Citibank Investments Limited

(Registered Number: 01911126)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors present their Report and the audited financial statements of Citibank Investments Limited ("the Company") for the year ended 31 December 2018.

The words "Citigroup" and "Citi" are used interchangeably throughout this document and both refer to Citigroup Inc.

Business environment

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. and during the year acted as a holding company for subsidiary undertakings of Citibank, N.A. in the United Kingdom, including those related to Citigroup's legacy consumer business (which no longer offers products to customers) and a number that are currently in liquidation. The only operating subsidiary currently held by the Company is Citigroup Centre 1 Limited, which offers office accommodation to other Citigroup entities.

In 2017, the Company underwent a restructuring of its capital base and took direct ownership of a number of subsidiaries previously held through CitiFinancial Corporation Limited ("CFCL"). This was done to simplify the debt and capital structure of the Company and to streamline the Company's organisational structure to facilitate more efficient liquidation of legacy dormant legal entities. These events are detailed in Note 7 Investment in subsidiary undertakings and Note 9 Share Capital.

Going concern basis

The financial statements are prepared on a going concern basis. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

The UK's withdrawal from the EU

As a result of the 2016 UK referendum, Citi has established a formal program with senior level sponsorship and governance to deliver a coordinated response to the UK's potential exit from the EU. Citi continues to plan for a "hard" exit scenario until negotiations have finished and the UK's withdrawal from the EU is finalised. Citi's Brexit strategy focuses on providing continuity of services to its UK, EU and non-EU clients with minimal disruption.

Given the existing CIL portfolio, it is unlikely that CIL will be significantly impacted by Brexit. This will continue to be monitored.

Citi continues to work closely with clients, regulators and other relevant stakeholders in the execution of its plans to prepare for the UK's potential exit from the EU. In addition, Citi continues to monitor short term macroeconomic scenarios and market events and has been undertaking stress testing to assess potential impacts on its businesses. Whilst Citi is operationally ready to support its clients, having executed its Brexit contingency plans, there are certain challenges which remain for the industry as a whole including but not limited to the preparedness and speed of client response and financial markets infrastructure.

CITIBANK INVESTMENTS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2018

Consolidation

The Company has applied the exemption in section 401 of the Companies Act 2006 from the preparation of consolidated group accounts as the financial results of the Company and its subsidiary undertakings are included in the consolidated group accounts of Citigroup Inc. on a basis that is consistent with the financial reporting requirements of the Companies Act.

As such, these financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Citigroup Inc. within which the Company is included are available from the address stated in Note 15 – 'Parent companies' and may also be obtained from https://www.citigroup.com/citi/investor/annual-reports.html.

Dividends

The Company paid no cash dividends during the year (2017: £nil). The Company paid no dividend in specie during the year either (2017: £20.0 million). The dividend in specie during 2017 was made to distribute 100% of the Company's holding in CitiFinancial Holdings Limited ("CFHL") to Citi Overseas Holdings Bahamas Ltd in order to simplify Citi's legal entity organisational structure.

Risk Management

The financial risk management objectives and policies and the exposure to liquidity risk, credit risk and operational risk of the Company have been disclosed in Note 13 – 'Financial instruments and risk management'.

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CITIBANK INVESTMENTS LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Directors' indemnity

Throughout the year and at the date of this report the Company is party to a group-wide indemnity policy which benefits all of its current Directors and is a qualifying third party indemnity provision for the purpose of section 236 of the Companies Act 2006.

Directors

The Directors who served during the year and since year end were:

B J Gans (resigned on 1 September 2019)
D I Sharland
P McCarthy

Employees

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end. Services are provided to the Company by employees of other Citigroup companies.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Charitable donations and political contributions

The Company made no charitable donations or political contributions and incurred no political expenditure during the year (2017: £nil).

Disclosure of information to auditors

In accordance with section 418, Companies Act 2006 and subject to all the provisions of section 418, the Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as each is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Post balance sheet events

As at 31 December 2018, Citifinancial Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

As at 31 December 2018, Citifinancial Corporation Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board:

David Sharland

D I Sharland
Director

12 December 2019

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB
Registered Number: 01911126

CITIBANK INVESTMENTS LIMITED

STRATEGIC REPORT

for the year ended 31 December 2018

The Directors present their Strategic Report of the Company for the year ended 31 December 2018.

Overview and principal activities

During the year, the Company was a holding company for subsidiary undertakings of Citibank, N.A. in the United Kingdom, including those related to Citigroup's legacy consumer business (which no longer offers products to customers) and a number that are currently in liquidation. The only operating subsidiary currently held by the Company is Citigroup Centre 1 Limited, which offers office accommodation to other Citigroup entities.

In 2017, the Company underwent a restructuring of its capital base and took direct ownership of a number of subsidiaries previously held through CitiFinancial Corporation Limited ("CFCL"). This was done to simplify the debt and capital structure of the Company and to simplify the Company's organisational structure to facilitate more efficient liquidation of legacy dormant legal entities. These events are detailed in Note 7 – 'Investment in subsidiary undertakings' and Note 9 – 'Share Capital'.

Business review and results

The Company's performance is primarily affected by the profitability of its subsidiaries and associates.

The main challenges facing the Company surround the recoverability of its investments and ensuring that they have appropriate capital and liquidity. Note 13 – 'Financial instruments and risk management' to the financial statements provides information on some of the key risks to which the Company is exposed.

The Company made a loss before income tax of £4 million compared to a loss of £5 million in the previous year. The loss in the current and prior year was mainly driven by an impairment charge to the Company's investments in subsidiary undertakings of £7 million and £4 million respectively, offset in the current year by an increase in accumulated profit share payments due to the Company (explained more fully in Note 3 – 'Other operating income). The impairment was taken in order to reflect the lower recoverable amounts of the Company's subsidiary undertakings due to operating losses.

Balance sheet

Total assets of £206 million at 31 December 2018 were 30 per cent lower than £294 million at 31 December 2017.

The decrease in assets is mainly driven by £86 million repaid in cash to Citibank N.A for a borrowing that expired on 16 August 2018.

CITIBANK INVESTMENTS LIMITED

STRATEGIC REPORT

for the year ended 31 December 2018

Key performance indicators

The Company's Directors consider that the financial results indicated above are the key financial performance indicators for the operations of the Company.

Citigroup Inc. manages its operations on a divisional basis and the Company's results are included in the segmental results of Citigroup Inc. For that reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Risk management

The financial risk management objectives and policies and the exposure to currencies, liquidity risk, credit risk and operational risk of the Company have been disclosed in the risk management policies on pages 26 to 28.

Future outlook

The Company strategy is to act as a holding company and to continue to wind down Citi Holdings, as soon as practicable, in an economically rational manner.

By order of the Board

David Sharland

D I Sharland
Director

12 December 2019

Incorporated in England and Wales
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB
Registered Number: 0191112

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIBANK INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Citibank Investments Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive income, Statement of Financial Position, Statement of changes in equity, Statement of cash flows and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of other assets and tax receivables and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIBANK INVESTMENTS LIMITED

Strategic report and directors' report (continued)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M Davies

Matthew Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

12 December 2019

CITIBANK INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	2018 £ Million	2017 £ Million
Interest income		-	-
Interest expense and similar charges		(1)	(1)
Net interest expense		(1)	(1)
Other operating income	3	4	-
Other operating expense		-	-
Total operating loss		3	(1)
Impairment of investments	7,8	(7)	(4)
Loss before income tax		(4)	(5)
Income tax	5	-	-
Loss for the year		(4)	(5)
Total comprehensive loss for the year		(4)	(5)

The accompanying notes on pages 14 to 28 form an integral part of these financial statements.

CITIBANK INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	2018 £ Million	2017 £ Million
Assets			
Cash at bank	**10**	20	106
Investments in subsidiary undertakings	**7**	53	60
Tax receivable	**5**	124	123
Other assets		9	5
Total assets		206	294
Liabilities			
Amount due to group undertakings	**11**	8	92
Total liabilities		8	92
Equity shareholders' funds			
Share capital	**9**	1	1
Other reserves		64	64
Retained earnings		133	137
Total equity shareholders' funds		198	202
Total liabilities and equity shareholders' funds		206	294

The accompanying notes on pages 14 to 28 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 12 December 2019 and were signed on its behalf by:

David Sharland

D I Sharland
Director

Registered Number: 01911126

CITIBANK INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital £ Million	Other reserves £ Million	Retained earnings £ Million	Total £ Million
Balance at 1 January 2017	63	53	1	117
Conversion of preference shares	46	-	-	46
Bonus share issue	53	(53)	-	-
Share capital reduction	(161)	-	161	-
Capital contribution	-	64	-	64
Dividend in specie	-	-	(20)	(20)
Loss for the year	-	-	(5)	(5)
Balance at 31 December 2017	1	64	137	202
Loss for the year	-	-	(4)	(4)
Balance at 31 December 2018	1	64	133	198

The accompanying notes on pages 14 to 28 form an integral part of these financial statements.

CITIBANK INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	Note	2018 £ Million	2017 £ Million
Cash flow from operating activities:			
Gain/(loss) before income tax		(4)	(5)
Adjustments for:			
Impairment of investments	7,8	7	4
Net (increase)/decrease in operating assets:			
Amounts due from group undertakings		-	6
Tax receivable	5	(1)	(5)
Other assets		(4)	-
Net (decrease)/increase in operating liabilities:			
Amounts due to group undertakings	11	(84)	18
Net cash used in operating activities		(86)	18
Cash flow from investing activities:			
Capital contribution to subsidiary		-	(64)
Transfer of interests in subsidiary		-	91
Net cash generated from financing activities		-	27
Cash flow from financing activities:			
Capital contribution from parent		-	64
Net cash generated from investing activities		-	64
Net (decrease)/increase in cash and cash equivalents		(86)	109
Cash and cash equivalents at the beginning of the year		106	-3
Cash and cash equivalents at the end of the year		20	106

The accompanying notes on pages 14 to 28 form an integral part of these financial statements.

CITIBANK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

a) Basis of presentation

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU.

These financial statements have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies. The financial statements are presented in Pound Sterling ("£") and all values are rounded to the nearest million pounds, except where otherwise indicated.

The financial statements are prepared on a going concern basis. The Directors are satisfied that Citibank Investments Limited ("the Company") has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

The risks and uncertainties identified by the Company are discussed further in the Strategic Report on pages 6 to 7.

b) Changes in accounting policy and disclosures

Standards issued and effective

There are a number of accounting standards that have been issued by the International Accounting Standards Board ("IASB"), which became effective during 2018. They include:

- **IFRS 15 – Revenue from Contracts with Customers.** In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15. The core principle of the new Standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The revenue is recognized when the control over the goods or services is transferred to the customer. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

  The Company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. January 2018). Accordingly, the information presented for 2017 has not been restated (including grossing up of revenue and expenses) – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The adoption of IFRS 15 has no material impact on the financial statements as at 31 December 2018.

- **IFRS 9 – Financial Instruments**

  Introduction
  IFRS 9 – *Financial Instruments.* The new standard includes a new model for classification and measurement of financial assets, a forward-looking 'expected loss' impairment model for debt instruments and a substantially reformed approach to hedge accounting (as the Company does not conduct hedge accounting, this change will have no impact on the Company).

  The standard replaces the existing guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective from 1 January 2018.

  Classification and measurement
  From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics (whether the contractual cash flows are solely payments of principal and interest (SPPI)).

  The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

1. Principal accounting policies (continued)

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.
The transition to IFRS 9 will not result in any significant change to the measurement basis of the financial instruments of the Company, as financial assets held at amortised cost are expected to meet the SPPI test and are not held for trading purposes.

Impairment
IFRS 9 introduces an expected credit loss (ECL) impairment model that differs significantly from the incurred loss model under IAS 39 and is expected to result in earlier recognition of credit losses going forward.

Scope
Under IFRS 9, the same impairment model is applied to all financial assets, except for financial assets classified or designated as at FVTPL and equity securities designated as at FVOCI, which are not subject to impairment assessment. The scope of the IFRS 9 expected credit loss impairment model includes amortised cost financial assets, debt securities classified as FVOCI, and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IAS 37).

Expected credit loss impairment model
Under IFRS 9, credit loss allowances will be measured on each reporting date according to a three-stage expected credit loss impairment model.

The recognition and measurement of impairment is intended to be more forward looking than under IAS 39. The estimation of an ECL is required to be unbiased and probability weighted, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The estimate will also consider the time value of money.

The adoption of IFRS 9 has no material impact on the financial statements as at 31 December 2018.

Standards issued but not yet effective

There are a number of accounting standards that have been issued by the IASB, but which are not yet effective for the Company's financial statements. The Company does not plan on early adoption of these standards, they include:

- **IFRS 16 – Leases**. In January 2016, the IASB issued IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removes the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognise depreciation expense on the lease asset and interest expense on the lease liability in the statement of income. There are no significant changes to lessor accounting aside from enhanced disclosure requirements. IFRS 16 will be effective from 1 January 2019 and will be subject to EU adoption. The standard will have no material impact on the financial statements.
- **IFRIC 23 – Uncertainty over Income Tax Treatments.** The interpretation provides requirements that add to the requirements in IAS 12 – Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. The interpretation applies for annual reporting periods beginning on or after 1 January 2019 with early adoption permitted. The interpretation is not expected to have a significant impact on the Company.

c) Segmental reporting

An operating segment is a component of the Company which earns revenues and incurs expenses, whose results are regularly reviewed by management and for which discrete financial information is available. The Company is organised into one operating segment. This organisational structure is the basis upon which the Company reports its primary segment information. There is a single geographical segment in which management review the Company's operations being the United Kingdom.

1. Principal accounting policies (continued)

d) Consolidation

The Company has applied the exemption in section 401 of the Companies Act 2006 from the preparation of consolidated group accounts as the financial results of the Company and its subsidiary undertakings are included in the consolidated group accounts of Citigroup Inc. on the basis that is consistent with the financial reporting requirements of the Companies Act.

As such, these financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Citigroup Inc. within which the Company is included are available from the address stated in Note 15.

e) Foreign currencies

The Company's financial statements are presented in Pounds Sterling (£), which is the functional and presentational currency of the Company. At the balance sheet date monetary assets and liabilities are translated at the year end rates of exchange and translation differences are included in the income statement. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate at the date of the transaction.

f) Net interest income

Interest income and expense on financial assets and liabilities are recognised in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

g) Financial assets and liabilities

Amortised Cost
A financial asset debt instrument shall be classified and subsequently measured at amortised cost (unless designated under FVO) only if both of the following conditions are met:

(i) Business Model test: the financial asset debt instrument is held under a business model whose objective is to hold assets in order to collect contractual cash flows; and

(ii) SPPI test: the contractual terms of the financial asset debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The following financial assets under IAS 39 were classified as 'loans and receivables' and under IFRS 9 are classified under 'amortised cost' as at 31 December 2017 and as at 31 December 2018 respectively:

Cash and cash equivalents, loans and advances to group undertakings and other assets

Cash and cash equivalents, loans and advances to group undertakings and other assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. They comprise Cash and cash equivalents, Loans and advances to group undertakings and Other assets that are deemed to have contractual cash flows of SPPI.

Loans and advances to group undertakings are initially recognised at fair value, which is the cash given to originate the loan, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method, less any impairment charges.

Financial liabilities
Loans and advances from group undertakings and other liabilities are measured at amortised cost using the effective interest rate.

1. Principal accounting policies (continued)

h) Dividend income

Dividend income is recognised when the right to receive payment is established which is the ex-dividend date for equity securities.

i) Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flow from assets has expired or the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

j) Investments in subsidiary and associate undertakings

Investments in subsidiaries and associates, comprising unlisted securities, are shown at cost, less allowance for impairment. At each reporting date, the Company assesses whether there is any indication that its investments in subsidiaries or associates are impaired. Investments are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the investment and prior to the balance sheet date ("a loss event") and that loss event or events has had an impact on the estimated future cash flows of the investment that can be reliably estimated.

Tests for impairment are carried out annually or more frequently if events or changes in circumstances indicate that it might be impaired. If, in a subsequent year, management considers that part or all of the impaired investments in subsidiary and associate undertakings become recoverable, the previously recognised impairment loss is reversed and is recognised in the income statement up to an amount not exceeding the recoverable amount.

k) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred taxes are recognised as income tax benefit or expense in the income statement.

l) Cash and cash equivalents

Cash and cash equivalents comprise balances with an original maturity of less than three months, including cash and bank overdraft.

NOTES TO THE FINANCIAL STATEMENTS

2. Use of assumptions and estimates

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is the impairment of investments.

Going Concern
The financial statements are prepared on a going concern basis taking into account the Company's existing capital and liquidity resources and the level of reliance placed on support from Citi, the Company's ultimate parent. The Directors acknowledge the risk that extreme circumstances might adversely impact the Company's ability to continue trading and are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. As the Company is part of Citigroup, the risks that apply to the parent also apply to all subsidiaries within the group including the Company. The risk factors impacting Citigroup Inc. are described in its 2018 annual report on form 10-K, which can be found at http://www.citigroup.com/citi/investor/sec.htm.

Impairment of investments in subsidiary and associate undertakings
The Company determines whether it is necessary to recognise an impairment loss on its investment in shares in subsidiary undertakings by comparing the carrying value of the investment with the net asset value of the subsidiary undertaking at the reporting date.

3. Other operating income

Prior to 2010, Citifin S.r.l, the Company's former indirect subsidiary had a consumer finance business in Italy selling Credit Life policies with Metlife and AIG. Following the liquidation of Citifin S.r.l in 2016, all its rights and obligations were transferred to the Company, including accumulated profit share payments due to Citifin S.r.l by Metlife and AIG. Other operating income represents a £4 million increase in accumulated profit share payments due to the Company based on the final agreement with the above mentioned insurance companies signed in 2018.

4. Auditor's remuneration

Auditor's remuneration in relation to the audit of the Company amounted to £26,035 (2017: £25,931). The auditor's remuneration for these financial statements is borne and paid by another group company.

CITIBANK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on loss on ordinary activities

a) Analysis of tax charge for the year

There was no tax charge incurred during the year (2017: £nil).

b) Factors affecting tax charge for the year

	2018 £ Million	2017 £ Million
Loss before tax	(4)	(5)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(1)	(1)
Effects of:		
Expenses not deductible for tax purposes	1	1
Utilisation of losses carried forward	-	-
Effects of group relief surrendered for no consideration	-	-
Current charge for the year (Note 5a)	-	-

The main rate of corporation tax in the UK has been 19% from 1 April 2017. The Finance Act 2016 reduces the main rate of corporation tax to 17% with effect from 1 April 2020. The deferred tax balances have been calculated at this rate.

At 31 December 2018, the Company had an unrecognised deferred tax asset of £34 million (2017: £34 million) in respect of non-trade deficits. This has not been recognised on the grounds that there is insufficient evidence that it is probable that future taxable profits will be available against which the deductible temporary differences could be utilised.

The Company also has an unrecognised deferred tax asset of £68 million (2017: £35 million) in respect of carried forward capital losses. No deferred tax asset has been recognised on these capital losses as it is not probable that there will be future taxable capital gains against which these losses can be utilised.

The Company has a current tax receivable balance of £124 million (2017: £123 million). The receivable was subsumed into the Company from the subsidiary CitiFin S.r.l. upon its liquidation on 6 December 2016, together with all of its balances.

CITIBANK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Financial assets and liabilities

The following tables summarise the carrying values and fair values of the financial assets and financial liabilities and the classification of each class of financial asset and liability:

2018	Amortised cost	Total carrying amount	Fair value
	£ Million	£ Million	£ Million
Assets			
Cash at bank	20	20	20
Other assets	9	9	9
Total financial assets	29	29	29
Liabilities			
Amount due to group undertakings	8	8	8
Total financial liabilities	8	8	8

2017	Other amortised cost	Total carrying amount	Fair value
	£ Million	£ Million	£ Million
Assets			
Cash at bank	106	106	106
Other assets	5	5	5
Total financial assets	111	111	111
Liabilities			
Amount due to group undertakings	92	92	92
Total financial liabilities	92	92	92

The calculation of fair value incorporates the Company's estimate of the fair value of financial assets and financial liabilities. It does not reflect the economic benefits and costs that the Company expects to flow from the instruments' cash flows over their expected future lives. Other entities may use different valuation methods and assumptions in determining fair values, so comparisons of fair values between entities may not necessarily be meaningful.

6. Financial assets and liabilities (continued)

The following summarises the major methods and assumptions used in estimating the fair value of the financial assets and financial liabilities used in the tables:

- The carrying value of short-term financial instruments not accounted for at fair value, as well as receivables and payables arising in the ordinary course of business, approximates fair value because of the relatively short period of time between their origination and expected realisation, or where discounting does not have a material impact on the carrying value of the financial instrument.

IFRS 13 specifies a hierarchy of inputs based on whether the inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices for *identical* instruments in active markets.
- Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are *observable* in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable.*

Estimated fair value of financial instruments not carried at fair value

The carrying value of the Company's financial instruments is considered to be a reasonable approximation of fair value due to their short term nature.

7. Investments in subsidiary undertakings

The movement in the Company's investments in subsidiary undertakings was as follows:

	2018 **£ Million**	**2017** **£ Million**
At 1 January	60	111
Capital contribution	-	64
Transfer of interests	-	(91)
Dividend in specie	-	(20)
Impairment	(7)	(4)
At 31 December	53	60

On 24 March 2017, the Company paid a £43,500,000 capital contribution to Citigroup Centre 1 Limited, a 100% subsidiary of the Company.

On 12 October 2017, the Company paid a £20,500,000 capital contribution to Citigroup Centre 1 Limited, a 100% subsidiary of the Company.

On 23 March 2017 the Company received £ 91,155,074 in cash from CFCL representing the return of its capital to the Company in preparation for liquidation.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiary undertakings (continued)

Impairment

In 2018, the Company impaired its investment in subsidiaries by £7 million (2017: £4 million). The impairment during 2018 was to Citigroup Centre 1 Limited ("CGC1") of £7 million (2017: £4 million).

Details of Company subsidiary undertakings held at 31 December 2018 as required by section 409 of the Companies Act are set out below. All have a year end of 31 December and a registered address of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

Name	Nature of business	% holding in share capital 2018	2017
Citigroup Centre 1 Limited	Provision of office accommodation	100.00%	100.00%
CitiFinancial Corporation Limited	In liquidation	100.00%	100.00%
East Fourteen Limited	Dormant	100.00%	100.00%
Citiclient Nominees No. 8 Limited	Bare trustee	100.00%	100.00%
Citifriends Nominee Limited	Bare trustee	100.00%	100.00%
Citivic Nominees Limited	Bare trustee	100.00%	100.00%
Citibank London Nominees Limited	Bare trustee	100.00%	100.00%
CUIM Nominee Limited	Bare trustee	100.00%	100.00%
National City Nominees Limited	Bare trustee	100.00%	100.00%
N.C.B. Trust Limited	Bare trustee	100.00%	100.00%
Associates Capital Limited	In liquidation	100.00%	100.00%
Avco Trust	In liquidation	100.00%	100.00%
CitiFinancial Limited	In liquidation	100.00%	100.00%
CitiFinancial Mortgage Corporation	In liquidation	100.00%	100.00%
Future Mortgages 1 Limited	In liquidation	100.00%	100.00%
Citicorporate Limited	Dissolved	0.00%	100.00%
Citi Pensions & Trustees Limited	Dissolved	0.00%	100.00%

As at 31 December 2017, Citicorporate Limited, a subsidiary of the Company, was in liquidation, and was dissolved on 17 July 2018.

As at 31 December 2017, Citi Pensions & Trustees Limited, a subsidiary of the Company, was in liquidation, and was dissolved on 30 January 2018.

As at 31 December 2018, CitiFinancial Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

As at 31 December 2018, CitiFinancial Corporation Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

8. Investments in associates

The Company's investments in associates as at 31 December 2018 represent a 20.52% (2017: 20.52%) holding in Volbroker.com Limited, registered in England and Wales.

As at the year end, the issued equity capital of Volbroker.com Limited was £1,847,146 (2017: £1,847,146).

For the year ended 31 December 2018, the Company's share of profit of Volbroker.com Limited was £nil (2017: £nil).

Impairment

In 2016, the Company impaired its investment in Volbroker.com Limited by £1 million and keeps a record of it in the books as £nil (2017: £nil).

Summarised aggregate financial information on associates

Volbroker.com Limited	2018 £ Million	2017 £ Million
Assets	8	7
Liabilities	-	-
Revenues	2	2
Profit	2	1

NOTES TO THE FINANCIAL STATEMENTS

9. Share capital

Allotted, called-up and fully paid	2018 £ Million	2017 £ Million
500,000 (2017: 500,000) sterling ordinary shares of £1 each	1	1
	1	1

All ordinary shares confer identical rights in respect of capital, dividends, voting and otherwise.

During 2017 the Company underwent a restructuring of its capital base in order to simplify its capital position.

This capital restructuring proceeded in the following steps:

1) On 17 May 2017, the Company converted its existing 45,970,355 6.5% fixed rate cumulative redeemable preference shares of £1 each into ordinary shares of £1 each. This conversion added to the existing issued share capital resulting in total issued ordinary shares of 84,085,224 at £1 each.

2) On 17 May 2017, the Company converted its existing 25,000,000 8% non-cumulative preference shares of £1 each into ordinary shares of £1 each. This conversion added to the existing issued share capital resulting in total issued ordinary shares of 109,085,224 at £1 each.

3) Following this conversion, by means of a bonus issue, the Company allotted 53,044,785 fully-paid ordinary shares of £1 each at par with no share premium to the existing shareholders of the Company. This bonus issue added to the existing issued share capital resulting in total issued ordinary shares of 162,130,009 at £1 each.

4) On 19 May 2017, the Company reduced its existing share capital from £162,130,009 divided into 162,130,009 ordinary shares of £1 each, to £500,000, divided into 500,000 ordinary shares of £1 each, by cancelling and extinguishing 48,489,003 ordinary shares of £1 each which were registered in the name of Citi Investments Bahamas Ltd., and 113,141,006 ordinary shares of £1 each which were registered in the name of Citibank Overseas Investment Corporation.

10. Cash at bank

	2018 £ Million	2017 £ Million
Cash at bank held by group undertakings	20	106
	20	106

At 31 December 2017, the Company had a borrowing of £86 million from Citibank N.A, which was repaid during 2018.

CITIBANK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Related party transaction

At year-end 2018, the Company was a 70% owned subsidiary of Citibank Overseas Investment Corporation, which is incorporated in the United States of America. Citi Investments Bahamas Ltd owned the remaining 30%. During the year, Citi Investments Bahamas Ltd. changed its legal domicile and name to Citi Investments Delaware LLC, however, its name and legal domicile were subsequently changed back to Citi Investments Bahamas Ltd. The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc. which is incorporated in the United States. The Company defines related parties as the Board of Directors, their close family members, parent and fellow subsidiaries and associated companies.

A number of arms' length transactions are entered into with related parties. These include loans and deposits that provide funding to the Company. The table below summarises balances with related parties. There were no related party transactions with the ultimate parent company, Citigroup Inc.

2018	**Parent undertaking £ Million**	**Subsidiary undertakings £ Million**	**Other Citigroup undertakings £ Million**	**Total £ Million**
Assets				
Cash at bank	-	-	20	20
Liabilities				
Amount due to group undertakings	-	-	8	8
Income statement				
Interest expense and similar charges	-	-	(1)	(1)

2017	**Parent undertaking £ Million**	**Subsidiary undertakings £ Million**	**Other Citigroup undertakings £ Million**	**Total £ Million**
Assets				
Cash at bank	-	-	106	106
Liabilities				
Amount due to group undertakings	-	-	92	92
Income statement				
Interest expense and similar charges	-	-	(1)	(1)

NOTES TO THE FINANCIAL STATEMENTS

12. Directors' remuneration

Key management are the Directors of the Company and their remuneration relates to the services provided to the Company.

	2018 £ '000	2017 £ '000
Salaries and other short-term benefits	42	79
Post-employment benefits	7	8
Share-based payments	23	34
	72	121

A listing of the Board of Directors is shown in the Directors' Report.

Contributions to defined benefit and money purchase schemes are accruing to three of the Directors (2017: three). Two of the Directors (2017: two) of the Company participate in a Citigroup share plan. None of the Directors hold share options (2017: none) and during the year, none of the Directors (2017: none) exercised options. The emoluments for the highest paid Director were £61 thousand (2017: £56 thousand) with £23 thousand (2017: £19 thousand) being share based compensation and accrued pension of £7 thousand (2017: £7 thousand).

Directors' emoluments are borne by another group company.

13. Financial instruments and risk management

Objectives, policies and strategies

Financial instruments are fundamental to the Company's and its subsidiaries' and associates' business and constitute a core element of its operations. Financial instruments create, modify or reduce the liquidity, credit and market risk of the Company's balance sheet.

The objective of using financial instruments for financing purposes is to manage the Company's balance sheet in terms of minimising market risk and to support liquidity management. Responsibility for overseeing and implementing balance sheet management lies with the Company's Treasury department.

Risk management

The following sections summarise the processes that were in place during 2018 for managing the Company's major risks.

Currency exposures

The main operating currency of the Company is Pounds Sterling ("£"). Transactional currency exposures occur as a result of normal operations and/or cross-border intercompany transactions. The Company's Treasury department monitors the impact of currency exposures closely.

Liquidity risk

Management of liquidity at Citigroup is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup and its major operating subsidiaries. Under this policy, there is a single set of standards for the measurement of liquidity risk to seek consistency across businesses, stability in methodologies and transparency of risk. Management of liquidity at each UK operating subsidiary is performed on a daily basis and is monitored by Corporate Treasury.

The following table analyses the Company's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

13. Financial instruments and risk management (continued)

Liquidity risk (continued)

2018	**1 year or less £ Million**	**Greater than 5 years £ Million**	**Total £ Million**
Assets			
Cash at bank	20	-	20
All other assets	9	177	186
2018 total assets	29	177	206
2017 total assets	111	183	294
Liabilities and equity			
Amount due to group undertakings	8	-	8
All other liabilities and equity	-	198	198
2018 total liabilities and equity	8	198	206
2017 total liabilities and equity	92	202	294
2018 net liquidity gap	21	(21)	-
2017 net liquidity gap	19	(19)	-

The table below analyses the Company's liabilities into relevant maturity groupings based on the remaining contractual future undiscounted cash flows up to maturity. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the liquidity risk based on the contractual maturity as disclosed in the previous table.

2018	**3 months or less £ Million**	**Greater than 5 years £ Million**	**Total £ Million**
Liabilities			
Amount due to group undertaking	8	-	8
	8	-	8
2017			
Liabilities			
Amount due to group undertaking	92	-	92
	92	-	92

NOTES TO THE FINANCIAL STATEMENTS

13. Financial instruments and risk management (continued)

Credit risk

The Company takes on limited exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Company's maximum credit exposure is represented by the financial assets presented on the balance sheet.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in the Company's business activities and, as with other risk types, is managed through an overall framework with checks and balances that includes:

- Recognised ownership of the risk by the businesses;
- Oversight by independent risk management and control functions; and
- Independent review by Internal Audit.

The goal is to keep operational risk at appropriate levels relative to the characteristics of the Company's business, its capital and liquidity, and the economic and regulatory environment.

14. Post balance sheet events

As at 31 December 2018, CitiFinancial Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

As at 31 December 2018, CitiFinancial Corporation Limited, a subsidiary of the Company, was in liquidation and was dissolved on 22 June 2019.

15. Parent companies

At 31 December 2018, the Company is a 70% owned subsidiary of Citibank Overseas Investment Corporation, registered at One Penns Way, New Castle, DE 19720, United States of America. Citi Investments Bahamas Ltd., registered at 110 University Drive, Nassau, Bahamas, owns the remaining 30% of the Company. During the year, Citi Investments Bahamas Ltd. changed its legal domicile and name to Citi Investments Delaware LLC, however, its name and legal domicile were subsequently changed back to Citi Investments Bahamas Ltd.

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc., a company registered at 1209 Orange Street, Wilmington, New Castle, DE 19801, United States of America. Copies of these group accounts are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/investor/overview.html.