

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

(Registered Number: 04988945)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019



CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

The Directors present their report and the financial statements of Citigroup Global Markets Europe Finance Limited ('CGMEFL' or 'the Company') for the year ended 31 December 2019.

Company background

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. and acts as a holding company. The Company holds a subsidiary undertaking, CIB Properties Limited, which provides office accommodation and related facilities to other affiliated entities. The Company's immediate parent is Citigroup Financial Products Inc. ('CFPI').

As part of an intra-group reorganisation on 1 April 2018 the former immediate parent of the Company, Citigroup Global Markets Switzerland GmbH ('CGMSH'), transferred its 1,000 ordinary shares of \$1 each in the Company to Citigroup Financial Products Inc.

On 28 September 2018 CGMEFL received a capital contribution of \$196 million from CFPI. These funds were immediately and directly transferred to CIB Properties Limited as a capital contribution in order to ensure proper capitalisation and strengthen the balance sheet of its subsidiary undertaking. Additionally, effective 30 September 2018, as part of a wider internal Citi resolution and recovery planning reorganisation process, CIB Properties Limited transferred the net asset value of the main operating lease associated with Citigroup Centre 2 ('CGC2'), 25 Canada Square, part of Citi's EMEA headquarters. As a result, the amount of \$113 million was transferred to Citibank N.A., London Branch via a deemed dividend in specie. Further details on this reorganization can be found in the 2018 annual financial statements of CIB Properties Limited.

During 2019, related to the finalization of the lease transfer an additional \$0.5 million was transferred to Citibank N.A., London Branch via a deemed dividend in specie due to the changes in the final net asset value of the operating lease after the transfer was implemented in the books.

As permitted under section 401 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of the ultimate parent Citigroup Inc. which prepares consolidated financial statements under US GAAP. The Company meets the criteria for exemption from the obligation to prepare and deliver group accounts that is available to a company included in non-EEA group accounts of a larger group. These financial statements therefore present information about the Company as an individual undertaking and not about its group. Citigroup Inc. makes its financial statements available to the public on a quarterly basis.

Events after the reporting period

The Company as a member of the Citigroup Inc. group (the 'Group') participated in a restructuring process of the Group's Swiss holding companies (the "Citi Swiss Restructuring") and as a result acquired two additional subsidiaries during the first quarter of 2020, Citigroup Global Markets Switzerland Holding GmbH and Citigroup Global Markets (International) Finance GmbH.

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

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, including the implications from the pandemic (COVID-19) outbreak. Looking forward, the Directors are considering multiple strategic options for the Company.

Further information relevant to this assessment is provided in the financial results on pages 6 to 13.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

Directors

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

D I Sharland (resigned on 29 November 2019)

B J Gans (resigned on 1 September 2019)

J D R Smith (appointed on 6 June 2019)

J Warren (appointed on 29 November 2019)

J D R Smith resigned with effect from 12 October 2020 and J R Killey was appointed with effect from 23 October 2020.

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.

Environmental matters

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.

Employee involvement

The Company had no employees during the year ended 31 December 2019 (2018: nil). Services are provided to the Company by employees of other Citigroup companies.

Strategic Report

Section 414B of the Companies Act 2006 states that a company is entitled to the small companies exemption in relation to the strategic report for a financial year if it would be so entitled but for being or having been a member of an ineligible group. As such, the Company has elected to exercise this exemption in relation to the preparation of a Strategic Report for this financial year.

Political contributions

During the year the Company made no political donations (2018: \$nil).

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

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

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2019

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements (continued)

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditor

In accordance with, and subject to all the provisions of, section 418 of the Companies Act, 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;
- 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.

This report was approved by the board and signed on its behalf.



J Warren
Director

Date: 15 December 2020

Citigroup Centre
Canada Square Canary Wharf London
E14 5LB

Registered number: 04988945

Incorporated in England and Wales

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

Opinion

We have audited the financial statements of Citigroup Global Markets Europe Finance 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 loss 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.

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 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.

Directors' report

The directors are responsible for 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 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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.



Matthew Davies (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

15 December 2020

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

INCOME STATEMENT

for the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Interest receivable		-	-
Interest payable		-	-
		<hr/>	<hr/>
Gross loss		-	-
Operating expenses	2	(24)	(23)
Foreign exchange (loss)/gain		(6)	18
		<hr/>	<hr/>
Operating loss		(30)	(5)
Impairment of investments	5	(23,817)	(44,544)
		<hr/>	<hr/>
Loss before taxation		(23,847)	(44,549)
Tax	4	-	-
		<hr/>	<hr/>
Loss for the financial year		<u>(23,847)</u>	<u>(44,549)</u>

There were no other comprehensive income or losses for 2019 or 2018 other than those included in the Income Statement.

The accompanying notes on pages 9 to 13 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

BALANCE SHEET

as at 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Fixed assets			
Investments	5	321,960	346,298
Current assets			
Cash at bank	6	2,246	2,246
Creditors: amounts falling due within one year	7	(265)	(235)
Net current asset		<u>1,981</u>	<u>2,011</u>
Net assets		<u>323,941</u>	<u>348,309</u>
Capital and reserves			
Called up share capital	8	1	1
Capital reserve	9	347,787	348,308
Profit and loss account	9	(23,847)	-
Shareholder's funds		<u>323,941</u>	<u>348,309</u>

The accompanying notes on pages 9 to 13 form an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Directors on 15 December 2020 and were signed on their behalf by:



J Warren
Director
Registered Number: 04988945

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital \$'000	Reserves \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 1 January 2018	1	173,000	136,517	309,518
Capital contribution	-	196,274	-	196,274
Dividend in specie	-	(20,966)	(91,968)	(112,934)
Loss for the year	-	-	(44,549)	(44,549)
At 31 December 2018	1	348,308	-	348,309
Dividend in specie	-	(521)	-	(521)
Loss for the year	-	-	(23,847)	(23,847)
At 31 December 2019	1	347,787	(23,847)	323,941

The accompanying notes on pages 9 to 13 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE 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 the 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 information relating to the entities objectives, policies and processes for managing capital. As the Company does not meet the definition of a financial institution 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 financial statements have been prepared in US Dollars, which is the functional currency of the Company, and any reference to \$ in these financial statements refers to US Dollars.

The Directors have satisfied themselves that the Company has adequate resources to continue in operation for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the implications from the pandemic (COVID-19) outbreak. Accordingly, the financial statements have been prepared on a going concern basis.

As permitted under section 401 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of the ultimate parent Citigroup Inc. which prepares consolidated financial statements under US GAAP. Citigroup Inc. makes its financial statements available to the public on a quarterly basis.

(b) Changes in accounting policy and disclosures

Changes implemented in 2019

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 statement of financial position 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. This standard did not have any impact on the Company, as it does not enter into lease arrangements.

(c) Interest receivable and payable

Interest income and expense is recognised in the profit and loss account for all financial assets and liabilities 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 asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective interest rate includes incremental and directly attributable transaction costs and fees paid or received that are an integral part of the effective interest rate.

(d) Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less impairment. 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 value in use, determined by the net asset value of the subsidiary undertaking at the reporting date.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (continued)

(e) Taxation

Corporation tax is provided on taxable profits or losses at the current rate.

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 sufficient 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.

(f) Foreign currencies

The Company's presentational and functional currency is the US Dollar.

Monetary assets and liabilities denominated in currencies other than US Dollars have been translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than US Dollar have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the profit and loss account as incurred.

2. Operating expenses

	2019 \$'000	2018 \$'000
Operating expenses include:		
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	24	23
	<u>24</u>	<u>23</u>

3. Directors' remuneration

None of the Directors received any emoluments for their services to the Company during the current and preceding year.

4. Tax

Factors affecting tax charge for the period

	2019 \$'000	2018 \$'000
Loss on ordinary activities before tax	(23,847)	(44,549)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(4,531)	(8,464)
Effects of:		
Non deductible expenses	4,525	8,463
Effects of group or other relief	6	1
Current tax charge for the period	<u>-</u>	<u>-</u>

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Tax (continued)

Factors that may affect future tax charges

The main rate of corporation tax in the UK was reduced from 20% to 19% on 1 April 2017. The Finance Act 2016, which was enacted on 15 September 2016, reduced the main rate of corporation tax to 17% with effect from 1 April 2020.

The 2020 Budget has removed the reduction to 17% such that the rate will remain at 19%.

5. Fixed asset investments and related undertakings

	Investments in subsidiary and associated companies \$000
Cost	
At 1 January 2019	623,615
Capital contribution	-
Deemed dividend in specie	(521)
At 31 December 2019	<u>623,094</u>
Impairment	
At 1 January 2019	277,317
Charge for the year:	
Revaluation of opening sterling investment	(13,908)
Decrease in value of the underlying investment	<u>37,725</u>
	23,817
At 31 December 2019	<u>301,134</u>
Net book value	
At 31 December 2019	<u>321,960</u>
At 31 December 2018	<u>346,298</u>

Fixed asset investments represent ordinary shares of CIB Properties Limited held by the Company.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. Fixed asset investments and related undertakings (continued)

As part of a wider internal Citi resolution and recovery planning reorganisation process, in 2018 CIB Properties Limited transferred the net asset value of the main operating lease associated with Citigroup Centre 2 ('CGC2'), 25 Canada Square, part of Citi's EMEA headquarters. Further details on this reorganization can be found in the 2018 annual financial statements of CIB Properties Limited.

During 2019, related to the finalisation of the lease transfer, an additional \$0.5 million was transferred to Citibank N.A., London Branch via a deemed dividend in specie due to the changes in the final net asset value of the operating lease after the transfer was implemented in the books.

The impairment charged against CGMEFL's investment for the year amounted to \$23.8 million (2018: charge of \$44.5 million) resulted from the revaluation of the opening carrying value of the investment denominated in sterling and from the decrease in the underlying investment net value for the year, in accordance with principal accounting policy 1(d).

Related undertakings

Details of all related undertakings held at 31 December 2019 as required by section 409 of the Companies Act 2006 are as follows. CIB Properties Limited has a year end of 31 December.

Name	Registered address	Class of shares held	Percentage of holding in share class
CIB Properties Limited	Citigroup Centre, Canada Square, London E14 5LB	Ordinary shares	100%

6. Cash at bank

The following amounts are included in cash at bank:

	2019 \$'000	2018 \$'000
Cash at bank held by third parties	<u>2,246</u>	<u>2,246</u>

7. Creditors

The following amounts are included in creditors:

	2019 \$'000	2018 \$'000
Amounts falling due within one year:		
Amounts due to other group undertakings	<u>265</u>	<u>235</u>

All creditor balances above are due to group undertakings.

CITIGROUP GLOBAL MARKETS EUROPE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Share capital

The Company's share capital comprises:

	2019 \$'000	2018 \$'000
Allotted, called up and fully paid 1,000 ordinary shares of \$1 each (2018: 1,000 ordinary shares of \$1 each)	1	1

9. Reserves

The capital reserve comprises capital contributions from the parent company which are distributable.

10. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Citigroup Financial Products Inc., incorporated in United States of America. The audited financial statements of the immediate parent are available to the public annually and may be obtained from its registered office at 388 Greenwich Street, New York, New York, NY, 10013, United States. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc., registered at 1209 Orange Street, Wilmington, DE19801, 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 <http://www.citigroup.com/citi/investor/overview.html>.

11. Events after the reporting period

The Company as a member of the Citigroup Inc. group (the 'Group') participated in a restructuring process of the Group's Swiss holding companies (the "Citi Swiss Restructuring") and as a result acquired two additional subsidiaries during the first quarter of 2020, Citigroup Global Markets Switzerland Holding GmbH and Citigroup Global Markets (International) Finance GmbH.

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.

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