

Citigroup  
Global Markets Europe AG

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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, market manipulation or data theft as well as other criminal 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 credit institution 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, for example, the reports to the transaction register in accordance with Regulation (EU) No. 648/2012 (EMIR) and transaction reporting to BaFin in accordance with Regulation (EU) No. 600/2014 (MiFiR). 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 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 Issuer's customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, "GRA"), which primarily provides for a revenue split. This applies to all major business areas. The Issuer enjoys a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, Citibank, N.A., London, and Citigroup Global Markets Inc., New York.

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

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

### **Risks due to the 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, now securities institutions (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".

The Issuer is subject to the provisions of the SAG. Thus, the securities of the Issuer are also subject to the instrument of creditor participation as an Institution.

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

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

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

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

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

First, these are owners of the Issuer as an Institution (i.e. holders of shares and other company shares). Then, creditors of the Issuer's additional core capital or supplementary capi-

tal 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 "10/2021 (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 or further supervisory requirements of the regulatory authorities.

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](http://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 from 1 January 2020 through 31 December 2020 covered by the historical financial statements in this Registration Document was

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

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

Wirtschaftsprüferkammer  
Körperschaft des öffentlichen Rechts  
Rauchstraße 26  
10787 Berlin, Germany

The statutory auditor of the Issuer during the period from 1 January 2021 through 31 December 2021 covered by the historical financial statements in this Registration Document was and respectively is

BDO AG  
Wirtschaftsprüfungsgesellschaft  
Hanauer Landstraße 115  
60314 Frankfurt am Main, Germany

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

Wirtschaftsprüferkammer  
Körperschaft des öffentlichen Rechts  
Rauchstraße 26  
10787 Berlin, Germany

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

### *Hive-down of the Banking Business*

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

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

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

### *Accretion of the Banking Business at Citibank Europe plc*

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

### *Change in the ownership of the Issuer*

Upon registration of the hive-down in the Issuer's commercial register and the accretion on the Closing Date, the Issuer's previous parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, sold and transferred the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited has become the new parent company of the

Issuer. With effect from 24.00 hrs on the Closing Date, the existing control and profit (loss) transfer agreement between the Issuer and its current parent company was terminated.

#### Change of fiscal year as of 28 April 2018

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

#### The Issuer as a CCR Credit Institution

Pursuant to Article 4 (1)(1)(b) of Regulation (EU) No. 575/2013 (Capital Requirements Regulation), which was introduced in the course of the European regulations on significant investment firms, the Issuer falls into the category of (significant) credit institutions. The Issuer has complied with the resulting obligation to submit an application for permission to operate as a CRR credit institution by 26 June 2021. As soon as the application for permission has been approved, the Issuer will be subject to the direct supervision of the European Central Bank as supervisory authority.

## **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](http://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 credit institution that provides the whole range of products offered by Citi's Institutional Clients Group (ICG) in the areas of Markets, Banking, Capital Markets & Advisory ("BCMA") and Independent Research to clients domiciled in the European Economic Area ("EEA"), including large international corporates, financial institutions, institutional in-

vestors (such as asset managers, insurance companies and financial lenders) and government and public sector entities (including municipalities). Under its 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 provides Citi's global clients with access to European financial products.

### **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 Austria, Finland, France, the Netherlands, Portugal and other countries, as the case may be.

The securities reference primarily shares, share indexes, exchange rates, futures, commodities. The publicly offered securities are listed on exchanges and are sold almost exclusively over stock exchanges or off-exchange. 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 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, 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 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 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.

### **6.1.5 Economics Research**

Following the United Kingdom's withdrawal from the European Union, the Issuer has assumed primary distribution of research publications for the EEA.

### **6.1.6 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.

### **6.1.7 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.

### **6.1.8 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**

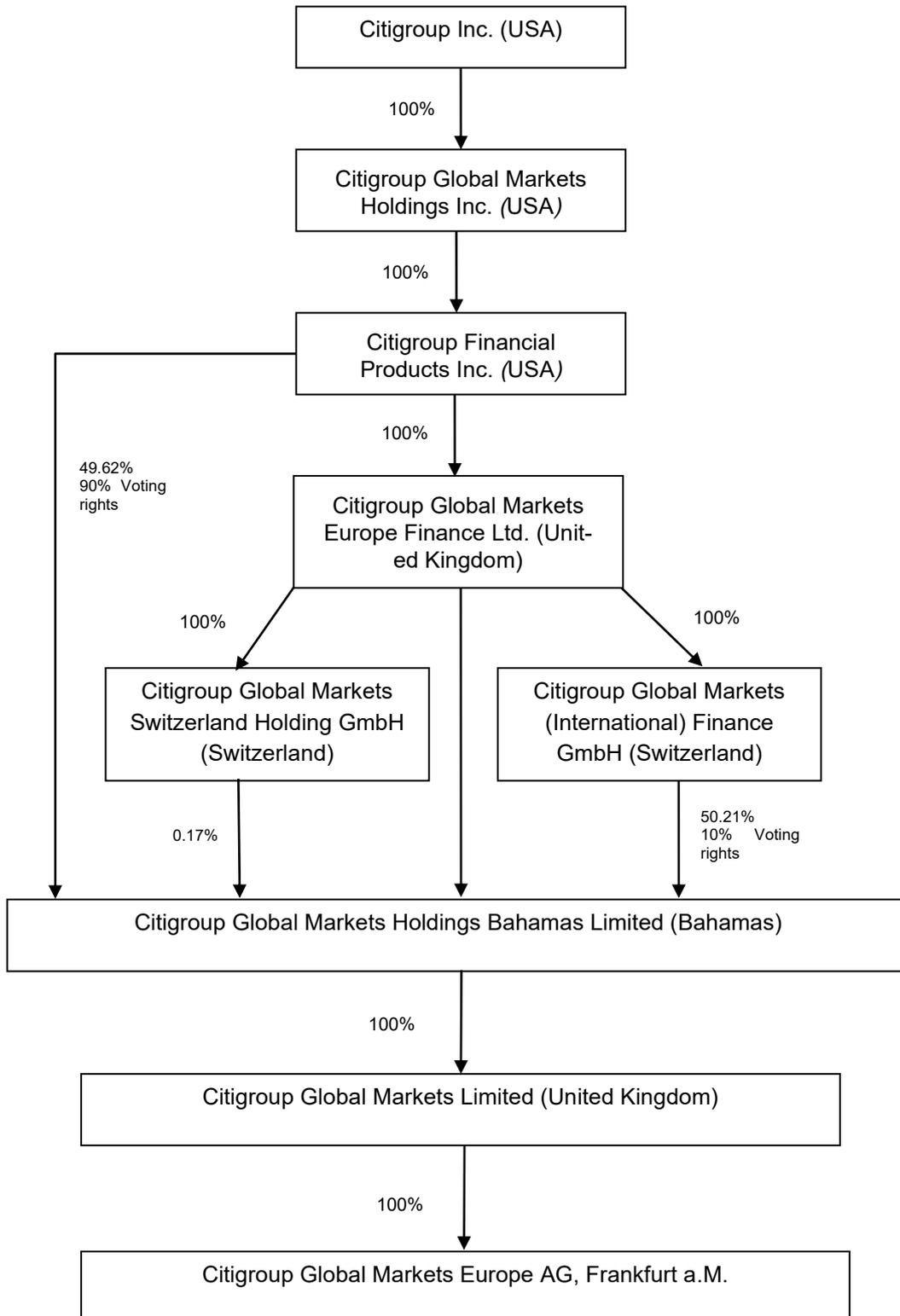
The Issuer's branch network encompasses Germany, France, Italy, Spain and UK and covers EEA domiciled clients as target market. Public Listed Products (PLP) teams market all of the Issuer's leveraged products and investment products to German, Austrian, Euronext Market, Finnish investors via intermediaries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

The rest of this page has been deliberately left blank.

**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 2021.

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 2021, to the date of the Registration Document.

### 8.1 General economic conditions

In the fiscal year 2022, the performance of the economic, the financial and especially the capital markets will be exposed to various risks and dangers. According to the Issuer's estimation, the global economic recovery of 2021 is therefore expected to proceed at a slower pace in fiscal year 2022. The outlook remains subject to a high degree of uncertainty, however. The key reasons for concern are the impact and economic repercussions of the Ukraine conflict on the global economy as a whole and the continued development of the COVID 19 pandemic. New virus variants could emerge before basic vaccination coverage is achieved on a global scale, or the efficacy of the developed vaccines could wane faster than expected.

The Ukraine conflict could have an impact on the European financial system and thus also on the German financial system. This could affect, above all, the continued sharp rise in gas and oil prices, which will cause an increase in production costs and consumer prices. It may be assumed that the announcements by companies to raise prices will ultimately lead to commensurate wage increases. The resulting upward wage-price spiral will likely prompt the European Central Bank to take countermeasures. If the pressure caused by supply-chain bottlenecks and high energy prices eases, inflation could fall to 2.1% in the final quarter of 2022 and drop below the European Central Bank's 2% target in 2023. The average annual inflation rate in the euro zone could possibly climb from 2.6% in 2021 (2.9% in the EU) to 3.5% in 2022 (3.9% in the EU) and fall back to 1.7% in 2023 (1.9% to 2.0% in the EU).<sup>1</sup>

Nevertheless, individual economies have become more vulnerable due to persistently low interest rates and, in some cases, due to 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 Hospitality", and "Retail and Wholesale" sectors - cannot be ruled out.

In the short term, growth in the EURO economic area could be supported by robust domestic demand in the course of 2022 and could recover strongly thereafter. In addition, with the

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<sup>1</sup> Source: the "Winter 2022 Economic Forecast" issued by the EU Commission and dated 2/1/2022, p. 1; see also Press Release issued by the German economic think tank, *Hamburgischen Weltwirtschafts-instituts*, and entitled "Aktuelle Konjunkturprognose" ("Updated Economic Forecast") dated 3/2/2022

announced lifting of the COVID restrictions, the Issuer expects a recovery in the sectors of the economy that have so far been hardest hit by the effects of the pandemic. This development can also be expected to ease the supply bottlenecks, which have been propagating in recent months. Since the situation on the labor market is currently improving even more, household incomes and consumer spending could rise<sup>2</sup>. Nevertheless, the Issuer expects the labor market situation to deteriorate again in the event of a more severe economic downturn, particularly as a result of the impact from the Ukraine conflict.

Overall, the direct financial risks to the German financial system tied to Russia are currently still viewed as manageable (*überschaubar*)<sup>3</sup>. The volume of direct claims held against Russian debtors is assessed as limited. In addition, the Ukraine conflict could, however, have significant indirect consequences for the German economy and the international capital markets, among other things due to the economic sanctions imposed by Western countries and the restrictions on trade and payments with Russia, the effects of which are highly uncertain at the moment<sup>4</sup>.

The Issuer continues to view the current low interest rate environment as posing a high risk for the development of the financial and capital markets. The European Central Bank indicated in February 2022, however, that due to the increase in the inflation rate in recent months, there is a certain "upside risk" to the inflation outlook, particularly in the short term, and that an increase in the prime rate is therefore no longer unlikely<sup>5</sup>.

## **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:

- Dagmar Kollmann, Entrepreneur, Chairman, having her business address at Reuterweg 16, 60323 Frankfurt am Main;
- Barbara Frohn, Director, Deputy Chairman, having his business address at Citigroup Global Markets Ltd., London, 25 Canada Square, Canary Wharf, London E145LB, United Kingdom;

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<sup>2</sup> Source: European Central Bank, Economic Report, Issue 1/2022, p. 4

<sup>3</sup> Source Deutsche Bundesbank, Business Report (*Geschäftsbericht*) 2021 from early March 2022, p. 35

<sup>4</sup> Source: Deutsche Bundesbank, Business Report 2021 from early March 2022, p. 35

<sup>5</sup> Source: Monthly Report of Deutsche Bundesbank for February 2022, p. 31

- 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\*, as well as Public Relations;
- Peter Kimpel, Director, Investment Banking / M&A, Customer Relationship (entire Bank), Equity Capital Markets and Debt Capital Markets;
- Dr. Jasmin Kölbl-Vogt, Director, Legal Department, Corporate Secretary, Regulatory Matters, Independent Research as well as Corporate Security and Investigations;
- Sylvie Renaud-Calmel, Director, Equity and Equity Derivatives Trading and Sales, Currency Trading and Sales, Interest Rate Trading and Sales, Interest Rate Derivatives Trading and Sales, Credit Derivatives Trading and Sales, Commodities Trading and Sales;
- 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, Governance as well as new product approval process;

\* Report in their capacity to the Board

- Jean Young, Director, Enterprise Infrastructure O&T, ICG Operations, Infrastructure and Application Technology, O&T Risk and Control / Outsourcing Management, Data Protection Officer / Information Security Officer\* as well as Registrar Function;

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:

- Dagmar Kollmann is member of the Supervisory Board of Deutsche Telekom AG, Bonn and the Unibail Rodamco-Westfield SE, Paris, as well as Board Member of Coca-Cola Europacific Partners plc, London and of Paysave Ltd, Hamilton, Bermuda.
- 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 statements<sup>6</sup>**

The Issuer's annual financial statements for fiscal year 2021 and 2020 respectively are included in this Registration Document in section 18. "*Historical Financial Information*" on pages F-1 through F-50 (fiscal year from 1 January 2021 through 31 December 2021) and in section 18. "*Historical Financial Information*" on pages G-1 through G-55 (fiscal year from 1 January 2020 through 31 December 2020). The annual financial statement for the fiscal year 2021 comprises the balance sheet as at 31 December 2021 and the profit and loss statement for the financial year from 1 January 2021 to 31 December 2021 and notes to the financial statements, including a description of the company's accounting policies and the statement of cash flows. The annual financial statement for the fiscal year 2020 comprises the balance sheet as at 31 December 2020, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies.

### **13.2 Auditing of historical annual financial information<sup>7</sup>**

The annual financial statements including the bookkeeping system for the fiscal year from 1 January 2021 through 31 December 2021 and for the fiscal year from 1 January 2020 through 31 December 2020, which are included in this document, were audited by the Issuer's respective 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 2021.

## **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.

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<sup>6, 7</sup> 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.

## **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 no-par shares (31 December 2020: 9,481,592). These are ordinary shares in the form of no-par bearer shares. Each no-par share carries one voting right. The subscribed capital is fully paid up. 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.

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 2021 through 31 December 2021 and the fiscal year from 1 January 2020 through 31 December 2020.

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](http://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 2021 THROUGH 31 DECEMBER 2021

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

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## Balance Sheet for the Fiscal Year as of December 31, 2021

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

<b>A s s e t s</b>		EUR	EUR	EUR	12/31/2020 kEUR
<b>1. Cash reserve</b>					
a) Cash on hand			--		-
b) Credit balances held at central banks			--		-
of which: at the Deutsche Bundesbank (German Central Bank)					
	EUR	---	(12/31/2020 kEUR	-)	
c) Credit balances held at post giro offices			--	--	-
<b>2. Receivables from banks</b>					
a) Due upon demand			1,882,879,386.33		1,679,128
b) Other receivables			--	1,882,879,386.33	-
<b>3. Receivables from clients</b>					
of which: secured through in rem				24,800,614,587.57	13,783,745
security interests ( <i>Grundpfandrechte</i> )	EUR	---	(12/31/2020 kEUR	-)	
Municipal loans	EUR	---	(12/31/2020 kEUR	-)	
<b>4. Debt securities and other fixed-income securities</b>					
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	---	(12/31/2020 kEUR	-)	
bb) issued by other entities		--	--		-
of which: qualifying as collateral for the Deutsche					
Bundesbank	EUR	---	(12/31/2020 kEUR	-)	
c) Own debt securities				--	-
face value	EUR	---	(12/31/2020 kEUR	-)	

<b>5. Stocks and other variable-yield securities</b>			<u>-,-</u>	<u>-</u>
<b>5a Trading portfolio</b>			<u>47,750,127,572.11</u>	<u>46,751,212</u>
<b>6. Equity investments</b>			<u>1,135,714.07</u>	<u>1,136</u>
of which: held in banks	EUR	<u>-,-</u> (12/31/2020 kEUR		<u>-</u> )
held in financial service institutions	EUR	<u>-,-</u> (12/31/2020 kEUR		<u>-</u> )
<b>7. Trust assets</b>				
of which: trust loans	EUR	<u>338,042,362.64</u> (12/31/2020 kEUR	<u>338,042,362.64</u>	<u>315,617</u> )
<b>8. Intangible assets</b>				
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>44,148.34</u>	<u>77</u>
c) Goodwill			<u>65,216,667.00</u>	<u>74,317</u>
d) Prepayments			<u>-,-</u>	<u>-</u>
<b>9. Tangible assets</b>			<u>8,507,771.18</u>	<u>2,538</u>
<b>10. Other assets</b>			<u>9,030,655,680.07</u>	<u>7,689,123</u>
<b>11. Prepaid and deferred items</b>			<u>804,196.13</u>	<u>1,126</u>
<b>12. Excess of plan assets over post-employment benefit liability</b>			<u>35,442.00</u>	<u>-</u>
<b>Total Assets</b>			<u>83,878,063,527.44</u>	<u>70,298,019</u>

		<b>Liabilities and Equity Capital</b>			
		EUR	EUR	EUR	12/31/2020 kEUR
<b>1. Liabilities owed to banks</b>					
a)	Payable on demand		1,825,960,819.40		235,866
b)	With an agreed term or notice period		--	1,825,960,819.40	-
<b>2. Liabilities owed to clients</b>					
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	20,351,831,590.09			11,482,090
bb)	With an agreed term or notice period	1,589,263,655.22	21,941,095,245.31	21,941,095,245.31	1,146,437
<b>3. Securitized liabilities</b>					
a)	Issued debt securities			--	-
b)	Other securitized liabilities			--	-
	of which:				
	Money market paper	EUR	--	(12/31/2020 kEUR	-)
	Own acceptances and promissory notes outstanding (sola bill)	EUR	--	(12/31/2020 kEUR	-)
c)	Miscellaneous securitized liabilities		--	--	-
<b>3a Trading portfolio</b>				<u>47,725,053,487.42</u>	<u>46,503,037</u>
<b>4. Trust liabilities</b>				<u>338,042,362.64</u>	<u>315,617</u>

<b>5. Other liabilities</b>			<u>8,582,290,983.10</u>	<u>8,619,262</u>
<b>6. Deferred income</b>			<u>-,-</u>	<u>-</u>
<b>7. Accrued liabilities</b>				
a) Pensions and similar obligations		30,121,236.00		21,001
b) Tax reserves		19,258,312.66		22,130
c) Other accrued liabilities		131,481,043.86	<u>180,860,592.52</u>	<u>102,737</u>
<b>8. Funds for general bank risks</b>			<u>28,333,610.23</u>	<u>28,334</u>
as defined in § 340e (4) HGB	EUR <u>28,333,610.23</u> (12/31/2020 kEUR <u>28,334</u> )			
<b>9. Equity capital</b>				
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>2,919,340,204.41</u>	<u>2,919,340,204.41</u>	1,501,320
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>44,766,609.17</u>	<u>77,793,806.32</u>	27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)			16,899,362.04	3,256,426,426.82
				16,850
<b>Total Liabilities and Equity Capital</b>			<u>83,878,063,527.44</u>	<u>70,298,019</u>

Income Statement  
for the Period of January 1, 2021 through December 31, 2021  
Citigroup Global Markets Europe AG, Frankfurt am Main

	EUR	EUR	EUR	1/1/2020 - 12/31/2020 kEUR
<b>1. Interest income from</b>				
a) Loans and money market transactions	87,280,411.00			8,892
<b>2. Negative interest income from</b>				
a) Loans and money market transactions	<u>68,783,027.39</u>	<u>18,497,383.61</u>		12,418
<b>3. Interest expenses</b>	106,700,411.28			34,950
<b>4. Positive interest from loans and money market transactions</b>	<u>49,955,102.59</u>	<u>-56,745,308.69</u>	<u>-38,247,925.08</u>	932
<b>5. Current income from</b>				
a) Shares and other variable-yield securities		<u>-.</u>		-
b) Equity investments		<u>385,085.39</u>		194
c) Interest in affiliated enterprises		<u>-.</u>	<u>385,085.39</u>	-
<b>6. Commission income</b>		<u>720,918,601.67</u>		264,983
<b>7. Commission expenses</b>		328,436,725.14	<u>392,481,876.53</u>	42,493
<b>8. Net income from financial trading operations</b>			<u>96,519,719.90</u>	69,853
Included therein are deposits into funds for general bank risks per § 340e (4) HGB EUR --- (1/1/2020-12/31/2020 EUR ---)				
<b>9. Other operating income</b>			<u>54,390,980.88</u>	99,271
<b>10. General administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	<u>197,308,340.93</u>			160,874
ab) Social security contributions, pension and social welfare expenses	22,863,782.50	<u>220,172,123.43</u>		9,135
of which: for Pensions	EUR 15,607,264.78			
				(1/1/2020-12/31/2020: kEUR 3,999)
b) Other administrative expenses		<u>231,775,779.19</u>	<u>451,947,902.62</u>	122,801
<b>11. Depreciation, amortization and write-downs of tangible and intangible assets</b>			<u>10,080,702.04</u>	10,085
<b>12. Other operating expenses</b>			<u>14,776,045.58</u>	12,840

13. Write-downs of, and 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		-.-	-
<b>16. Results from ordinary operations</b>		28,725,087.38	38,529
17. Taxes on income and earnings	11,825,725.34		21,679
18. Other taxes, to the extent not included in item 12	-.-	11,825,725.34	-
19. Income from loss transfers		-.-	-
20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		-.-	-
<b>21. Annual net profit/Annual net loss</b>		16,899,362.04	16,850
22. Profit carried forward/Loss carried forward from prior year		-.-	-
		16,899,362.04	16,850
<b>23. Transfers from capital reserves</b>		-.-	-
		-.-	-
<b>24. Transfer from earnings reserves</b>			
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	-.-	-.-	-
		-.-	-
<b>25. Transfers from capital participation rights (<i>Genussrechtskapital</i>)</b>		-.-	-
		-.-	-
<b>26. Transfers to earnings reserves</b>			
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	-.-	-.- /.	16,850
		-.-	-
<b>27. Replenishment of capital with profit participation rights</b>		-.-	-
<b>28. Unappropriated profit (balance sheet profit)</b>		16,899,362.04	-

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

**Notes  
to the Financial Statements for the Fiscal Year of  
January 1, 2021 through December 31, 2021**

**1 General**

**1.1 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.

The annual financial statements for the fiscal year of January 1 through December 31, 2021 (“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 annual 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.

CGME is not a capital markets-oriented corporation within the meaning of § 264d HGB in combination with § 340a (1) HGB, because none of the securities issued by CGME were admitted for trading on an organized market within the meaning of § 2 (11) of the German Securities Trading Act (abbreviated herein as “WpHG”) in Fiscal Year 2021 and because CGME

also did not apply for admission to trading such securities on an organized market within the meaning of § 2 (11) of the WpHG in Fiscal Year 2021.

In the course of its growing business activities triggered by Brexit, CGME surpassed the significant criterion of a balance sheet totaling EUR 30 billion (based on a 12-month average) in June of Fiscal Year 2021. CGME is therefore now classified as a CRR credit institution in accordance with Directive (EU) No. 2019/2034 in combination with Article 4 para. 1, no. 1 of Regulation (EU) No. 575/2013 and is considered a public interest entity (“PIE”) within the meaning of § 316a no. 2 HGB in combination with § 1 para. 3d, sentence 1 of the German Banking Act (abbreviated herein as “KWG”).

## **1.2 Supplementary report**

Ms. Jean Young was appointed to the Executive Board effective January 1, 2022.

The Russian invasion of Ukraine could have an impact on the European and German financial systems. On the one hand, this concerns the commodity markets inasmuch as the military conflict will further exacerbate the rise in gas and oil prices. Furthermore, it can be assumed that the invasion will impact existing supply chains and, combined with increasing energy and production costs, will also lead to great uncertainty on the financial and capital markets. As of the balance sheet date (December 31, 2021), CGME did not hold direct receivables against Russian banks. The volume of existing indirect receivables held against Russian debtors is assessed as limited.

## **2 Accounting and Valuation Policies**

### **2.1 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 annual financial statements as of December 31, 2020 were used in preparing the annual financial statements as of December 31, 2021.

**Receivables from banks** are stated at the nominal amount plus accrued interest and, if required, less any write-downs or allowances established to cover counterparty risks. 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 write-downs or allowances established to cover counterparty risks. No write-downs were required in the Fiscal Year.

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.

As of December 31, 2021, a **risk discount (Value at Risk)** in the amount of EUR 16.6 million was applied. In comparison to the valuation discount applied as of the end of fiscal year 2020 in the amount of EUR 7.4 million, this discount results in an additional adverse impact on earnings in the amount of EUR 9.2 million for Fiscal Year 2021.

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 reported as a liability on the balance sheet and as of the balance sheet date a “market value adjustment” under the trading book item “Other Price Risks” in the amount of EUR 2.3 million (12/31/2020: EUR 2.0 million), which adjustment was calculated using a mathematical method and 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 **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 fiscal year 2019 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. Any anticipated losses that are identified in connection with the valuation of the collateral provided as part of the derivatives settlement (variation margins) are booked on the balance sheet as accrued liabilities.

**Low-value economic assets** (*geringwertige Wirtschaftsgüter*) with net acquisition or manufacturing costs of between EUR 250 and EUR 800 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.

The **other liabilities** were recognized at their settlement amount.

**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 1.87 % (12/31/2020: 2.30%) 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 1.7% 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 average rates published by the European Central Bank (ECB) 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 line item no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

## **2.2 Amended accounting and valuation methods adopted for the first time**

The changes resulting from the reform of the interbank reference interest rates (IBOR Reform) were implemented at the Citigroup Group. The possible consequences of the IBOR Reform on the commercial accounting of certain financial instruments are not significant for CGME. On the one hand, no valuation units in accordance with § 254 HGB existed in fiscal year 2021. On the other hand, the market reference interest rates were replaced with little implementation effort. The low implementation effort can be attributed to CGME's business model.

### 3 Notes to Individual Items on the Balance Sheet

#### 3.1 Balance sheet items

##### 3.1.1 Term structures based on maturity dates

###### Receivables from banks

Receivables from banks consist of receivables from affiliated enterprises and from banks outside of the Citigroup Group.

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
with a term to maturity of		
up to three months	1,882.9	1,679.1
<b>Total</b>	<b>1,882.9</b>	<b>1,679.1</b>

Receivables from banks rose by EUR 203.8 million as a result of the continued business expansion in the Fiscal Year. This growth was caused primarily by the decline in receivables (EUR 197.8 million) in connection with the initiated broker-dealer business that CGME transacted on the derivatives market, "Eurex", and by the increase in receivables from affiliated enterprises (approx. EUR 356.0 million).

## Receivables from clients

Receivables from clients consist primarily of receivables from affiliated enterprises and from clients outside the Citigroup Group.

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
with a term to maturity of		
up to three months	24,800.6	13,783.7
<b>Total</b>	<b>24,800.6</b>	<b>13,783.7</b>

Compared with the balance sheet date of the recently completed fiscal year, **receivables from clients** as of December 31, 2021 rose by EUR 11,016.9 million to EUR 24,800.6 million. Of that amount, approximately EUR 5,143.3 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 transaction and settlement departments known as “Other External Clearing Houses (so-called Housing)” (12/31/2021: EUR 3,828.0 million; 12/31/2020: EUR 2,174.1 million) as well as “Clearing London/CGML” (12/31/2021; EUR 1,310.4 million; 12/31/2020: EUR 820.9 million). Moreover, a total of EUR 3,381.1 million (12/31/2020: EUR 4,291.4 million) is attributable to other receivables from clients based on the broker-dealer business with third parties, whereby a total of EUR 2,163.0 million (12/31/2020: EUR 2,816.1 million) were settled as back-to-back transactions with affiliated enterprises. Accordingly, as of December 31, 2021, the **liabilities owed to clients** had risen from EUR 12,628.5 million to EUR 21,941.1 million.

The balance sheet items also include receivables that were generated from repo transactions (reverse repos) in the amount of EUR 14,371.7 million (12/31/2020: EUR 4,513.1 million). Of this amount, approximately EUR 6,331.2 million relate to reversed repo transactions executed with third parties in connection with the Fixed Income Finance Division (so-called “Matchbook-Desk”) and approximately EUR 8,040.5 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 banks outside of the Citigroup Group.

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
with an agreed term or notice period of up to three months	1,826.0	235.9
<b>Total</b>	<b>1,826.0</b>	<b>235.9</b>

By virtue of the business expansion that was continued in the Fiscal Year, the liabilities owed to banks rose by EUR 1,590.1 million. This development is attributable primarily to an increase in liabilities (EUR 1,092.6 million) incurred from the Broker-/Dealer business transactions, which CGME settled on the Eurex futures exchange, and to an increase in the liabilities owed to affiliated enterprises (approx. EUR 294.6 million).

### Liabilities owed to clients

The liabilities owed to clients consist of liabilities owed to affiliated enterprises and to clients outside of the Citigroup Group and reveal the following maturities:

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
with an agreed term or notice period of up to three months	20,351.9	11,487.6
more than one year and up to five years	794.6	733.4
more than five years	794.6	407.5
<b>Total</b>	<b>21,941.1</b>	<b>12,628.5</b>

This balance sheet items also include liabilities from closed-out repo transactions in the amount totaling EUR 8,992.2 million (12/31/2020: EUR 1,657.5 million). Of this amount, approximately EUR 6,136.9 million relate to repo transactions that were executed with third parties in connection with the Fixed Income Finance Division (so-called "Matchbook-Desk" and approximately EUR 2,855.2 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 1,589.3 million (12/31/2020: EUR 1,146.4 million).

### 3.1.2 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

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
Receivables from banks	919.4	536.6
Receivables from clients	11,562.5	7,404.9
Other receivables	78.1	18.2
<b>Total</b>	<b>12,560.0</b>	<b>7,959.7</b>

#### Liabilities owed to affiliated enterprises

	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
Liabilities owed to banks	547.4	231.3
Liabilities owed to clients	8,941.2	6,253.6
Other liabilities	5,674.4	7,581.2
<b>Total</b>	<b>15,163.0</b>	<b>14,066.1</b>

### 3.1.3 Trading portfolio assets and liabilities

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

Trading Portfolio				
	Asset	Liability	Asset	Liability
	Book value 12/31/2021 (EUR in millions)	Book value 12/31/2021 (EUR in millions)	Book value 12/31/2020 (EUR in millions))	Book value 12/31/2020 (EUR in millions)
<b>1. Derivative Financial Instruments</b>				
• FX-induced trades				
OTC-currency options and options	3,190.0	3,185.8	2,088.3	2,083.8
Currency warrants own issues	177.4	182.1	259.1	263.7
Foreign exchange spot transactions	467.9	465.9	414.6	416.7
• Stock warrants own issues	7,808.4	8,473.1	4,820.1	5,223.1
• OTC stocks and index options and swaps	1,009.1	1,001.1	517.6	503.3
• Index-warrants own issues	3,428.6	3,487.0	1,680.0	1,715.8
• Exchange-traded stock & index options	481.2	21.3	343.8	20.0
• OTC interest rate options and swaps	27,998.2	27,949.5	35,657.3	35,582.4
• Commodity warrants own issues	137.8	142.0	58.4	60.9
• OTC commodity options and swaps	1,524.6	1,524.5	175.3	175.3
Carryover	46,223.2	46,432.3	46,014.5	46,045.0

Trading Portfolio				
	Assets	Liabilities	Assets	Liabilities
	Book value 12/31/2021 (EUR in millions)	Book value 12/31/2021 (EUR in millions)	Book value 12/31/2020 (EUR in millions)	Book value 12/31/2020 (EUR in millions)
Carryover	46,223.2	46,432.3	46,014.5	46,045.0
<b>2. Bonds and other fixed income securities</b>	331.8	1,147.1	249.9	382.6
<i>of which marketable (börsenfähig)</i>	331.8	1,147.1	249.9	382.6
<i>of which exchange-traded</i>	331.8	1,147.1	249.9	382.6
<b>3. Stocks and other variable yield securities</b>	1,211.7	143.4	494.2	73.4
<i>of which marketable</i>	1,211.7	143.4	494.2	73.4
<i>of which exchange-traded</i>	1,211.7	143.4	494.2	73.4
<b>4. Market-Value-Adjustment</b>	-	2.3	-	2.0
<b>5. Value at Risk</b>	- 16.6	-	- 7.4	-
<b>Total</b>	<b>47,750.1</b>	<b>47,725.1</b>	<b>46,751.2</b>	<b>46,503.0</b>

### 3.1.4 Trust assets and trust liabilities

CGME has been providing its clients with services that are part of its business services connected with derivatives. Under so-called “**FCX Business**” (which stands for “Futures, Clearing and FX Prime Brokerage Business”), 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 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 2021, CGME is reporting **trust assets** and **trust liabilities** *vis-à-vis* the clients in an amount totaling EUR 338.0 million.

### 3.1.5 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	
	1/1/2021	Re-Posting	12/31/2021	1/1/2021	Write-Downs	Write-Ups	Re-Posting	12/31/2021	12/31/2021	12/31/2020
	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	21.6	9.1	0.0	0.0	30.8	65.3	74.4
		0.0					0.0			
Office and plant equipment	8.0	0.1	8.8	6.8	0.5	0.0	0.1	7.3	1.5	1.1
		0.0					0.0			
Leasehold improvements	15.3	0.1	15.5	14.3	0.4	0.0	0.0	14.7	0.8	1.0
		0.0					0.0			
Construction in progress	0.5	0.1	6.1	0.0	0.0	0.0	0.0	0.0	6.1	0.4
		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			
<b>Total</b>	<b>120.8</b>	<b>0.2</b>	<b>127.7</b>	<b>42.8</b>	<b>10.1</b>	<b>0.0</b>	<b>0.1</b>	<b>52.8</b>	<b>74.9</b>	<b>78.1</b>
		<b>0.0</b>					<b>0.0</b>			

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. The additions made to tangible assets relate primarily to construction in progress at the French branch and to the continued business expansion in Paris. Depreciation, amortization and write-downs relating to the additions made during the Fiscal Year totaled kEUR 22 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:

<b>Equity investments</b>	<b>12/31/2021 (EUR in millions)</b>	<b>12/31/2020 (EUR in millions)</b>
True-Sale International GmbH, Frankfurt	0.15	0.15
Börse Stuttgart CATS GmbH, Stuttgart	0.99	0.99
<b>Total</b>	<b>1.14</b>	<b>1.14</b>

### **3.1.6 Other assets**

The line item, "Other Assets" (EUR 9,030.7 million; 12/31/2020: EUR 7,689.1 million), includes primarily receivables generated from variation/initial margins paid (EUR 8,923.9 million; 12/31/2020: EUR 7,633.9 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 44.8 million; 12/31/2020: EUR 18.9 million).

### 3.1.7 Prepaid and deferred items

The amount on the balance sheet totaling EUR 0.8 million (12/31/2020: EUR 1.1 million) relates to prepaid fees and expenses.

### 3.1.8 Other liabilities

The line item, "Other Liabilities" (EUR 8,582.3 million; 12/31/2020: EUR 8,619.3 million), involves primarily liabilities arising from variation/initial margins received (EUR 8,541.1 million; 12/31/2020: EUR 8,603.7 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 29.1 million (12/31/2020: EUR 11.3 million).

### 3.1.9 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..

In course of the personnel changes, pension obligations were transferred from CGME to Citibank Europe Plc (CEP) as of December 1, 2021. The amount of the obligations as of the transfer date is based on the projected benefit obligation for such pension obligations as calculated in accordance with US GAAP. The difference between the settlement amount under the commercial code accounting rules (EUR 7.1 million) and the corresponding obligation amount under US GAAP (EUR 9.8 million) equaled EUR 2.7 million and was reported under other operating expenses.

In December 2021, the pension obligations, which totaled EUR 95.4 million and were owed to retirees, were transferred to Metzler Pension Fund (MPF). The shares in the “Rose” fund totaling EUR 95.4 million was sold from the CTA and deposited into the Metzler Pension Fund. In accordance with Art. 28 of the Introductory Act of the German Commercial Code (abbreviated herein as “EGHGB”), no accrual was created for this indirect obligation arising from commitments for ongoing pensions. The settlement amount from the pension obligations transferred to MPF equaled EUR 95.3 million as of December 31, 2021.

To hedge the pension commitments, shares that are held in the “Rose” fund (acquisition costs of EUR 55.4 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 107.4 million) against the settlement amount from the pension obligations (EUR 122.5 million). The settlement amount exceeding the plan assets as of the balance sheet date and equaling EUR 15.1 million (12/31/2020: EUR 10.6 million) is recognized on the balance sheet under the item, “Accruals for pensions and similar obligations”.

As of December 31, 2021, **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:

	12/31/2021		12/31/2020	
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
<b>I. General pension obligations</b>				
Settlement amount	125.5		211.7	
less				
plan assets Rose*)	- 107.4	18.1	- 198.0	13.7
<b>II. Pension obligations PAS**)</b>				
Settlement amount	9.7		9.1	
less				
plan assets	- 9.7	-	- 9.1	-
<b>III. Pension obligations Deferred Compensation***)</b>				
Settlement amount	3.6		8.1	
less				
plan assets	- 3.6	-	- 8.1	-
<b>IV. Pension obligations PRS****)</b>				
Settlement amount	58.8		56.4	
less				
plan assets	- 46.8	12.0	- 49.1	7.3
<b>Excess of plan assets over post-employment benefit liabilities</b>		-		-
<b>Accruals for pensions and similar obligations</b>		<b>30.1</b>		<b>21.0</b>

\*) Acquisition costs EUR 55.4 million

\*\*) Acquisition costs EUR 2.9 million

\*\*\*) Acquisition costs EUR 2.4 million

\*\*\*\*) Acquisition costs EUR 37.3 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:

	1/1/2021-12/31/2021 (EUR in millions)		1/1/2020-12/31/2020 (EUR in millions)	
<b>I. General pension obligations</b>				
- Expense (-)/income based on interest accrued on pension obligations	- 12.2		- 16.4	
- Change in the fair value of the plan assets	4.8		6.6	
- Expenses for standard allocation	- 15.3	- 22.7	- 3.9	- 13.7
<b>II. Pension obligations PAS</b>				
- Expense (-)/income based on interest accrued on pension obligations	- 1.3		- 0.2	
- Change in the fair value of the plan assets	1.3	-	0.2	-
<b>III. Pension obligations Deferred Compensation</b>				
- 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	-
<b>IV. Pension obligations PRS</b>				
- Expense (-)/income based on interest accrued on pension obligations	- 3.1		- 3.2	
- Change in the fair value of the plan assets	- 1.3		1.4	
- Expenses for standard allocation	- 0.3	- 4.7	- 0.2	- 2.0
<b>Total</b>		<b>- 27.4</b>		<b>- 15.7</b>

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	12/31/2021 (EUR in millions)	12/31/2020 (EUR in millions)
Capitalization of the plan assets in connection with pension obligations at fair value (12/31/2021: EUR 167.4 million; 12/31/2020: EUR 264.3 million) pursuant to § 268 (8) sentence 3 in combination with § 340a (1) HGB	69.4	112.8
Differential in connection with the differentiated interest applied to pension accruals pursuant to § 253 (6) in combination with § 340a (1) HGB	12.9	23.8
<b>Total</b>	<b>82.3</b>	<b>136.6</b>

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Average interest rate (%)	1.87	2.30	1.35	1.60
Accrual for pensions and similar obligations (EUR in millions))	162.9	245.7	175.7	269.5
<b>Differential amount (EUR in millions)</b>				
	<b>12/31/2021</b>		<b>12/31/2020</b>	
	<b>12.9</b>		<b>23.8</b>	

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

### 3.1.10 Other accruals

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

<b>Accruals for</b>	<b>12/31/2021 (EUR in millions)</b>	<b>12/31/2020 (EUR in millions)</b>
Bonus payments to employees	92.4	82.2
Outstanding invoices	23.5	8.0
Outstanding vacation	8.0	7.7
Audit costs	3.7	3.1
Personnel costs	3.9	1.7
Early retirement obligations	0.0	0.0
<b>Total</b>	<b>131.5</b>	<b>102.7</b>

In calculating the provisions set aside for early retirement obligations (kEUR 0; 12/31/2020: kEUR 16), claims arising from pledged reinsurance policies and totaling EUR 0.47 million (12/31/2020: EUR 0.7 million) were reconciled against the settlement amount of EUR 0.44 million (12/31/2020: EUR 0.7 million). The plan assets exceeding the settlement amount and totaling EUR 0.03 million (12/31/2020: surplus settlement amount kEUR 16 shown under “Other accrued liabilities”) were reported under the balance sheet item, “Excess of plan assets over the post-employment benefit liability”.

In the recently completed Fiscal Year, expenses in the amount of kEUR 3 (12/31/2020: kEUR 8) were generated from interest accrued on the obligations, and income totaling kEUR 8 (12/31/2020: kEUR 13) was yielded from a change in the fair value of the plan assets. In connection with the standard allocation, expenses totaling kEUR 3 (12/31/2020: income of kEUR 151) were incurred.

### 3.1.11 Funds for general bank risks

As of the end of the Fiscal Year, the disbursement ban shown under the balance sheet item “**Special Items for General Bank Risk**” pursuant to § 340e (4) HGB was EUR 26.9 million (12/31/2020: EUR 26.1 million).

### **3.1.12 Subscribed capital**

The **subscribed capital** totaling EUR 242.4 million (12/31/2020: EUR 242.4 million) is divided into 9,481,592 no par shares (12/31/2020: 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.

### **3.1.13 Capital reserves**

In the Fiscal Year, the CGME capital reserves climbed by EUR 1,418.0 million to EUR 2,919.3 million (12/31/2020: EUR 1,501.3 million). The increase in capital reserves resulted from the shareholder’s additional capital injections described below:

In February 2021, the sole shareholder of CGME, Citigroup Global Markets Limited (CGML), London/Great Britain, made an additional contribution to equity capital pursuant to § 272 (2) no. 4 HGB in the amount of USD 700 million, which is equivalent to approx. EUR 576.8 million.

In April 2021, the sole shareholder of CGME, Citigroup Global Markets Limited (CGML), London/Great Britain, made another additional contribution to equity capital pursuant to § 272 (2), no. 4 HGB in the amount of USD 500 million, which is equivalent to approx. EUR 420.4 million.

In June 2021, the sole shareholder of CGME, CGML, made another additional contribution to equity capital pursuant to § 272 (2), no. 4 HGB in the amount of USD 503 million, which is equivalent to approx. EUR 420.8 million.

### **3.1.14 Assets and liabilities denominated in foreign currencies**

The total amount of assets denominated in a foreign currency is EUR 6,737.4 million (12/31/2020: EUR 4,579.1 million); the liabilities contain foreign currency amounts totaling EUR 7,314.8 million (12/31/2020: EUR 4,816.7 million).

## 3.2 Income Statement Items

### 3.2.1 Interest result

The interest result worsened overall with the net loss climbing EUR 0.7 million to EUR - 38.2 million (12/31/2020: EUR - 37.5 million). This item includes primarily interest expenses that climbed EUR 71.7 million, which in turn were incurred mainly in connection with the collateral provided in the broker-dealer business, the volume of which rose significantly from the prior year.

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

The positive interest expenses are attributable mainly to the closed-out repo transactions and to the collateral received from the broker/dealer business.

### 3.2.2 Commission income

The commission income is derived from the following components:

Type of fee	1/1/ - 12/31/2021 (EUR in millions)	1/1/ - 12/31/2020 (EUR in millions)
Brokerage fees from affiliated enterprises	253.6	172.1
Commission fees from M&A/Advisory/Agency Business	338.3	75.4
Miscellaneous fees	95.4	-
Commissions fees on foreign currency products	33.6	17.5
<b>Total commission income</b>	<b>720.9</b>	<b>265.0</b>
<b>Commission expenses:</b> Internal group pass-through of commission fees	<b>- 328.4</b>	<b>- 42.5</b>
<b>Net commission income</b>	<b>392.5</b>	<b>222.5</b>

The increase in **commission income** by EUR 455.9 million (EUR 720.9 million; 1/1-12/31/2020: EUR 265.0 million) can be attributed primarily to the higher M&A income (EUR 228.0 million; 1/1-12/31/2020: EUR 74.2 million) and to income from the Agency Services business in the amount of EUR 109.0 million.

Brokerage fees of affiliated enterprises rose in the Fiscal Year by EUR 81.4 million (EUR 253.5 million; 1/1-12/31/2020: EUR 172.1 million). This resulted primarily from higher apportionments from the ECM business (EUR 50.3 million).

Miscellaneous fees in the Fiscal Year totaled EUR 95.4 million (1/1-12/31/2020: EUR 0 million) and consist of underwriting fees (EUR 66.0 million) and investment banking fees (EUR 22.8 million).

The increase in **commission expenses** by EUR 285.9 million (EUR 328.4 million; 1/1-12/31/2020: EUR 42.5 million) was caused primarily by the intra-group apportionment of M&A income totaling EUR 240.1 million (1/1-12/31/2020: EUR 33.3 million) and by the apportionment of income generated from Agency Services and totaling EUR 58.9 million.

### 3.2.3 Net income from financial trading operations

<b>Result trading books</b>	<b>1/1 – 12/31/2021 (EUR millions)</b>	<b>1/1 – 12/31/2020 (EUR millions)</b>
Result in “Equities and Index Risk” Trading Book	- 66.2	- 14.5
Result in “Currency Risk” Trading Book	171.9	85.0
Value at Risk Adjustment	- 9.2	- 0.6
<b>Total trading result</b>	<b>96.5</b>	<b>69.9</b>

The positive result generated from the “Currency Risk” Trading Book 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 total net income from currency translation of EUR 136.9 million (1/1-12/31/2020: EUR 21.7 million).

### 3.2.4 Other operating income

This line item includes primarily income earned from passing through expenses to the shareholder in the amount of EUR 25.4 million (1/1-12/31/2020: EUR 63.6 million), which arose during the course of the continued expansive shift of the client and transactions business to CGME. These cost-sharing measures encompass primarily transaction and stock exchange fees. The item also includes mostly income from passing through expenses to affiliated enterprises in the amount of EUR 24.7 million (1/1-12/31/2020: EUR 14.3 million) as well as income from turnover tax refunds in the amount of EUR 1.3 million (1/1-12/31/2020: EUR 4.7 million).

### 3.2.5 Other administrative expenses

The “Other administrative expenses” item, as compared to the prior year, is set forth below:

Other administrative expenses	1/1 – 12/31/2021 (EUR millions)	1/1 – 12/31/2020 (EUR millions)
Stock exchange fees	44.2	27.4
Custody fees	36.9	13.8
Expenses from group offsetting	34.2	16.0
Pass-through costs affiliated enterprise	21.5	11.8
Legal, auditing and consulting costs	20.8	7.6
Transaction fees	18.9	8.7
Bank fees	10.3	3.2
Turnover tax	9.9	3.8
Rent expenses	8.4	5.7
Costs for using market data	7.7	7.0
Costs for temporary staffing	3.6	2.3
Client solicitation	2.7	3.1
Travel costs and telephone costs	2.3	3.5
Maintenance and repairs	1.4	0.4
Miscellaneous	9.0	8.5
<b>Total</b>	<b>231.8</b>	<b>122.8</b>

### **3.2.6 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 7.5 million for Rose (1/1-12/31/2020: EUR 9.8 million) and in the amount of EUR 4.4 million for PRS (1/1-12/31/2020: EUR 1.8 million).

### **3.2.7 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 1.3 million) as well as rent receivables held against affiliated enterprises (EUR 0.5 million).

Non-period expenses relating to the years 2018 through 2020 and totaling EUR 1.3 million are shown under the line item, "Taxes on Income and Earnings".

## 4 Miscellaneous Notes

### 4.1 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
- **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, 2021 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
<b>OTC-currency options and currency swaps</b>					
Bought	62,023	30,220	15,808	108,050	3,190.0
Sold	51,487	30,265	14,607	96,359	- 3,185.9
<b>Currency warrants own issues</b>					
Bought	281	1,818	-	2,099	177.3
Sold	340	1,860	-	2,200	- 182.0
<b>Exchange-traded currency futures</b>					
Bought	17,049	907	7	17,963	467.9
Sold	16,959	889	7	17,855	- 465.9

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.

- “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
<b>Equity warrants own issues</b>					
Bought	9,763	12,644	-	22,407	7,808.4
Sold	13,032	15,941	-	28,973	- 8,473.1
<b>OTC-stock options and equity swaps</b>					
Bought	11,676	7,854	3,918	23,448	992.7
Sold	12,138	7,609	3,767	23,514	- 984.7
<b>OTC-index options and index swaps</b>					
Bought	43	2	-	45	16.5
Sold	43	2	-	45	- 16.5
<b>Index warrants own issues</b>					
Bought	11,352	21,329	-	32,681	3,428.6
Sold	12,481	21,795	-	34,276	- 3,487.0
<b>Exchange-traded index futures</b>					
Bought	244	-	-	244	3.8
Sold	88	-	-	88	- 0.6
<b>Exchange-traded index options</b>					
Bought	1,354	4	-	1,358	9.5
Sold	250	2	-	252	- 5.5
<b>Exchange-traded stock options</b>					
Bought	2,642	2,058	-	4,700	471.7
Sold	80	2	-	82	- 15.8
<b>Index and equity certificates own issues</b>					
Bought	188	133	-	321	331.9
Sold	548	149	-	697	- 718.2

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
<b>OTC interest options and interest rate swaps</b>					
Bought	37,888	142,685	152,804	333,377	27,998.2
Sold	37,792	143,019	153,845	334,656	- 27,949.5

- **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
<b>OTC options and swaps on commodities, base and precious metals</b>					
Bought	4,540	2,026	14	6,580	1,524.6
Sold	4,540	2,019	14	6,573	- 1,524.5
<b>Warrants on commodities and precious metals own issues</b>					
Bought	34	432	-	466	137.8
Sold	75	442	-	517	- 142.0
<b>Exchange-traded futures on commodities and precious metals</b>					
Bought	17	-	-	17	0.3
Sold	-	-	-	-	- 0.0

The “**Other Trading Operations**” trading book includes primarily options and swaps on commodities, 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, 2021, the credit equivalents under the CRR (Capital Requirements Regulation), before credit/risk weighting and after regulatory netting, are shown in the trading book as follows:

<b>Credit risk</b>	<b>Central banks</b>	<b>Central governments</b>	<b>Institution</b>	<b>Company</b>	<b>Private persons as well as public authorities</b>
<b>Derivative</b>	<b>Credit equivalent (EUR in millions)</b>				
Counterparty Credit Risk	90.5	825.9	6,287.6	12,562.4	-
<b>Total</b>	<b>90.5</b>	<b>825.9</b>	<b>6,287.6</b>	<b>12,562.4</b>	<b>-</b>

### **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.

## **4.2 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, 2021 and equaling EUR 16,899,362.04, into the earnings reserve account.

## **4.3 Cash Flow Statement**

CGME refinances itself primarily within the Citigroup Group. Cash investments and other financial investments are made exclusively in the short-term segment. Apart from that, we refer to the Bank's cash flow statement as set forth below:

Cash Flow Statement per German Accounting Standard No. 21

	Fiscal Year 1/1/21-12/31/2021 kEUR	Fiscal Year 1/1/20-12/31/20 kEUR
<b>Annual Net Profit</b>	<b>16,899</b>	<b>16,850</b>
<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	5,297	1,882
Changes in accruals	-60,884	47,875
Change in other non-cash expenses/income	-	-
Gain/loss from the sale of financial and tangible assets	3	16
Other adjustments (in net terms)	31,917	53,744
<b>Subtotal:</b>	<b>-6,768</b>	<b>120,367</b>
<i>Change in assets and liabilities from current operating activities:</i>		
<i>Receivables:</i>		
- from banks	-203,751	-1,356,547
- from clients	-11,039,294	-8,185,350
Trading portfolio assets	-998,916	-37,818,587
Other assets from current operating activities	-1,341,247	-6,628,926
<i>Liabilities:</i>		
- owed to banks	1,590,095	159,588
- owed to clients	9,334,993	8,143,769
Securitized liabilities	-	-
Trading portfolio liabilities	1,222,016	37,421,380
Other liabilities from current operating activities	-37,939	7,648,942
Interest and dividend payments received	155,392	15,302
Interest paid	-175,483	-47,367
Income tax payments	-11,826	-21,679
<b>Cash flow from current operating activities</b>	<b>-1,512,728</b>	<b>-549,108</b>
<i>Payments received from the outflow of</i>		
- Financial assets	101,628	2,375
- Tangible assets	160	26
<i>Payments made for investments in</i>		
- Financial assets	-	-4,329
- Tangible assets	-7,080	-793
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies and other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
<b>Cash flow from investing activities</b>	<b>94,708</b>	<b>-2,721</b>
Payments received from contributions to equity capital	1,418,020	551,829
<i>Payments made to company owners:</i>		
- Dividend payments	-	-
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	-	-
<b>Cash flow from financing activities</b>	<b>1,418,020</b>	<b>551,829</b>
<b>Cash and cash equivalents at the end of previous period</b>	<b>0</b>	<b>0</b>
Cash flow from current operating activities	-1,512,728	-549,108
Cash flow from investing activities	94,708	-2,721
Cash flow from financing activities	1,418,020	551,829
<b>Cash and cash equivalents at the end of the period</b>	<b>0</b>	<b>0</b>

#### 4.4 Other financial obligations

The other financial obligations for the next years equal EUR 20.2 million. These obligations are mainly obligations arising from rental and lease commitments for certain office spaces.

#### 4.5 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)<sup>1</sup>:

• Money market transactions, investment and borrowing of funds
• Futures transactions involving stocks, currencies, indexes, commodities and precious metals
• Option transactions involving stocks, currencies, indexes, commodities 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.

<sup>1</sup> 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, 2021.

#### **4.6 Information on deferred taxes**

A combined tax rate of 31.93% was used to calculate deferred taxes. A netting (offset) of deferred tax assets against deferred tax liabilities yielded a surplus of assets, which pursuant to § 274 (1) of the HGB was not recognized. Deferred tax assets arose mainly in connection with the measurement of other assets and with the creation and valuation of provisions (accruals).

#### **4.7 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 1.8 million), expenditures incurred (EUR 0.0 million), other certification work (EUR 0.0 million), tax advisory services (EUR 0.0 million) and other consulting services (EUR 0.0 million).

#### **4.8 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](http://www.citigroup.com).

#### **4.9 Branches**

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

#### 4.10 Governing bodies (officers and directors) of the Company

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

- Ms. Kristine Braden, Frankfurt am Main, CEO, Bank Director, Chairperson
- Mr. Stefan Hafke, Kelkheim, Corporate/Commercial Banking and CCO, Bank Director, until November 30, 2021
- Mr. Andreas Hamm, Dreieich, COO, Bank Director, until December 31, 2021
- Mr. Christian Spieler, Bad Homburg, Treasury / Markets, Bank Director, until March 31, 2021
- Mr. Peter Kimpel, Frankfurt am Main, BCMA, Bank Director, since December 1, 2021
- Ms. Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Legal, Bank Director,
- Ms. Sylvie Renaud-Calmel, Paris, Bank Director, since November 15, 2021
- Mr. Oliver Russmann, Bad Vilbel, CFO, Bank Director,
- Ms. Amela Sapcanin, Frankfurt am Main, CRO, Bank Director,
- Ms. Jean Young, Königstein im Taunus, O&T, Bank Director, since January 1, 2022.

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

- Ms. Dagmar Kollmann, Vienna, independent Supervisory Board Member, Chairperson since December 1, 2021
- Ms. Barbara Frohn, London, Bank Director, Citigroup Global Markets Limited, London, Chairperson, Deputy Chairperson since November 1, 2021,
- Mr. Stefan Wintels, Frankfurt am Main, Bank Director, Deputy Chairperson, (until July 16, 2021)
- 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 in accordance with § 340a (4) no. 1 HGB:

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

#### **4.11 Board member remuneration**

Total remuneration for members of the Executive Board in the Fiscal Year (including granted stock options) was EUR 5.6 million. As of the end of the Fiscal Year, pension obligations totaled EUR 2.3 million.

Due to the stock-based remuneration, approximately 20 thousand shares in an amount totaling USD 1.3 million, which is roughly equivalent to EUR 1.1 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 5.5 million. Funds set aside for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled EUR 11.6 million. As already stated in subsection 3.1.9 above (“Accruals for pensions and similar obligations”), the pension obligations owed to retirees were transferred to the MPF.

In the recently completed Fiscal Year, expenses for supervisory board compensation benefits in the amount of kEUR 101.4 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.

The advisory board (*Beirat*) was dissolved effective December 31, 2020. In the Fiscal Year, the members of the advisory board received EUR 0.4 million in remuneration for the advisory work they performed in 2020.

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

#### 4.12 Employees

During the Fiscal Year, CGME employed an average of 517 persons. Of that amount, 499 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.

	2021	2020
Citigroup Global Markets Europe AG	249	220
Citigroup Global Markets Europe AG France Branch	127	102
Citigroup Global Markets Europe AG Spain Branch	50	47
Citigroup Global Markets Europe AG Italy Branch	54	47
Citigroup Global Markets Europe AG UK Branch	37	8
<b>Total</b>	<b>517</b>	<b>424</b>

Frankfurt am Main, April 7, 2022

Citigroup Global Markets Europe AG

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Kristine Braden (CEO)

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Peter Kimpel

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Dr. Jasmin Kölbl-Vogt

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Sylvie Renaud-Calmel

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Oliver Russmann

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Amela Sapcanin

---

Jean Young

# INDEPENDENT AUDITOR'S REPORT

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To Citigroup Global Markets Europe AG, Frankfurt am Main, Germany

## **REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

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### **AUDIT OPINION**

We have audited the annual financial statements of Citigroup Global Markets Europe AG, Frankfurt am Main, – comprising the balance sheet as at December 31, 2021 and the profit and loss statement for the financial year from January 1, 2021 to December 31, 2021 and notes to the financial statements, including a description of the company's accounting policies.

In addition, we have audited the management report of Citigroup Global Markets Europe AG for the financial year from January 1, 2021 to December 31, 2021. In accordance with German statutory provisions, we have not audited the components of the management report under "OTHER INFORMATION".

In our opinion, based on the findings of our audit,

- the accompanying financial statements comply in all material respects with the provisions of the German Commercial Code (HGB) applicable to corporations and give a true and fair view of the company's financial position as at December 31, 2021 and the results of operations for the financial year from January 1, 2021 to December 31, 2021 in accordance with German generally accepted accounting principles and
- the management report presents a true and fair view of the Institution'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 audit opinion

on the management report does not extend to the content of the components under "OTHER INFORMATION" in the management report.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations with respect to the propriety of the annual financial statements and the management report.

### **BASIS FOR THE AUDIT OPINION**

We have carried out our audit of the annual financial statements and the management report in accordance with Section 317 HGB and EU Audit Regulation (No. 537/2014; hereinafter referred to as "EU Audit Regulation"), in accordance with the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer; IDW). Our responsibilities under these regulations and principles are described in greater detail in the section "STATUTORY AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT" of our Auditor's Report. We are independent of the company in accordance with the requirements of European and German commercial law and the rules of professional conduct, and we have fulfilled our other German professional obligations in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as laid down in Article 5 (1) of EU Audit Regulation.

We are of the view that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our opinion on the annual financial statements and 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, 2021 to December 31, 2021. These matters were taken into account in connection with our audit of the annual financial statements as a whole and in the formation of our audit opinion thereon; we do not express any separate audit opinion on these matters.

We have identified the following matter as a key audit matter:

### **VALUATION OF FINANCIAL INSTRUMENTS HELD FOR TRADING WITH INPUT PARAMETERS NOT OBSERVABLE IN AN ACTIVE MARKET**

#### **Facts**

As of December 31, 2021, Citigroup Global Markets Europe AG reports trading assets of EUR 47,750 million (56.9% of total assets) and trading liabilities of EUR 47,725 million (56.9% of total assets).

Transactions in the trading portfolio are initially measured at cost. In accordance with Section 340e (3) HGB, they are subsequently measured at fair value less a risk discount. Transactions in the trading portfolio relate to issues of warrants and certificates, the associated hedging transactions, e.g. OTC and exchange-traded derivatives, as well as any repurchases from market-making activities. The trading portfolio also includes derivative financial instruments as well as equities and other non-fixed income securities.

In some cases, no market prices can be observed for warrants, certificates and OTC derivatives. The fair values must then be determined on the basis of recognized valuation methods. The selection of valuation models and their parameterization are subject to discretion. As the subsequent measurement of financial instruments held for trading with input parameters that are not observable in an active market is highly dependent on assumptions and judgments due to the

complexity of the valuation methods and models used, and trading assets and liabilities represent the largest balance sheet items, we have identified this matter as an audit matter of particular significance.

The disclosures on the accounting policies and the composition of the derivative transactions in the trading portfolio are included in the notes to the financial statements in section "3 Accounting policies" and subsection "4.1.3 Trading portfolio assets and liabilities".

#### **Audit response and findings**

Based on our risk assessment and evaluation of the risks of error, we have based our audit opinion on both control-based and test-based audit procedures. Accordingly, we performed the following audit procedures:

We first obtained a comprehensive understanding of the development of the financial instruments held for trading, the related risks and the internal control system in relation to the valuation of the financial instruments held for trading. In order to assess the adequacy of the internal control system with regard to the valuation of financial instruments for which no market prices are observable, we made inquiries and inspected the relevant documents.

We have assessed the effectiveness of the relevant controls of the internal control system of the Company for the valuation of these financial instruments, in particular with regard to the price verification independent of the trading area as well as the model validation.

In addition, our valuation specialists performed an independent revaluation as of the balance sheet date for selected financial instruments of the trading portfolio in a deliberate selection and a supplementary sample and compared the results with the values determined by the bank.

On the basis of our audit procedures, we were able to satisfy ourselves that the valuation models used by the legal representatives to determine the fair values of the trading portfolios for which no prices are observable on the market are appropriate and in accordance with the applicable valuation principles. Overall, the Company's valuation parameters on which the valuation is based are appropriate.

## OTHER INFORMATION

The statutory representatives are responsible for the other information. The other information includes:

- the corporate governance statement contained in section 6.1. of the management report,
- the information contained in section 6.2. of the management report that is unrelated to the management report regarding sustainability.

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 financial statements, the management report or our audit findings, or
- appears to be otherwise materially misstated.

## RESPONSIBILITY OF THE STATUTORY REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The statutory representatives of the company are responsible for the preparation of these annual financial statements which shall comply in all material respects with the provisions of the German Commercial Code (HGB) applicable to corporations and give a true and fair view of the company's financial position and results in accordance with German generally accepted accounting principles. Furthermore, the statutory representatives are responsible for the internal control system, which they consider to be necessary in accordance with the German generally accepted accounting principles to ensure that the financial statements are free from material misstatements, whether intentional or unintentional.

When preparing the financial statements, the statutory representatives are 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 preparing the financial statements on a going concern basis, unless there are factual or legal circumstances that prevent them from doing so.

The statutory representatives are also 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. Furthermore, the statutory representatives are responsible for such arrangements and measures (systems), which they consider to be necessary in accordance with the German statutory requirements to facilitate the preparation of the management report and to provide sufficient 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 the management report.

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

It is our aim to obtain reasonable certainty on the question of whether the annual financial statements as a whole are free from any significant misstatements, whether intentional or unintentional, and whether the management report gives an overall accurate view of the Institution's position and in all material respects is consistent with the annual financial statements and the findings of the audit, complies with German statutory requirements, and accurately reflects the opportunities and risks of future development, and to issue an auditor's report which contains our audit opinion of the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation in compliance with the German generally accepted standards for

the audit of financial statements promulgated by the German Institute of Public Auditors (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 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 opinion. 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 the internal control system relevant to the audit of the annual financial statements and of arrangements and measures 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the statutory representatives.
- draw conclusions on the appropriateness of the statutory representatives' 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 continuing viability as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our opinion. However, future events or circumstances may impair the company's viability as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the financial position and results in accordance with German generally accepted accounting principles.
- assess whether the management report is consistent with the annual financial statements, conforms with applicable laws and regulations, and whether it gives a true and fair view of the Institution's position.
- perform audit procedures on the forward-looking statements made by the statutory representatives in the management report. On the basis of sufficient and appropriate audit evidence we verify, in particular, the significant assumptions used by the legal representatives underlying the forward-looking disclosures made by the legal representatives, and assess the proper derivation of the forward-looking disclosures from these assumptions. We do not issue a separate opinion on the forward-looking disclosures and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements."

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 deficiencies in the internal control system 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 discuss 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 to those charged with governance, we determine those

matters that were most significant in the audit of the financial statements for the current period and that 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 STATUTORY AND LEGAL REQUIREMENTS***

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### **OTHER INFORMATION IN ACCORDANCE WITH ARTICLE 10 OF EU AUDIT REGULATION**

We were elected as auditors by the shareholders' meeting held on April 27, 2021. We were engaged by the chairwoman of the Supervisory Board on November 19, 2021. We have been the statutory auditor of Citigroup Global Markets Europe AG since the 2021 financial year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

## ***AUDITOR RESPONSIBLE FOR THE ENGAGEMENT***

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The auditor responsible for the audit is Caroline Gass.

Frankfurt am Main, 26 April 2022

BDO AG  
Wirtschaftsprüfungsgesellschaft

signed Grunwald  
Auditor

signed Gass  
Auditor

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
<b>1. Cash reserve</b>				
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		-,-	-,-	-
<b>2. Receivables from banks</b>				
a) Due upon demand		1,679,128,310.57		322,581
b) Other receivables		-,-	1,679,128,310.57	-
<b>3. Receivables from clients</b>			13,783,745,039.80	5,406,732
of which: secured through in rem interests ( <i>Grundpfandrechte</i> )				
Municipal loans      EUR _____ -,- (12/31/2019 kEUR _____ - )				
<b>4. Debt securities and other fixed-income securities</b>				
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 _____ - )				

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

		<b>Liabilities and equity capital</b>			
		<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>12/31/2019 kEUR</b>
<b>1. Liabilities owed to banks</b>					
a)	Payable on demand		235,865,811.88		76,278
b)	With an agreed term or notice period		---	235,865,811.88	-
<b>2. Liabilities owed to clients</b>					
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	12,628,527,194.48	12,628,527,194.48	761,503
<b>3. Securitized liabilities</b>					
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		---	---	-
<b>3a Trading portfolio</b>				<u>46,503,037,119.49</u>	<u>9,081,658</u>
<b>4. Trust liabilities</b>				<u>315,617,391.90</u>	<u>507,281</u>

<b>5. Other liabilities</b>			<u>8,619,262,102.22</u>	<u>970,490</u>
<b>6. Deferred income</b>			<u>-.-</u>	<u>-</u>
<b>7. Accrued liabilities</b>				
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>
<b>8. Funds for general bank risks</b>			<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> )
<b>9. Equity capital</b>				
a) Subscribed capital				
aa) registered share capital		<u>242,393,054.05</u>		242,393
ab) silent partner capital		-.-	<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>	27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)			16,850,072.46	-
			1,821,507,334.84	
<b>Total liabilities and equity capital</b>			<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
<b>1. Interest income from</b>				
a) Loans and money market transactions	8,892,152.48			18,930
<b>2. Negative interest income from</b>				
a) Loans and money market transactions	<u>12,417,697.86</u>	<u>-3,525,545.38</u>		10,325
<b>3. Interest expenses</b>	34,949,571.93			18,756
<b>4. Positive interest from loans and money market transactions</b>	<u>932,340.76</u>	<u>-34,017,231.17</u>	<u>-37,542,776.55</u>	11
<b>5. Current income from</b>				
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>	-
<b>6. Commission income</b>		<u>264,982,555.55</u>		211,806
<b>7. Commission expenses</b>		42,493,362.24	<u>222,489,193.31</u>	34,507
<b>8. Net income from financial trading operations</b>			<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 ---)				
<b>9. Other operating income</b>			<u>99,270,669.82</u>	40,291
<b>10. General administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	<u>160,873,845.60</u>			151,232
ab) Social security contributions, pension and welfare expenses	9,135,312.38	<u>170,009,157.98</u>		10,269
of which: for Pensions	EUR <u>3,999,238.45</u>	(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
<b>11. Depreciation, amortization and write downs of tangible and intangible assets</b>			<u>10,084,534.63</u>	8,450
<b>12. Other operating expenses</b>			<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		-	-
<b>16. Results from ordinary operations</b>		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		-	-
<b>21. Annual net profit/Annual net loss</b>		16,850,072.46	./. 45,739
22. Profit carried forward/Loss carried forward from prior year		-	./. 14,737
		16,850,072.46	./. 60,476
<b>23. Transfers from capital reserves</b>		-	60,476
		-	-
<b>24. Transfer from earnings reserves</b>			
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		-	-
		-	-
<b>25. Transfers from capital participation rights (Genussrechtskapital)</b>		-	-
		-	-
<b>26. Transfers to earnings reserves</b>			
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		-	-
		-	-
<b>27. Replenishment of capital with profit participation rights</b>		-	-
<b>28. Unappropriated profit (balance sheet profit)</b>		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
<b>Annual Net Profit/Loss</b>	<b>16,850</b>	<b>-45,739</b>
<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
<b>Subtotal:</b>	<b>120,367</b>	<b>-5,271</b>
<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
<b>Cash flow from current operating activities</b>	<b>-549,108</b>	<b>-651,468</b>
<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)	-	-
<b>Cash flow from investing activities</b>	<b>-2,721</b>	<b>3,229</b>
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
<b>Cash flow from financing activities</b>	<b>551,829</b>	<b>648,239</b>
<b>Cash and cash equivalents at the end of previous period</b>	<b>0</b>	<b>0</b>
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
<b>Cash and cash equivalents at the end of the period</b>	<b>0</b>	<b>0</b>

## 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
<b>Per December 31, 2019</b>	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	-	-	-	-	-
<b>Per December 31, 2020</b>	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 sensitivities (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
<b>Total</b>	<b>1,679.1</b>	<b>322.6</b>

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
<b>Total</b>	<b>13,783.7</b>	<b>5,406.7</b>

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
<b>Total</b>	<b>235.9</b>	<b>76.3</b>

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
<b>Total</b>	<b>12,628.5</b>	<b>4,293.1</b>

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
<b>Total</b>	<b>7,959.7</b>	<b>2,552.8</b>

##### 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
<b>Total</b>	<b>14,066.1</b>	<b>3,757.7</b>

### 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)
<b>1. Derivative financial instruments</b>				
• 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
<b>2. Bonds and other fixed income securities</b>	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
<b>3. Stocks and other variable yield securities</b>	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
<b>4. Market-Value-Adjustment</b>	-	2.0	-	1.9
<b>5. Value at Risk</b>	-7.4	-	-6.8	-
<b>Total</b>	<b>46,751.2</b>	<b>46,503.0</b>	<b>8,932.6</b>	<b>9,081.7</b>

#### 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)					12/31/2020	12/31/2019
	1/1/2020	Re-posting	12/31/2020	1/1/2020	Write-downs	Write-ups	Re-Posting	12/31/2020		
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	(3.0)	8.0	9.3	0.5	0.0	(3.0)	6.8	1.1	1.4
		0.0					0.0			
Leasehold improvements	16.0	(0.9)	15.3	14.8	0.4	0.0	(0.9)	14.3	1.0	1.2
		0.0					0.0			
Construction in progress	0.2	0.0	0.4	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			
<b>Total</b>	<b>124.0</b>	<b>(3.9)</b>	<b>120.8</b>	<b>36.6</b>	<b>10.1</b>	<b>0.0</b>	<b>(3.9)</b>	<b>42.8</b>	<b>78.1</b>	<b>87.4</b>
		<b>0.0</b>					<b>0.0</b>			

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:

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

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

\*) 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)	
<b>I. General pension obligations</b>				
- 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
<b>II. Pension obligations PAS</b>				
- 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	-
<b>III. Pension obligations Deferred Compensation</b>				
- 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	-
<b>IV. Pension obligations PRS</b>				
- 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
<b>Total</b>		<b>- 15.7</b>		<b>- 9.4</b>

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
<b>Total</b>	<b>136.6</b>	<b>129.9</b>

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
<b>Differential amount (EUR in millions)</b>				
	<b>12/31/2020</b>		<b>12/31/2019</b>	
	<b>23.8</b>		<b>25.3</b>	

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:

<b>Accruals for</b>	<b>12/31/2020 (EUR in millions)</b>	<b>12/31/2019 (EUR in millions)</b>
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
<b>Total</b>	<b>102.7</b>	<b>82.6</b>

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
<b>Total</b>	<b>222.5</b>	<b>177.3</b>

### **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
<b>OTC-currency options and currency swaps</b>					
Bought	51,158	10,908	9,296	71,362	2,088.3
Sold	9,703	9,993	8,208	27,904	- 2,083.9
<b>Currency warrants own issues</b>					
Bought	770	-	1,365	2,135	259.1
Sold	829	-	1,400	2,229	- 263.7
<b>Exchange-traded currency futures</b>					
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
<b>Equity warrants own issues</b>					
Bought	7,864	741	4,640	13,245	4,820.1
Sold	10,980	1,585	5,076	17,641	- 5,223.1
<b>OTC-stock options and equity swaps</b>					
Bought	12,909	2,755	2,424	18,088	470.2
Sold	12,426	2,476	3,106	18,007	- 455.7
<b>OTC-index options and index swaps</b>					
Bought	3	0	-	3	47.4
Sold	3	0	-	3	- 47.6
<b>Index warrants own issues</b>					
Bought	9,217	70	6,508	15,795	1,680.0
Sold	10,511	125	6,648	17,284	- 1,715.8
<b>Exchange-traded index futures</b>					
Bought	32	-	-	32	0.3
Sold	127	-	-	127	- 1.1
<b>Exchange-traded index options</b>					
Bought	1,140	18	-	1,158	21.0
Sold	80	2	-	82	-5.1
<b>Exchange-traded stock options</b>					
Bought	1,907	972	-	2,879	322.8
Sold	207	11	-	218	- 14.9
<b>Index and equity certificates own issues</b>					
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
<b>OTC interest options and interest rate swaps</b>					
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
<b>OTC options and swaps on commodities</b>					
Bought	1,468	690	-	2,158	175.3
Sold	1,468	690	-	2,158	- 175.3
<b>Warrants on commodities and precious metals own issues</b>					
Bought	3	-	131	134	58.4
Sold	5	-	139	144	-60.9
<b>Exchange-traded futures on commodities</b>					
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:

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

### **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)<sup>1</sup>:

<sup>1</sup> 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.

<ul style="list-style-type: none"> <li>• Money market transactions, investment and borrowing of funds</li> </ul>
<ul style="list-style-type: none"> <li>• Futures transactions involving stocks, currencies, indexes, commodities and precious metals</li> </ul>
<ul style="list-style-type: none"> <li>• Option transactions involving stocks, currencies, indexes, raw materials and precious metals</li> </ul>
<ul style="list-style-type: none"> <li>• Securities transactions (reverse repos and repos)</li> </ul>
<ul style="list-style-type: none"> <li>• Purchase/performance of intra-group services</li> </ul>

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](http://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
<b>Total</b>	<b>424</b>	<b>409</b>

Frankfurt am Main, March 25, 2021

Citigroup Global Markets Europe AG

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Kristine Braden (CEO)

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Stefan Hafke

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Andreas Hamm

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Dr. Jasmin Kölbl-Vogt

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Oliver Russmann

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Amela Sapcanin

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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]