

Citigroup
Global Markets Europe AG

Frankfurt am Main

Registration Document

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1. RISK FACTORS

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

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

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

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

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

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

- Risks relating to the financial position of the Issuer (under 1.1)
- Operational risks (under 1.2)
- Risks related to the issuer's activities and industry (under 1.3)
- Risks related to the organizational and group structure of the Citigroup Group (under 1.4)

- Legal and regulatory risks (under 1.5)

1.1 Risks relating to the financial position of the Issuer

Insolvency risk

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

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

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

(as indemnification claim debtor) discharge the company from this liability. In each case, either (i) the indemnification claim creditor can pay the liability to the third-party creditor and demand reimbursement of the expenses from the indemnification claim debtor or (ii) the indemnification claim debtor can pay the liability directly to the third-party creditor.

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

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

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

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

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

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

Solvency risk

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

so entails a corresponding risk. An example of this are the risks mentioned in connection with the brokerage of transactions for other group companies and division of labor in the Citigroup Group under "Brokering of transactions for other Group companies and allocation of work within Citigroup Group" in the risk category "1.4 Risks related to the organizational and group structure of the Citigroup Group".

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

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

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

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

	Moody's	Standard & Poor's (S&P)
Senior Debt	A1	A+
Short-Term Obligations	P-1	A-1

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

Moody's rating scale for short-term liabilities ranges from P-1 (best quality, lowest default risk) to NP (payment difficulties, default) and Standard & Poor's from A-1 (best quality, lowest default risk) to D (payment difficulties, default).

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

of the securities issued by the Issuer falling significantly or investors losing all or part of their invested capital (risk of total loss).

Liquidity risk

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

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

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

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

Credit risks

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

Credit risk (also known as counterparty risk), including issuer risk and country risk, is significantly influenced by various unforeseeable factors in connection with economic and politi-

cal developments, such as recessions, sector-specific market developments, currency risks, changes in tax and monetary policy, natural disasters (including pandemics, for example), wars, changes in legislation or regulatory requirements, liquidity and expectations of the capital markets and consumer behaviour with regard to investment and saving.

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

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

Market price risks

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

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

- Issuance and trading of leveraged products (e.g. warrants, knock-out warrants, discount warrants and factor securities)
- Issuance and trading of investment products (e.g. certificates)
- Money market transactions with credit institutions (repos and reverse repos) are only entered for the refinancing of the unit/entity
- Fixed Income Finance

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

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

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

Pension fund risk

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

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

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

Reputational risk

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

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

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

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

Strategic Risks

Wrong business decisions by the management may lead to the Issuer suffering competitive disadvantages (strategic risk).

Strategic risks are essentially anticipated loss potentials that endanger the Issuer's profitability and capital strength due to wrong business decisions. Strategic risks can be influenced by internal and external factors.

If strategic risks materialize, this may result in financial losses for the Issuer, which may also have a material adverse effect on the Issuer's financial position.

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

1.2 Operational risks

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

Risks of fraud

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

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

Personnel risk

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

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

Information risk

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

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

Outsourcing risk

The Issuer has outsourced many functions that are essential for duly managing and controlling its transactions and the risks resulting therefrom to other companies within and outside of the Citigroup Group. This includes, among other things, the reports to the transaction register in accordance with the requirements of Directive 2014/65/EU of 15 May 2014 (MiFiD II), which are made on a daily basis on behalf of the Issuer, or the booking of dividend payments received on shares held by the Issuer in connection with the hedging of positions or capital measures. In addition, parts of the settlement of products such as cash equities, equities derivatives, commodities, fixed income and the corresponding middle office functions were transferred within the group.

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

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

Settlement risk

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

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

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

1.3 Risks related to the issuer's activities and industry

Trading risks related to derivative securities issued by the Issuer

The most important trading risks in the business with leveraged and investment products 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.

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

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

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

Thus, the risks arising in connection with trading in derivative securities issued by the Issuer may have a material adverse effect on the Issuer's liquidity and financial position. This in turn may have a significant impact on the value of the securities issued by the Issuer and

may lead to the partial or total loss of the amount paid by security holders in connection with the purchase of the securities (risk of total loss).

Risk of disrupted securities clearing and settlement or disrupted exchange trading

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

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

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

Tax risks

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

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

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

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

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

The vast majority of the Issuer's brokerage commission income is income from transfer pricing arrangements, which the Issuer receives for brokering transactions between the Is-

suer's customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, "GRA"), which primarily provides for a revenue split. This applies to all major business areas. The Issuer enjoys a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, Citibank, N.A., London, and Citigroup Global Markets Inc., New York.

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

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

Risks due to the QFC Stay Rules and the Dodd-Frank Wall Street Reform and Consumer Protection Act

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

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

To address these requirements, the securities contain an express contractual recognition that in the event the Issuer becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of the securities will be effective to the same extent as the transfer would be effective under such U.S. Special Resolution Regime. In addition, the securities contain an express contractual recognition that in the event the Issuer or any of its affiliates becomes subject to a proceeding under a U.S. Special Resolution Regime, default rights

against the Issuer with respect to the securities are permitted to be exercised to no greater extent than they could be exercised under such U.S. Special Resolution Regime. For these purposes, "default rights" include the right to terminate, liquidate or accelerate a QFC or demand payment or delivery thereunder, and may therefore include the right of a security holder to exercise a security at any time (for open end securities and warrants with an American type of exercise).

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

1.5 Legal and regulatory risks

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

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

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

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

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

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

In addition, BaFin is entitled under the SAG to either partially or fully write down the claims of holders of the Issuer's unsecured securities or to convert them into equity (shares or oth-

er company shares) of the Issuer (so-called creditor participation or bail-in) in order to stabilize the Issuer as an Institution in this way.

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

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

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

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

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

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

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

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

Legal risks and risks arising from the legal environment

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

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

2. APPROVAL AND PUBLICATION OF THE REGISTRATION DOCUMENT

- (a) This Registration Document has been approved by the German Federal Financial Supervisory Authority ("**BaFin**"), as competent authority under Regulation (EU) 2017/1129.
- (b) BaFin only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.
- (c) Such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document.

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

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

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

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

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

3. PERSONS RESPONSIBLE

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

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

4. STATUTORY AUDITORS

The statutory auditor of the Issuer during the period covered by the historical financial statements in this Registration Document (1 January 2020 through 31 December 2020 and 1 January 2019 through 31 December 2019) was and respectively is

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

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

Wirtschaftsprüferkammer
Körperschaft des öffentlichen Rechts
Rauchstraße 26
10787 Berlin

5. INFORMATION ABOUT THE ISSUER

5.1 Business history of the Issuer

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

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

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

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

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

Spin-off agreement 2008

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

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

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

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

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

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

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

Exit of the silent partner as of 30 November 2015

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

Change of fiscal year as of 1 January 2017

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

Restructuring of business activities in April 2018

On 27 April 2018 the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Banking Business was transferred to a German limited partnership by way of a hive-down and new for-

mation pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; "**UmwG**"), followed by an accretion at Citibank Europe plc. Following the completion of the transfer, the ownership structure of the Issuer has been changed within the Group.

Hive-down of the Banking Business

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

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

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

Accretion of the Banking Business at Citibank Europe plc

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

Change in the ownership of the Issuer

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

Change of fiscal year as of 28 April 2018

On 31 January 2018, and pursuant to a shareholder resolution Citigroup Global Markets Deutschland AG elected to change its fiscal again. Effective 28 April 2018, the fiscal year

will begin on 28 April of a given year and end on 27 April of the following year. A short financial year has been established for the period of 1 January 2018 through 27 April 2018.

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

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

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

5.2 Registered office of the Issuer

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

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

The Issuer's address is:

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

The website of the Issuer is www.citifirst.com

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

5.3 Development of the Issuer

There have been no significant events that may have a material impact on the assessment of the Issuer's solvency.

5.4 Credit rating of the Issuer

	Moody's	Standard & Poor's (S&P)
Senior Debt	A1	A+
Short-Term Obligations	P-1	A-1

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

Moody's rating scale for short-term liabilities ranges from P-1 (best quality, lowest default risk) to NP (payment difficulties, default) and Standard & Poor's from A-1 (best quality, lowest default risk) to D (payment difficulties, default).

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

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

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

The Issuer primarily refinances itself within the Citigroup Group.

6. BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 Overview

The Issuer is a securities trading bank, offering EEA domiciled clients including large international corporates, financial institutions, institutional investors (such as asset managers and insurance companies) and government and public sector entities (including local public authorities, municipalities and retail intermediaries) the whole range of products offered by Citi's Institutional Clients Group (ICG) in the areas of Markets & Securities Services ("MSS"), Banking, Capital Markets & Advisory ("BCMA") and Independent Research. Under its MSS product offering, the Issuer is also a major issuer of leveraged products and investment products, the final acquirers of which are mainly private investors. In addition, the Issuer also employs one individual in Citi Private Bank – Family Office Coverage Germany targeting prospecting of high net worth individuals.

6.1.2 Equity, Warrants and Certificates, Equity & Derivative Sales

(a) Leveraged products and investment products

The Issuer issues leveraged products and investment products. The products are primarily distributed in Germany and beyond that in Finland, France, the Netherlands, Portugal and other countries, as the case may be.

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

(b) Equity Sales and Sales-Trading

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

(c) Equity Derivative Sales

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

6.1.3 Fixed Income Sales

(a) Fixed Income Sales

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

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

(b) Foreign Exchange Management

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

6.1.4 Banking, Capital Markets & Advisory (BCMA)

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

(a) Corporate and Investment Banking (CIB)

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

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

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

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

(b) Capital Markets Origination (CMO)

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

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

The services offered by Equity Capital Markets and Debt Capital Markets can be divided into the following areas:

- Origination - advising clients on the issuance of equity and debt instruments.
- Syndication - execution of the issuance of equity and debt instruments, including book-building and advising clients on allocation.

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

6.1.5 Citi Private Bank – Family Office Coverage Germany

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

6.1.6 Economics Research

As part of the global macro research team the German research team is responsible for Citigroup's economic forecasts for Germany, Switzerland and the United Kingdom and all economic research publications for these countries.

6.1.7 Treasury

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

6.1.8 Special significance of brokering transactions for other Citigroup companies

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

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

6.1.9 Derogation from generally described business procedures

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

6.2 Principal markets

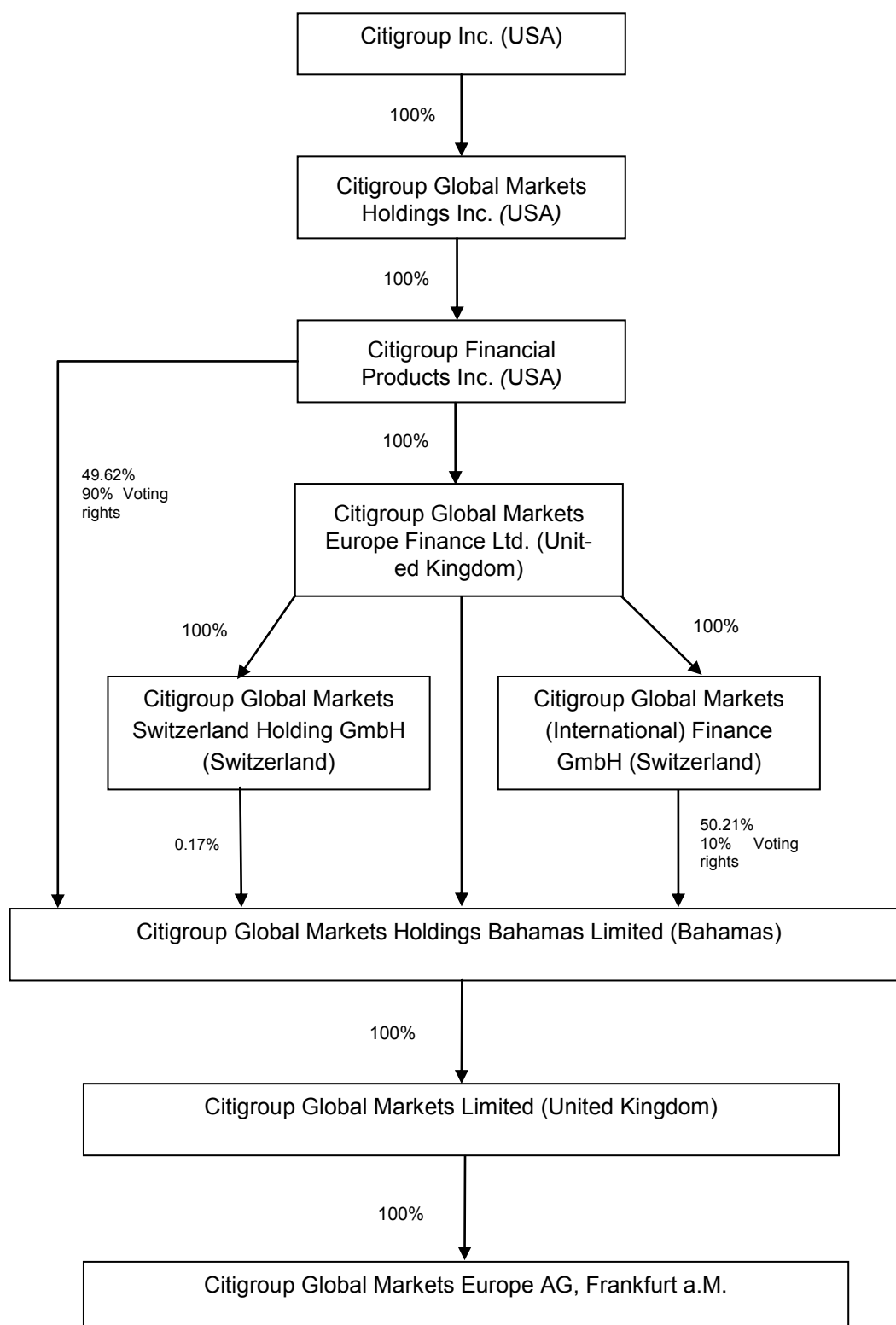
The Issuer's branch network encompasses Germany, France, Italy, Spain and UK and covers EEA domiciled clients as target market. Public Listed Products (PLP) teams market all of the Issuer's leveraged products and investment products to German, Austrian, Euronext Market, Finnish investors via intermediaries and stock exchanges.

7. ORGANISATIONAL STRUCTURE OF THE ISSUER

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

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Schedule: Affiliation of the Issuer with Citigroup Group



8. TREND INFORMATION

The Issuer hereby declares that there have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements, i.e. 31 December 2020.

There has been no significant change in the financial performance of the Issuer since the date of its last audited financial statements, i.e. 31 December 2020, to the date of the Registration Document.

8.1 General economic conditions

The performance of the economic, the financial and especially the capital markets is exposed to various risks. In the Issuer's view, the economic outlook is characterized by major uncertainties. Among the reasons for this, in the Issuer's view, are a protectionist economic policy, a less dynamic economy and the effects of the COVID-19 pandemic that hit the global economy hard last year. To what extent the upcoming coronavirus vaccinations will make a lasting contribution to the global economic recovery in 2021 cannot be conclusively evaluated at the present time. If anything, current expectations are muted. Nevertheless, a recovery in overall economic demand can be expected, especially in the second half of 2021.

However, individual economies have become more vulnerable due to persistently low interest rates and, in some cases, by inadequate reform and consolidation efforts. The economic stimulus programs initiated by many countries to contain the negative effects of the COVID-19 pandemic have also led to, among other things, higher levels of debt and lower public sector receipts in 2020. In addition, increasing corporate and personal bankruptcies, particularly in the travel and tourism, hotel and catering, and retail and wholesale sectors, cannot be ruled out.

The Issuer sees persistently low interest rates as a key risk to the growth and performance of the financial and capital markets. Nevertheless, the Issuer projects that high demand for financial instruments, including derivatives, also attributable to the COVID-19 pandemic, will continue into 2021.

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

9. PROFIT FORECASTS OR ESTIMATES

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

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

10.1 Members of the administrative, management or supervisory bodies

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

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

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

- Kristine Braden (Chief Executive Officer (CEO)), Director, Strategy, Business Planning, Branch Management / Oversight, Human Resources, Anti Money Laundering*, Compliance*, Client Asset Segregation Governance*, Internal Audit*, Equities and Securities Services, Rates and Currencies, Global Spread Products, Commodities, Global Investor Sales as well as Global Corporate Sale;
- Stefan Hafke, Director, Corporate Banking (Relationship Management) and Customer Relationship (entire Bank), Public Relations, Equity Capital Markets and Debt Capital Markets, as well as Registrar Function;
- Andreas Hamm, Director, Enterprise Infrastructure O&T, ICG Operations, Infrastructure and Application Technology, O&T Risk and Control / Outsourcing Management as well as Data Protection Officer / Information Security Officer*;
- Dr. Jasmin Kölbl-Vogt, Director, Legal Department, Corporate Secretary, Regulatory Matters, Independent Research as well as Corporate Security and Investigations;
- Oliver Russmann, Director, Financial Control, Financial Planning and Analysis, Regulatory Reporting, Corporate Treasury / Liquidity Management as well as Tax;
- Amela Sapcanin, Director, Risk Controlling, Independent Credit Risk (counterparty default, market price, liquidity and operational risks), Model Risk Management as well as Governance;

* Report in their capacity to the Board

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

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

- Leonardo Arduini is Board Member of Citigroup Global Markets Ltd., London.
- James Bardrick is Board Member of Citigroup Global Markets Ltd., London, and of Citibank UK Ltd., London.
- Kristine Braden is a member of the Supervisory Board of Bank Handlowy w Warszawie S.A., Warsaw, Poland.

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

There are no potential conflicts of interest between the private interests or other obligations of the persons named in section 10.1 above and the obligations which those persons owe to the Issuer.

11. MAJOR SHAREHOLDERS

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

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

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

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

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

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

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

13.1 Financial statements¹

The Issuer's annual financial statements for fiscal year 2020 and 2019 respectively are included in this Registration Document in section 18. "*Historical Financial Information*" on pages F-1 through F-55 (fiscal year from 1 January 2020 through 31 December 2020) and in section 18. "*Historical Financial Information*" on pages G-1 through G-48 (fiscal year from 1 January 2019 through 31 December 2019). The annual financial statements include the balance sheet, income statement, cash flow statement, accounting policies and explanatory notes.

13.2 Auditing of historical annual financial information²

The annual financial statements including the bookkeeping system for the fiscal year from 1 January 2020 through 31 December 2020 and for the fiscal year from 1 January 2019 through 31 December 2019, which are included in this document, were audited by the Issuer's statutory auditor and certified with an unqualified auditor's opinion.

13.3 Significant change in the financial condition of the Issuer

There has been no significant change in the financial position of the Issuer which has occurred since the date of its last published audited financial statements, i.e. 31 December 2020.

14. LEGAL AND ARBITRATION PROCEEDINGS

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

15. SHARE CAPITAL AND MEMORANDUM AND ARTICLES OF ASSOCIATION

The subscribed capital of EUR 242.4 million (31 December 2020: EUR 242.4 million) is divided into 9,481,592 shares (31 December 2020: 9,481,592). The sole shareholder of the Issuer is Citigroup Global Markets Limited, London, whose financial statements are included in the consolidated financial statements of Citigroup Inc, New York.

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

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

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

16. MATERIAL CONTRACTS

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

17. DOCUMENTS ON DISPLAY

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

- (a) the Issuer's up to date articles of association;
- (b) the audited annual financial statements of the Issuer for the fiscal year from 1 January 2020 through 31 December 2020 and the fiscal year from 1 January 2019 through 31 December 2019.

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

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18. HISTORICAL FINANCIAL INFORMATION

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 JANUARY 2020 THROUGH 31 DECEMBER 2020

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

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Balance Sheet for the Fiscal Year as of December 31, 2020
Citigroup Global Markets Europe AG, Frankfurt am Main

Assets		EUR	EUR	EUR	12/31/2019 kEUR
1. Cash reserve					
a)	Cash on hand		-,-		-
b)	Credit balances held at central banks		-,-		-
	of which: at the Deutsche Bundesbank (German Central Bank)				
	EUR -,- (12/31/2019 kEUR -)				
c)	Credit balances held at post giro offices		-,-	-,-	-
2. Receivables from banks					
a)	Due upon demand		1,679,128,310.57		322,581
b)	Other receivables		-,-	1,679,128,310.57	-
3. Receivables from clients				13,783,745,039.80	5,406,732
	of which: secured through in rem interests (<i>Grundpfandrechte</i>)	EUR -,- (12/31/2019 kEUR -)			
	Municipal loans	EUR -,- (12/31/2019 kEUR -)			
4. Debt securities and other fixed-income securities					
a)	Money market paper				
aa)	issued by government entities	-,-			-
ab)	issued by other entities	-,-	-,-		-
b)	Bonds and debt securities				
ba)	issued by government entities	-,-			-
	of which: qualifying as collateral for the Deutsche Bundesbank	EUR -,- (12/31/2019 kEUR -)			
bb)	issued by other entities		-,-		-
	of which: qualifying as collateral for the Deutsche Bundesbank	EUR -,- (12/31/2019 kEUR -)			
c)	Own debt securities		-,-	-,-	-
	face value	EUR -,- (12/31/2019 kEUR -)			

5. Stocks and other variable-yield securities		<u>-.--</u>	<u>-</u>
5a Trading portfolio		<u>46,751,212,054.29</u>	<u>8,932,625</u>
6. Equity investment		<u>1,135,714.07</u>	<u>1,136</u>
of which: held in banks	EUR <u>-.--</u> (12/31/2019 kEUR <u>-</u>)		
held in financial service institutions	EUR <u>-.--</u> (12/31/2019 kEUR <u>-</u>)		
7. Trust assets			
of which: trust loans	EUR <u>315,617,391.90</u> (12/31/2019 kEUR <u>507,281</u>)	<u>315,617,391.90</u>	<u>507,281</u>
8. Intangible assets			
a) Internally-generated industrial property rights and similar rights and assets		<u>-.--</u>	<u>-</u>
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		<u>76,918.78</u>	<u>117</u>
c) Goodwill		<u>74,316,667.00</u>	<u>83,417</u>
d) Prepayments		<u>-.--</u>	<u>-</u>
9. Tangible assets		<u>2,537,738.60</u>	<u>2,731</u>
10. Other assets		<u>7,689,123,190.03</u>	<u>1,060,668</u>
11. Prepaid and deferred items		<u>1,125,617.17</u>	<u>655</u>
12. Excess of plan assets over post-employment benefit liability		<u>-.--</u>	<u>-</u>
Total Assets		<u>70,298,018,642.21</u>	<u>16,317,943</u>

				Liabilities and equity capital	
				EUR	12/31/2019 kEUR
1. Liabilities owed to banks					
a) Payable on demand				235,865,811.88	76,278
b) With an agreed term or notice period				---	-
2. Liabilities owed to clients					
a) Savings deposits					
aa) with an agreed notice period of three months				---	-
ab) with an agreed notice period of more than three months				---	-
b) Other liabilities					
ba) Payable on demand				11,482,089,700.23	3,531,592
bb) With an agreed term or notice period				1,146,437,494.25	761,503
3. Securitized liabilities					
a) Issued debt securities				---	-
b) Other securitized liabilities				---	-
of which:					
Money market paper	EUR	---	(12/31/2019 kEUR	-)	
Own acceptances and promisory notes outstanding (sola bill)	EUR	---	(12/31/2019 kEUR	-)	
c) Miscellaneous securitized liabilities				---	-
3a Trading portfolio				46,503,037,119.49	9,081,658
4. Trust liabilities				315,617,391.90	507,281

5. Other liabilities			<u>8,619,262,102.22</u>	<u>970,490</u>
6. Deferred income			<u>-.--</u>	<u>-</u>
7. Accrued liabilities				
a) Pensions and similar obligations		21,001,227.00		19,333
b) Tax reserves		22,129,625.29		6,094
c) Other accrued liabilities		102,737,224.88	<u>145,868,077.17</u>	<u>82,552</u>
8. Funds for general bank risks			<u>28,333,610.23</u>	<u>28,334</u>
as defined in § 340e (4) HGB	EUR	<u>28,333,610.23</u> (12/31/2019 kEUR <u>28,334</u>)		
9. Equity capital				
a) Subscribed capital				
aa) registered share capital		<u>242,393,054.05</u>		242,393
ab) silent partner capital		<u>-.--</u>	<u>242,393,054.05</u>	-
b) Capital reserves		<u>1,501,320,474.47</u>	<u>1,501,320,474.47</u>	949,491
c) Earnings reserves				
ca) legal reserve		33,027,197.15		33,027
cb) reserves for treasury shares		-.--		-
cc) reserves required by articles of association		-.--		-
cd) other earnings reserves		<u>27,916,536.71</u>	<u>60,943,733.86</u>	<u>27,917</u>
d) Unappropriated earnings/loss (balance sheet profit/loss)			<u>16,850,072.46</u>	<u>-</u>
			1,821,507,334.84	
Total liabilities and equity capital			<u>70,298,018,642.21</u>	<u>16,317,943</u>

Income Statement
for the period of January 1, 2020 through December 31, 2020
Citigroup Global Markets Europe AG, Frankfurt am Main

	EUR	EUR	EUR	1/1/2019 - 12/31/2019 kEUR
1. Interest income from				
a) Loans and money market transactions	8,892,152.48			18,930
2. Negative interest income from				
a) Loans and money market transactions	<u>12,417,697.86</u>	<u>-3,525,545.38</u>		10,325
3. Interest expenses	34,949,571.93			18,756
4. Positive interest from loans and money market transactions	<u>932,340.76</u>	<u>-34,017,231.17</u>	<u>-37,542,776.55</u>	11
5. Current income from				
a) Shares and other variable-yield securities		<u>-</u>		-
b) Equity investments		<u>194,395.04</u>		250
c) Interest in affiliated enterprises		<u>-</u>	<u>194,395.04</u>	-
6. Commission income		<u>264,982,555.55</u>		211,806
7. Commission expenses		42,493,362.24	<u>222,489,193.31</u>	34,507
8. Net income from financial trading operations			<u>69,852,500.02</u>	29,030
Included therein are deposits into funds for general bank risks per § 340e (4) HGB EUR --- (1/1/2019-12/31/2019 EUR ---)				
9. Other operating income			<u>99,270,669.82</u>	40,291
10. General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	<u>160,873,845.60</u>			151,232
ab) Social security contributions, pension and welfare expenses of which: for Pensions	9,135,312.38	<u>170,009,157.98</u>		10,269
EUR 3,999,238.45 (1/1/2019-12/31/2019: kEUR 5,404)				
b) Other administrative expenses		<u>122,801,154.43</u>	<u>292,810,312.41</u>	99,882
11. Depreciation, amortization and write downs of tangible and intangible assets			<u>10,084,534.63</u>	8,450
12. Other operating expenses			<u>12,839,807.71</u>	7,059

13. Write downs of, provisions for, receivables and certain securities and additions to loan reserves	-	-	-
14. Income from reversal of write downs of receivables and certain securities, and income from reversal of loan reserves	-	-	-
15. Write downs on equity investments, interests in affiliated enterprises and long-term securities		-	-
16. Results from ordinary operations		38,529,326.89	/./ 40,161
17. Taxes on income and earnings	21,679,254.43		5,577
18. Other taxes, to the extent not included in item 12	-	21,679,254.43	-
19. Income from loss transfers		-	-
20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		-	-
21. Annual net profit/Annual net loss		16,850,072.46	/./ 45,739
22. Profit carried forward/Loss carried forward from prior year		-	/./ 14,737
		16,850,072.46	/./ 60,476
23. Transfers from capital reserves		-	60,476
		-	-
24. Transfer 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 earning reserves	-	-	-
		-	-
25. Transfers from capital participation rights (<i>Genussrechtskapital</i>)		-	-
		-	-
26. 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 earning reserves		-	-
		-	-
27. Replenishment of capital with profit participation rights		-	-
28. Unappropriated profit (balance sheet profit)		16,850,072.46	-

Cash Flow Statement per German Accounting Standard No. 21

	Fiscal Year 1/1/20-12/31/20 kEUR	Fiscal Year 1/1/19-12/31/19 kEUR
Annual Net Profit/Loss	16,850	-45,739
<i>Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:</i>		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	1,882	-12,330
Changes in accruals	47,875	53,418
Change in other non-cash expenses/income	-	-
Gain/loss from the sale of financial and tangible assets	16	77
Other adjustments (in net terms)	53,744	9,845
Subtotal:	120,367	-5,271
<i>Change in assets and liabilities from current operating activities:</i>		
<i>Receivables:</i>		
- from banks	-1,356,547	-191,829
- from clients	-8,185,350	-5,151,565
Trading portfolio assets	-37,818,587	-4,317,221
Other assets from current operating activities	-6,628,926	-901,967
<i>Liabilities:</i>		
- owed to banks	159,588	63,976
- owed to clients	8,143,769	4,470,305
Securitized liabilities	-	-
Trading portfolio liabilities	37,421,380	4,402,547
Other liabilities from current operating activities	7,648,942	978,861
Interest and dividend payments received	15,302	24,813
Interest paid	-47,367	-29,081
Income tax payments	-21,679	-5,577
Cash flow from current operating activities	-549,108	-651,468
<i>Payments received from the outflow of</i>		
- Financial assets	2,375	5,318
- Tangible assets	26	53
<i>Payments made for investments in</i>		
- Financial assets	-4,329	-1,667
- Tangible assets	-793	-475
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	-2,721	3,229
Payments received from contributions to equity capital	551,829	624,992
<i>Payments made to company owners:</i>		
- Dividend payments	-	-
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	-	23,247
Cash flow from financing activities	551,829	648,239
Cash and cash equivalents at the end of previous period	0	0
Cash flow from current operating activities	-549,108	-651,468
Cash flow from investing activities	-2,721	3,229
Cash flow from financing activities	551,829	648,239
Cash and cash equivalents at the end of the period	0	0

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital kEUR	Capital reserve kEUR	Earnings reserves kEUR	Unappro- priated profit/loss kEUR	Total equity capital kEUR
Per December 31, 2019	242,393	949,491	60,944	0	1,252,828
Capital increases with premium	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Additional payments into equity capital pursuant to § 272 para. 2 no. 4 of the German Commercial Code	-	551,829	-	-	551,829
Result December, 2020	-	-	-	16,850	16,850
Transfer to earnings reserves	-	-	-	-	-
Per December 31, 2020	242,393	1,501,320	60,944	16,850	1,821,507

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

**Citigroup Global Markets Europe AG,
Frankfurt am Main**

**Notes
to the Financial Statements for the Fiscal Year of
January 1, 2020 through December 31, 2020**

1 General Information

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

In March 2020, the sole shareholder of CGME, Citigroup Global Markets Limited, London/UK, (CGML), injected additional equity capital pursuant to § 272 (2) no. 4 of the German Commercial Code in the amount of USD 300 million, which converts roughly into EUR 270.7 million.

In December 2020, CGML also made an additional payment into equity capital pursuant to § 272 (2) no. 4 of the German Commercial Code in the amount of USD 342 million, which converts roughly into EUR 281.20 million.

2 Accounting Principles

The financial statements for the fiscal year of January 1 through December 31, 2020 (“Fiscal Year”) were prepared in accordance with the provisions of the German Commercial Code (abbreviated herein as “HGB”), the German Stock Corporation Act (abbreviated herein as “AktG”) and the supplemental accounting rules of the provisions under the Accounting Regulation for Banks and Financial Services Institutions (abbreviated herein as “RechKredV”).

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

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

The financial statements were prepared in accordance with § 244 of the German Commercial Code (HGB) in the German language and in euro. Unless otherwise indicated in any individual sections, the figures shown are in million euros (EUR million) in an effort to provide better clarity. Due to rounding, certain numbers in the financial statements may do not add up exactly to the indicated sums.

3 Accounting and Valuation Methods

Unless otherwise described below or unless an additional explanation for better comprehension is considered necessary, the same accounting and valuation methods that were applied in connection with preparing the half-year financial report per June 30, 2020 and the annual financial statements as of December 31, 2019 were applied in preparing the annual financial statements as of December 31, 2020.

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

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

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

dependent on the nature of the relevant financial instrument, are the “underlying price”, “implicit volatilities”, “yield curves” and “dividend forecasts”. In this regard and depending on the structure of the respective financial instrument, there are, *inter alia*, other assumptions that the valuation is “risk-neutral” with regard to the future development of market prices, that interest rates and credit costs are deterministic and, for example, that the amount of dividends is generally known and will be paid on certain dates. Furthermore, when applying the valuation models, additional probabilities regarding the occurrence of certain valuation parameters or factor sensibilities (Delta, Gamma) are also taken into account.

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

As of December 31, 2020, a **risk discount (Value at Risk)** in the amount of EUR 7.4 million was applied. In comparison to the valuation discount applied as of the end of fiscal year 2019 in the amount of EUR 6.8 million, this discount results in an additional adverse impact on earnings in the amount of EUR 0.6 million for Fiscal Year 2020.

For purposes of calculating the value-at-risk, CGME uses a model that was developed by Citigroup and applied uniformly within the corporate group (IMA) and that is utilized to satisfy the equity capital requirements for market price risks. In this regard, the VaR reflects the maximum expected loss of a trading book during a certain holding period (CGME: 10 days) with a pre-defined probability (CGME: confidence level of 99%). Specific risks of certain stocks (beta risk) are likewise factored into the calculation. The calculation of the VaR is made using a Monte Carlo simulation, which is run for all trading activities on the basis of uniform assessment criteria. The volatilities of the individual market factors, which are included in the calculation as well as their correlation to one another, are computed on an empirical basis.

In addition to the value at risk, CGME applied - as of the balance sheet date - a discount for the “Other Price Risks” trading book in the form of a “market value adjustment” totaling EUR 2.0 million (12/31/2019: EUR 1.9 million), which was calculated using a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

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

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

Assets and liabilities that CGME holds in its own name but for the accounts of third parties are shown on the balance sheet under the line items **trust assets and trust liabilities**. The valuation is made at amortized cost or the settlement amount.

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

Other assets are shown on the balance sheet at their nominal value. In the event of an impairment, the stock or market price or the lower fair value will be subject to a one-time (unscheduled) write-down in accordance with § 253 (4) HGB.

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

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

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

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

date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time.

In order to calculate the present cash value, a discount rate of 2.30 % (12/31/2019: 2.71%) based on a 15-year term was used. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used as the discount rate for calculating the present cash value in the recently completed fiscal year. With respect to the resulting difference, we refer to our comments on page 20 of these notes regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.5%, and at the same time, a 1.5% adjustment of the current annuities was assumed.

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

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

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

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

Currency receivables and liabilities were valued in accordance with § 340a (1) in combination with § 256a HGB at the ECB average rates applicable on the balance sheet date. To the extent that the ECB does not publish any average rates, the currency positions are recognized at

market rates. Spot exchange transactions or currency futures, which were not yet cleared, were valued at the average spot or futures rates of the balance sheet date and applicable to their maturity. The treatment of expenses and income from the currency translation satisfies the requirements under § 340h HGB. The result of the currency translation is included in the income statement under the item “net income from financial trading operations”.

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

4 Notes to Individual Items on the Balance Sheet

4.1 Balance sheet items

4.1.1 Term structures based on maturity dates

Receivables from banks

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
with a term to maturity of		
up to three months	1,679.1	322.6
more than three months and up to one year	0	0
more than one year and up to five years and more than five years	0	0
Total	1,679.1	322.6

Receivables from banks rose by EUR 1,356.5 million as a result of the business expansion that was continued in the Fiscal Year. This growth was based primarily on a rise in receivables (EUR 1,130.7 million) in connection with the initiated broker-dealer business that CGME transacted on the derivatives market, "Eurex".

Receivables from clients

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
with a term to maturity of		
up to three months	13,783.7	5,406.7
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
indefinite term	0	0
Total	13,783.7	5,406.7

Compared with the balance sheet date of the recently completed fiscal year, **receivables from clients** as of December 31, 2020 rose by EUR 8,377.0 million to EUR 13,783.7 million. Of that amount, approximately EUR 3,078.6 million of the receivables related to the broker-dealer transactions that were executed in its own name and for its own account and that CGME settled via, *inter alia*, the so-called “housing” (12/31/2020: EUR 2,174.1 million; 12/31/2019: EUR 1,689.7 million) and “London” (12/31/2020: EUR 820.9 million; 12/31/2019: EUR 10.9 million). Moreover, a total of EUR 4,291.4 million (12/31/2019: EUR 2,111.9 million) is attributable to other receivables from clients based on the broker-dealer business with third parties, whereby a total of EUR 2,816.1 million (12/31/2019: EUR 984.7 million) were settled as back-to-back transactions with affiliated enterprises. Accordingly, the **liabilities owed to clients** rose as of December 31, 2020 from EUR 4,293.1 million to EUR 12,628.5 million.

The balance sheet items also include receivables that were generated from repo transactions (reverse repos) in the amount of EUR 4,513.1 million (12/31/2019: EUR 832 million). Of this amount, approximately EUR 1,243.6 million relate to reversed repo transactions executed with third parties in connection with the “Matchbook-Desk” and approximately EUR 3,269.5 million relate to securities transactions that were executed with affiliated enterprises for liquidity purposes (reverse repo transactions).

Liabilities owed to banks

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

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
with an agreed term or notice period of up to three months	235.9	76.3
more than three months and up to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
Total	235.9	76.3

By virtue of the business expansion that was continued in the Fiscal Year, the liabilities owed to banks rose by EUR 159.6 million. This growth is attributable primarily to an increase in liabilities owed to affiliated enterprises.

Liabilities owed to clients

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
with an agreed term or notice period of up to three months	11,487.6	3,839.1
more than three months and up to one year	0	0
more than one year and up to five years	733.4	0
more than five years	407.5	454.0
Total	12,628.5	4,293.1

This balance sheet items also include liabilities from closed-out repo transactions in the amount totaling EUR 1,657.5 million (12/31/2019: EUR 832 million). Of this amount, approximately EUR 1,073.7 million relate to repo transactions that were executed with third parties in connection

with the “Matchbook-Desk” and approximately EUR 583.8 million relate to repo transactions that were executed with affiliated enterprises for liquidity management purposes.

The balance sheet items also include liabilities owed to the affiliated enterprise, Citicorp LLC (USA) in an amount totaling EUR 1,146.4 million (12/31/2019: EUR 454.0 million).

Overall, CGME has no liabilities for which securities in the trading portfolio have been deposited as collateral (12/31/2019: EUR 308.0 million).

4.1.2 Receivables and liabilities *vis-à-vis* affiliated enterprises

The individual balance sheet items include receivables from, and liabilities owed to, affiliated enterprises as follows:

Receivables from affiliated enterprises

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
Receivables from banks	536.6	291.3
Receivables from clients	7,404.9	2,225.8
Other receivables	18.2	35.7
Total	7,959.7	2,552.8

Liabilities owed to affiliated enterprises

Composition:

	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
Liabilities owed to banks	231.3	63.8
Liabilities owed to clients	6,253.6	3,032.4
Other liabilities	7,581.2	661.5
Total	14,066.1	3,757.7

4.1.3 Trading portfolio assets and liabilities

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

Trading Portfolio				
	Asset	Liability	Asset	Liability
	Book value 12/31/2020 (EUR in millions)	Book value 12/31/2020 (EUR in millions)	Book value 12/31/2019 (EUR in millions)	Book value 12/31/2019 (EUR in millions)
1. Derivative financial instruments				
• FX-induced trades				
OTC-currency options	2,088.3	2,083.8	1,280.6	1,275.8
Currency warrants own issues	259.1	263.7	166.6	170.0
Foreign exchange spot transactions	414.6	416.7	102.5	103.3
• Stock warrants own issues	4,820.1	5,223.1	3,133.9	3,327.2
• OTC stocks & index options	517.6	503.3	131.6	132.7
• Stock & index warrants issued by third parties	-	-	-	-
• Index-warrants own issues	1,680.0	1,715.8	1,669.4	1,683.2
• Exchange-traded stock & index options	343.8	20.0	145.3	53.1
• OTC interest rate options	35,657.3	35,582.4	1,758.3	1,755.4
• Commodity warrants own issues	58.4	60.9	41.3	42.2
• OTC commodity options	175.3	175.3	3.6	3.6
Carryover	46,014.5	46,045.0	8,433.1	8,546.5

Trading Portfolio				
	Asset	Liability	Asset	Liability
	Book value 12/31/2020 (EUR in millions)	Book value 12/31/2020 (EUR in millions)	Book value 12/31/2019 (EUR in millions)	Book value 12/31/2019 (EUR in millions)
Carryover	46,014.5	46,045.0	8,433.1	8,546.5
2. Bonds and other fixed income securities	249.9	382.6	183.4	462.2
<i>of which marketable (börsenfähig)</i>	249.9	382.6	183.4	462.2
<i>of which exchange-traded</i>	249.9	382.6	183.4	462.2
3. Stocks and other variable yield securities	494.2	73.4	322.9	71.1
<i>of which marketable</i>	494.2	73.4	322.9	71.1
<i>of which exchange-traded</i>	494.2	73.4	322.9	71.1
4. Market-Value-Adjustment	-	2.0	-	1.9
5. Value at Risk	-7.4	-	-6.8	-
Total	46,751.2	46,503.0	8,932.6	9,081.7

4.1.4 Trust assets and trust liabilities

Since the commencement of fiscal year 2019, CGME has been providing to its clients as part of its business services connected with derivatives; services that had been previously provided by its sole shareholder, “CGML”. Under so-called “**FCC Business**” (which stands for “Futures, Clearing and Collateral Services”), the CGME investor services business encompasses, *inter alia*, the trading of derivative financial instruments in its own name but for the account of the clients and the related receipt and forwarding of client funds, which must be deposited by the client to serve as collateral to secure the trading in futures. The contractual arrangements that were thereby made stipulate a certain segregation of client assets from the CGME assets in an effort to specifically shield client assets from any third-party enforcement action that could be initiated in the event that the “asset-managing” CGME becomes the subject of an insolvency proceeding. The client assets are therefore held in trust. Accordingly, as of the end of Fiscal Year 2020, CGME is reporting **trust assets** and **trust liabilities** vis-à-vis the clients in an amount totaling EUR 315.6 million.

4.1.5 Movement of fixed assets

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

	Original Acquisition costs			Accumulated depreciation, amortization and write-downs					Book values	
	Additions (Disposals)			Additions (Disposals)						
	1/1/ 2020	Re- posting	12/31/ 2020	1/1/ 2020	Write- downs	Write- ups	Re- Posting	12/31/ 2020	12/31/ 2020	12/31/ 2019
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Intangible assets		0.0					0.0			
acquired for consideration	96.0	0.0	96.0	12.5	9.1	0.0	0.0	21.6	74.4	83.5
		0.0					0.0			
Office and plant equipment	10.7	0.3 (3.0)	8.0	9.3	0.5	0.0	0.0 (3.0)	6.8	1.1	1.4
		0.0					0.0			
Leasehold improv- ments	16.0	0.2 (0.9)	15.3	14.8	0.4	0.0	0.0 (0.9)	14.3	1.0	1.2
		0.0					0.0			
Construction in progress	0.2	0.3 0.0	0.4	0.0	0.0	0.0	0.0 0.0	0.0	0.4	0.2
		0.0					0.0			
Equity investments	1.1	0.0	1.1	0.0	0.0	0.0	0.0	0.0	1.1	1.1
		0.0					0.0			
Total	124.0	0.8 (3.9) 0.0	120.8	36.6	10.1	0.0	0.0 (3.9) 0.0	42.8	78.1	87.4

The intangible and tangible assets (office and plant equipment as well as leasehold improvements), as reported as of the end of the Fiscal Year, are used solely by CGME itself. Depreciation, amortization and write-downs relating to the additions made during the Fiscal Year totaled kEUR 169 for tangible assets.

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

The **equity investments** that are recognized on the balance sheet and are unchanged from the previous fiscal year are not marketable and relate to the following companies:

Equity investments	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
True-Sale International GmbH, Frankfurt	0.15	0.15
Börse Stuttgart CATS GmbH, Stuttgart	0.99	0.99
Total	1.14	1.14

4.1.6 Other assets

The line item “Other Assets” (EUR 7,689.1 million; 12/31/2019: EUR 1,060.7 million) includes primarily receivables generated from variation/initial margins paid (EUR 7,633.9 million; 12/31/2019: EUR 1,037.4 million), which arose due to the continued expansion of the broker-dealer business in the Fiscal Year and as a result of tax refund claims (EUR 18.9 million; 12/31/2019: EUR 11.6 million).

4.1.7 Prepaid and deferred items

The amount on the balance sheet totaling EUR 1.1 million (prior year: EUR 0.7 million) relates to prepaid fees.

4.1.8 Other liabilities

The line item “Other Liabilities” (EUR 8,619.3 million; 12/31/2019: EUR 970.5 million) are primarily liabilities arising from variation/initial margins received (EUR 8,603.7 million; 12/31/2019: EUR 933.7 million), which arose due to the continued expansion of the broker-dealer business in the Fiscal Year and as a result of tax refund claims EUR 11.3 million (12/31/2019: EUR 7.8 million).

4.1.9 Accruals for pensions and similar obligations

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

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

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

To hedge the pension commitments, units that are held in the “Rose” fund (acquisition costs of EUR 104.8 million) and were purchased or contractually promised by CGME, are made available and, pursuant to § 246 (2) sentence 2 in combination with § 340a (1) HGB, were netted at their fair value (EUR 198.0 million) against the settlement amount from the pension obligations (EUR 208.6 million). The settlement amount exceeding the plan assets as of the balance sheet date and equaling EUR 10.6 million (12/31/2019: EUR 7.4 million) is recognized on the balance sheet under the item “Accruals for pensions and similar obligations”.

As of December 31, 2020, **pension obligations under the “PAS”, “PRS” and “Deferred Compensation” plans** also exist and arose from **bonus conversions**. The obligations under the “PAS” and “Deferred Compensation” plans are linked to the fair value of the relevant fund serving as the plan assets.

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

	12/31/2020		12/31/2019	
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
I. General pension obligations				
Settlement amount	211.7		201.1	
less				
plan assets Rose*)	- 198.0	13.7	- 191.3	9.8
II. Pension obligations PAS**)				
Settlement amount	9.1		9.0	
less				
plan assets	- 9.1	-	- 9.0	-
III. Pension obligations Deferred Compensation***)				
Settlement amount	8.1		8.5	
less				
plan assets	- 8.1	-	- 8.5	-
IV. Pension obligations PRS ****)				
Settlement amount	56.4		54.7	
less				
plan assets	- 49.1	7.3	- 45.2	9.5
Excess of plan assets over post-employment benefit liabilities		-		-
Accruals for pensions and similar obligations		21.0		19.3

*) Acquisition costs EUR 104.8 million

**) Acquisition costs EUR 1.4 million

***) Acquisition costs EUR 6.9 million

****) Acquisition costs EUR 38.3 million

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

	1/1/2020-12/31/2020 (EUR in millions)		1/1/2019-12/31/2019 (EUR in millions)	
I. General pension obligations				
- Expense (-)/income based on interest accrued on pension obligations	- 16.4		- 18.7	
- Change in the fair value of the plan assets	6.6		17.0	
- Expenses for standard allocation	- 3.9	- 13.7	- 6.7	- 8.4
II. Pension obligations PAS				
- Expense (-)/income based on interest accrued on pension obligations	- 0.2		2.2	
- Change in the fair value of the plan assets	0.2	-	- 2.2	-
III. Pension obligations Deferred Compensation				
- Expense (-)/income based on interest accrued on pension obligations	0.0		0.0	
- Change in the fair value of the plan assets	0.0	-	- 0.0	-
IV. Pension obligations PRS				
- Expense (-)/income based on interest accrued on pension obligations	- 3.2		- 4.0	
- Change in the fair value of the plan assets	1.4		1.5	
- Expenses for standard allocation	- 0.2	- 2.0	1.5	- 1.0
Total		- 15.7		- 9.4

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

Reason for barring payout distribution	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
Capitalization of the plan assets in connection with pension obligations at fair value (12/31/2020: EUR 264.3 million; 12/31/2019: EUR 254.1 million) pursuant to § 268 (8) sentence 3 in combination with § 340a (1) HGB	112.8	104.6
Differential in connection with the differentiated interest applied to pension accruals pursuant to § 253 (6) in combination with § 340a (1) HGB	23.8	25.3
Total	136.6	129.9

1: Development of amounts that are barred from payout distribution

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

	10-year average interest rate and term to maturity of 15 years		7-year average interest rate and term to maturity of 15 years	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Average interest rate (%)	2.30	2.71	1.60	1.97
Accrual for pensions and similar obligations (EUR in millions)	245.7	231.3	269.5	256.6
Differential amount (EUR in millions)				
	12/31/2020		12/31/2019	
	23.8		25.3	

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

4.1.10 Other accruals

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

Accruals for	12/31/2020 (EUR in millions)	12/31/2019 (EUR in millions)
Bonus payments to employees	82.2	57.2
Outstanding invoices	8.0	7.4
Outstanding vacation	7.7	5.5
Audit costs	3.1	4.8
Personnel costs	1.7	7.5
Early retirement obligations	-	0.2
Total	102.7	82.6

In calculating the provisions set aside for early retirement obligations (kEUR 16; 12/31/2019: EUR 0.2 million), claims arising from pledged reinsurance policies and totaling EUR 0.7 million (12/31/2019: EUR 1.0 million) were reconciled against the settlement amount of EUR 0.7 million (12/31/2019: EUR 1.2 million).

In the recently completed Fiscal Year, expenses in the amount of kEUR 8 (12/31/2019: kEUR 17) were generated from interest accrued on the obligations, and income totaling kEUR 13 (12/31/2019: kEUR 16) was yielded from a change in the fair value of the plan assets income. In connection with the standard allocation, income totaling EUR 0.15 million was generated (12/31/2019: expense of EUR 0.17 million).

4.1.11 Funds for general bank risks

The disbursement ban shown under the balance sheet item “**Special Items for General Bank Risk**” pursuant to § 340e (4) HGB was EUR 26.1 million (12/31/2019: EUR 19.7 million) as of the end of the Fiscal Year.

4.1.12 Subscribed capital

The **subscribed capital** totaling EUR 242.4 million (12/31/2019: EUR 242.4 million) is divided into 9,481,592 no par shares (12/31/2019: 9,481,592). The sole shareholder of CGME is Citigroup Global Markets Ltd., London/Great Britain, (abbreviated herein as "CGML"), whose financial statements are included in the consolidated financial statements of Citigroup Inc. New York/USA.

4.1.13 Capital reserves

The increase in capital reserves to EUR 551.8 million (12/31/2019: EUR 949.5 million) came from additional capital injections made by the shareholder pursuant to § 272 (2) no. 4 HGB and totaling EUR 551.8 million.

4.1.14 Assets and liabilities denominated in foreign currencies

The total amount of assets denominated in a foreign currency is EUR 4,579.1 million (12/31/2019: EUR 2,310.8 million); the liabilities contain foreign currency amounts totaling EUR 4,816.7 million (12/31/2019: EUR 1,979.3 million).

4.2 Income Statement Items

4.2.1 Interest result

The interest result continued to worsen overall with the net loss climbing EUR 27.4 million to EUR - 37.5 million (12/31/2019: EUR - 10.1 million). This development is based primarily on the increased interest expenses of EUR 16.1 million, which in turn were incurred mainly in connection with the collateral provided on the broker-dealer business and the intra-group refinancing *vis-à-vis* Citicorp LLC, USA.

The negative interest income may be attributed primarily to the closed-out reverse repo transactions as well as the collateral provided on the broker/dealer business.

The positive interest expenses are attributable to the closed out repo transactions.

4.2.2 Commission income

The commission income is derived from the following components:

Type of fee	1/1/ - 12/31/2020 (EUR in millions)	1/1/ - 12/31/2019 (EUR in millions)
Commissions from affiliated enterprises	172.1	129.0
Commissions on foreign currency products	17.5	14.5
Commissions from M&A/Advisory	75.4	68.2
Miscellaneous fees	-	0.2
Internal group cost-sharing arrangements	- 42.5	- 34.5
Total	222.5	177.3

4.2.3 Net income from financial trading operations

The net income from financial trading operations (EUR 69.9 million; 1/1 – 12/31/2019: EUR 29 million) is composed of, among other things, the negative result generated from the “Equities and Index Risk” trading book (EUR 14.5 million; 1/1 – 12/31/2019: negative result EUR 56.8 million) as well as the positive result generated from the “Currency Risk” trading book (EUR 85.0 million; 1/1 – 12/31/2019: positive result of EUR 90.9 million), which consists mostly of the results from OTC currency trades and exchange-traded currency futures transactions with USD, GBP and JPY underlyings. The net income from financial trading operations includes currency translation income in the amount of EUR 724.4 million and currency translation expenses in the amount of EUR 702.7 million.

4.2.4 Other operating income

This line item includes primarily income from costs passed through to the shareholder in the amount of EUR 63.6 million (1/1-12/31/2019: EUR 10.4 million), which were generated at CGME in connection the continued customer and business expansion. These cost-sharing measures include primarily transaction and stock exchange fees as well as costs for the intra-group refinancing line that was set up to provide adequate liquidity. The line items also include mostly income from passing through expenses to affiliated enterprises of EUR 14.3 million (1/1-12/31/2019: EUR 17.4 million), income from the early repayment of a refinancing line to Citicorp LLC in the amount of EUR 9.1 million as well as income from turnover tax refunds in the amount of EUR 4.7 million (1/1-12/31/2019: EUR 2.0 million).

4.2.5 Other administrative expenses

This line item (EUR 122.8 million, 1/1-12/31/2019: EUR 99.9 million) includes, among other things, “Citigroup processing costs” in the amount of EUR 0.7 million (1/1-12/31/2019: EUR 1.6 million), “Citi Chargeouts” expenses of EUR 16.0 million (1/1-12/31/2019: EUR 9.0 million), custody fees of EUR 13.8 million (1/1-12/31/2019: EUR 9.1 million), rent expenses in the amount of EUR 5.7 million (1/1-12/31/2019: EUR 6.0 million), costs for the stock exchange listing of derivative products equaling EUR 20.2 million (1/1-12/31/2019: EUR 13.3 million), costs for customer solicitation / advertising of EUR 3.1 million (1/1-12/31/2019: EUR 4.2 million) and transaction fees of EUR 8.7 million (1/1-12/31/2019: EUR 4.0 million).

4.2.6 Other operating expenses

This item includes primarily expenses and income from the valuation of pension obligations as well as corresponding plan assets (netting) in the amount of EUR 9.8 million for Rose (1/1-12/31/2019: EUR 1.6 million) and in the amount of EUR 1.8 million for PRS (1/1-12/31/2019: EUR 2.5 million).

4.2.7 Income and expenses related to other accounting periods

Other operating income includes income related to other accounting periods that is based on turnover tax refunds triggered by the findings from an audit for the years 2009 - 2012 (EUR 4.7 million) as well as rent receivables held against affiliated enterprises (EUR 0.8 million).

Income tax expenses for 2018 and 2019 in the amount of EUR 0.6 million are shown as a non-period expense under the line item "Taxes on Income and Earnings".

5 Miscellaneous Notes

5.1 Derivative financial instruments

Types of derivatives transactions

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

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

Trade volumes of derivatives and futures transactions

The total volume of derivatives transactions based on the terms to maturity as of December 31, 2020 is set forth as follows:

- “Foreign Currency Risks” trading book

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC-currency options and currency swaps					
Bought	51,158	10,908	9,296	71,362	2,088.3
Sold	9,703	9,993	8,208	27,904	- 2,083.9
Currency warrants own issues					
Bought	770	-	1,365	2,135	259.1
Sold	829	-	1,400	2,229	- 263.7
Exchange-traded currency futures					
Bought	16,550	271	344	17,165	414.6
Sold	16,499	270	344	17,113	- 415.9

OTC currency transactions consist primarily of options and swaps on USD, GBP and JPY. The anticipated cash flow from the derivatives depends mainly on how the relevant underlying performs. The exchange-traded currency futures include primarily trades on USD and JPY.

- “Equities and Index Risks” trading book”

Type of transaction	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity warrants own issues					
Bought	7,864	741	4,640	13,245	4,820.1
Sold	10,980	1,585	5,076	17,641	- 5,223.1
OTC-stock options and equity swaps					
Bought	12,909	2,755	2,424	18,088	470.2
Sold	12,426	2,476	3,106	18,007	- 455.7
OTC-index options and index swaps					
Bought	3	0	-	3	47.4
Sold	3	0	-	3	- 47.6
Index warrants own issues					
Bought	9,217	70	6,508	15,795	1,680.0
Sold	10,511	125	6,648	17,284	- 1,715.8
Exchange-traded index futures					
Bought	32	-	-	32	0.3
Sold	127	-	-	127	- 1.1
Exchange-traded index options					
Bought	1,140	18	-	1,158	21.0
Sold	80	2	-	82	-5.1
Exchange-traded stock options					
Bought	1,907	972	-	2,879	322.8
Sold	207	11	-	218	- 14.9
Index and equity certificates own issues					
Bought	154	1	36	191	187.7
Sold	335	9	38	382	- 382.6

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

- **Interest rate transactions**

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC interest options and interest rate swaps					
Bought	22,442	84,153	134,084	240,678	35,657.4
Sold	21,933	83,866	134,802	240,601	-35,582.5

- **Other Trading Operations**

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC options and swaps on commodities					
Bought	1,468	690	-	2,158	175.3
Sold	1,468	690	-	2,158	- 175.3
Warrants on commodities and precious metals own issues					
Bought	3	-	131	134	58.4
Sold	5	-	139	144	-60.9
Exchange-traded futures on commodities					
Bought	1	-	-	1	0.0
Sold	4	-	-	4	- 0.2

The “**Other Trading Operations**” trading book includes primarily options and swaps on precious and base metals. The cash flow anticipated from the derivatives depends mainly on how the underlying performs.

Counterparty risk in derivatives trading

As of December 31, 2020, the credit equivalents under the CRR (Capital Requirements Regulation), before credit risk weighting and after regulatory netting, are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit Institutions from Zone B	Centralized settlements
Product group	Credit equivalent (EUR in millions)			
Trading book “currency risks” and trading book “other price risks”	2,021.8	6,493.1	845.2	80.1
Other trading operations	-	-	-	-
Total	2,021.8	6,493.1	845.2	80.1

Non-settled forward transactions

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

5.2 Recommendation for the use of the unappropriated balance sheet profit

The Executive Board recommends allocating the annual net profit, as shown as of December 31, 2020 and equaling EUR 16,850,072.46, into the earnings reserve account.

5.3 Other financial obligations

The other financial obligations for the next years equal EUR 13.4 million. These obligations are mainly obligations arising from rental and lease commitments for certain office spaces.

5.4 Fee for the annual accounts auditor

The total fees charged by the annual accounts auditor for the Fiscal Year encompass the annual accounts auditing services (EUR 1.1 million), expenditures incurred (EUR 0.1 million), other certification work (EUR 0.4 million), tax advisory services (EUR 0.0 million) and other consulting services (EUR 0.0 million).

5.5 Information about the business relations with related enterprises and parties

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

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

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

¹ Reference is also made to the Executive Board report on relationships with affiliated enterprises in accordance with §§ 312 *et seq.* AktG for the Fiscal Year January 1 through December 31, 2020.

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

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

5.6 Supplementary report

In February 2021, the sole shareholder of CGME, Citigroup Global Markets Limited, London/UK, (CGML), injected additional equity capital pursuant to § 272 (2) no. 4 of the German Commercial Code (HGB) in the amount of USD 700 million, which converts roughly into EUR 576.8 million.

There have been no significant transactions of special importance (*keine wesentlichen Vorgänge von besonderer Bedeutung*) that occurred after the end of the Fiscal Year and that have not yet been included in the annual financial statements.

5.7 Group affiliation

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

5.8 Branches

As of the reporting date, CGME continues to maintain as in the prior fiscal year branches located in London, Paris, Milan and Madrid.

5.9 Governing bodies (officers and directors) of the Company

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

- Mr. Stefan Wintels, Frankfurt am Main, CEO and CCO, Bank Director, Chairperson, (until March 31, 2020),
- Ms. Kristine Braden, Frankfurt am Main, CEO, Bank Director, Chairperson (beginning April 1, 2020),
- Mr. Stefan Hafke, Kelkheim, Corporate/Commercial Banking and CCO, Bank Director,
- Mr. Andreas Hamm, Dreieich, COO, Bank Director,
- Ms. Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Legal, Bank Director,
- Mr. Ingo Mandt, Frankfurt am Main, CRO, Bank Director, (until June 30, 2020),
- Mr. Oliver Russmann, Bad Vilbel, CFO, Bank Director,
- Ms. Amela Sapcanin, Frankfurt am Main, CRO, Bank Director, (since July 1, 2020),
- Mr. Christian Spieler, Bad Homburg, Treasury/Markets, Bank Director, (until March 31, 2021).

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

- Mr. Hans W. Reich, Kronberg, Bank Director (retired), Chairperson, (until April 23, 2020),
- Ms. Barbara Frohn, London, Bank Director, Citigroup Global Markets Limited, London, Chairperson, (since April 23, 2020),
- Mr. Stefan Wintels, Frankfurt am Main, Bank Director, Deputy Chairperson, (since April 2, 2020)
- Mr. Leonardo Arduini, London, Bank Director, Citigroup Global Markets Limited, London
- Mr. James Bardrick, Coggeshal Hamlet, Bank Director, CEO, Citigroup Global Markets Limited, London
- Mr. Tim Färber, Kelsterbach, Bank Employee, Employee Representative
- Mr. Dirk Georg Heß, Friedrichsdorf, Bank Employee, Employee Representative

In addition to her work on the Executive Board, Ms. Kristine Braden also sits on the following supervisory board pursuant to § 340a (4) no. 1 HGB:

- Member of the supervisory board of Bank Handlowy w Warszawie S.A., Warsaw, Poland

5.10 Board member remuneration

Total remuneration for members of the Executive Board in the Fiscal Year (including granted stock options) was EUR 8.1 million. As of the end of the Fiscal Year, pension obligations totaled EUR 3.3 million.

Due to the stock-based remuneration, approximately 25.3 thousand shares in an amount totaling USD 1.6 million, which converts roughly to EUR 1.3 million, were granted as variable compensation.

The total remuneration for the former members of management bodies and their survivors in the reporting year totaled EUR 1.3 million. Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled EUR 22.9 million.

In the recently completed Fiscal Year, expenses for supervisory board compensation benefits in the amount of kEUR 23.9 were incurred. CGME is exercising its elective right under § 286 (4) HGB regarding disclosures about provisions (accrued liabilities) for current pensions and pension expectancies (*Anwartschaften*) of the Supervisory Board members under § 285 (9b) HGB.

As consideration for their work, the members of the advisory board (*Beirat*) received EUR 0.4 million in remuneration in the Fiscal Year.

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

5.11 Employees

During the Fiscal Year, CGME employed an average of 424 persons. Of that amount, 406 were full-time employees and 18 persons were part-time employees. No trainees were on staff.

The average number of employees in Fiscal Year working within CGME and its branches can be shown as follows.

	12/31/2020	12/31/2019
Citigroup Global Markets Europe AG	220	212
Citigroup Global Markets Europe AG France Branch	102	94
Citigroup Global Markets Europe AG Spain Branch	47	50
Citigroup Global Markets Europe AG Italy Branch	47	45
Citigroup Global Markets Europe AG UK Branch	8	8
Total	424	409

Frankfurt am Main, March 25, 2021

Citigroup Global Markets Europe AG

Kristine Braden (CEO)

Stefan Hafke

Andreas Hamm

Dr. Jasmin Kölbl-Vogt

Oliver Russmann

Amela Sapcanin

Christian Spieler

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

Independent Auditor's Report

To Citigroup Global Markets Europe AG, Frankfurt am Main

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

Opinions

We have audited the annual financial statements of Citigroup Global Markets Europe AG, Frankfurt am Main, which comprise the balance sheet as at December 31, 2020, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Citigroup Global Markets Europe AG for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement pursuant to Section 289f (4) in conjunction with Section 289f (2) no. 4 HGB, which is included in the section "Corporate Governance Statement pursuant to § 289f (4) in combination with § 289f (2) no. 4 of the German Commercial Code" of the management report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to financial institutions and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with the German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the Corporate Governance Statement referred to above.

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

Basis for the Opinions

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

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate opinion on these matters.

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

Please refer to Section “3. Accounting and Valuation Methods” in the notes to the financial statements for information on the accounting policies of Citigroup Global Markets Europe AG that have been applied. Please refer to subsection “4.1.3. Trading portfolio assets and liabilities” in the notes to the financial statements for the composition of the derivatives business of the assets and liabilities held for trading.

THE FINANCIAL STATEMENT RISK

The transactions of the trading portfolio are measured at fair value and concern issues of warrants and certificates, the related hedges, e.g. OTC and exchange-traded derivatives, as well as any repurchases arising from the market maker activity. Furthermore, the trading portfolio includes derivative financial instruments as well as shares and other non-fixed-income

securities. At 67% and 66% respectively (in absolute terms EUR 46,751 million and EUR 46,503 million) of the total assets, the assets and liabilities held for trading reported in the balance sheet items are the largest items in the annual financial statements of Citigroup Global Markets Europe AG.

In some cases, market prices are not observable for warrants, certificates, and OTC derivatives. The fair values then have to be determined on the basis of recognized valuation methods. The selection of the valuation models and their parameterization are subject to accounting judgments. The risk for the financial statements is here in particular that an appropriate valuation model and valuation parameters are not used to determine the fair values and the trading portfolio and also the net trading income are not measured and determined in this respect in accordance with the accounting requirements.

OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the risks of errors, we performed control-based audit procedures and substantive audit procedures to support our audit opinion. Accordingly, we performed the following audit procedures, among others:

In a first step, we gained a comprehensive insight into the performance of the financial instruments of the trading portfolio, the related risks and also the internal control system in relation to the evaluation of the financial instruments of the trading portfolio.

In order to assess the appropriateness of the internal control system in relation to the evaluation of the financial instruments of the trading portfolio for which no market prices can be observed, we carried out inquiries and inspected the relevant documents. After this test of design was carried out, we conducted function tests to check the effectiveness of the controls that have been set up.

The audit of controls extended in particular to whether the models were validated independently of trading both when they are introduced and on a regular or ad hoc basis. Using a sampling procedure, we audited whether the validations are carried out and documented properly and whether the measurement model that is implemented and also the measurement parameters that are incorporated in it are suitable and appropriate for the product in question. We furthermore audited the control of the measurement of the trading transactions by a department independent of trading using parameters obtained from third parties.

Our valuation specialists additionally carried out a remeasurement for a selection of products determined on the basis of materiality and risk perspectives and compared the results with the values calculated by the bank. Price and market information that was observable on the market was used as far as possible in this remeasurement.

OUR OBSERVATIONS

The valuation models used to determine the fair values of the trading portfolio for which prices cannot be observed on the market are appropriate and are consistent with the valuation princi-

ples to be applied. The Company's measurement parameters underlying the measurement are appropriate on the whole.

Settlement of intragroup services.

Please refer to Section 3 in the notes to the financial statements for information on the accounting policies of Citigroup Global Markets Europe AG that are applied.

THE FINANCIAL STATEMENT RISK

Of the commission income totaling EUR 265.0 million, EUR 172.1 million is attributed to broker's commission from affiliated companies. The commission expenses total EUR 42.5 million and essentially include amounts from the intragroup offsetting of the transfer pricing. The other operating income amounts to EUR 99.3 million and includes income from recharging expenses to affiliated companies totaling EUR 77.9 million.

Because the work within Citigroup is divided throughout the world to a large extent, great importance is ascribed to intragroup service relationships both in the provision of the primary banking services and in the services performed by support functions. Settlement is carried out in respect of all companies of Citigroup, where the settlement process, the number of transactions to be settled, and the calculation of the settlement amount can vary significantly depending on the service. The risk for the financial statements consists here in the fact that service relationships with the other companies of Citigroup may be recorded incorrectly and that the correct amount of the relevant income and expenses is thus not recognized.

OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the risks of errors, we performed control-based audit procedures and substantive audit procedures to support our audit opinion. Accordingly, we performed the following audit procedures, among others:

We first of all obtained an insight into the material product lines and services of Citigroup Global Markets Europe AG, the calculation models provided for these and the related risks. We subsequently gained an understanding of the processes used to record, settle, and account for the intragroup services performed and the internal control system set up in this connection.

To assess the appropriateness of the internal control system, we made inquiries and inspected the relevant documents. The controls judged to be relevant for our audit aimed in particular at ensuring that the income and expenses from intragroup service relationships and their settlement are correct. After this test of design was carried out, we conducted function tests to check the effectiveness of the controls that have been set up.

Finally, we conducted substantive audit procedures to test whether manual closing entries are appropriate by making inquiries with the staff responsible for these and by inspecting the underlying documentation. For services that are remunerated based on the revenue or fee split method, we audited for one sample whether the services were remunerated mathematically correctly in accordance with the Group-wide and documented transfer pricing methodology.

OUR OBSERVATIONS

The measures implemented at the bank are suitable for recognizing income and expenses from intragroup services correctly in the annual financial statements of Citigroup Global Markets Europe AG.

Other Information

Management is responsible for the other information. The other information comprises the Corporate Governance Statement pursuant to Section 289f (4) in conjunction with Section 289f (2) no. 4 HGB (disclosures on the quota for women).

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

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

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

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

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

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for finan-

cial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

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

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

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

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

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

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

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

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

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

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

Other Legal and Regulatory Requirements

Report on Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, „citigroup-globalmarkets_188412.zip“ (SHA256-hash value: 4486d1a7d7aff2d0cc1c24675738d1b40184d94b9b6d3d83916d890717fed25f) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above.

We conducted our assurance work of the reproduction of the annual financial statements and the management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on April 23, 2020. We were engaged by the chair of the Supervisory Board on February 12, 2021. We have been the auditor of Citigroup Global Markets Europe AG, Frankfurt am Main, and its legal predecessors in title without interruption for more than 28 years.

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

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

- Audit of the securities services business in accordance with Section 89 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)
- Tax advisory in connection with transfer pricing

- Consent letter to include our independent auditor's report for the financial year from January 1 to December 31, 2019 in a listing document for the Hong Kong Stock Exchange.

German Public Auditor Responsible for the Engagement

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

Frankfurt am Main, April 1, 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Dielehner
Wirtschaftsprüfer
[German Public Auditor]

Dr. Niemeyer
Wirtschaftsprüfer
[German Public Auditor]

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

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

(TEUR = EUR 1,000)

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

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

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

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

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

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

Cash Flow Statement per German Accounting Standard No. 21

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

Statement of Changes in Equity

The Bank's equity capital consists of the following:

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

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

**Citigroup Global Markets Europe AG,
Frankfurt am Main**

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

I. General Information

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

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

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

II. Accounting Principles

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

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

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

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

III. Accounting and Valuation Methods

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. Notes to Individual Items on the Balance Sheet

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

1. Assets based on terms to maturity

Receivables from banks

Composition:

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

Receivables from clients

Composition:

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

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

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

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

Liabilities owed to banks

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

Composition:

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

Liabilities owed to clients

Composition:

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

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

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

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

Receivables from affiliated enterprises

Composition:

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

Liabilities owed to affiliated enterprises

Composition:

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

3. Trading portfolio assets and liabilities

The trading portfolio assets and liabilities consist of the following:

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

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

4. Trust assets and trust liabilities

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

5. Movement of fixed assets

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

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

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

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

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

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

6. Other assets

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

7. Prepaid and deferred items

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

8. Other liabilities

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

9. Accruals for pensions and similar obligations

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

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

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

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

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

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

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

*) Acquisition costs TEUR 104,782

**) Acquisition costs TEUR 1,553

***) Acquisition costs TEUR 7,338

****) Acquisition costs TEUR 35,795

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

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

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

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

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

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

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

10. Other accruals

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

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

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

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

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

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

12. Subscribed capital

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

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

13. Capital reserves

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

14. Assets and liabilities denominated in foreign currencies

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

V. Notes to Individual Items on the Income Statement

1. Interest result

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

2. Commission income

The commission income is derived from the following components:

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

3. Net income from financial trading operations

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

4. Other operating income

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

5. Other administrative expenses

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

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

6. Other operating expenses

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

7. Income and expenses related to another period

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

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

VI. Miscellaneous Notes

1. Derivative financial instruments

Types of derivatives transactions

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

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

Trade volumes of derivatives and futures transactions

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

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

	< 1 year nominal amount	1-5 years nominal amount	> 5 years nominal amount	Total nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC-currency options					
Bought	35,982	7,411	3,676	47,069	1,280.7
Sold	12,532	7,422	3,626	23,580	- 1,275.8
Currency warrants own issues					
Bought	215	-	1,727	1,942	166.6
Sold	262	-	1,754	2,016	- 169.9
Exchange-traded currency futures					
Bought	10,228	58	-	10,286	102.5
Sold	10,228	58	-	10,286	- 103.3

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

- “Equities and Index Risks” trading book

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

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

- **Interest rate transactions**

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

- **Other trading operations**

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

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

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

Counterparty risk in derivatives trading

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

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

Non-settled forward transactions

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

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

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

3. Other financial obligations

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

4. Fee for the annual accounts auditor

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

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

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

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

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

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

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

6. Information about significant transactions following the balance sheet date

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

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

7. Group affiliation

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

8. Branches

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

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

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

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

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

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

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

10. Board member remuneration

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

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

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

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

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

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

11. Employees

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

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

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

Frankfurt am Main, March 31, 2020

Citigroup Global Markets Europe AG

Kristine Braden (CEO)

Stefan Hafke

Andreas Hamm

Dr. Jasmin Kölbl-Vogt

Ingo Mandt

Oliver Russmann

Christian Spieler

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

Independent Auditor's Report

To Citigroup Global Markets Europe AG, Frankfurt am Main

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

Opinions

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

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

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

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

Basis for the Opinions

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

Key Audit Matters in the Audit of the Annual Financial Statements

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

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

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

THE RISK FOR THE FINANCIAL STATEMENTS

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

absolute amounts), the balance sheet items related to the trading portfolio are the largest line items in the annual financial statements of Citigroup Global Markets Europe AG.

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

OUR APPROACH IN THE AUDIT

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

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

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

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

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

OUR CONCLUSIONS

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

Invoicing of intra-group services

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

THE RISK FOR THE FINANCIAL STATEMENTS

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

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

OUR APPROACH IN THE AUDIT

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

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

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

tested the effectiveness of the established controls with the help of tests of operating effectiveness.

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

OUR CONCLUSIONS

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

Other Information

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

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

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

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

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

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

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclos-

ing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

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

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

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

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

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

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

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

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

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

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

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

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

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

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

German Public Auditor Responsible for the Engagement

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

Frankfurt am Main, 23 April 2020

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Dielehner
Wirtschaftsprüfer
[German Public Auditor]

Dr. Niemeyer
Wirtschaftsprüfer
[German Public Auditor]