

**CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED**

(Registered Number: 4232442)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the year ended 31 December 2016



# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## DIRECTORS' REPORT

for the year ended 31 December 2016

The Directors present their Report and the audited financial statements of Citigroup International Luxembourg Limited (the Company) for the year ended 31 December 2016.

### Business environment and principal activities

The Company is wholly owned indirect subsidiary of Citigroup Inc. The words "Citigroup" and "Citi" are used interchangeably throughout this document and both refer to Citigroup Inc.

The Company acts as a holding company, its principal activities being the investment in, and the holding of shares and other financial instruments in, subsidiary undertakings. It has its effective centre of management and control in Luxembourg and as such is subject to corporate law requirements under Luxembourg law. The Company is registered in England and Wales as well as registered as a Société à Responsabilité Limitée (SARL) in Luxembourg.

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

### 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 10 'Group structure'.

### Going concern basis

The financial statements are prepared on a going concern basis, as 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 Directors acknowledge their intent to place the Company into liquidation but cannot commit to doing so within 12 months from the date of approval of these financial statements and are therefore prudently confirming the existence of resources to support a going concern assertion should the Company continue beyond 12 months from the date of approval of these financial statements.

### Statement of Directors' responsibilities in respect of the Directors' report, Strategic report and the Financial Statements

The Directors are responsible for preparing the Directors' Report, the Strategic 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 UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# **CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED**

## **DIRECTORS' REPORT**

for the year ended 31 December 2016

### **Strategic report**

The Company has elected to include information on financial risk management as per Schedule 7.6(1)(a) & (b) of the "Large and Medium-sized Companies and Groups Regulations 2008" in the Strategic report as the directors consider financial risk management of strategic importance to the Company.

### **Dividends**

No dividends were paid by the Company during the year (2015: \$nil) and the Directors do not recommend the payment of a final dividend (2015: \$nil).

### **Directors**

The Directors who held office during the year ended 31 December 2016 were:

A-E David  
A Brusi

### **Directors' indemnity**

Throughout the year and as 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.

### **Employee involvement**

There were no persons employed by the Company during the year and no persons have been employed by the Company since the year end.

### **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**

No charitable donations and political contributions were made during the year (2015: \$nil).

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## DIRECTORS' REPORT

for the year ended 31 December 2016

### Disclosure of information to auditor


In accordance with section 418, Companies Act 2006 and subject to all the provisions of section 418, it is stated by the Directors who held office at the date of approval of this Directors' Report 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.

### Auditor

Pursuant to 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



A-E David  
Director

22 September 2017

31, Z.A Bourmicht  
L-8070 Bertrange  
Luxembourg

Registered in England and Wales  
Registered Office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB  
Registered Number: 4232442

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## STRATEGIC REPORT

for the year ended 31 December 2016

The Directors present their Strategic Report of Citigroup International Luxembourg Limited (the Company) for the year ended 31 December 2016.

### Overview and principal activities

The Company acts as a holding company, its principal activities being the investment in, and the holding of shares and other financial instruments in, subsidiary undertakings. It has its effective centre of management and control in Luxembourg and as such is subject to corporate law requirements under Luxembourg law. The Company is registered in England and Wales as well as registered as a Société à Responsabilité Limitée (SARL) in Luxembourg.

### Business review and financial results

#### *Results*

The Company's pre-tax profit for the year to 31 December 2016 was \$42,000 compared to a loss of \$342,000 for 2015. The Company's profit after tax was \$42,000 (2015: loss of \$346,000). The decrease in the loss was mainly due to an increase in interest receivable during the current year.

#### *Expenses*

Administrative expenses were \$521,000 compared to \$340,000 in 2015. The variance was mainly driven by an increase in Luxembourg net wealth tax payable during the year.

#### *Balance Sheet*

The Company's net assets at the year end remained consistent compared to the prior year at \$1,267 million (2015: \$1,267 million).

### Key financial performance indicators

The Company's Directors consider that the financial results indicated above are 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 banking and markets 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 principal risks relate to the maintenance of the value of the Company's fixed asset investments in its subsidiaries and other investments. The risks affecting these companies could adversely affect the recoverable amount of the Company's investments, thereby negatively impacting the Company's financial position and performance. All time deposits are held with related Citi entities therefore the counterparty credit risk is negligible.

#### *Operational risk*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors, systems or from external events. It includes the reputation and franchise risk associated with business practices or market conduct in which Citi is involved.

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## STRATEGIC REPORT

for the year ended 31 December 2016

### Risk Management (continued)

#### *Operational risk (continued)*

Citi's operational risk is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

- recognised ownership of the risk by the businesses;
- oversight by Citi's independent risk management and control functions; and
- independent assessment by Citi's Internal Audit function.

The goal is to keep operational risk at appropriate levels relative to the characteristics of Citigroup's businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

#### *Currency risk*

Currency risk is a risk of loss resulting from transactions in foreign currencies on cash accounts. The Company is exposed to currency risk on its euro denominated balances within loans and advances to banks. The impact of this risk is monitored closely by management.

### Future outlook

The Directors acknowledge their intent to place the Company into liquidation but cannot commit to doing so within 12 months from the date of approval of these financial statements and are therefore prudently confirming the existence of resources to support a going concern assertion should the Company continue beyond 12 months from the date of approval of these financial statements.



A-E David  
Director

22 September 2017

31, Z.A Bourmicht  
L-8070 Bertrange  
Luxembourg

Registered in England and Wales  
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB  
Registered Number: 4232442

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED**

We have audited the financial statements of Citigroup International Luxembourg Limited (the Company) for the year ended 31 December 2016 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the Company's member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express our opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Namrata Basker (Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

15 Canada Square  
London E14 5GL

22 September 2017

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## INCOME STATEMENT

for the year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
Interest receivable	3	571	13
<b>Gross profit</b>		571	13
Administrative expenses	4	(521)	(340)
Foreign exchange losses		(8)	(15)
<b>Operating profit/(loss)</b>		42	(342)
<b>Profit/(loss) before taxation</b>		42	(342)
Tax on profit/(loss)	5	-	(4)
<b>Profit/(loss) for the financial year</b>		42	(346)

There was no other comprehensive income or losses for 2016 or 2015 other than those included in the Income Statement.

The accompanying notes on pages 10 to 14 form an integral part of these financial statements.

All results relate to continuing operations.

There are no recognised gains or losses other than the profit for the year.



# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## BALANCE SHEET

as at 31 December 2016

	Note	2016 \$'000	2015 \$'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	6	1,167,558	1,167,558
<b>Current assets</b>			
Cash at bank and in hand	7	2,422	1,886
Loans and advances to banks	8	98,000	98,013
Other assets		5	-
		<u>100,427</u>	<u>99,899</u>
<b>Creditors: amounts falling due within one year</b>		<u>(942)</u>	<u>(456)</u>
<b>Net current assets</b>		<u>99,485</u>	<u>99,443</u>
<b>Net Assets</b>		<u>1,267,043</u>	<u>1,267,001</u>
<b>Capital and reserves</b>			
Called up share capital	9	200,015	200,015
Share premium account		202,696	202,696
Profit and loss account		864,332	864,290
<b>Shareholder's funds</b>		<u>1,267,043</u>	<u>1,267,001</u>

The accompanying notes on pages 10 to 14 form an integral part of these financial statements.

The financial statements were approved by the Directors on 22 September 2017 and were signed on their behalf by:

  
A-E David  
Director

Registered Number: 4232442

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital	Share premium account	Profit and loss account	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 January 2015	200,015	202,696	864,636	1,267,347
Loss for the year	-	-	(346)	(346)
As at 1 January 2016	<u>200,015</u>	<u>202,696</u>	<u>864,290</u>	<u>1,267,001</u>
Profit for the year	-	-	42	42
As at 31 December 2016	<u><u>200,015</u></u>	<u><u>202,696</u></u>	<u><u>864,332</u></u>	<u><u>1,267,043</u></u>

The accompanying notes on pages 10 to 14 form an integral part of these financial statements.

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal accounting policies

#### (a) Basis of presentation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006 under the historical cost convention.

The financial statements have been prepared in US Dollars, which is the presentational and functional currency of the Company, and any reference to \$ in these financial statements refers to US Dollars.

The principal accounting policies have been applied consistently throughout the current and preceding year.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) from the beginning of the prior accounting period. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

The Company has taken exemption available under FRS 101 not to disclose all transactions with other group companies and investees of the group qualifying as related parties. It has also taken the exemption available under FRS 101 not to prepare a cash flow statement and the effects of new but not yet effective IFRSs. As the Company does not meet the definition of financial institutions according to FRS 101, it has also taken advantage of the disclosure exemptions related to IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

The Directors acknowledge their intent to place the Company into liquidation but cannot commit to doing so within 12 months from the date of approval of these financial statements and are therefore prudently confirming the existence of resources to support a going concern assertion should the Company continue beyond 12 months from the date of approval of these financial statements.

#### (b) 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 10 'Group structure'.

#### (c) Foreign currencies

Transactions in foreign currencies are recorded using the rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars using the year end rates of exchange. Non-monetary assets and liabilities, denominated in foreign currencies are translated into US Dollars at the relevant historical rates of exchange. Any gains or losses on exchange are recognised in the profit and loss account.

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal accounting policies (continued)

#### (d) Taxation

Corporation tax is provided on taxable profits or losses at the current rate. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on a discounted basis. Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The tax benefits arising from group relief are recognised in the financial statements.

The net wealth tax (currently 0.5%) is levied annually on the total net assets of Luxembourg companies, and is calculated based on the value of all the titles and assets making up the company's assets as of 1 January each year, after deduction of any liabilities encumbering these assets. Investment in subsidiary undertakings is also exempted in calculating the total tax base.

#### (e) Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less provisions for impairment.

At each reporting date, the Company assesses whether there is any indication that investments in subsidiaries are impaired. These tests for indicators of impairment are carried out annually or more frequently if events or changes in circumstance indicate that it might be impaired. If there are indicators of impairment, the recoverable amount on the investment is estimated and if it is less than the carrying amount, an impairment loss is recognised through the income statement. Recoverable amount is estimated as the net book value of the subsidiary.

#### (f) Loans and accounts receivables and payables

Loans and accounts receivables presented as loans and advances to banks on the Balance Sheet and are initially recognised at fair value including direct incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method. Accounts payables are measured at amortised cost using the effective interest rate method.

### 2. Directors' emoluments

Total emoluments of the Directors during the year were \$nil (2015: \$nil).

### 3. Interest receivable

Interest receivable from group companies was \$571,000 (2015: \$13,000).

### 4. Administrative expenses

Administrative expenses were \$521,000 (2015: \$340,000) of which \$497,000 was related to the net wealth tax (2015: \$316,000).

The auditors' remuneration for the year of \$16,515 (2015: \$21,000) is paid and borne by Citibank Europe Plc.

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Tax on loss on ordinary activities

#### (a) Analysis of tax charge for the year

	2016 \$'000	2015 \$'000
Current tax:		
Luxembourg corporation tax	-	4
	<u>          </u>	<u>          </u>
Total current tax (Note 5b)	<u>          </u>	<u>          </u>

#### (b) Factors affecting tax charge for the year:

The tax assessed for the year is equal to the standard rate of the corporate and municipal tax rate in Luxembourg 29.97% (2015: 31.47%). The differences are explained below:

	2016 \$'000	2015 \$'000
Profit/(loss) before taxation	42	(342)
	<u>          </u>	<u>          </u>
Profit/(loss) multiplied by the standard rate of corporate and municipal tax rate of 29.97% (2015: 31.47%)	12	(108)
Effects of:		
Loss not subject to tax charge	-	108
Non-deductible expenses	149	-
Recognition of previously unrecognised tax losses	(161)	-
Minimum tax charge on loss	-	4
	<u>          </u>	<u>          </u>
Current tax charge for the year (Note 5a)	<u>          </u>	<u>          </u>

No deferred tax asset has been recognised by the Company due to uncertainty in relation to timings of future profits.

Tax losses carried forward for which no deferred tax asset was recognised amounted to \$31,627,097. (2015: \$31,600,978)

No limitation in time applies in relation to losses generated between 1 January 1991 and 31 December 2016, whereas the loss carry forward will be limited in time to 17 years for losses realized as from financial years closing after 31 December 2016.

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in subsidiary undertakings

The Company's investments in the share capital of subsidiary undertakings comprised:

	2016 \$'000	2015 \$'000
As at 1 January and 31 December	1,167,558	1,167,558

Details of the Company's subsidiary undertaking held at 31 December 2016 as required by section 409 of the Companies Act 2006 are set out below. It has a year end of 31 December and a registered address of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

<u>Name</u>	<u>Nature of business</u>	<u>% equity holding</u>
Citigroup Participation Luxembourg Limited	Investment company	100%

The investment is unlisted.

### 7. Cash at bank and in hand

	2016 \$'000	2015 \$'000
Cash at bank	24	26
Cash at bank held by other group undertakings	2,398	1,860
	<u>2,422</u>	<u>1,886</u>

### 8. Loans and advances to banks

	2016 \$'000	2015 \$'000
Time deposits held with other group undertakings	98,000	98,013

### 9. Share capital

	2016 \$'000	2015 \$'000
<b>Allotted, called-up and fully paid</b>		
600 Class A shares of US\$25 each	15	15
8,000,000 Class C shares of US\$25 each	200,000	200,000
	<u>200,015</u>	<u>200,015</u>

# CITIGROUP INTERNATIONAL LUXEMBOURG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Share capital (continued)

#### Class C shares

8,000,000 Class C shares were issued on 14 October 2003 to acquire the subsidiary companies of Citigroup (Gibraltar) Limited. For the purpose of these financial statements the directors took advantage of merger relief under S132 (2) and S133 CA 1985. Under S132 (2) CA 1985 US\$202 million of the total premium has been recorded in the share premium account and represents the amount that these subsidiaries were held in the Citigroup (Gibraltar) Limited book, ('minimum premium value'), less the aggregate nominal value of the issued shares.

The share premium contributed by the holders of Class C shares is held at the restricted disposal of such member. Apart from the above rights concerning Class C contributed share premium, the Class C shares have the same rights and rank pari passu in all other respects with Class A shares.

### 10. Group structure

The Company's immediate parent undertaking is Citi Overseas Investments Bahamas Inc., registered at 110 Thompson Blvd., P. O. Box N1576, Nassau, New Providence, Bahamas.

The Company's ultimate parent undertaking is Citigroup Inc., registered at 1209 Orange Street, Wilmington, New Castle, DE, 19810, United States of America.

The audited financial statements of CILL are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from [www.citigroup.com/citi/corporategovernance/ar.htm](http://www.citigroup.com/citi/corporategovernance/ar.htm).