Supplement No. 1

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

dated 4 August 2015

to the

Registration Document

dated 7 April 2015

of

Citigroup Global Markets Deutschland AG,

Frankfurt am Main

(the "Issuer")

This Supplement is drawn up in connection with the publication of the issuer's semi annual financial information as of 31 May 2015 (the "**Semi-Annual-Report**"), which has been published on 31 July 2015.

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

*1. In section "**8. Trend information**" on page 19 of the Registration Document the paragraph in the subsection "**8.3 General statement about anticipated performance**" shall be deleted and replaced by the following paragraph:*

"For the fiscal year 2015, the Issuer is anticipating a result at the same level as in the prior year after adjusting for non-recurring effects. In this respect, the budgeted income from the change in the costs and activity allocation model for Germany will partially offset the loss of income from the (1) placements made with the German *Bundesbank* in the Treasury Division, and (2) the sales proceeds earned on the sale of the CATs-OS systems to the Stuttgart Stock Exchange. With respect to the operating efficiency, the Issuer therefore anticipates an unchanged level (excluding the non-recurring effects) like in previous years. The Issuer is assuming that there will be no restructuring needs in 2015, which means that no provisions were set aside for such measures. On the basis of the current planning, the Issuer is assuming that the risk-bearing capacity in fiscal year 2015 will be met.

*2. In section "**14. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**" on page 22 of the Registration Document the subsection "**14.3 Significant change in the financial condition or trading position of the Issuer**" shall be deleted and replaced by the following subsections:*

"14.3 Interim Financial Information

The issuer is disclosing unaudited interim financial information on the first six months of the fiscal year 2015. The Balance Sheet as of 31 May 2015 and the Income Statement for the first six months of the fiscal year 2015 were prepared under the responsibility of the issuer according to German Accounting Standards.

The unaudited interim financial statements of the issuer as of 31 May 2015 are included in this Registration Document in Annex III on pages H-1 through H-43.

14.4 Significant change in the financial condition or trading position of the Issuer

There has been no material change in the Issuer's financial condition or trading position since the date of the last interim financial statements (31 May 2015)."

*2. The information in section "**18. Documents on display**" on page 23 of the Registration Document shall be deleted and replaced by the following information:*

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

(a) the Issuer's articles of association;

(b) the audited annual financial statements of the Issuer for the fiscal years 2014 and 2013 and

(c) the unaudited interim financial statements of the Issuer as of 31 May 2015.

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

*3. The pages H-1 through H-43 contained in the Appendix to this Supplement are added as "**Annex III: Interim Management Report for the Half-Year Financial Report as of 31 May 2015"** after page G-81 of the Registration Document.*

The Supplement and the Registration Document are available free of charge at the offices of Citigroup Global Markets Deutschland AG, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main and furthermore are available on the website of the Issuer at www.citifirst.com.

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

Addressee of a withdrawal is Citigroup Global Markets Deutschland AG, Attn. Legal Department, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main.

Appendix

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ANNEX III: INTERIM MANAGEMENT REPORT FOR THE HALF-YEAR FINANCIAL REPORT AS OF 31 MAY 2015

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Citigroup Global Markets Deutschland AG

Interim Management Report for the Half-Year Financial Report as of May 31, 2015

Table of Contents

1 Background Information about the Bank

Background Information about the Bank

Citigroup Global Markets Deutschland AG, Frankfurt a. M. (hereinafter referred to as “CGMD” or “Bank”), is one of the leading foreign investment banks in Germany. CGMD benefits above all from its integration in the global network of Citigroup (“Citi”), which has a presence in over 100 countries. The Bank organizes its business activities in three divisions: Corporate & Investment Banking (“CIB”), Treasury & Trade Solutions (“TTS”) and Markets & Securities Services (“MSS”). The products and services offered by the Bank include not only syndicated and bilateral loans, but also advice on mergers and acquisitions and other corporate finance transactions, payment transactions and liquidity management, as well as credit card and trade financing. In the capital markets business, CGMD is actively involved in the equities business, in selling warrants and certificates, in the sale of bonds, interest rate derivatives and credit derivatives, and in foreign exchange management. CGMD also offers structured financing solutions in this segment.

In Germany, CGMD operates its business from Frankfurt and also maintains a branch in London.

Overall, CGMD advises approximately 120 core clients, which include virtually all the corporate groups listed in the DAX as well as a number of companies listed on the M-DAX. CGMD’s customer base also includes the most important international industrial, insurance and banking groups as well as the German Government and the German Federal States together with miscellaneous public institutions in Germany. In this regard, CGMD offers its own services and brokers services and solutions to affiliated Citi enterprises in over 80 countries. In its function as a strategic hub, the Bank also supports or advises clients from other markets such as Austria, Switzerland and a number of Scandinavian countries, and does so on a project-related basis, such as on M&A transactions. Moreover, CGMD supports in Germany numerous subsidiaries of internationally operating corporate groups, which maintain a business relationship with other affiliated Citi companies in their respective home countries.

2 Economic Report

Economic Report

2.1 General economic conditions

Macroeconomic Environment

The German economy continued its upturn in the first six months of fiscal year 2015. In particular, the decline in the price of oil, the relatively strong devaluation of the euro against the US dollar and the domestic consumption contributed significantly to this trend. In its spring economic forecast, the leading German economic research institute[1] assumes an expected growth in the gross domestic product of 0.6% in the first quarter of 2015 and by approx. 2.1% for the entire year 2015. The experts continue to rate the employment prospects in Germany as favorable, and anticipate an unemployment rate of 6.3% for 2015.

With the expanded bond purchase program launched in March, the European Central Bank fortified its expansive monetary policy, while the US Federal Reserve continued to streamline its monetary policy by ending its bond purchase program at the end of the previous year.

In the opinion of the Economic Institute, the world economy could initially continue to pick up in the course of the year, and an increase of 2.9% in global production is therefore anticipated for 2015. However, there are some risks which adversely affect the probability of the forecast. The Economic Institute mentions above all the expected interest rate hike in the USA, the current economic development in China and the escalation of existing conflicts between Ukraine and Russia and in the Arabic regions. For the euro zone, the future developments in Greece and the country's worsening state finances remains, above all, a significant risk factor for the development and growth in Europe.

Industry environment

The regulatory requirements introduced in fiscal year 2014 and at the turn of the year 2014/2015 have continued to increase the cost basis of the banks. The market environment for the next 6 months will remain difficult, particularly due to persisting uncertainty as to whether Greece will remain part of the euro zone and the resulting risks. In addition, the ongoing low interest level is having a negative effect on the banking sector. The geopolitical risks continue to adversely affect the investment behavior of investors. In particular, business activity around the end of the second quarter of 2015 was particularly characterized by investor restraint on the capital markets.

2.2 Overview of CGMD business performance

The business development of CGMD in the first half of fiscal year 2015 was satisfactory but fell short of the forecast in the 2014 Management Report for a result that is "significantly better than the level achieved in 2014 after adjusting for non-recurring items." The recurring mood swings in the international finance markets helped the Bank to achieve a trading result which was higher than the prior year, and to a higher net commission income compared to the first half of 2014. The continued negative interest level caused the interest result and earnings in the transaction business to decline further. In addition, the increase in expenses for the accrual of interest on pension liabilities had a negative effect on the result for the first six months. In the first half of the fiscal year there were no changes to the existing business model.

In the following report, the prior year comparison figures refer to the balance sheet items on the reporting date of November 30, 2014. The income statement focuses on the comparison period from December 1, 2014 to May 31, 2015.

[1] Source: Press release by the Joint Economic Forecast Project Group of 16 April 2015 regarding the "Joint Economic Forecast Spring 2015"

2.3 Net assets, financial conditions and results of operation

2.3.1 Net assets

The balance sheet total of CGMD as of May 31, 2015 increased against November 30, 2014 by EUR 3,132.3 million to EUR 11,826.8 million. The largest single line items on the balance sheet are receivables from banks in the amount of EUR 3,368.3 million (prior year: EUR 3,202.1 million) and liabilities owed to customers in the amount of EUR 2,107.3 (prior year: EUR 1,903.1 million) and the assets in the trading portfolio totaling EUR 8,075.5 million (prior year: EUR 5,143.5 million). As of the balance sheet date, the Bank reported liabilities in the trading portfolio totaling EUR 7,838.1 million (prior year: EUR 5,114.1 million). The trading portfolio assets and liabilities result largely from warrants and certificates and include the traded products recognized at market value. The increase in trading portfolio assets and liabilities is caused by the issuance of new products and increased demand in the market.

In addition, a special item was created ("fund for general banking risks") pursuant to § 340g HGB in the amount of EUR 23.1 million (prior year: EUR 19.6 million).

The Company's equity capital as of May 31, 2015, including the silent partner contribution, totaled EUR 590.5 million (prior year: EUR 590.5 million) and included a silent partner contribution in the amount of EUR 122.7 million (prior year: EUR 122.7 million).

Contingent liabilities based on guarantees and warranties increased to EUR 500.2 million (prior year: EUR 475.6 million).

Irrevocable credit commitments totaled EUR 649.5 million (prior year: EUR 731.8 million).

2.3.2 Financial condition

CGMD refinances itself primarily within Citi and through the German *Bundesbank*.

Since Citi's European liquidity management is centralized, CGMD represents an important point of contact with the ECB and places most of Citi's EUR-dominated excess cash flow with the Central Bank on a daily basis. In the first half of fiscal year 2015, CGMD was in a position at all times to meet its payment obligations. Moreover, any and all liquidity requirements mandated by law were satisfied at all times. No significant capital expenditures are planned which would cause the liquidity situation to worsen. Investments are made solely on a short-term basis.

The Bank generally does not engage in maturity transformations. Most of the maturities are receivables and liabilities, which are owed to or from banks and clients, and are short-term and denominated for the most part in EUR. The number of receivables and liabilities, which are denominated in foreign currencies, is not significant.

In order to cover unforeseeable liquidity risks in EUR, other suitable agreements are in place with sister companies, which give CGMD direct access to bonds that are suitable as collateral for the ECB.

2.3.3 Results of operation

For the ongoing fiscal year 2015, CGMD reported an annual surplus(before transfer to CKG and the silent partner) in the amount of EUR 27.3 million to date (prior year: EUR 26.5 million).

Due to the current negative interest rate environment, net interest income declined to EUR 0.2 million (prior year: EUR 4.0 million).

The EUR 6.0 million increase in the net commission income to EUR 65.6 million (prior year: EUR 59.6 million) resulted mainly from positive demand for the capital market products and services offered by the Bank.

In the first half of fiscal year 2015, the Bank booked net income from the trading portfolio in the amount of EUR 31.5 million (prior year: EUR 30.0 million), which related to dividends received under the trading portfolio and to transactions with warrants and certificates. The increasingly volatile mood on the international financial markets had a favorable effect on the earnings position in 2015.

Personnel expenses fell to EUR 31.9 million (prior year: EUR 34.5) mostly because of lower restructuring costs.

The increase in other operating costs of EUR 6.1 million to EUR 8.0 million (prior year: EUR 1.9 million) resulted mainly from the increase in expenditures for the accrual of interest on pension liabilities.

Other administrative expenses rose slightly by EUR 1.8 million to EUR 37.1 million (prior year: EUR 35.9 million).

Overall, the Bank views the performance in 2015 as satisfactory and the net assets, financial condition and results of operation as solid.

2.3.4 Key financial performance indicators

Financial performance indicators

The internal financial benchmarks set forth below are shown on the basis of the figures prepared for the Bank according to US GAAP as of December 31 of a given year:

	January 1, 2015– May 31, 2015	January 1, 2014– May 31, 2014	Change
Operating Efficiency in % (Costs / income on the basis of EBIT per US GAAP)	71	69	(2)

	May 31, 2015	December 31, 2014	Change
Risk capital limit in USD million per US GAAP	414	414	0
Risk utilization in USD million	200	224	(24)
Risk utilization in %	48	54	(6)

Non-financial performance indicators

The third internal benchmark is the number of personnel, a figure that serves as a non-financial performance indicator. On May 31, 2015, CGMD employed 272 workers (prior year: 267), including employees at the London branch. The Bank was thus able to meet its goal of keeping roughly the same number of employees on staff as in the prior year.

CGMD’s community involvement is carried out by its employees. In various projects, CGMD offers support to those in need by making donations and assigning work, and it trains young students in applying for jobs to launch their careers.

Economic Report

The group-wide Global Community Day ("GCD") is an event that is carried out once each year. CGMD employees themselves are committed to working on social welfare projects as part of the GCD, i.e., visiting nursery schools, nursing homes and elementary schools.

3 Outlook and Opportunities

3.1 Expectations regarding the Bank's performance

The forecast made in the management report 2014 for fiscal year 2015 for a result that is significantly better than the level achieved in 2014 after adjusting for non-recurring effects has not been able to be realized thus far. The Bank attributes this particularly to the market distortions caused by the negotiations for a third bailout package for Greece, the persistently weak euro and the continued negative interest rate environment. For fiscal year 2015 as a whole, the Bank is anticipating a result at the same level as the prior year after adjusting for non-recurring effects. With respect to the operating efficiency, the Bank continues to anticipate an unchanged level (excluding the non-recurring effects) like in 2014. The Bank continues to assume that there will be no restructuring needs in 2015, which means that no provisions will be set aside for such measures in the remaining months. On the basis of the current planning, CGMD is assuming that the risk-bearing capacity in fiscal year 2015 will be met comfortably. No changes are planned to the current business strategy.

3.2 Significant opportunities for the business divisions

The expectations described herein regarding the development of the Bank and the individual business fields are based on the statements made in the section entitled “General economic conditions”.

3.2.1 Markets & Securities Services

In the first half of 2015, the Markets and Securities Services business division was able to confirm the forecast made in the 2014 Management Report. Due to very positive development in foreign exchange transactions, the net commission income for this business division, which profited from increasing volatility between many currency pairs, was higher than the net income in the prior year period. The Securities Services division also made a positive contribution to the net commission income. Here net income was also at a higher level than the prior year, which is attributable to the acquisition of new customers. Due to the volatile mood on the international finance markets, the trading result for the first six months is slightly higher than the result for the first half of fiscal year 2014.

The market environment is expected to remain challenging in the second half of the year, and it will continue to be defined by geopolitical changes. In the Bank's estimation, the future developments in Greece and in the Ukrainian conflict as well as the effects of a weakening growth dynamic in China and possible increasing prime rates in the USA will materially impact investor behavior.

With respect to foreign exchange transactions, due to the above-average success in the first half of 2015, a negative base effect is anticipated for the remaining six months of 2015. In the trading sector, as in the first half of 2015, the Bank is expecting a weaker income performance in the second half of 2015 due to the previously discussed risks. The income forecast for the entire fiscal year looks more negative for this business division and the overall result is expected to be below the prior year level due to the discussed uncertainties.Markets & Securities Services.

3.2.2 Corporate & Investment Banking

In the first half of fiscal year 2015, the income in this business division was below the same period of the prior year. In the lending business, the bank was able to compensate for a decline in interest income thanks to a positive result in credit commissions, whereby the total income is at same level as the prior year period. This trend should remain stable for the remaining six months of the fiscal year. In general, the Bank is observing continued margin reductions in the credit business. The Investment Banking sub-area is below the income level of the prior year due to a lower volume of business. Overall, this sub-area has a solid pipeline, which could make a significant contribution to the result of this business division. The Bank does not anticipate any further material changes in the coming six months for the Corporate & Investment Banking division as a whole.

3.2.3 Treasury & Trade Solutions

The income in this business division in the first six months of fiscal year 2015 was below the income in the prior year. The payment transactions and trade financing sub-areas were not able to establish the earnings of the prior year. Due to the ongoing low or negative interest environment and persistent price pressure on the margin business, this division is assuming a continuation of this trend for the remaining months of the fiscal year and a result which is lower than 2014.

4 Risk Report

Risk Report

4.1 Organization of the risk management

The Chief Risk Officer (CRO) is responsible for implementing the risk policy guidelines for quantifiable risks which are defined by the plenary Executive Board. Within the organization, the Risk Management Country Officer ("RMCO") reports to the Chief Risk Officer. The RMCO routinely provides reports on the overall risk situation of the Bank in the Business Risk, Compliance and Control Committee ("BRCC"), which is part of the plenary Executive Board, and to the Supervisory Board. The reporting is based on various internal rules, which were enacted in accordance with local regulatory requirements concerning the reporting system of a bank (see AT 4.3.2 in combination with BTR 1 – 4 of MaRisk). The reasonableness of the risk management (RMS) is reviewed on a regular basis by the Group's internal auditing department.

4.2 Risk definition and risk strategy

CGMD defines risk as the danger of incurring possible losses or lost profits based on internal or external factors. Risk management generally distinguishes between quantifiable and non-quantifiable types of risk. Quantifiable risks are usually risks that can be appraised in the annual financial statements or on capital commitments, and non-quantifiable risks are, for example, reputation risks and liquidity risks (non-quantifiable in the sense of risk capital).

In accordance with the business strategy, the overall risk strategy defines the strategic risk guardrails for developing the CGMD business. In addition, the risk tolerance is determined as the maximum risk, which the Bank is willing to assume in pursuing its business objectives and which it can assume without allowing existential threats, which exceed the inherent risks. The main idea here is to safeguard CGMD's reasonable cash and capital resources in Germany. Based on these requirements, adequate limits are derived for the risk resources - capital and cash reserves – that are available to the group.

The RMS records mostly risks and not opportunities because risk prevention is the primary mission of CGMD risk management. Opportunities may be observed and utilized by the Bank's individual business divisions by relying on the parameters determined under the risk acceptance procedures (limit packages, etc.). In connection with the overall bank controlling, the parameters, which are generated from multi-year capital planning procedures, must also be taken into account. For this reason, opportunities and risks will not be off-set either for the quantifiable or the non-quantifiable parameters, which would in fact be viewed as an overall assessment of the risks.

For purposes of identifying, avoiding and eliminating risks, CGMD uses – analogously to the global approach – the so-called "Three Lines of Defense Model". In this regard, the key responsibilities for risk monitoring and prevention are discharged on a decentralized basis by the respective business divisions and staff offices ("first line of defense"), while lower level functions, like the risk management and compliance ("second line of defense"), exercise an independent control function, and the Group Audit Department ("third line of defense") performs an independent assessment of the overall control system.

4.3 Overview of the types of risks

As described above, the Bank's business activities create significant risks. The monitoring and control of such risks is described below:

4.3.1 Credit risks

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

Risk Report

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

Reports on the different counterparty risks are generated by the system and analyzed on a daily basis. In the event of identified limit breaches, the responsible trader (including the head of the trading department) is informed without undue delay. Senior management will also be informed about these facts in its daily report.

For syndicated or bilateral credit facilities, the monitoring and daily reporting will be conducted similarly.

The following table provides an overview of the structure of the loan portfolio based on the types of loan and credit scores as of the end of the fiscal year on May 31, 2015:

May_2015	Total (MM USD)			Direct			Contingent Liability			Clearing			PSR			STL		
FRR	#	Vol	%(Vol)	#	Vol	%(Vol)	#	Vol	%(Vol)	#	Vol	%(Vol)	#	Vol	%(Vol)	#	Vol	%(Vol)
1	39	3,712	15.8%	10	3,380	48.5%	27	327	32.5%	2	5	0.0%	0	0	0.0%	0	0	0.0%
2	26	175	0.7%	11	18	0.3%	4	39	3.9%	11	118	0.8%	0	0	0.0%	0	0	0.0%
3	260	6,694	28.4%	73	2,870	41.2%	47	259	25.7%	135	3,385	22.3%	4	95	36.5%	1	85	59.0%
4	301	10,912	46.3%	75	534	7.7%	67	226	22.5%	149	9,928	65.5%	9	165	63.5%	1	59	41.0%
5_7	224	2,019	8.6%	56	170	2.4%	28	143	14.2%	140	1,706	11.2%	0	0	0.0%	0	0	0.0%
8_9	3	37	0.2%	1	0	0.0%	1	11	1.1%	1	26	0.2%	0	0	0.0%	0	0	0.0%
10	0	0	0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Total	853	23,549	100.0%	226	6,972	100.0%	174	1,006	100.0%	438	15,167	100.0%	13	260	100.0%	2	144	100.0%

In this regard, the direct, bilateral credit facility with clients is summarized under the heading "Direct Exposure" [2], while "Contingent Exposures" covers contingent liabilities (aval guarantees) and "PSR" (Pre-Settlement Risk Exposure) covers fulfillment risk. Under "Clearing Risk", revocable intra-day credit facilities are listed, which allow customers to settle cash and securities transactions. The credit scores listed in column 1 (Facility Risk Rating (FRR)) are based on the likelihood of default (Probability of Default (PD)), which is calculated on a global basis, and the applicability of which is transparently established for the local loan portfolio, however, as part of the annual verification process. The PDs are also a significant component for the model calculation of the risk capital for credit risks. An FFR of 1 corresponds to an AAA (S&P) credit rating. A very large majority of the loan portfolio is managed with clients, whose credit rating is investment grade (FRR 4). In order to calculate the risk capital for the credit risks, other factors and parameters are also included such as "Loss Given Default" (loss ratio in the event of default) and the "Exposure at Default (amount of the receivables at the time of the default)[3].

The following table[4] provides an overview regarding the granting of loans based on regions/sectors. The dispositive aspect for evaluating the portfolio in each case is the country in which the parent company has its registered corporate domicile:

EUR MM	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
GERMANY	4,006	3,789	4,021	2,453	2,854	2,582	2,733
USA	346	154	140	1,604	1,538	1,881	1,620
EUROPE	176	212	184	246	173	139	130
ASIA	142	139	63	60	59	58	57
OTHER	37	40	44	49	42	37	41
Grand Total	*4,708*	*4,333*	*4,453*	*4,412*	*4,666*	*4,697*	*4,581*

The strong concentration of credit extensions within Germany can be explained by the implementation of the Bank's global strategy, according to which clients, if possible, are advised from the country in which they reside.

[2] In the table on the structure of the loan portfolio, referred to as "Direct".
[3] In the table on the structure of the loan portfolio, referred to as "Clearing".
[4] All information in the following both tables are shown in EUR millions.

EUR MM	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
FINANCE	612	451	334	1,775	1,706	1,956	1,704
GOVERNMENT	2,859	2,696	2,796	1,343	1,750	1,566	1,814
CORPORATES	1,236	1,186	1,323	1,294	1,210	1,176	1,063
OTHERS	0	0	0	0	0	0	0
Grand Total	*4,708*	*4,333*	*4,453*	*4,412*	*4,666*	*4,697*	*4,581*

The high percentage of credit extended to sovereign states (Government) is based on the fact that CGMD places it structural excess cash at the end of each day with the German *Bundesbank*, which is considered a “government” entity. Since the interest rate environment in the past year consequentially changed once again (negative interest rates), the funding structure of CGMD was modified such that the cash deposits with the German *Bundesbank* were permanently reduced, however, compared to the prior years.

4.3.2 Market price risks

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

- Warrants in equity, commodity and foreign exchange assets as well as the corresponding hedging transactions
- Issuance and trade in investment certificates in equity, commodity and foreign exchange as well as the corresponding hedging transactions
- Money market transactions with credit institutions
- Interest rate swaps & interest rate futures, mainly to hedge interest rate positions
- Securities borrowing (to a lesser extent)

In order to assess the risk position in Trading and Risk Treasury, all individual transactions are marked to market on a daily basis. The prices underlying the valuation are obtained directly from independent external sources or calculated using pricing models. The market parameters used in this process are input automatically to the valuation system or compiled manually by the traders. The market parameters are fastidiously checked by the market surveillance office by comparing them with independent external sources. Based on these data, the current market values and the daily gains and losses are assessed independently from the trading function.

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

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

VaR is calculated using a Monte Carlo simulation, which is carried out centrally at Citi in New York for all trading activities and which is based on uniform valuation criteria. The volatilities of the individual market factors used in the calculation and their correlations are determined on an empirical basis.

In addition, in order to stimulate extreme market changes, analyses of stress tests are carried out in regular intervals and, in specific situations, on an *ad hoc* basis.

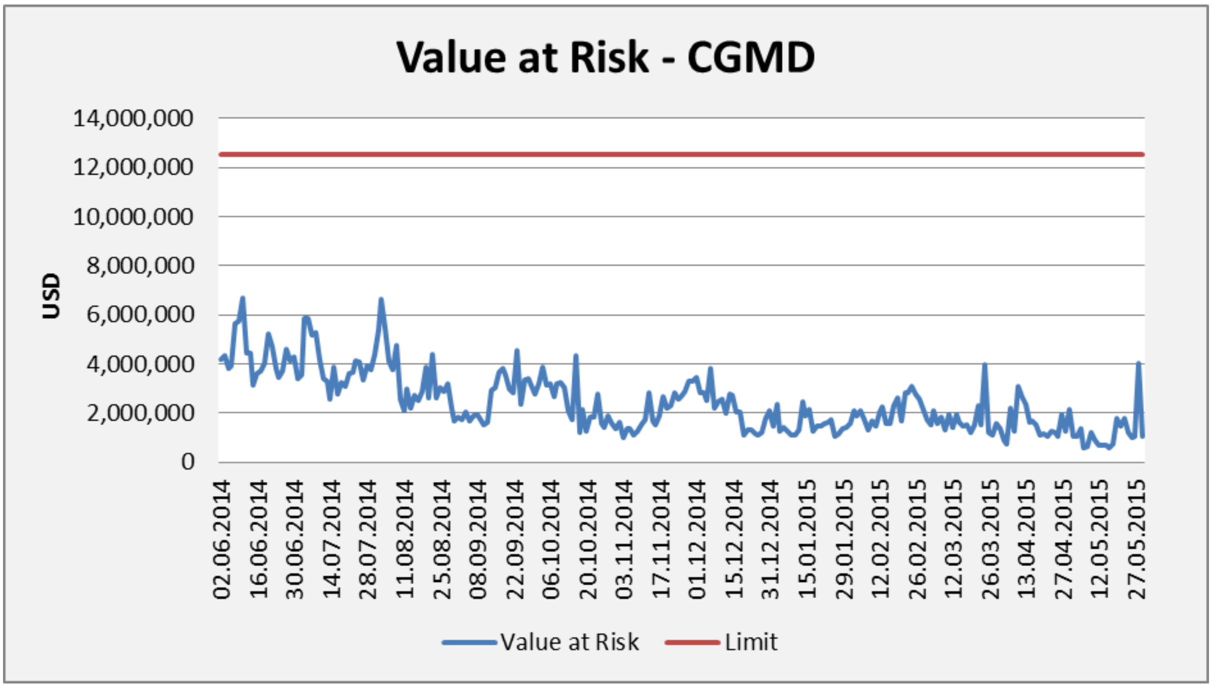
For the individual trading books and the risk of an interest rate change in the non-trading book, limit structures have been established over which the managers actively prescribe the risk tolerance for the individual trading books and the Bank as a whole.

Risk Report

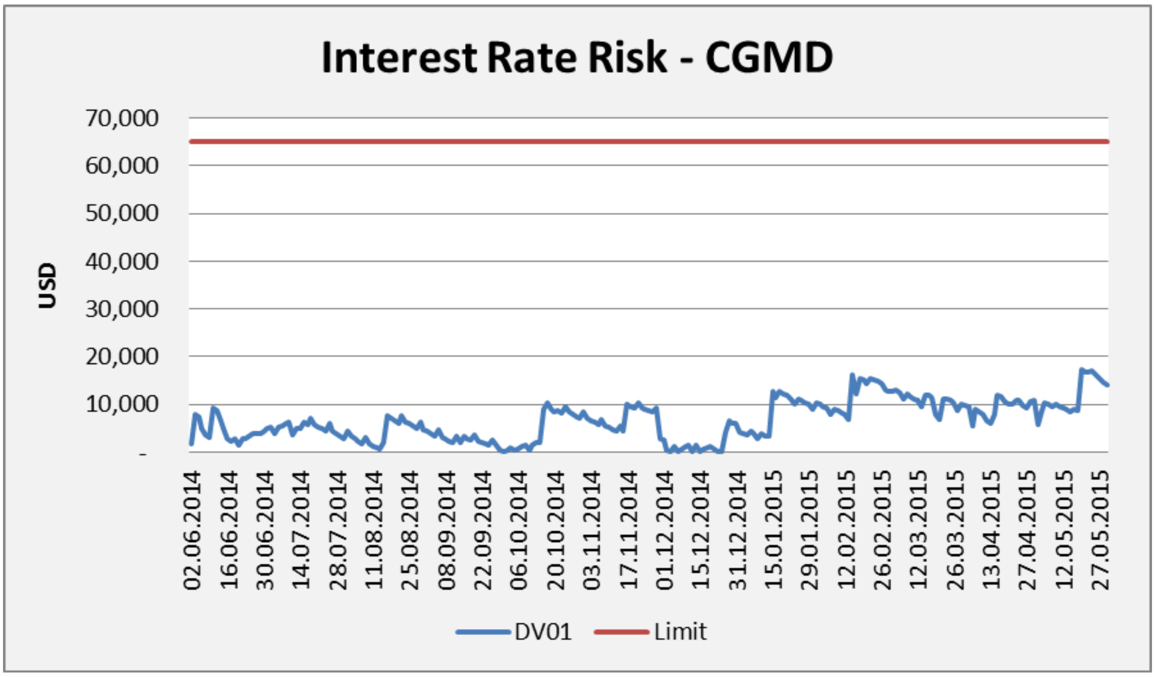
Due to the complexity of the derivative trading activities, CGMD is connected to a Citi risk monitoring system. In this regard, it presents all aggregate market price risks by products, currencies and markets and compares the risk exposures on the different levels to the relevant limits. The system generates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

The globally designed VaR model is subject to an annual, local model validation process in order to ensure that the global model parameters match the profile of the local market risk. Core elements of the validation process are the hypothetical back-testing method, which is carried out each day and the quarterly “Risk not in VaR Analysis”, which serves to identify and quantify such risks, which are not covered by the model calculation.

The following diagram presents an overview of the development of the VaR in the last 12 months. The figures shown must be seen relative to the total limit for the VaR (USD 12.5 million):



The Value at Risk limit remained unchanged compared to the prior year. After the limit adjustment in fiscal year 2012/2013, the utilization in fiscal year 2013/2014 generally moved below 50%, although the average fluctuations did occur during the course of the entire year and neither the VaR minimum limits nor the overall VaR of CGMD were breached. Also, in the first six months of fiscal year 2014/2015, the limit utilization remained under 50%, trending downwards. For this reason, a reduction of the total VaR limit, as well various other sub-limits, is under consideration. The following diagram charts the risk of interest rate changes for the Bank’s non-trading book [*Anlagebuch*] for the period from June 2014 to May 2015 in USD.



In this case as well, the Bank is exhibiting a relatively low utilization of the limit of USD 65 million that was approved by management. As it was done before, the liquidity cushion continues to be higher than a cash reserve. This had already led in fiscal year 2012/2013 to a sustained reduction in the risk of an interest rate change, which was justified because of the lower duration compared to a liquidity reserves in government bonds. In the short-term, no changes are expected.

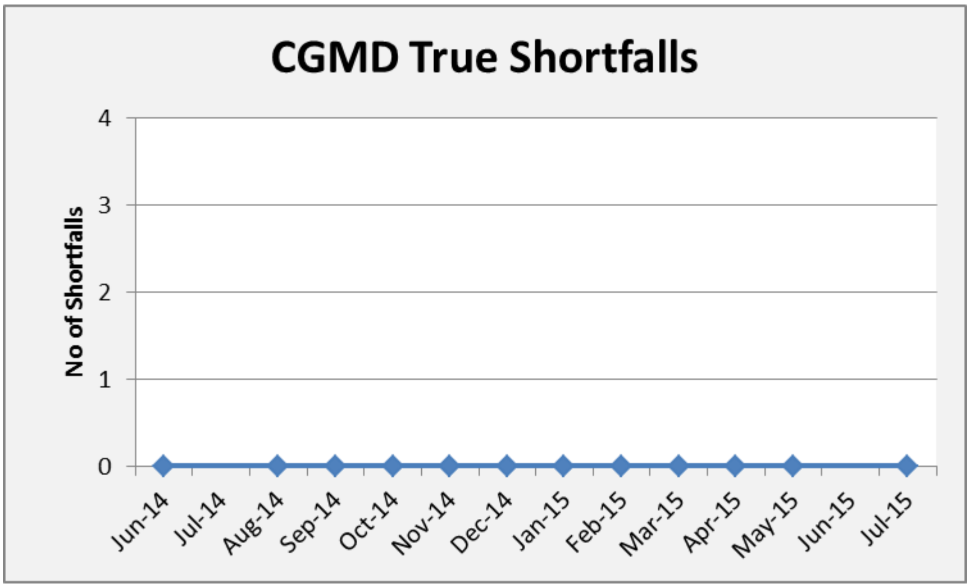
4.3.3 Liquidity risks

The liquidity risk is managed by the Treasury Division. The controls are based on analyses of all cash flows according to products and currencies and include the monitoring of, and setting limits for, aggregated cash outflows and inflows. On a quarterly basis, this is complemented by scenario stress analyses in order to identify whether unexpected events could create liquidity squeezes and which corrective measures could be taken. Risk Controlling monitors compliance with the limits on a daily basis and shall keep the Executive Board seasonably informed of the Bank's liquidity situation. A liquidity reserve was formed in order to absorb potential distortions on the capital markets and the liquidity shortages resulting therefrom.

CGMD reports on all significant structural liquidity gaps beyond all maturities that are stipulated in the funding matrix (liquidity gap analysis). In the recently completed fiscal year 2013/2014, there were no limit breaches shown in the funding matrix. No limit breaches occurred in the first half of fiscal year 2014/2015 either. The following table shows the accumulated cash flow of CGMD distributed according to the relevant maturity ranges as of the balance sheet date. The cash flow limits for all maturity ranges was kept unchanged at zero in the recently completed fiscal year. In other words, a negative cash flow within a given maturity range automatically triggers a limit transgression, which in turn prompts a corresponding escalation to senior management.

	O/N	2D-7D	8D-15D	16D - 1M	2M	3M	4M - 6M	7M - 12M	2Y	> 2Y
MAR in USD MM	2,414	2,285	2,155	2,024	1,877	1,843	1,853	976	969	406
Limit in USD MM	0	0	0	0	0	0	0	0	N/A	N/A

The following diagram provides an overview of the limit breaches which occurred during the past year, arising from the funding matrix:



The refinancing risk and the market liquidity risk are taken into account each day through appropriate limits and the monitoring thereof. The market liquidity risk, which results primarily from warrants and certificates trading, is monitored through issuer limits with regard to the instruments underlying the derivative products. In this respect, a 100% loss of the underlying is effectively simulated (so-called “jump-to-default”).

In addition, the Bank has structural, currently unused excess cash flow and adequate capital resources bridging results that adverse effect on liquidity.

4.3.4 Operational risks

Operational risks are defined by CGMD as all risks which do not qualify as market, credit or liquidity risks. Operational risks are divided into the following categories:

- Fraud, Theft & Unauthorized Events
- Employment Practices and Workplace Safety
- Clients, Products & Business Practices
- Physical Assets & Infrastructure Events
- Execution, Delivery & Process Management

The responsibility for the implementation measures with respect to managing the operational risks lies with the department heads or the business managers below the Executive Board level. These persons are responsible for creating, documenting and regularly updating all work directives and control procedures. The supervision of the operational risk and the reporting thereof is the responsibility of Operational Risk Management (“ORM”).

The operational risk could increase if processes are outsourced to internal and external service providers. CGMD has developed a suitable infrastructure in order to be able to assess and monitor the potential risks resulting from outsourcing, such that the materiality of all outsourcing will be evaluated once each year by the competent Outsourcing Steering Committee upon considering numerous factors. Furthermore, it is the responsibility of all outsourcing managers to regularly review the quality of the services rendered. Problems, which are thereby identified, must be reported to the business managers in a timely manner but any case no later than as part of the monthly report.

The tasks and responsibilities as well as the documentation are regulated under the applicable CGMD policies. Senior management shall be informed in a reasonable manner about the aforementioned risks through daily and monthly reports.

In order to record quantifiable risk findings, a database is used (Event Data Capture System), which also serves as a basis for the reports to senior management.

The operational risks related to the risk-bearing capacity calculation are quantified through an expert assessment. The Pillar 1 minimum capital requirement for the operational risks, which is computed using the standard approach, is used for this purpose and is included in the calculation of the risk-bearing capacity.

4.3.5 Other significant risks

Pension fund risks

The Bank currently has three pension funds. However, the risk-bearing capacity calculation lists only two funds, for which CGMD bears an economic risk regarding the minimum return (yield) targets and a duty to make subsequent contributions. The calculation of the risk capital and the corresponding risk capital stress test is made using mathematical-statistical models (variance-covariance matrixes) and scenario analyses. The risk capital computed hereon is set forth in the relevant tables and diagrams for the risk-bearing capacity calculation.

The investment strategy is set by the Pension Fund Investment Committee, whereby the actual management of the fund is the responsibility of an outside fund manager.

Reputation risks

Since the reputation risk can emanate from all other risks, it is handled separately from operational risk. For the aforementioned reason, reputation risks are monitored and managed implicitly by controlling all risk categories from which a reputation risk could arise. An explicit monitoring of the reputation risk is carried out by the legal department and the “corporate communication” department because reputation risks could arise from complaints and litigation or negative press reports. A quantification as contemplated under the risk capital concept is handled through an expert assessment. The magnitude, which is calculated thereby, is derived from the risk capital for operational risks.

4.4 Total bank control *via* the strategy of risk-bearing capacity

In order to ensure capital adequacy, the available risk coverage potential of the economic capital needs is compared against the material and quantifiable risks facing the Bank. The Bank performs a risk-bearing capacity calculation using both a “going concern approach” and a “gone concern approach” (liquidation approach). Whereas under the going concern approach, the focus is on assessing the ability to operate the business while simultaneously meeting the regulatory capital ratio requirements, the liquidation approach considers the creditor protection. The Bank uses the going concern approach as its main control approach.

The main types of risks requiring the capital coverage as identified by the Bank are the market risk, the credit risk, the operational risks, reputation risks and risks arising from pension funds. In this regard, the Bank uses either statistical methods (models) or expert assessments regarding the quantification of the necessary risk capital. Calculations are supplemented through quarterly stress simulations for all material risk categories.

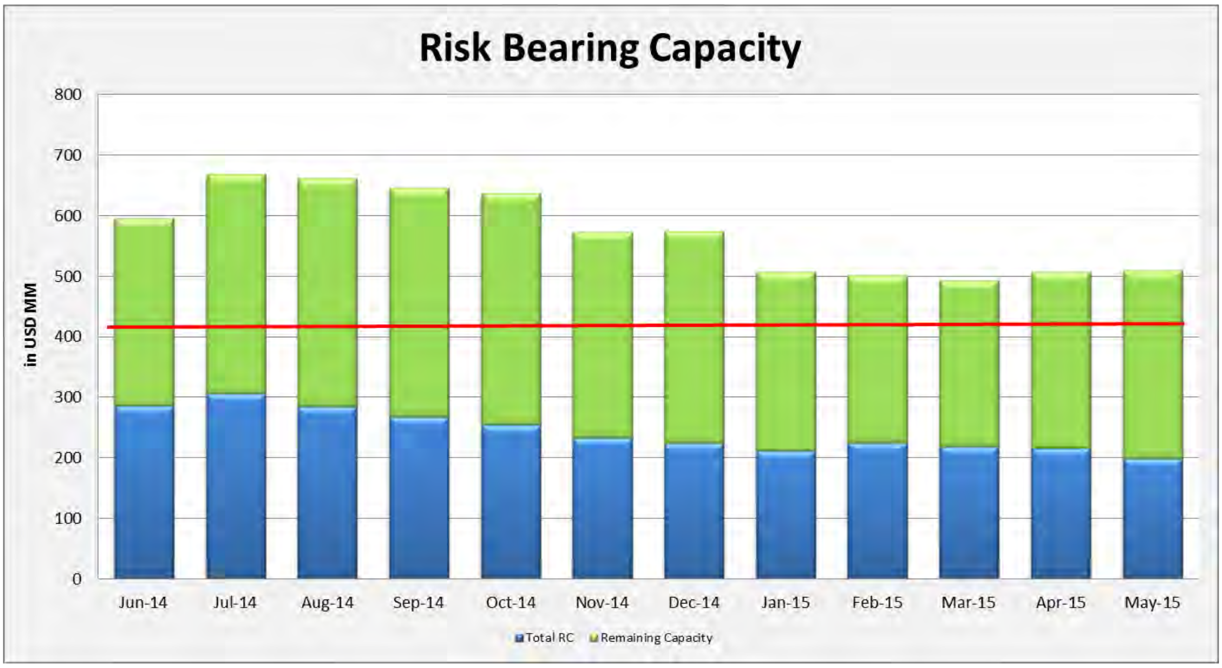
Even though it is a material risk, the liquidity risk is not taken into account in the risk capital calculation because conceptually no economic capital needs can be derived from this risk.

Risk Report

The table below shows the development of the economic capital requirements for each quantifiable and significant type of risk, which CGMD faced in the period from June 2014 to May 2015. The figures shown are in USD millions. Under the last column labeled “Trend”, the trend in the risk-bearing capacity is shown as a comparison to the respective month of the previous year. Concentration risks are implicitly included within the risk model. Possible risk concentrations are also identified and appraised in a concentration analysis.

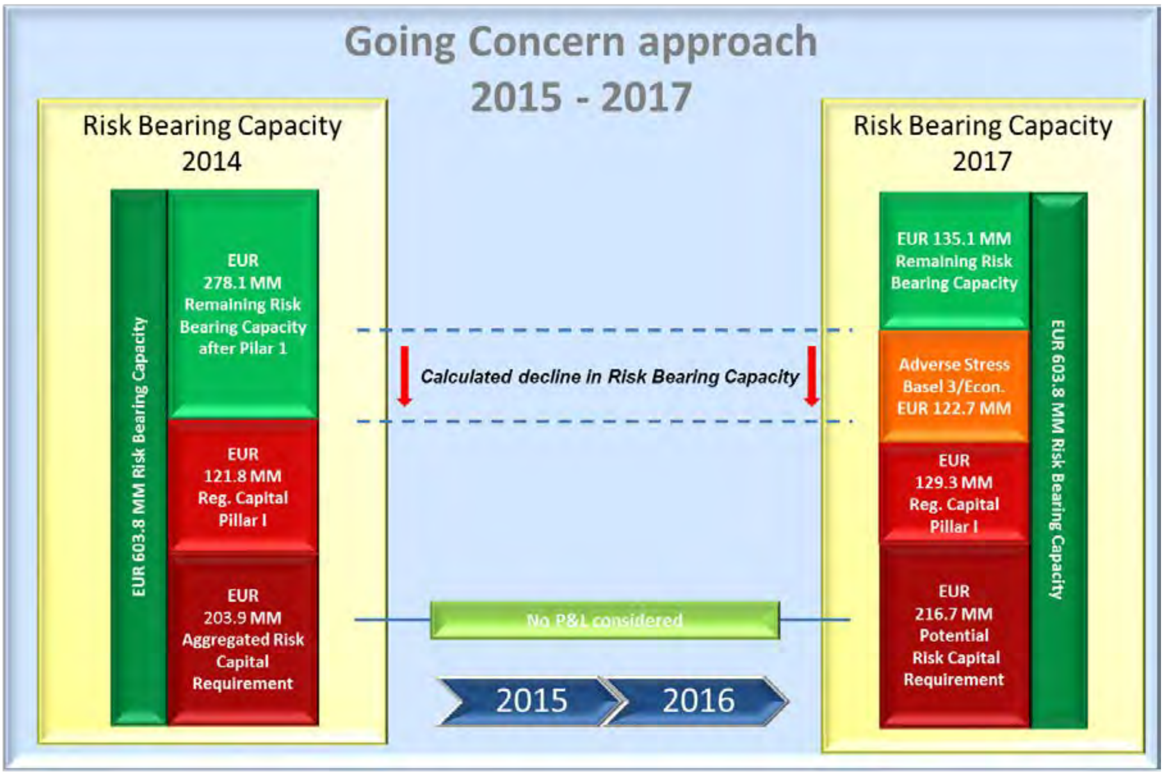
Month	Credit Risk	Market Risk	Operational Risk	Reputational Risk	Pension Fund Risk	Total RC	Risk Bearing Capacity	Remaining Capacity	Trend
Jun-14	81.3	66.9	50.3	12.6	75.0	286.1	596.5	310.4	stable
Jul-14	100.3	69.0	49.3	12.4	75.0	306.0	668.4	362.4	up
Aug-14	84.7	65.1	48.6	12.2	74.0	284.6	662.3	377.7	stable
Sep-14	79.5	56.6	46.4	11.6	74.0	268.1	646.7	378.6	stable
Oct-14	76.1	47.5	46.2	11.6	74.0	255.4	637.4	382.0	stable
Nov-14	66.8	40.7	46.0	11.5	69.0	234.0	573.2	339.2	down
Dec-14	62.1	37.3	44.8	11.2	69.0	224.4	574.2	349.8	stable
Jan-15	59.0	32.4	41.7	10.4	69.0	212.5	507.6	295.1	down
Feb-15	59.6	32.1	41.4	10.4	82.0	225.5	502.1	276.6	down
Mar-15	58.5	30.1	39.2	9.8	82.0	219.6	493.2	273.6	stable
Apr-15	52.6	30.6	40.9	10.3	82.0	216.4	506.5	290.1	up
May-15	53.1	25.2	40.0	10.0	71.0	199.3	509.3	310.0	up

The following graphical depiction shows the committed risk capital (blue portion of bars) in proportion to the aggregate risk coverage still available (shown in green as “remaining capacity”)):



The risk-bearing capacity was and is guaranteed at all times in the reporting year, and the Bank has a suitable cushion of risk capital. The risk capital projection over the coming three fiscal years, which is carried out as part of the annual risk strategy process, also revealed that the risk-bearing capacity will remain in place at all times upon taking into account the targeted business development and the demands in the strategy process specified under the MaRisk (e.g., allowing for adverse stress scenarios).

The following diagram reveals an overview regarding the development of the risk-bearing capacity while taking the aforementioned factors into account:



4.5 Summary description of the risk situation

Given the improvements made in the entire risk management arena during the reporting period, the Bank has a tool that is customary in the industry and meets the requirements under the MaRisk.

The Bank holds adequate liquidity and capital resources in order to be able in a reasonable manner to cover all of the aforementioned risks and to be able at all times to support a sustained CGMD business development. Under each of these scenarios, this also applies to the implemented stress test.

5 Supplementary Report

Supplementary Report

There have been no events of special importance after the balance sheet date (Negative Covenant).

Interim Balance Sheet as of May 31, 2015
Citigroup Global Markets Deutschland AG , Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	11/30/2014 TEUR
1. Cash reserves				
a) Petty cash		0,00		2
b) Credit balances held at central banks		1,088,346.58		66,074
of which: at the German *Bundesbank* (German Central Bank) EUR 1,088,346.58 (11/30/2014 TEUR 66,074)				
c) Credit balances held at postgiro offices		0.00	1,088,346.58	
2. Receivables from banks				
a) Due upon demand		153,489,988.48		118,226
b) Other receivables		3,214,816,679.96	3,368,306,668.44	3,083,839
3. Receivables from clients			364,299,902.44	246,531
of which: secured by real property security interests EUR 0.00 (11/30/2014 0)				
Municipal loans EUR 0.00 (11/30/2014 0)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government institutions	0.00			-
ab) issued by others	0.00	0.00		-
b) Bonds and debt securities				
ba) issued by government institutions	0.00			-
of which: eligible as collateral with the German *Bundesbank* EUR 0.00 (11/30/2014 TEUR 0)				
bb) issued by others	0.00	0.00		
of which: eligible as collateral with the German *Bundesbank* EUR 0.00 (11/30/2014 0)				
c) Bank's own debt securities		0.00	0.00	-
Face value EUR 0.00 (11/30/2014 0)				

5. Equities and other variable-yield securities			0.00	-
5a. Trading portfolio			8,057,477,245.71	5,143,544
6. Equity investments			1,353,556.37	1,354
of which: in banks	EUR 217,842.30 (11/30/2014 TEUR 218)			
in financial service institutions	EUR 0.00 (11/30/2014 0)			
7. Intangible assets				
a) Internally-generated industrial property rights and similar rights and assets		0.00		
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets		2,413.20		2
c) Goodwill		0.00		
d) Prepayments		0.00	2,413.20	
8. Tangible assets			1,429,702.42	1,568
9. Other assets			23,185,306.48	21,009
10. Prepaid and deferred items			2,958,332.67	3,653
11. Excess of plan assets over post-employment benefit liability			6,717,947.00	8,681
Total assets			11,826,819,421.31	8,628,407

Liabilities and Equity Capital

	EUR	EUR	EUR	11/30/2014 TEUR
1. Liabilities owed to banks				
a) Payable on demand		1,059,786,685.23		865,988
b) Having an agreed term or notice period		13,877,576.87	1,073,664,262.10	21,326
2. Liabilities owed to clients				
a) Savings deposits				
aa) having an agreed notice period of three months	0.00			0
ab) having an agreed notice period of more than three months	0.00	0.00		0
b) Other liabilities				
ba) payable on demand	1,216,966,519.45			1,128,956
bb) having an agreed term or notice period	890,315,856.34	2,107,282,375.79	2,107,282,375.79	774,155
3. Securitized liabilities				
a) Debt securities issued		0.00		0
b) Other securitized liabilities		0.00		0
of which:				
money market paper EUR 0.00 (11/30/2014 TEUR 0)				
own acceptance and promissory notes outstanding EUR 0.00 (11/30/2014 TEUR 0)				
c) Miscellaneous securitized liabilities		0.00	0.00	0
3a. Trading portfolio			7,838,049,023.59	5,114,149
4. Other liabilities			159,082,594.59	137,377

5. Deferred items			271,756.71	273
6. Accrued liabilities				
a) Pensions and similar obligations		4,893,634.00		4,157
b) Tax accruals		0.00		0
c) Other incurred liabilities		29,987,239.77	34,880,873.77	37,998
7. Funds for general bank risks			23,107,749.68	19,623
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210,569,889.00			210,570
ab) silent partner capital	122,710,051.49	333,279,940.49		122,710
b) Capital reserve	196,257,110.73	196,257,110.73		196,257
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserve for shares held in controlling companies	0.00			0
or companies in which majority shareholding exists	0.00			0
cc) reserves required by articles of association	0.00			0
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		0.00	590,480,785.08	0
	Total liabilities and equity capital		11,826,819,421.31	8,694,483

	EUR	EUR	30/11/2014
1. Contingent liabilities			
a) Contingent liabilities from credited but uncleared bills of exchange	0.00		0
b) Contingent liabilities from guarantees and warranty commitments	500,165,928.30		475,564
c) Contingent liabilities from security provided on behalf of third parties	0.00	500,165,928.30	0
2. Other obligations			
a) Commitments under fictitious repurchase (repo) agreements	0.00		0
b) Placement and underwriting commitments	0.00		0
c) Irrevocable lines of credit previously granted	649,519,146.23	649,519,146.23	731,764

Income Statement

of

Citigroup Global Markets Deutschland AG, Frankfurt am Main

for the period December 1, 2014 through May 31, 2015

	EUR	EUR	EUR	Dec 1, 2013 - May 31, 2014 TEUR
1. Interest income from				
a) Loans and money market transactions	1,057,797.41			8,922
b) Fixed-income securities and debt registered claims	0.00	1,057,797.41		0
2. Interest expenses		859,989.50	197,807.91	4,874
3. Current income from				
a) Shares and other variable-yield securities		0.00		0
b) Equity investments		276.40		2
c) Interests in affiliated enterprises		0.00	276.40	0
4. Commission income		66,601,838.69		61,050
5. Commission expenses		986,367.17	65,615,471.52	1,432
6. Net income from financial trading operations			31,482,496.86	30,024
7. Other operating income			7,078,987.39	6,145
8. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	27,177,514.13			29,230
ab) social securities contributions, pensions and welfare expenses,	4,717,830.74	31,895,344.87		5,311
of which: for pensions EUR 2,799,533.52 (Dec 1, 2013-May 31, 2014 TEUR 3,440)				
b) Other administrative expenses		37,681,311.95	69,576,656.82	35,910
9. Depreciation, amortization and write-downs of tangible and intangible assets			281,909.62	336
10. Other operating expenses			8,031,222.20	1,911
11. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		0.00		606
12. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves		806,565.14	806,565.14	50
13. Income from reversal of investments, interests in affiliated enterprises and long-term securities		0.00	0.00	0
14. Result from ordinary operations			**27,291,816.58**	**26,583**

	EUR	EUR	EUR	Dec 1, 2013 - May 31, 2014 TEUR
15. Extraordinary income		0.00		0
16. Extraordinary expenses		0.00		0
17. Extraordinary result		0.00	0.00	0
18. Taxes on income and earnings		756.28		80
19. Other taxes, to the extent not included under item 10		0.00	756.28	0
20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement			27,291,060.30	26,503
21. Annual net income			0.00	0
22. Profit carried forward/loss carried forward from prior year			0.00	0
			0.00	0
23. Transfer from capital reserves			0.00	0
			0.00	0
24. Transfers from earnings reserves				
a) from legal reserve		0.00		
b) from reserve for treasury shares		0.00		
c) from reserves required by the Bank's articles of association		0.00		
d) from other earnings reserves		0.00	0.00	0
			0.00	0
25. Transfers from capital participation rights			0.00	0
			0.00	0
26. Transfers into earnings reserves				
a) to legal reserve		0.00		
b) to reserve for treasury shares		0.00		
c) to reserves required by the Bank's articles of association		0.00		
d) to other earnings reserves		0.00	0.00	0
			0.00	0
27. Replenishment of capital with profit participation rights			0.00	0
28. Unappropriated earnings (balance sheet profit)			0.00	0

Citigroup Global Markets Deutschland AG
Frankfurt am Main

Notes to the Half-Year Financial Report as of May 31, 2015

1. Bases of the Accounting

Citigroup Global Markets Deutschland AG, Frankfurt am Main ("CGMD"), is a German stock corporation with its registered offices in Frankfurt am Main. Since June 10, 2010, it has been recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 88301.

The fiscal year begins on December 1 and ends on November 30 of the following year.

The subscribed capital of CGMD includes the registered share capital of EUR 210.6 million as well as a capital contribution from an undisclosed (silent) partner in the amount of EUR 122.7 million. The registered share capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main.

The Half-Year Financial Report as of May 31, 2015 was prepared in accordance with the German Banking Act (KWG), the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

The comparison figures of the balance sheet items refer to the reporting date of November 30, 2014. The income statement focuses on the prior year comparison period from December 1, 2014 to May 31, 2015.

2. Accounting and Valuation Methods

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

The valuation (recognition) of **financial instruments in the trading portfolio** is done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed pursuant to the hierarchical order of valuation criteria set forth in § 255 (4) HGB. Any financial instruments, for which no active market exists, will be valued using generally accepted valuation methods (above all, option pricing models). In general, these methods are based on estimates of future cash flow while taking into account any risk factors that may apply. The most important factors are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of May 31, 2015, the risk discount equaled TEUR 771.0 for the foreign currency risk trading book, TEUR 2,803.0 for the equities and index risk trading book, and TEUR 492.0 for the other trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a “market value adjustment” totaling TEUR 877.2, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

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

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

Receivables from banks are stated at the repayment amount plus accrued interest. No write-downs were required in the first half of fiscal year 2015.

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

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

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

Tangible assets are stated at acquisition cost less straight line-depreciation. In the event of a permanent impairment, an unscheduled write-down is taken.

Liabilities owed to banks and **liabilities owed to clients** are stated at their settlement amount [*Erfüllungsbetrag*] plus accrued interest.

In connection with hedging the interest rate risk, the Bank recognized on its accounts numerous micro-hedges with a total of six ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness known as a "*Schuldschein"*) and a face value totaling TEUR 50,000.0. To ensure a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness which amounted to TEUR 2,436.0 were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions [*Schuldscheindarlehen*] resulting from the lower interest rate because they had been for the most part covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements). The fair value of the *Schuldscheindarlehen* is TEUR 10,801.0 higher than the book value. The Bank applies the net hedge presentation method [*Einfrierungsmethode*] for the hedge established under § 254 HGB. It intends to preserve the hedge until the underlying transactions expire. The prospective and retrospective effectiveness testing is done using the critical term match method.

The **pension provisions** 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, for which commitments have been made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], 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. For 2015, CGMD had calculated an amount of TEUR 1,015.3 as the period of service expense on the basis of the debt assumption agreement and then charged this amount to the impacted companies.

In regards to pension reserves, the simplification rule pursuant to §253 (2) sentence 2 HGB was used. In order to calculate the present cash value, a discount rate [*Rechnungszins*] of 4.26% was calculated based on the average market interest rate of the prior 15 years using the Bundesbank's discount rates. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.8% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds [*liquide Mittel*] totaling TEUR 4,523.1 were transferred to Citibank Pensionsfund e. V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB.

In the current fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 10,667.3 (prior year: TEUR 2,739.3), while the change in the fair value of the plan assets resulted in income of TEUR 7,857.7 (prior year: TEUR

3,100.6). These earnings components are netted and then reported under other operating expenses.

On the balance sheet date, the fair value of the plan assets to be netted equaled TEUR 172,617.9 (prior year: TEUR 164,760.3). The settlement amount of the pension obligations - which equaled TEUR 165,900.0 (prior year: TEUR 156,079.1) - was netted in this same amount against the plan assets. The plan assets exceeding the settlement amount as of the balance sheet date were TEUR 6,717.9 and were reported under the item “Excess of plan assets over post-employment benefit liability” (prior year: TEUR 8,681.2).

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

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

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,029.2. On the balance sheet date, the fair value of the PAS Fund assets to be netted equaled TEUR 10,491.9 (prior year: TEUR 9,928.6). The settlement amount of the liabilities to be netted equaled TEUR 10,491.9 (prior year: TEUR 9,928.6).

In the current fiscal year, the interest accrued on the liabilities yielded an expense in the amount of TEUR 1,309.8 (prior year: interest income of TEUR 111.1), and the change in the fair value of the plan assets resulted in income of TEUR 1,165.4 (prior year: TEUR 111.1). In addition, income of TEUR 144.4 (prior year: TEUR 0.00) was accrued. These components of the result are netted and reported under other operating income.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 9,341.6. On the balance sheet date, the fair value of the netted assets of the deferred compensation fund was TEUR 10,484.3 (prior year: TEUR 10,325.4). The settlement amount of the liabilities to be netted equaled TEUR 10,484.3 (prior year: TEUR 10,325.4).

In the current fiscal year, the accrual of interest on the obligations generated an expense in the amount of TEUR 26.5 (prior year: income from discounting of TEUR 8.8), and the change in the fair value of the plan assets yielded income of TEUR 26.5 (prior year: expense TEUR 8.8). These components of the result are netted and reported under other operating income.

In connection with hedging the obligations under the bonus conversion, the Bank purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 38,316.6, and netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the accrual of interest on the pension obligations generated an expense totaling TEUR 2,403.8 (prior year: TEUR 1,463.1). In connection with the standard allocation [*Regelzuführung*], an expense was generated in the amount of TEUR 72.7. The change in the fair value of the plan assets resulted in income of TEUR 499.7 (prior year: income TEUR 471.4). Current income in the amount of TEUR 91.2 (prior year: TEUR 97.5) was also generated. These components of the result are netted and reported under other operating expenses.

On the balance sheet date, the fair value of the plan assets to be netted equaled TEUR 45,131.8 (prior year: TEUR 43,973.4). The settlement amount of the pension obligations to be netted was TEUR 50,025.4 (prior year: TEUR 48,130.2) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 4,893.6 (prior year: TEUR 4,156.8) and was reported under the item "pensions and similar obligations".

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

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

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

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

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 5,277.4 (prior year: TEUR 6,121.5). The fair value of the pledged reinsurance policies in the amount of TEUR 4,284.3 (prior year: TEUR 2,657.0) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 993.1 (prior year: TEUR 3,464.5) was shown under the line item, "Other provisions". In the current fiscal year, an expense in the amount of TEUR 126.9 (prior year TEUR 29.6) results from the accrual of interest on the obligations, while income in the amount of TEUR 2.6 is yielded from a change in the fair value of the plan assets. These components of the result are netted and reported under other operating expenses.

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book [*Bankbuch*] (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt. 1 HGB, CGMD applies the cash value approach in accordance with IDW's official statement RS BFA 3.

The items, which are included in the loss-free valuation, relate to typical bank contractual relationships arising from the deposits and lending business and cover the entire CGMD banking book, including off-balance sheet transactions.

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

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank's own refinancing costs. Where there are net liability positions, the fictitious lending transaction is discounted at a risk-free rate. Viewed as of May 31, 2015, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of May 31, 2015 yielded no need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total sum of the amounts, which are barred from payout distribution** within the meaning of § 268 (8) HGB (§285 no. 28 HGB) and which equals TEUR 82,259.2 (prior year: TEUR 72,209.8), results entirely from the capitalization of the plan assets at fair value in the amount of TEUR 238,725.9. Freely available provisions exceed the total sum of the amounts which are barred from payout distribution.

Accruals are set aside in the balance sheet for **contracts and pending legal disputes**, which could have an adverse effect on CGMD's financial condition.

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

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

3. Notes on the Balance Sheet and on the Income Statement

We refer at this point to the statements made in the Management Report.

4. Other Notes

The equity investments totaling TEUR 1,353.6 (prior year: TEUR 1,353.6) are not eligible for stock market listing.

The asset item shown on the balance sheet, trading portfolio (line item 5a), is divided into derivative financial instruments totaling TEUR 6,924,315.9 (prior year: TEUR 4,395,405), debt securities and other fixed-income securities in the amount of TEUR 664,570.1 (prior year: TEUR 502,854), and shares including, *inter alia*, variable-yield securities in the amount of TEUR 468,591.3 (prior year: TEUR 242,285). Of the debt securities and other fixed income securities, TEUR 664,570.1 (prior year: TEUR 502,854) were eligible and listed for trading on a stock market. Of the shares and variable-yield securities, TEUR 468,591.3 (prior year: TEUR 242,285) were eligible and listed for trading on a stock market.

The item shown as other assets in the amount of EUR 23.2 million (prior year: EUR 21.0 million) includes primarily tax receivables of EUR 10.2 million (prior year: EUR 9.4 million), initial margin payments made and totaling EUR 9.1 million (prior year: EUR 7.1 million), claims under non-pledged reinsurance policies of EUR 1.3 million (prior year: EUR 3.1 million) and receivables under intra-group compensation invoices totaling EUR 1.1 million (prior year: 1.1 million).

The liability item shown on the balance sheet, trading portfolio (line item 3a), is divided into derivative financial instruments in the amount of TEUR 7,009,660.8 (prior year: TEUR 4,481,753) and liabilities arising from issued and outstanding debt securities in the amount of TEUR 828,388.2 (prior year: TEUR 632,396).

The item, other liabilities, in the amount of EUR 159.1 million (prior year: EUR 137.4 million) relates primarily to liabilities under the profit transfer obligation and totaling EUR 27,3 million (prior year: EUR 125.7 million), liabilities arising from the withheld capital gains tax and the solidarity tax contribution on dividends of EUR 126.6 million (prior year: EUR 0.1 million).

The item entitled "other accrued liabilities" relates primarily to provisions made for restructuring, bonuses and early retirement obligations. Provisions for restructuring during the course of the fiscal year equaled EUR 1.6 million (prior year: EUR 2.6 million). Provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 14.8 million (prior year: EUR 15.5 million). Provisions for early retirement equaled EUR 1.0 million (prior year: EUR 3.5 million) after setting-off the pledged re-insurance policies in the amount of EUR 4.3 million (prior year: EUR 2.7 million).

An affiliated enterprise has contributed silent partner capital in the amount of EUR 122.7 million (prior year: EUR 122.7 million). The silent partner's share of the profits as of May 31, 2015 was EUR 9.9 million, which will be allocated in its entirety to the silent partner.

The contingent liabilities relate to guarantees and warranty agreements. These agreements stem from guarantees made in the amount of EUR 500.2 (prior year: EUR 475.6 million). The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small due to the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

Of the irrevocable credit lines granted in the amount of EUR 649.5 million (prior year: EUR 731.8 million), EUR 586.8 million (prior year: EUR 691.8 million) had a term to maturity of more than one year. The lines of credit have been granted exclusively to non-banks.

As of the balance sheet date, the Bank had not engaged in any off-balance sheet transactions which fall within the meaning of § 285 no. 3 HGB and which were outside the ordinary course of business.

Transactions with related parties within the meaning of § 285 no. 21 HGB are made only on an arm’s length basis.

The Half-Year Financial Report as of May 31, 2015 and the Interim Management Report of CGMD were not audited in accordance with § 317 HGB nor were they reviewed by an auditor.

CGMD is included in the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Reuterweg 16, 60323 Frankfurt am Main, which is where the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG can also be obtained. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is included in the consolidated financial statements of Citigroup Inc., 153 East 53rd Street in New York, as the ultimate group parent company, which is where the Citigroup consolidated financial statements can also be obtained.

Since 2001, CGMD has had a branch in London, which carries out primarily warrant transactions.

The CGMD Executive Board consist of the following members

Dr. Silvia Carpitella, Milan, Bank Director since June 1, 2015
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director
Samuel R. Riley, Budapest, Bank Director,
Christian Spieler, Bad Homburg, Bank Director,
Heinz Peter Srocke, Hanau, Bank Director,
Stefan Wintels, Frankfurt am Main, Bank Director.

The Supervisory Board consists of the following members:

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

Frankfurt am Main, July 20, 2015

Citigroup Global Markets Deutschland AG

Dr. Silvia Carpitella	Dr. Jasmin Köbl-Vogt
Stefan Hafke	Samuel R. Riley
Christian Spieler	Heinz P. Srocke
Stefan Wintels	

Country by Country Reporting pursuant to § 26 a of the German Banking Act [*Kreditwesengesetz*, "KWG"]

May 31, 2015

The reporting for 2015 presents the revenues accrued, the earnings before taxes, the taxes on earnings and the number of employees for every Member State of the EU and non-EU countries in which CGMD has a branch or a registered office. Revenue is stated as the total of the interest surplus, the commission surplus and the other operating revenue as of the end of the fiscal year. The number of employees is stated on the basis of full-time equivalents.

Amounts in € millions	**Germany**	**United Kingdom**
Revenues	82.8	0.0
Earnings before taxes	12.3	0.3
Taxes on earnings	0.0	0.0
Public subsidies received	-	-
Number of employees	260	10

Company	**Type of activity**	**Registered office location**	**Country**
Citigroup Global Markets Deutschland AG	Bank	Frankfurt am Main	Germany
Citigroup Global Markets Deutschland AG London Branch	Bank	London	United Kingdom

SIGNATURES

Frankfurt am Main, 4 August 2015

Citigroup Global Markets Deutschland AG,
Frankfurt am Main

by Dirk Heß Director	by Steffen Thomas Vice President