Citigroup Global Markets Deutschland AG
Frankfurt am Main
Interim Management Report for the Half-Year Financial Report
as of May 31, 2013

Report on the Net Assets, Financial Condition and Results of Operation

The prior year comparative figures for the balance sheet items shown in the following report relate to the reporting date of November 30, 2012. For the income statement, the prior year period used for comparative purposes is December 1, 2011 through May 31, 2012.

The balance sheet total of Citigroup Global Markets Deutschland AG climbed to EUR 11,147.3m (prior year: EUR 9,543.0) as of the balance sheet date.

The receivables from banks increased slightly to EUR 3,414.7.0m (prior year: EUR 3,521.4m). Liabilities owed to banks equaled EUR 1,086.1m (prior year: EUR 1,046.0m) and changed only minimally year over year.

Receivables from customers rose marginally to EUR 303.6m (prior year: EUR 293.9m). Liabilities owed to customers fell to EUR 1,964.0m (prior year: EUR 2,027.7m).

As of the balance sheet date, the trading portfolio assets totaling EUR 7,394.4m (prior year: EUR 5,700m) are divided into derivative financial instruments totalling EUR 6,789.7m (prior year: EUR 5,192.9m), bonds and other fixed-income securities in the amount of EUR 397.7m (prior year: EUR 356.4m) and stocks and other variable-yield securities in the amount of EUR 207.0m (prior year: EUR 151.1m).

As of the balance sheet date, the trading portfolio liabilities in the amount of EUR 7,326.3m (prior year: EUR 5,674.1m) are divided into derivative financial instruments totaling EUR 6,835.2m (prior year: EUR 5,244.4m) and into liabilities totaling EUR 491.1m (prior year: EUR 429.7m).

The item "securitized liabilities", which totals EUR 77.9m (prior year: EUR 78.0m) consists of other securitized liabilities involving a USD-denominated bond, which serves to hedge a USD-denominated receivables held against a bank (credit linked note).

At Citigroup Global Markets Deutschland AG, the derivatives business, which is divided into the trading books for currency risks, equities and index risks, interest rate risks and other trading operations, is based on taking, hedging and unloading risks.

The Foreign Currency Risk Trading Book includes:

- Currency spot and forward transactions,
- OTC currency option transactions and
- Currency warrants.

The Equities and Index Risk Trading Book includes:

- Stocks and other variable-yield securities from the trading portfolio,
- Index bonds and equity discount certificates,
- Stock and index options, and
- Forward transactions on equities and indexes.

The Interest Rate Risk Trading Book includes:

- Interest swap agreements

The Other Trading Operations Trading Book includes

- Exchange-traded precious metal futures
- Warrants on commodities and precious metals

As of May 31, 2013, the Company's equity capital equaled EUR 590.0m and included a silent partnership contribution of EUR 122.7m.

Pursuant to § 340g HGB, there is also a special item (funds for general banking risks) totalling EUR 9.4m (prior year: EUR 6.6m).

The contingent liabilities relate to liabilities arising from suretyships [*Bürgschaften*] and warranties. They emerge from guarantees [*Garantien*] and suretyships that amount to EUR 530.2m (prior year: EUR 593.9m).

Irrevocable lines of credit totaled EUR 950.2m (prior year: EUR 1,024.9m).

Because the European liquidity management was centralized, CGMD was able to report high liquidity as of the balance sheet date. To the extent required, the Bank refinances itself largely by borrowing funds from financial institutions and affiliated enterprises within the Citi Group. In the first half of 2013, the Bank was in a position at all times to meet its payment obligations and satisfy its liquidity requirements as mandated by law.

CGMD generally does not engage in any maturity transformations. The great majority of maturities on receivables from, and liabilities to, banks and clients are therefore short-term and largely denominated in EUR. The amount of receivables and liabilities held in foreign currencies is also insignificant.

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

Because of the continued low interest rate levels, interest income remained at EUR 3.2m (prior year: EUR 7.2m).

The commission income decreased by EUR 13.9m to EUR 44.5m (prior year: EUR 58.4m). The income consists predominantly of transfer pricing revenue from brokered transactions with affiliated enterprises. The Bank has in this respect brokered products from the Fixed Income Division, the Fixed Income Derivatives Division and the Equity and Equity Derivatives Division. Income in this area for the first half-year was lower that it was for the same period last year, which contributed substantially to the decline in this line item. This item also includes transfer pricing revenue for investment banking activities and commissions from securities transactions and EUREX products.

Net income from financial trading operations totaled EUR 28.8m (prior year: EUR 16.2m) as of May 31, 2013 and relates almost exclusively to business transacted with equities, warrants and certificates. The year-over-year rise resulted primarily from the write-back of risk provisions that had been established (value at risk discount).

Other operating income fell to EUR 5.1m (prior year: EUR 16.3m), a development attributable mainly to lower income from the valuation of pension assets at fair value.

Personnel expenses rose to EUR 39.4m (prior year: EUR 36.8m). This rise was caused primarily by higher costs for the stock programs that were granted to the employees. Other administrative expenses fell to EUR 30.4m (prior year: EUR 33.0m), a trend attributable mostly to lower processing costs charged by affiliated enterprises.

The increase in income from write-downs of, and provisions for, receivables (EUR 4.5m; prior year: EUR 0.1m) can be traced largely to the sale of loans and loan commitments and the losses realised therefrom.

As of May 31, 2013, Citigroup Global Markets Deutschland AG reported a profit in the amount of EUR 1.4m (prior year: EUR 19.8m). According to an existing profit transfer or partial profit transfer agreement, profits in the amount of EUR 1.1m are attributable to Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, and profits totaling EUR 0.3m are attributable to the silent partners.

Outlook and Other Forecasts for Future Development

As had been projected in the management report for fiscal year 2012, economic growth in the Euro Zone will remain weak in the first half of the year, and the overall economy will therefore linger in recession. The Bank is therefore expecting GDP to decline again in 2013, totalling -0.7% for the year as a whole.

Results achieved on the capital markets with equities and fixed-income securities lag behind the comparative figures of the prior year. Despite this declining trend and a difficult market environment, the Bank still assumes that a variety of significant transactions will close in the second half of the year.

For the first six months of 2013, the Warrants and Certificates Division is reporting growth that is slightly ahead of the prior year level. According to our estimates, this slight positive development should also continue into the coming months of fiscal year 2013.

The result from the foreign exchange business with large companies and institutional investors is marginally lower than the prior year level. Developments going forward depend predominantly on the market volatility in the second half of the year.

In Corporate and Investment Banking, the Bank is expecting no major recovery in the volume of capital market transactions due to the continued difficult environment on the global and national capital markets for the balance of fiscal year 2013. Given the integration of Citigroup’s global activities, however, the Bank believes that it has quite an opportunity to provide support on so-called “episodic transactions” and thereby improve its earnings. In the Credit Division, the Bank has sold individual loans and taken write-downs thereon, which will likely have a noticeable adverse impact on its total earnings for fiscal year 2013.

The earnings from the Citi Transaction Services Division are below the prior year level, a trend that will likely not change by the end of fiscal year 2013.

Given the developments that have been made to date in the individual divisions, the Bank is generally adhering to its projection of earning a profit for 2013. It remains to be seen, however, what kind of effect the continued developments in the global economy and the central bank polices will have for the remainder of the year. The outcome of the upcoming German *Bundestag* election in September 2013 will no doubt provide some additional market stimulus.

The business development of Citigroup Global Markets Deutschland AG is shown in the table below using some figures for the first half-year of fiscal year 2013, which were taken from the unaudited half-year financial report for 2013 and which are organized according to business considerations and presented in a year-over-year format (i.e., comparison to the figures from the same period of the previous year).

	May 31, 2013 (in million Euro)	**November 30, 2012** (in million Euro)
Balance sheet total	11,147	9,543
Business volume	12,628	11,162
Equity capital	590	590
Loan portfolio	5,179	5,365
Number of employees (as of the balance sheet date)	263	334

	December 1, 2012 – May 31, 2013 (in million Euro)	**December 1, 2011 – May 31, 2012** (in million Euro)
Interest result from operations	3	7
Commission income from brokerage business	20	33
Commission income from securities business	8	9
Net income from trading operations	29	16
General administrative expenses	72	70

CGMD's integration in the worldwide network of Citi companies will continue to benefit it. Due to the Bank's strong economic integration with other units within the Citi Group, the progress of CGMD remains closely tied to the economic development of the Citi Group.

Citigroup is also currently reviewing its courses of action to improve its organizational structure. In this connection, there is a possibility that all shares of Citigroup Global Markets Deutschland (CGMD) might be assigned to Citibank International plc. (CIP), with which CGMD would be subsequently merged, meaning that all rights and duties of CGDM would pass to CIP.

Additional Remark

The half-year financial report as of May 31, 2013 and the interim management report of Citigroup Global Markets Deutschland were not subject either to any audit pursuant to § 317 of the German Civil Code (HGB) or to a review by an annual accounts auditor.

Interim Balance Sheet as of May 31, 2013
Citigroup Global Markets Deutschland AG , Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	30.11.2012 TEUR
1. Cash reserve				
a) Petty cash		-,--		4
b) Credit balances held at central banks		7.088.829,95		2.764
of which: at the German *Bundesbank* (German Central Bank) EUR 7.088.829,95 (11/30/2012 TEUR 2.764)				
c) Credit balances held at post giro offices		-,--	7.088.829,95	-
2. Receivables from banks				
a) Due upon demand		486.612.773,25		504.132
b) Other receivables		2.928.127.409,81	3.414.740.183,06	3.017.296
3. Receivables from clients			303.641.914,82	293.956
of which: secured by mortgages and other real property security interests EUR -,-- (11/30/2012 -)				
Municipal loans EUR -,-- (11/30/2012 -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government institutions	-,--			-
ab) issued by others	-,--	-,--		-
b) Bonds and debt securities				
ba) issued by government institutions	-,--			-
of which: eligible as collateral with the German *Bundesbank* EUR -,-- (11/30/2012 -)				
bb) issued by others	-,--	-,--		
of which: eligible as collateral with the German *Bundesbank* EUR -,-- (11/30/2012 -)				
c) Bank's own debt securities		-,--	-,--	-
Face value EUR -,-- (11/30/2012 -)				
5. Equities and other variable-yield securities			102,26	-

5a. Trading portfolio			7.394.418.732,88	5.700.371
6. Equity investments			367.842,30	368
of which: in banks	EUR 217.842,30 (11/30/2012 TEUR 218)			
in financial services institutions	EUR -,-- (11/30/2012 -)			
7. Intangible assets				
a) Internally generated industrial property rights and similar rights and assets		-,--		
b) Purchased concessions, industrial property rights and similar right and assets as well as licenses to such rights and assets		11.180,66		16
c) Goodwill		-,--		
d) Prepayments		-,--	11.180,66	
8. Tangible assets			2.421.556,83	2.646
9. Other assets			13.471.014,88	14.436
10. Prepaid and deferred items			2.158.421,90	676
11. Plant assets in excess of pension liabilities			8.962.772,12	6.303
		Total Assets	11.147.282.551,66	9.542.968

Annex 1

Liabilities and Equity Capital

	EUR	EUR	EUR	30.11.2012 TEUR
1. Liabilities owed to banks				
a) Payable on demand		1.070.970.882,20		1.007.532
b) Having an agreed term or notice period		15.083.148,68	1.086.054.030,88	38.480
2. Liabilities owed to clients				
a) Savings deposits				
aa) having an agreed notice period of three months	-,--			-
ab) having an agreed notice period of more than three months	-,--	-,--		-
b) Other liabilities				
ba) payable on demand	1.154.065.918,81			1.157.179
bb) having an agreed term or notice period	809.973.016,49	1.964.038.935,30	1.964.038.935,30	870.514
3. Securitized liabilities				
a) Debt securities issued		-,--		-
b) Other securitized liabilities		77.909.554,56		-
of which:				
Money market paper EUR -,-- (11/30/2012 TEUR -)				
Own acceptance and promissory notes outstanding EUR -,-- (11/30/2012 TEUR -)				
c) Miscellaneous securitized liabilities		-,--	77.909.554,56	78.030
3a. Trading portfolio			7.326.322.701,86	5.674.095
4. Other liabilities			54.292.342,16	62.548
5. Deferred items			239.287,46	207

		EUR	EUR	11/30/2012 TEUR
6. Accrued liabilities				
a) Pensions and similar obligations		1.712.136,00		2.360
b) Tax accruals		-,--		-
c) Other accrued liabilities		37.357.588,52	39.069.724,52	52.668
7. Funds for general bank risks			9.386.489,84	9.386
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210.569.889,00			210.570
ab) silent partner capital	122.710.051,49	333.279.940,49		122.710
b) Capital reserve	195.745.810,73	195.745.810,73		195.746
c) Earnings reserve				
ca) legal reserve	33.027.197,15			33.027
cb) reserve for shares held in a controlling enterprise or	-,--			-
in an investing enterprise with a majority interest	-,--			-
cc) reserves required by articles of association	-,--			-
cd) other earnings reserves	27.916.536,71	60.943.733,86		27.916
d) Unappropriated earnings/loss (balance sheet profit/loss)		-,--	589.969.485,08	-
Total Liabilities and Equity Capital			11.147.282.551,66	9.542.968
		EUR	**EUR**	**11/30/2012 TEUR**
1. Contingent liabilities				
a) Contingent liabilities from credited but uncleared bills of exchange		-,--		-
b) Contingent liabilities from guarantees and warranty contracts		530.168.746,14		593.915
c) Contingent liabilities from security provided on behalf of third parties		-,--	530.168.746,14	-
2. Other obligations				
a) Commitment under fictitious repurchase (repo) agreements		-,--		-
b) Placement and underwriting commitments		-,--		-
c) Irrevocable lines of credit previously granted		950.184.607,00	950.184.607,00	1.024.936

Income Statement
of
Citigroup Global Markets Deutschland AG, Frankfurt am Main
for the period of December 1, 2012 through May 31, 2013

	EUR	EUR	EUR	12/1/2011 - 5/31/2012 TEUR
1. Interest income from				
a) Loans and money market transactions	9.270.578,89			18.402
b) Fixed-income securities and debt registered claims	-, --	9.270.578,89		426
2. Interest expenses		6.065.022,27	3.205.556,62	11.638
3. Current income from				
a) Shares and other variable-yield securities		-, --		-
b) Equity investments		2.720,00		4
c) Interests in affiliated enterprises		-, --	2.720,00	-
4. Commission income		44.522.148,52		58.411
5. Commission expenses		2.613.012,35	41.909.136,17	7.512
6. Net income from financial trading operations			28.813.462,47	16.166
7. Other operating income			5.097.475,45	16.314
8. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	33.204.181,47			32.127
ab) social security contributions, pension and welfare expenses	6.152.537,03	39.356.718,50		4.691
of which: for pensions EUR 3.663.743,92 (12/1/2011-5/31/2012 TEUR 2,015)				
b) Other administrative expenses		32.904.085,12	72.260.803,62	32.976
9. Depreciation, amortization and write-down of tangible and intangible assets			353.957,35	669
10. Other operating expenses			455.611,41	642
11. Write-downs of, and provisions for, receivables and certain securities and additions to loan reserves		4.519.377,99		94
12. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves		-, --	./. 4.519.377,99	481
13. Income from the reversal of write-downs of equity investments, interests in affiliated enterprises and long-term securities		-, --	-, --	-
14. Results from ordinary operations			**1.438.600,34**	**19.855**

	EUR	EUR	EUR	12/1/2011 - 5/31/2012
15. Extraordinary income		-, --		-
16. Extraordinary expenses		-, --		-
17. Extraordinary results		-, --	-, --	-
18. Taxes on income and earnings		-,--		57
19. Other taxes, to the extent not included under item 10		-, --	-,--	-
20. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement			1.438.600,34	19.798
21. Annual net income			**-, --**	**-**
22. Profit carried forward/loss carried forward from prior year			-, --	-
			-, --	-
23. Transfer from capital reserve			-, --	-
			-, --	-
24. Transfers from earnings reserves				
a) From legal reserve		-, --		
b) From reserve for treasury shares		-, --		
c) From reserves required by the Bank's articles of association		-, --		
d) From other earnings reserves		-, --	-, --	-
			-, --	-
25. Transfer from capital with participation rights			-, --	-
			-, --	-
26. Transfers to earnings reserves				
a) To legal reserve		-, --		
b) To reserve for treasury shares		-, --		
c) To reserve required by the Bank's articles of association		-, --		
d) To other earnings reserve		-, --	-, --	-
			-, --	-
27. Replenishment capital with participation rights			-, --	-
28. Unappropriated earnings (balance sheet profit)			-, --	-

Citigroup Global Markets Deutschland AG

Frankfurt am Main

Notes to the Half-Year Financial Report as of May 31, 2013

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

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

The subscribed capital of Citigroup Global Markets Deutschland AG is TEUR 210,570. This capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main.

1. Accounting and Valuation Methods

The Half-Year Financial Report as of May 31, 2013 was prepared in accordance with the German Banking Act (KWG), the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

The prior year comparative figures for the line items in the balance sheet are shown as of November 30, 2012. The prior year comparative figures for the line items in the income statement relate to the period from December 1, 2011 through May 31, 2012.

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

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

As of May 31, 2013, the risk discount on the Foreign Currency Risk Trading Book equaled TEUR 229, the risk discount on the Equity and Index Risk Trading Book equaled TEUR 3,509 and the risk discount on the Other Price Risks Trading Book equaled TEUR 270. The underlying value at risk number is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a "market value adjustment" totaling TEUR 944, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

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

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

Receivables from banks are stated at the repayment amount plus accrued interest. No write-downs were required in the first half of fiscal year 2013.

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

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

Only **intangible assets,** which have been acquired for consideration, are stated at the costs of acquisition less straight-line amortization.

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

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

The Bank established two hedging relationships in accordance with § 254 HGB, to which it then applied the net hedge presentation method (*Einfrierungsmethode*). It intends to preserve the hedging relationship until the end of the term of the underlying.

In connection with hedging the interest rate risk, the Bank engaged in numerous micro-hedges totalling 8 ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness or *Schuldschein*) with a face value of TEUR 56,000. To preserve a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness, which amounted to TEUR 2,629, were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions [*Schuldscheindarlehen*] resulting from the lower interest rate in the amount of TEUR 8,381.1, because they had been completely covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements).
Due to the credit standing of the counterparty, we assess the default risk resulting from the interest rate swap agreement as negligible. The measurement of prospective hedge effectiveness was carried out using the critical term match method. To measure the ineffective portion of the hedge, the Bank matches the positive market values of the hedge transaction

(less any accrued interest) with the market value of the *Schuldscheindarlehen*. As of the balance sheet date, this match yielded a net surplus position (asset), which meant that no provision for the threatened losses needed to be made.

In connection with hedging the credit risk, an additional hedge was set up under § 254 HGB and involved a credit default swap (extracted from a loan participation note that was booked under securitized liabilities) and the receivable that it thereby hedged. The default risk existing on the underlying receivable (the underlying) was transferred in its entirety and until the due date to the loan participation note holder. The nominal amount of the underlying and hedge is USD 100,000,000 in each case, and both of these amounts are due for repayment on April 7, 2014. Here again, the measurement of prospective and retrospective hedge effectiveness was carried out using the critical term match method.

The **pension provisions** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship, for which commitments have made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. On the basis of the agreement regarding the debt assumption, CGMD calculated an amount of TEUR 483.2 for the first half of the year 2013 as period of service expense and charged that amount to the impacted companies.

The simplification rules under § 253 (2) sentence 2 HGB were used with respect to the pension provisions. In order to calculate the present cash value, the average market interest rate over the last 15 years based on the *Bundesbank* discount rates and totaling 4.96% was used as the actuarial interest rate. Future salary and wage increases were estimated at 2.00%, and at the same time, a 2.0% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables.

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at the cost of acquisition in the amount of

TEUR 106,726 and **assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB.

In the current fiscal year, an expense arose from discounting the pension obligations in the amount of TEUR 235.0 (prior year: TEUR 2,171.7), and the change of the fair value of the plan assets also resulted in a recognized expense of TEUR 4,057.3 (TEUR 10,495.0). The earnings components were netted and reported under the item “Other operating income”.

On the balance sheet date, the fair value of the plan assets to be netted equaled TEUR 151,988.7 (prior year: 147,931.3) The settlement amount of the pension obligations, which are required to be netted and which equaled TEUR 143,025.9 (prior year: TEUR 141,628.1), was set off in full against the plan assets. The amount of the plan assets in excess of the settlement amount as of the balance sheet date and equaling TEUR 8,962.8 (prior year: TEUR 6,303.2) was reported under the item, “Plan assets in excess of pension liabilities”.

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

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

The costs of acquiring the units in the **PAS fund** were TEUR 5,133.6. On the balance sheet date, the fair value of the assets of the PAS fund to be netted totaled TEUR 7,983.0 (prior year: TEUR 9,026.0). The settlement amount of the liabilities to be netted equaled TEUR 7,983.0 (prior year: 9,026.0).
In the current fiscal year, the compounded interest on obligations generated an expense in the amount of TEUR 467.1 (prior year: TEUR 734.2), and a change in the fair value of the plan assets resulted in income totaling TEUR 467.1 (prior year: TEUR 734.2). These earnings components are netted and reported under the item “Other operating income item”.

The costs of acquiring the fund units in the **Deferred Compensation** fund equal TEUR 9,161.0. On the balance sheet done, the fair value of the deferred compensation fund assets to

be netted equaled TEUR 10,240.2 (prior year: TEUR 10,660.0). The settlement amount of the liabilities to be netted was TEUR 10,240.2 (prior year: TEUR 10,660.0).
In the current year, the interest charges compounded on the obligations yield income in the amount of TEUR 137.8 (prior year: TEUR 334.9 in expenses), and a change in the fair value of the plan assets resulted in an expense totaling TEUR 137.8 (prior year: TEUR 334.9 in income). These earnings components are netted and reported under "Other operating expenses (prior year: "Other operating income").

In connection with hedging the obligations under the bonus conversion, the Bank purchased units in the **PRS** fund at the costs of acquisition in the amount of TEUR 36,864.9 and netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the discounting of the pension obligations generated an expense totaling TEUR 824.8 (prior year: TEUR 1,153.1). The change in the fair value of the plan assets resulted in expenses totaling TEUR 700.8 (prior year: TEUR 404.8 in income). Current income in the amount of TEUR 117.8 (prior year: TEUR 123.5) was also generated. These earnings components are netted and reported under "Other operating expenses".

On the balance sheet date, the fair value of the plan assets to be netted equaled TEUR 41,510.1 prior year: TEUR 47,012.9)**.** The settlement amount of the pension obligations to be netted was TEUR 43,222.2 (prior year: TEUR 49,373.1) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date in the amount of TEUR 1,712.1 (prior year: TEUR 2,360.2) was reported under the item, "Pensions and similar obligations".
All assets to be netted consist of liquid funds or units in securities funds. The funds are managed solely by outside asset managers, who invest in publicly traded securities based on pre-set investment guidelines. The fair value applied in these cases for the assets in question is based on the overview of individual fund assets, which is provided to the relevant asset manager. Alternative valuation methods are not used.
All funds are outsourced under trust arrangement and are protected from creditor interference in the event of CGMD's insolvency.

Accrued liabilities are created to cover liabilities, which exist on the balance sheet date but the precise amount of which is not known, and for any potential losses from open business transactions. Except for the early retirement obligations, the other accrued liabilities have a term to maturity of less than one year.

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

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

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

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their legally prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank’s own refinancing costs. Where there are net liability positions, the fictitious lending transaction is discounted at a risk-free rate. Viewed as of May 31, 2013, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of May 31, 2013 yielded no need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total amount, which is prohibited from payment as a dividend** within the meaning of § 268 (8) sentence (§285 no. 28 HGB) in the amount of TEUR 53,834.2 (prior year: TEUR 50,114.5) resulted entirely from the capitalization of the plan assets at fair value in the amount of TEUR 211,719.7. Freely available provisions exceed the total sum of the amounts which are barred from payout distribution.

Accruals have been made in the balance sheet for **contracts and pending legal disputes**, which could have an adverse affect on the net assets.

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

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

2. Notes and explanations regarding the balance sheet and income statement

We refer here to the explanations made in the management report.

3. Other notes

Of the equity investments, only TEUR 0.1 are publicly listed. Equity investments totaling TEUR 367.8 are not eligible for a stock market listing.

The **asset,** which is shown on the **balance sheet** as **trading portfolio** (line item 5a), is divided into derivative financial instruments totaling TEUR 6,789,706 (prior year: TEUR 5,192,872), debt securities and other fixed-income securities in the amount of TEUR 397,724 (prior year: TEUR 356,428), and shares and other variable-yield securities in the amount of TEUR 206,988 (prior year: TEUR 151,071). Of the bonds and other fixed-interest securities, TEUR 397,724 (prior year: TEUR 356,428) are eligible for stock marketing listing and are publicly listed. Of the shares and other variable-yield securities, TEUR 206,988 (prior year: TEUR 151,071) are eligible for a stock market listing and are publicly listed.

The **liability,** which is shown on the **balance sheet** as **trading portfolio** (line item 3a), is divided into derivative financial instruments in the amount of TEUR 6,835,191 (prior year: TEUR 5,244,409) and liabilities arising from issued bonds in the amount of TEUR 491,131 (prior year: TEUR 429,686).

The securitized liabilities contain other securitized liabilities in the amount of EUR 77.9m (prior year: EUR 78.0m). The item contains bonds, which are related to credits extended to clients (credit linked notes). The item was included in a hedging relationship under § 254 HGB.

Other accrued liabilities relate primarily to provisions for restructuring, bonuses and early retirement. Provisions for restructuring during the fiscal year equal EUR 3.5m (prior year: EUR 9.6m). The provisions for bonuses was set aside in the amount of EUR 11.8m (prior year: EUR 22.3m) on the basis of the individual employees.

An affiliated enterprise has contributed silent partner capital in the amount of EUR 122.7 million (prior year: EUR 122.7 million). The silent partner's share of the profits as of May 31, 2013 was EUR 0.3 million, which will be allocated in its entirety to the silent partner.

The contingent liabilities relate to guarantees and warranty agreements. These agreements stem from guarantees made in the amount of EUR 530.2 million (prior year: EUR 593.9 million).

The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small due to the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

Of the irrevocable credit lines granted in the amount of EUR 950.2 (prior year: EUR 1,024.9 million), approximately EUR 845.2 million (prior year: EUR 902.6 million) had a term to maturity of more than one year. The lines of credit have been granted exclusively to non-banks**.**

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

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

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

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

Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Dr. Nikolaus Närger, Stuttgart, Bank Director,
Samuel R. Riley, Bad Vilbel, Bank Director,
Christian Spieler, Bad Homburg, Bank Director,
Heinz Peter Srocke, Hanau, Bank Director,
Stefan Wintels, Frankfurt, Bank Director

The Supervisory Board consists of the following members:

Hans W. Reich, Kronberg, Bank Director, Chairman,

Bradley Gans, London, Bank Director, Deputy Chairman,

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

Frankfurt am Main, July 31, 2013

Citigroup Global Markets Deutschland AG

Dr. Jasmin Kölbl-Vogt

Dr. Nikolaus Närger

Samuel Riley	Christian Spieler
Heinz P. Srocke	Stefan Wintels

Statement related to the Half-Year Financial Report as of May 31, 2013

of Citigroup Global Markets Deutschland AG

pursuant to § 37y in connection with § 37w (2) no. 3 of the German Securities Trading Act (WpHG)

To the best of our knowledge, we hereby represent that in accordance with the applicable accounting principles, the Half-Year Financial Report of Citigroup Global Markets Deutschland AG gives a true view of the Bank's net assets, financial position and results of operation and that the interim management report presents a true view of the business performance (including the business results and condition of the Bank) and describes the significant opportunities and risks regarding the anticipated development of the Bank.

Frankfurt am Main, July 31, 2013

Citigroup Global Markets Deutschland AG

[*illegible signature*]	[*illegible signature*]
Dr. Jasmin Kölbl-Vogt	Dr. Nikolaus Närger
[*illegible signature*]	[*illegible signature*]
Samuel Riley	Christian Spieler
[*illegible signature*]	[*illegible signature*]
Heinz P. Srocke	Stefan Wintels