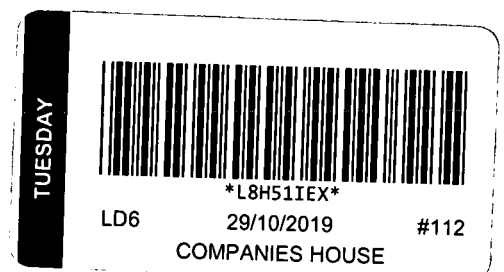


CITIGROUP GLOBAL MARKETS EUROPE LIMITED

(Registered Number: 01548967)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018



CITIGROUP GLOBAL MARKETS EUROPE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

The Directors present their Report and the audited financial statements of Citigroup Global Markets Europe Limited (CGMEL or the Company) for the year ended 31 December 2018.

Company background

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. (Citi) and acts as an investment company and a holding company.

At 31 December 2018 CGMEL held one subsidiary, JHSW Limited, a previously authorised financial institution which no longer conducts any regulated business; and a small equity investment in a Kuwaiti company, Al Raya, which has been liquidated since year end.

During 2018, there were no changes in CGMEL's investment structure. Previously, the most significant of its assets was its investment in the operating company Citigroup Global Markets Limited (CGML) which conducts investment business both in the UK and in its overseas branches. CGML is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. During 2017, CGMEL distributed its remaining interest in CGML to its parent, Citigroup Global Markets Holdings Bahamas Limited (CGMHBL), such that it no longer holds any investment in CGML.

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 United States Generally Accepted Accounting Principles. 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.

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 the financial year if it would be so entitled but for being 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.

Business review and financial results

Income Statement

The Company made a gain for the year after taxation of \$98 thousand (2017: gain of \$188 thousand). The gain for the year resulted predominantly from the fair value increase on fixed asset investments classified as fair value through profit or loss and from the occurrence of favourable exchange rate movements.

Balance sheet

Fixed asset investments were increased by \$69 thousand in 2018 resulting from the fair value increase of CGMEL's equity investment at year end, due to the implementation of the IFRS 9 accounting standard. The Company's equity investment, Al Raya, was dissolved in February 2019 and the final distribution was received on 11 February 2019. The decrease in creditors was the result of the year end exchange rate movements.

Going concern basis

As the Directors intend to liquidate the Company following the distribution 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'. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

CITIGROUP GLOBAL MARKETS EUROPE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Dividends

During the year CGMEL paid no dividends. As detailed above, during 2017 the Company distributed via a dividend *in specie* its remaining holding in CGML to its parent, CGMHBL, in line with Citi's objective of simplifying its organisational structure.

Risk management

Citigroup, and the Company, believe that effective risk management is of primary importance to its overall operations. Accordingly, Citi's risk management process has been designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities.

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 Company financial statements for each financial year. Under that law they have elected to prepare Company financial statements in accordance with United Kingdom 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 its profit or loss 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;
- 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 their 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, 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.

Directors

The Directors who held office during the year ended 31 December 2018 and since year end were:

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

CITIGROUP GLOBAL MARKETS EUROPE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

Directors' indemnity

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

Employee involvement

The Company had no employees during the year ended 31 December 2018 (2017: nil). Services are provided to the Company by employees of other Citigroup companies.

Environment

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

Political contributions

No political contributions were made during the year (2017: \$nil).

Disclosure of information to auditor

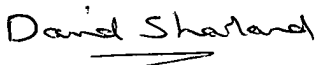
In accordance with, and subject to all the provisions of, section 418 of the Companies Act 2006, it is stated by the Directors who held office at the date of approval of this Directors' Report that

- 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.

By order of the Board.



D I Sharland
Director

16 October 2019

Incorporated in England and Wales

Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB

Registered Number: 01548967

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

Opinion

We have audited the financial statements of Citigroup Global Markets Europe Limited ("the company") for the year ended 31 December 2018 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 2018 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 are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report 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.

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.

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

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

16 October 2019

CITIGROUP GLOBAL MARKETS EUROPE LIMITED

INCOME STATEMENT

for the year ended 31 December 2018

	Notes	2018 \$'000	2017 \$'000
Interest receivable		-	3
Interest payable		-	(494)
Gross profit/(loss)		-	(491)
Gains on financial assets at fair value through profit or loss	5	69	-
Operating expenses	2	(14)	(4)
Other operating income		52	726
Profit before taxation		107	231
Tax on profit	4	(9)	(43)
Profit for the financial year		98	188

There was no other comprehensive income or losses for 2018 or 2017 other than those included in the Income Statement.

The notes on pages 9 to 16 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS EUROPE LIMITED

BALANCE SHEET

as at 31 December 2018

	Notes	2018 \$'000	2017 \$'000
Non-current assets			
Investments	5	631	562
Deferred tax asset	4	21	-
Net non-current assets		<u>652</u>	<u>562</u>
Current assets			
Debtors	6	14	3
Cash at bank	7	<u>14,281</u>	<u>14,273</u>
		14,295	14,276
Current liabilities			
Current tax liabilities		42	-
Creditors	8	<u>494</u>	<u>525</u>
		536	525
Net current assets		<u>13,759</u>	<u>13,751</u>
Net assets		<u>14,411</u>	<u>14,313</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		14,409	14,311
Shareholders' funds		<u>14,411</u>	<u>14,313</u>

The notes on pages 9 to 16 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 October 2019.

David Sharland

D I Sharland
Director

Registered Number: 01548967

CITIGROUP GLOBAL MARKETS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital	Profit and loss account	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2017	1,022,695	33,041	1,055,736
Profit for the year	-	188	188
Cancellation of ordinary shares	(1,022,693)	1,022,693	-
Dividend <i>in specie</i>	-	(1,041,611)	(1,041,611)
At 31 December 2017	2	14,311	14,313
Profit for the year	-	98	98
At 31 December 2018	2	14,409	14,411

The notes on pages 9 to 16 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS EUROPE 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 advantage of the following disclosure exemptions available under FRS 101:

- (a) the requirements of paragraphs 134-136 of IAS 1 '*Presentation of financial statements*' relating to information about the entity's objectives, policies and processes for managing capital;
- (b) the requirements of IAS 7 '*Statement of cash flows*';
- (c) the requirements of paragraphs 30-31 of IAS 8 concerning information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that they will have when they are adopted for the first time;
- (d) the requirements in IAS 24 '*Related party disclosures*'. To disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirements of paragraphs 17 and 18A of IAS 24 that relate to transactions with key management personnel.

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 intend to liquidate the Company following the distribution 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.

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-BEA group accounts of a larger group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The accounting policy set out below has, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(b) Changes in accounting policy and disclosures

The accounting policies adopted are consistent within the accounts and with those of the previous financial year, except that the requirements of IFRS 9 and IFRS 15 were implemented as at 1 January 2018. The Company's accounting policies under IFRS 9 and IFRS 15 are set out below.

Changes implemented in 2018

IFRS 9 – Financial Instruments

The new standard includes a new model for classification and measurement of financial assets, a forward-looking 'expected loss' impairment model for debt instruments and a substantially reformed approach to hedge accounting (as the Company does not conduct hedge accounting, this change will have no impact on the Company). The standard replaced the existing guidance in IAS 39 – Financial Instruments: Recognition and Measurement. Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information. IFRS 9 has been effective since 1 January 2018. The IFRS 9 standard has no material impact on the financial statements.