statements as promulgated by the *Institut der Wirtschaftsprüfer* (IDW) (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements and violations, which have a material effect on the presentation of the net assets, financial position and results of operations as reported in the annual financial statements prepared in accordance with German principles of proper accounting and in the management report, are detected with reasonable certainty [*hinreichender Sicherheit*]. Knowledge of the business activities and of the economic and legal environment in which the Company does business as well the expectations about possible mistakes are taken into account in determining the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the information contained in the books and records, the annual financial statements and the management report are examined largely on a test sampling basis during the course of the audit. The audit includes an assessment of the accounting principles used and of the significant estimates made by management, as well as an evaluation of the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonably secure basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and present, in accordance with German principles of proper accounting, a true and fair view of the net assets, financial position and results of operations of Citigroup Global Markets Deutschland AG & Co KGaA, Frankfurt am Main. The management report is consistent with the annual financial statements and, as a whole, provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 9, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Hübner	Hell
Wirtschaftsprüfer	Wirtschaftsprüfer

SIGNATURE PAGE

Frankfurt/Main, 13 July 2010

Citigroup Global Markets Deutschland AG,

Frankfurt/Main

signed by Martina Conrad	signed by Steffen Thomas