

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

(Registered Number: 4329029)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019



CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

The Directors present their report and the audited financial statements of Citigroup Participation Luxembourg Limited (the Company) for the year ended 31 December 2019.

Business environment and principal activities

The Company is a 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 is headquartered in Luxembourg and for the year under review had a branch in one European country (2018:1 European country), in Switzerland.

During the year ended 31 December 2019, the Company acted as a holding company, its principal activities being the investment in, and the holding of shares and other financial instruments in, subsidiary undertakings. As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1 - *Principal accounting policies*.

The Company 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 12 - *Group structure*.

Events after the reporting period

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

This is a non-adjusting event and it is not expected to have any material financial effects to the Company.

Going concern basis

As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 1 - *Principal accounting policies*.

Dividends

Dividend income of \$74.9 million was received by the Company during the year (2018: \$786.9 million). The decrease relates to the liquidation of a subsidiary in 2018 for which \$1,977 million was received in cash from Citigroup (Jersey) Limited representing the return of its capital to the Company in preparation for liquidation. The received cash was \$785.8 million higher than the net book value of the investment in the Company's Swiss branch books, resulting in an investment income. Further \$1.1 million was also received from Citigroup (Jersey) Limited, while during 2019, only \$74.9 million was obtained in the form of dividend from Cititrust (Switzerland) Limited and Citi International Financial Services LLC.

\$74.9 million dividends in cash were paid by the Company during the year (2018: \$1,989.5 million) and the Directors do not recommend the payment of a final dividend (2018: \$nil).

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.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

Political contributions

No political contributions were made during the year. (2018: \$nil).

Risk management

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.

Directors

The Directors who held office during the year ended 31 December 2019 and since year end were:

A Brusi

A-E David (resigned on 20 January 2020)

M Niinikoski (appointed on 17 February 2020)

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.

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;
- 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. As explained in Note 1 - *Principal accounting policies*, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

Stakeholder engagement statement

- Who are our key stakeholders and how do we engage with them?

To ensure the most efficient and effective approach, stakeholder engagement is led by Citigroup, in particular where matters are of group-wide significance or have an impact on Citigroup's reputation.

- How does the Board satisfy itself that relevant stakeholder and other considerations have been taken into account?

The Company's Board considers and discusses information from across the organisation to help it understand the impact on the Company's operations and the interests and views of our key stakeholders, The Board also reviews strategy and financial performance as well as information such as operational and financial risks and regulator priorities. The Board receives this information in advance of each quarterly meeting.

Using all of the above actions, the Board has an overview of engagement with stakeholders, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Disclosure of information to auditors

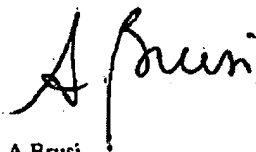
In accordance with section 418, Companies Act 2006 and subject to all the provisions of section 418, the Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as each is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report 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 Brusi
Director



M Niinikoski
Director

29 September 2020

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: 4329029

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

STRATEGIC REPORT

for the year ended 31 December 2019

The Directors present their Strategic Report of Citigroup Participation Luxembourg Limited ("the Company") for the year ended 31 December 2019.

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 profit before taxation for the year to 31 December 2019 was \$74.5 million (2018: \$786.6 million). The Company's profit after tax was \$74.5 million compared to a gain of \$786.6 million in the previous year. The decrease relates to the liquidation of a subsidiary in 2018 for which \$1,977 million was received in cash from Citigroup (Jersey) Limited representing the return of its capital to the Company in preparation for liquidation. The received cash was \$785.8 million higher than the net book value of the investment in the Company's Swiss branch books, resulting in an investment income. Further \$1.1 million was also received from Citigroup (Jersey) Limited, while during 2019, only \$74.9 million was obtained in the form of dividend from Cititrust Switzerland Limited and from Citi International Financial Services LLC.

Expenses

Administrative expenses were \$0.6 million compared to \$0.3 million in previous year. The variance was mainly driven by an increase in legal and consulting fees.

Balance Sheet

The Company's net assets were \$113.5 million as at 31 December 2019 which is in line with prior year (2018: \$113.9 million). Dividend income of \$74.9 million was received by the Company during the year (2018: \$786.9 million), but the same amount was subsequently paid to Citigroup International Luxembourg Limited as an interim dividend.

During the year 2019, the Company reduced its existing share capital by cancelling and extinguishing 1,850,030 of the ordinary shares of \$30 each which are registered in the name of Citigroup International Luxembourg Limited.

During the year 2019, the Company also reduced its legal reserve from the prior year balance of \$57,751,500 by \$57,750,090 resulting in a balance of \$1,410.

Risk Management

The principal risks relate to the maintenance of the value of the Company's financial asset investments in its subsidiaries. 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.

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.

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 Citi's businesses, the markets in which it operates, its capital and liquidity, and the competitive, economic and regulatory environment.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

STRATEGIC REPORT

for the year ended 31 December 2019

Risk Management (continued)

Currency risk

Currency risk is a risk of loss resulting from either transactions in foreign currencies on cash accounts or subsidiaries presented in foreign currencies. The Company is exposed to currency risk on its euro denominated balances within cash at bank and on its Swiss franc denominated subsidiary. The impact of this risk is monitored closely by management.

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.

Future outlook

The Directors intend to liquidate the Company within 12 months after signing these financial statements, therefore they have not prepared the financial statements on a going concern basis.

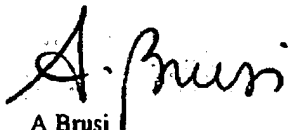
Section 172 statement

Section 172(1) of the Companies Act 2006 requires each director of the Company to act in a way in which he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters including:

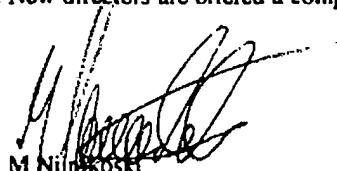
- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the Company's members.

The Directors of the Company give careful consideration to the matters referred to in section 172(1) when discharging their legal duties. As a Board, we believe in taking decisions for the long-term benefit of the Company and look to safeguard the Company's reputation by upholding the highest standards of business conduct. Depending on the issue in question, the relevance of each stakeholder group and other relevant factors may vary. As such, the Board strives to understand the needs and priorities of each stakeholder group and the other factors relevant to the issue in question during its deliberations and as part of its decision-making.

The Board receives periodic refresher training on their legal duties and may seek advice about the implications of these duties at any time from our Company Secretary. New directors are offered a comprehensive induction programme which includes training on their statutory duties.



A Brusi
Director



M Niittokoski
Director

29 September 2020

31, Z.A Bourmicht
L-8070 Bertrange
Luxembourg

Registered in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

Opinion

We have audited the financial statements of Citigroup Participation Luxembourg Limited ("the company") for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

Emphasis of matter- Non- going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

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.

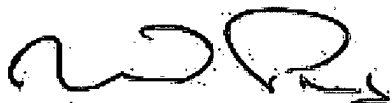
Auditor's responsibilities

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.



Richard Pinks (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

30 September 2020

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

INCOME STATEMENT

for the year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
Investment income	3	74,921	786,855
Interest income	4	188	15
Gross profit		<u>75,109</u>	<u>786,870</u>
Administrative expenses	5	(563)	(302)
Foreign exchange (losses)/gains		(3)	50
Operating profit		<u>74,543</u>	<u>786,618</u>
Profit before taxation		<u>74,543</u>	<u>786,618</u>
Tax charge for the year	6	(8)	(48)
Profit for the financial year		<u><u>74,535</u></u>	<u><u>786,570</u></u>

There were no other recognised gains or losses during the year and hence no statement of total recognised gains and losses is presented.

The accompanying notes on pages 12 to 17 form an integral part of these financial statements.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

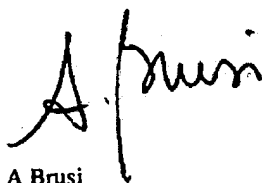
BALANCE SHEET

as at 31 December 2019

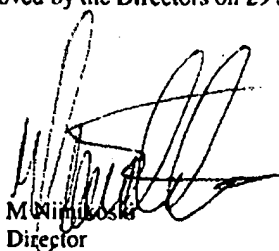
	Note	2019 \$'000	2018 \$'000
Fixed assets			
Shares in subsidiary undertakings	7	-	110,790
		<hr/>	<hr/>
		-	110,790
Current assets			
Shares in subsidiary undertakings	7	110,790	-
Cash at bank and in hand	8	3,322	4,520
		<hr/>	<hr/>
		114,112	4,520
Current liabilities			
Creditors: amounts falling due within one year	9	(607)	(1,419)
		<hr/>	<hr/>
Net current assets		113,505	3,101
		<hr/>	<hr/>
Net Assets		113,505	113,891
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	10	14	55,515
Other reserves	11	1	57,752
Profit and loss account		113,490	624
		<hr/>	<hr/>
Shareholder's funds		113,505	113,891
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements were approved by the Directors on 29 September 2020 and were signed on their behalf by:



A Brusi
Director



M Minkoski
Director

Registered Number: 4329029

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Note	Share capital \$'000	Share premium account \$'000	Other reserves \$'000	Profit and loss account \$'000	Total \$'000
As at 1 January 2018		577,515	532,290	57,752	149,264	1,316,821
Profit for the year		-	-	-	786,570	786,570
Decrease in ordinary share		(522,000)	-	-	522,000	-
Capitalisation of share premium account		-	(532,290)	-	532,290	-
Dividend		-	-	-	(1,989,500)	(1,989,500)
As at 1 January 2019		55,515	-	57,752	624	113,891
Profit for the year		-	-	-	74,535	74,535
Decrease in share capital	10	(55,501)	-	-	55,501	-
Decrease in other reserves	11	-	-	(57,751)	57,751	-
Dividend		-	-	-	(74,921)	(74,921)
As at 31 December 2019		14	-	1	113,490	113,505

The accompanying notes on pages 12 to 17 form an integral part of these financial statements.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

(a) Basis of presentation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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, the effects of new but not yet effective IFRSs and Capital Management disclosures.

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. All values are rounded to the nearest US Dollars, except where otherwise indicated.

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

The Directors intend to liquidate the Company following the settlement of the remaining net assets, therefore the Directors have not prepared the financial statements on a going concern basis but on a net realisable value basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

(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 2019. 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 income statement. There are no significant changes to lessor accounting aside from enhanced disclosure requirements. The change in accounting standard did not have any impact on the Company, as it does not enter into lease arrangements.
- **IFRS 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 did not have any impact on the Company.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

(c) 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 12 - *Group structure*.

(d) Foreign currencies and net foreign exchange gains and losses

The Company's financial statements are presented in US Dollars (\$), 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. Foreign currency differences are recognised in the profit and loss account.

(e) 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 (or, where appropriate, a shorter period) 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.

(f) Taxation

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.

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. The net wealth tax expense is included in administrative expenses.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

(g) Shares in subsidiary 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. As the financial statements have not been prepared on going concern basis, the investments are stated at the lower of its carrying amount and fair value less costs to sell.

(h) Creditors

Creditors are measured at amortised cost using the effective interest rate method.

2. Directors' emoluments

Total emoluments of the Directors during the year were \$nil (2018: \$nil).

3. Investment income

In 2019, the Company received dividend of \$65 million (2018: \$nil) from Citi International Financial Services LLC and \$9.9 million (2018: \$nil) from Cititrust (Switzerland) Limited. The decrease in investment income compared to 2018 relates to the liquidation of a subsidiary in 2018 for which \$1,977 million was received in cash from Citigroup (Jersey) Limited representing the return of its capital to the Company in preparation for liquidation. The received cash was \$785.8 million higher than the net book value of the investment in the Company's Swiss branch books, resulting in an investment income. Further \$1.1 million was also received from Citigroup (Jersey) Limited in 2018.

4. Interest income

Interest income from group companies was \$188,421 (2018: \$15,393), which related to interest received on bank deposits.

5. Administrative expenses

Administrative expenses were \$562,811 (2018: \$301,925).

Administrative expenses include:

	2019 \$'000	2018 \$'000
Luxembourg net wealth tax	46	33
Management recharges	150	150
Staff costs:		
- Employee remuneration	-	-
- Social security	-	1

The Company employed an average of 0 employees during the year (2018: 0).

The auditor's remuneration for the year of \$29,276 (2018: \$21,801) is paid and borne by Citibank Europe Plc.

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Tax on profit

(a) Analysis of tax charge for the year

	2019 \$'000	2018 \$'000
Current tax:		
Foreign tax claimed	8	48
	<u>8</u>	<u>48</u>
Total current tax charge (Note 6b)	<u>8</u>	<u>48</u>

(b) Factors affecting tax charge for the year:

The tax assessed for the year is equal to the effective rate of the corporate and municipal tax rate in Luxembourg 25.69% (2018: 26.76%). The differences are explained below:

	2019 \$'000	2018 \$'000
Profit before taxation	74,543	786,618
	<u>74,543</u>	<u>786,618</u>
Profit multiplied by the standard rate of corporate and municipal tax rate of 25.69% (2018: 26.76%)	19,150	210,499
Effects of:		
Income/loss not subject to tax charge	(19,162)	(210,490)
Non-deductible expenses	12	9
Recognition of previously unrecognised tax losses	-	-
Prior year related tax charge	8	30
	<u>8</u>	<u>48</u>
Current tax charge for the year (Note 6a)	<u>8</u>	<u>48</u>

No deferred tax asset has been recognised by the Company as its recoverability from future taxable profits is unlikely.

Tax losses carried forward for which no deferred tax asset was recognised amounted to \$nil (2018: \$nil).

No limitation in time applies in relation to losses generated between 1 January 1991 and 31 December 2017, 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 PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Shares in subsidiary undertakings

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

	2019 \$'000	2018 \$'000
At 1 January	110,790	1,302,035
Dissolution of Citigroup (Jersey) Limited	-	(1,191,245)
At 31 December	<u>110,790</u>	<u>110,790</u>

Shares in subsidiary undertakings have been reclassified to current assets as the Directors intend to liquidate the Company following the settlement of the remaining net assets.

Details of the Company's subsidiary undertakings held at 31 December 2019 as required by section 409 of the Companies Act are set out below. All have a year end of 31 December.

Name	Address of registered office	Nature of business	% equity holding
Citi International Financial Services LLC	235 Federico Costa St. Suite 101 Parque Las Americas I San Juan, Puerto Rico, 00918	Broker	100%
Cititrust (Cayman) Limited	Boundary Hall, Cricket Square Grand Cayman, Cayman Islands	Trust Company	100%
Cititrust (Bahamas) Limited	14 University Drive (formerly 110 Thompson Boulevard) Nassau, Bahamas	Trust Company	100%
Cititrust (Switzerland) Limited	Hardstrasse 201 Zurich, Switzerland, 8005	Trust Company	100%
Cititrust (Jersey) Limited	38 Esplanade, St. Helier Jersey, Channel Islands, JE4 8ZT	Trust Company	100%
Citigroup (Channel Islands) Limited	38 Esplanade, St. Helier Jersey, Channel Islands, JE4 8ZT	Finance Company	100%

During the year 2018 Citigroup (Jersey) Limited was in liquidation, and was dissolved on 18 September 2018.

All investments are unlisted.

8. Cash at bank and in hand

	2019 \$'000	2018 \$'000
Cash at bank	7	10
Cash at bank held by other group undertakings	3,315	4,510
	<u>3,322</u>	<u>4,520</u>

CITIGROUP PARTICIPATION LUXEMBOURG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Creditors

	2019	2018
	\$'000	\$'000
Amounts falling due within one year		
Overdraft	-	55
Amounts owed to group undertakings	164	164
Taxation	303	1,200
Other creditors	301	-
	<u>769</u>	<u>1,419</u>

10. Share capital

	2019	2018
	\$'000	\$'000
Allotted, called-up and fully paid		
2019: 470 (2018: 1,850,500) ordinary shares of \$30 each	14	55,515
	<u>14</u>	<u>55,515</u>

In preparation for the liquidation, on 12 December 2019, the Company reduced its existing share capital by cancelling and extinguishing 1,850,030 of the ordinary shares of \$30 each which are registered in the name of Citigroup International Luxembourg Limited.

11. Other reserves

On 28 June 2006 the High Court of Justice approved a reduction in the share premium account of \$57,751,500 to be treated as a legal reserve for the purpose of Luxembourg Law. The court order was registered at Companies House, Cardiff on 29 June 2006. In 2019, following the reduction of the share capital as detailed in Note 10 – *Share Capital*, the legal reserve was also reduced from the prior year balance of \$57,751,500 by \$57,750,090 resulting in a balance of \$1,410 being the 10% of the share capital.

12. Group structure

The Company's immediate parent undertaking is Citigroup International Luxembourg Limited (CILL), registered at 31, Z.A. Bourmicht, Bertrange, L-8070, Luxembourg. Its registered office is at 55 Baker Street, London, W1U 7 EU, United Kingdom.

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 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.

13. Events after the reporting period

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

This is a non-adjusting event and it is not expected to have any material financial effects to the Company.