CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Registered Number: RC B 169 199

UNAUDITED INTERIM REPORT AND FINANCIAL STATEMENTS

for the six months ended 30 June 2020

31, Z.A. Bourmicht, L-8070 Bertrange
Luxembourg
RCS: Luxembourg B 169 199

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

These condensed interim financial statements are unaudited

MANAGEMENT REPORT

For the six months ended 30 June 2020

The Management presents its report and the financial statements for the six months ended 30 June 2020. The Management is responsible for preparing the Management Report (which for the purpose of the Transparency Directive is intended to be the Interim Management Report).

1. Activities and review of the development of the business

Citigroup Global Markets Funding Luxembourg S.C.A. ("the Company" or "CGMFL") was incorporated in the Grand Duchy of Luxembourg on 24 May 2012 as a corporate partnership limited by shares ("société en commandite par actions") for an unlimited period.

The Company is a 100% subsidiary of Citigroup Global Markets Limited ("CGML"), which is a private company limited by shares governed by the Law of the UK. CGML is a wholly-owned indirect subsidiary of Citigroup Inc. ("Citigroup"). It is headquartered in London, and operates globally, generating the majority of its business from Europe, Middle East and Africa (EMEA) region, with the remainder coming from Asia and the Americas.

The state of affairs of CGMFL at the interim results is adequately presented in the Financial Statements, as published herein. The course of business of the Company has been as expected by the Board of Managers. During the first six months of 2020, the Company conducted its activity as an issuer of structured notes, certificates and warrants and thereby raising funding for group companies.

During the period under review, the Company did not exercise any research and development activity, nor have a branch, nor acquire own shares.

2. Business review

For the six months ended 30 June 2020:

- The Company reports a gain of $48 thousand.
- The Company issued 4,740 structured notes under the Global Medium Term Note Programme for a proceed amount of USD 9,653,888,161 and 1,450 warrants under the Citi Warrant Programme, of which 812 are presented in the financial statements as index linked certificates for a proceed amount of USD 719,135,481 and 638 are presented in the financial statements as derivatives for a proceed amount of USD 811,847,887;
- The Company issued 49 preference shares in EUR, USD and in GBP for a proceed equivalent amount of USD 5,694;
- 907 structured notes matured for a proceed amount of USD 1,033,918,735 (USD 881,201,884 in cash payments and USD 152,716,851 through physical settlements) and 489 index linked certificates matured for a proceed amount of USD 375,255,799 (USD 297,875,758 in cash payments and USD 77,380,041 through physical settlements) as well as 198 warrants matured for a proceed amount of USD 305,029,744 (USD 241,241,772 in cash payments and USD 63,787,972 through physical settlements)
- The Company fully redeemed 1,514 structured notes with a proceed amount of USD 3,130,603,145 and 97 index linked certificates for a proceed amount of USD 100,753,259 as well as 181 warrants for a proceed amount of USD 179,081,704;
- The Company fully or partially retired 1,025 structured notes with a net proceed amount of USD 1,641,921,623, 83 index linked certificates with a net proceed amount of USD 223,643,851 as well as 10 warrants with a net proceed amount of USD 1,216,602.
- The Company paid 10,752 coupons for a total amount of USD 284,313,402.
- Since 1 January 2020, 49 instruments were listed on the Main Securities Market (MSM) and 70 on the Global Exchange Market (GEM) of the Irish Stock Exchange, 31 on the Frankfurt Freiverkehr, 20 on the Luxembourg Stock Exchange and 1 on the Nasdaq Stockholm AB exchange.
- There were no credit events that affected the Company.

3. Balance sheet

Total assets of $15,755,056 thousand ($12,759,152 thousand as at 31 December 2019). This is a result of increased note issuance by the vehicle during the period; this is in line with management expectations around growth of the business.

4. Results and dividends for the six months ended 30 June 2020

The results for the period are set out in the Statement of Comprehensive Income of the Financial Statements. No dividends are recommended by the Managers for the six month ended period under review.

5. Risk Management

The financial risk management objectives and policy and detailed exposure to market, liquidity, credit, country and operational risk have been disclosed in Note 16 'Financial instruments and risk management' of the Company's financial statements for the year ended 31 December 2019. The risk management objectives and policy have not materially changed in the reporting period and further details of the current period exposures are presented in the interim Management report under 'Financial highlights'.

Market outlook

The global spread of COVID-19 has resulted in governments taking varied actions towards stemming its spread and also bolstering economies. Consequently, the global economy has seen a slowdown of economic activity in many sectors and increased volatility in the financial markets. The impact of COVID-19 is expected to continue for the coming months with likely adverse effects on the operations and financial position of the business. Citigroup is closely monitoring the spread of COVID-19, the actions and reactions of Governments and the potential effects it will have on its business.

6. Financial instruments

The financial risk management objectives and policies and the exposures to credit risk and liquidity risk of the Company have been disclosed in the risk management policies in the Management Report of the Company's financial statements for the year ended 31 December 2019 and have not materially changed in the reporting period.

It does not have any externally imposed capital requirements, other than the minimum capital requirements of the Commercial Law in Luxembourg.

7. Board of Managers and their interests

The Board of Managers who held office on 30 June 2020 did not hold any shares in the Company at that date, or during the period. There were no contracts of any significance in relation to the business of the Company in which the Managers had any interest, at any time during the period.

8. Statement of Board of Managers' responsibilities

The Board of Managers (the "Board") of Citigroup Global Markets Funding Luxembourg S.C.A. (the "Company") is responsible for preparing the Management Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the Board 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 group and of their profit or loss for that period. In preparing each of the group financial statements, the Board of Managers is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board confirms that it has complied with the above requirements in preparing the Financial Statements attached herewith. The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial positions of the Company, and which enable them to ensure that the Financial Statements comply with the applicable Luxembourg laws.

The Board confirms that to the best of its knowledge, the Financial Statements which have been prepared in accordance with the applicable GAAP give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Company.

The Board further confirms that to the best of its knowledge, the Management Report includes a fair review of the business and important events that have occurred during the financial period and their impact on the Financial Statements, as well as a description of the principal risks and uncertainties of the business.

The Board has a general responsibility for taking such reasonably available steps to safeguard the assets of the Company.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the parent 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 Luxembourg Commercial Law. 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.

9. Corporate Governance Statement

The Company is subject to and complies with the Commercial Law of Luxembourg, the Listing Rules of the Luxembourg Stock Exchange and the Listing Rules of the Irish Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to its own corporate governance requirements; in particular, the Company's parent, CGML, has in place a dedicated management team and governance structure. CGML provides operational and technology services, in line with the global technology model used by its businesses, and relies on shared services provided centrally or by local Citigroup entities.

Financial Reporting Process

The Board of Managers (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achiever the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for managing the business affairs of the Company with the Articles of Association. The Board of Managers may delegate certain functions to other parties, subject to the supervision and direction by the Board of Managers.

The Board of Managers evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board of Managers also examines and evaluates the external auditor's performance, qualifications and independence.

Risk Assessment

The Board of Managers is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Company has in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's Financial Statements.

Monitoring

The Board of Managers has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. The Board of Managers has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board of Managers to perform effective monitoring and oversight of the internal control and risk management system of the Company in relation to the financial reporting process. The Company's activities are in the scope of CGML's internal audit function.

Capital Structure and Share Capital

The Company is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. ("the Manager"). The Board of Managers provides independent management of the Company. The Company is a wholly owned indirect subsidiary of Citigroup Inc. No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc.

On 24 May 2012, the date of the Company's incorporation, one-quarter (EUR 500,000) of the subscribed share capital was paid up.

The subscribed share capital of the Company is equivalent to two million USD (USD 2,000,000) divided into one (1) share with a nominal value of one Euro (EUR 1-) (action de commandité, the "Unlimited Share") held by Citigroup Global Markets Funding Luxembourg GP S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg (the "Unlimited Shareholder"), one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) shares with a nominal value of one Euro (EUR 1.-) each (actions de commanditaire, the "Limited Shares") held (i) by the Unlimited Shareholder for one (1) Limited Share and (ii) by Citigroup Global Markets Limited ("CGML"), a private limited company, incorporated under the laws of the United Kingdom, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares.

CGML also held one hundred and sixty-six (166) redeemable preferred shares in one hundred and sixty-six (166) different classes each having a nominal value of EUR one (1) each. The redeemable preference shares issued are classified as a financial liability and presented in the caption "Redeemable preference shares" because it is mandatorily redeemable in cash.

Except the preference shares, which are not entitled to any dividend, all shares confer identical rights in respect of capital, dividends, voting and otherwise.

Refer to Note 6 of the Financial Statements as at and for the six months ended 30 June 2020

During the first six months of 2020, forty-nine (49) new preference shares have been issued to CGML for a total amount of USD 5,694.27 (including share premium).

Powers of Managers

The Board of Managers is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Managers may delegate certain functions to other parties, subject to the supervision and direction by the Managers.

There is no agreement between the Company and its Board of Managers providing for compensation if they resign or are removed from office for any reason by a Shareholders' decision.

10. Events after the reporting period

The performance of the Company for 2020 will continue to depend on the appetite of institutional and retail investors for structured products, the increase of the market share of Citigroup products as well as on the liquidity requirements of CGML and the various sources of funding available.

As interest rates remain low, structured products will also remain attractive investment opportunities for investors.

The impacts of COVID-19 on economic conditions, business and investors continue to be monitored by the Company and by its parent, CGML. During the six months under review and after, the Company has continue to issue structured products, increasing its market share and to meet the liquidity requirements of CGML.

11. Audit Committee

The Company applies according to Art. 52. § 5 a) the exemption from the requirements to set up a local audit committee, as the audit committee exists on a group level. The role of the audit committee is undertaken by the full Board of Managers, which is deemed appropriate given the defined business activities of the Company.
In accordance with the Luxemburg Audit Law (Art. 52 § 2 and § 3), the Audit Committee of Citigroup Global Markets Limited, has delegated effectively 1 February 2018 the following responsibilities to the Board of Managers of its subsidiary, CGMFL:

- Overseeing the integrity of CGMFL's financial statements and CGMFL's accounting and financial reporting processes and financial statement audits.
- Overseeing CGMFL's compliance with Luxemburg legal and regulatory requirements.
- Overseeing CGMFL's independent auditor's qualifications and independence.
- Overseeing CGMFL's independent auditor performance.
- Overseeing CGMFL's system of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the company.
- Pre-approve any permitted non-audit services ("NAS"), rendered by its auditor or any member of its auditor's network.
- Ensure that expenses of NAS pre-approved are not above the 70% cap of audit fees based on a three-year rolling average.
- Ensure the implementation of rotation rules of independent auditor in accordance with Luxembourg laws.

Auditor

The Group has elected not to have an audit of these interim consolidated financial statements. A full group audit will be performed at 31 December 2020.

Bertrange, 30 September 2020

Ms Alberta Brusi	Mr Vincent Mazzoli	Mr Jonas Bossau
Manager	Manager	Manager

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	For the period ended 30 June 2020	For the period ended 30 June 2019
	$ 000	**$ 000**
Net fee and commission income	1,077	650
Net income from other financial instruments at fair value through profit or loss	-	-
Total operating income	1,077	650
General and administrative expenses	(1,013)	(634)
Profit / (loss) before income tax	64	16
Income tax expense	(16)	-
Profit / (loss) for the period	48	16
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income / (loss) for the period	48	16
Profit / (loss) attributable to:		
Equity holders of the Company	48	16
Non-controlling interest	-	-
Total comprehensive income attibutable to:		
Equity holders of the Company	48	16
Non-controlling interest	-	-

The total comprehensive income and expense for the period is attributable to shareholders of the Company.

The accompanying notes on pages 11 to 30 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM BALANCE SHEET
As at 30 June 2020

	Notes	30 June 2020	31 December 2019
		$ 000	**$ 000**
Assets			
Cash and cash equivalents	**7**	834	11,371
Structured notes purchased	**7**	14,778,414	12,130,625
Index linked certificates purchased	**7**	609,087	528,829
Derivative assets	**7**	363,033	87,702
Other assets		3,688	625
Total assets		15,755,056	12,759,152
Liabilities			
Bank loans and overdrafts	**7**	3,028	287
Structured notes issued	**7**	14,778,414	12,130,625
Index linked certificates issued	**7**	609,087	528,829
Derivative liabilities	**7**	363,033	87,702
Redeemable preference shares	**7**	18	18
Other liabilities		450	10,728
Current tax liabilities		65	49
Total liabilities		15,754,095	12,758,238
Equity			
Share capital	**6**	627	627
Reserves**	**6**	63	63
Foreign currency translation reserve	**6**	41	41
Retained earnings	**6**	231	183
Total equity		961	914
Total liabilities and equity		15,755,056	12,759,152

The accompanying notes on pages 11 to 30 form an integral part of these condensed interim financial statements.

The financial statements were approved by the Board of Managers on 30 September 2020.

Ms Alberta Brusi Manager	Mr Vincent Mazzoli Manager	Mr Jonas Bossau Manager

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share Capital	Reserves	Foreign currency translation reserve	Retained Earnings	Total Equity
	$ 000	$ 000	$ 000	$ 000	$ 000
Balance as at 1 January 2019	627	61	41	101	830
Total comprehensive income for the period	-	-	-	16	16
Allocation to reserves	-	2	-	(2)	-
Balance as at 30 June 2019	627	63	41	115	846

For the six months ended 30 June 2020

	Share Capital	Reserves	Foreign currency translation reserve	Retained Earnings	Total Equity
	$ 000	$ 000	$ 000	$ 000	$ 000
Balance as at 31 December 2019	627	63	41	183	914
Total comprehensive income for the year	-	-	-	48	48
Allocation to reserves	-	-	-	-	-
Balance as at 30 June 2020	627	63	41	231	961

The accompanying notes on pages 11 to 30 form an integral part of these condensed interim financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2020

	For the period ended 30 June 2020	For the period ended 30 June 2019
	\$ 000	**\$ 000**
Cash flow from/(used in) operating activities		
Profit/Loss before tax	48	16
Net (increase)/decrease in operating assets:		
Change in current income tax assets	-	(24)
Change in other assets	3,063	223
Net increase/(decrease) in operating liabilities:		
Change in bank loans and overdrafts	(2,741)	-
Change in accruals and other liabilities	(10,278)	6,168
Change in current tax liabilities	16	15
Income tax paid	(16)	-
Net cash flow from operating activities	(9,908)	6,398
Cash flow from/(used in) investing activities		
Interest received on financial instruments purchased	284,313	151,838
Payments from financial instruments purchased	(11,184,872)	(5,690,577)
Proceeds from redemption of financial instruments	5,284,861	2,042,791
Proceeds from maturity of financial instruments	1,714,204	895,223
Net cash flow (used in)/from investing activities	(3,901,492)	(2,600,725)
Cash flow from/(used in) financing activities		
Interest paid on financial instruments issued	(284,313)	(151,838)
Proceeds from redeemable preference shares	-	6
Proceeds from issuance of financial instruments	11,184,872	5,690,577
Payments from maturity of financial instruments	(1,714,204)	(895,223)
Payments from redemption of financial instruments	(5,284,861)	(2,042,791)
Net cash flow from financing activities	3,901,492	2,600,731
Net increase/(decrease) in cash and cash equivalents	(9,908)	6,404
Cash and cash equivalents, beginning of the period	11,371	1,694
Effects of exchange rate changes on cash and cash equivalents	(629)	-
Cash and cash equivalents, end of the period	834	8,098

The accompanying notes on pages 11 to 30 form an integral part of these condensed interim financial statements.

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Citigroup Global Markets Funding Luxembourg S.C.A. ("the Company") was incorporated in the Grand Duchy of Luxembourg on May 24, 2012 as a corporate partnership limited by shares ("société en commandite par actions") for an unlimited period.

The registered office of the Company is established at 31 Z.A. Bourmicht, L-8070 Bertrange, the Grand Duchy of Luxembourg. Its registration number is RCS B 169 199.

The Company is a 100% subsidiary of Citigroup Global Markets Limited ("CGML"), which is a private company limited by shares governed by the Law of the UK. CGML is a wholly-owned indirect subsidiary of Citigroup Inc. ("Citigroup"). It is headquartered in London, and operates globally, generating the majority of its business from Europe, Middle East and Africa (EMEA) region, with the remainder coming from Asia and the Americas.

The Company is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. ("the Manager"). The Board of Managers of the GP provides independent management of the Company to enable the Company to realise its objects. The Company is a wholly owned indirect subsidiary of Citigroup Inc. No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc.

The primary object of the Company is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

The Company may finance itself in whatever form including, without limitation, through borrowing or through issuance of listed or unlisted notes and other debt or equity instruments, convertible or not (e.g. including but not limited to bonds, notes, loan participation notes, subordinated notes, promissory notes, certificates and warrants) including under stand-alone issues, medium term note and commercial paper programmes.

The Company may also:

(i) grant security for funds raised, including notes and other debt or equity instruments issued, and for the obligations of the Company; and

(ii) enter into all necessary agreements, including, but not limited to underwriting agreements, marketing agreements, management agreements, advisory agreements, administration agreements and other contracts for services, selling agreements, deposit agreements, fiduciary agreements, hedging agreements, interest and/or currency exchange agreements and other financial derivative agreements, bank and cash administration agreements, liquidity facility agreements, credit insurance agreements and any agreements creating any kind of security interest.

In addition to the foregoing the Company can perform all legal, commercial, technical and financial investments or operations and, in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

The Company's articles however prohibit it from entering into any transaction which would constitute a regulated activity of the financial sector or require a business licence under Luxembourg law without due authorisation under Luxembourg law.

The Company grants loans and other forms of funding to entities belonging to the same group and therefore competes in any market in which the group has a presence.

The Company is a wholly owned indirect subsidiary of Citigroup Inc.. Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. It services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, "the Group", or "Citigroup").

The Company is included in the consolidated financial statements of Citigroup Inc. forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at 399 Park Avenue, New York, NY and the consolidated accounts are available at that address.

The financial statements of the Company at the year ended 31 December 2019 are available upon request from the Company's registered office at 31 Z.A. Bourmicht, L-8070 Bertrange, the Grand Duchy of Luxembourg.

1. General information (continued)

These condensed interim financial statements were approved for issue on 30 September 2020.

These condensed interim financial statements have been reviewed, not audited.

Fitch Ratings affirm 'A' credit rating to CGMFL on 21 June 2018. The outlook is stable, reflecting that of other core operating subsidiaries of Citigroup.
On 14 October 2016 Fitch Ratings has assigned Long- and Short-Term Issuer Default Ratings (IDRs) of 'A'/'F1' to the Company reflecting Citigroup Inc.'s ability and propensity to support the Company. The Company is primarily a funding vehicle for Citigroup Global Markets Limited ("CGML" or "the Parent") issuing structured notes and warrants (presented in the financial statements as derivatives) and redeemable preference shares.

On 08 May 2020 Fitch Ratings has upgraded the Long-Term Issuer Default Rating (IDR) of the Company and its Senior Debt Rating in line with that of its parent, Citigroup Global Markets Limited (CGML). The rating Outlook remains Negative, reflecting the disruption to economic activity and financial markets from the coronavirus pandemic. The Company's Short-Term IDR remains unchanged.
This action follows Fitch's upgrade of CGML's Long-term IDR to 'A+' from 'A' with a Negative Outlook on April 22, 2020. The ratings of the Company are in line with those of its parent CGML, and reflect Fitch's view of CGML's ability and propensity to support its wholly owned subsidiary. In particular, the upgrade reflects CGML's irrevocable and unconditional guarantee of CGMFL's liabilities, including outstanding senior debt.

On 21 June 2017, S&P Global Ratings assigned its 'A+/A-1 issuer credit ratings to Citigroup Global Markets Funding Luxemburg S.C.A.. The outlook is stable, reflecting that of other core operating subsidiaries of Citigroup.

2. Statement of compliance

These condensed financial statements for the six months ended 30 June 2020 have been prepared and approved by the Board of Managers in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. They have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for the full annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2019.

3. Principal accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The Company has rounded figures to the nearest thousand $, unless otherwise stated.

The Company's financial year is the calendar year.

These financial statements are of the individual Company and are prepared on a going concern basis.

These financial statements have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies. This includes financial instruments at fair value through profit or loss that are measured at fair value in the statement of financial position.

The financial statements were authorised for issue by the Board of Managers on 30 September 2020.

3. Principal accounting policies (continued)

(b) New currently effective and forthcoming standards and amendments to the standards

The accounting policies adopted are consistent within the accounts and with those of the previous financial year, except for certain amendments to the IFRS standards implemented as at 1 January 2020, which did not have a material impact on the Company unless otherwise noted below. There were no other material or amended standards or interpretations that resulted in a change in accounting policy for the period ended 30 June 2020.

Amendments to References to Conceptual Framework in IFRS Standards

The revised Conceptual Framework for Financial Reporting (Conceptual Framework) issued in March 2018 was effective on or after 1 January 2020 for companies that use it to develop accounting policies when no IFRS Standard applies to a particular transaction. It does not override the requirements of individual IFRSs.

Adoption of the revised Conceptual Framework has not had a material impact on the Company.

Definition of a Business (Amendments to IFRS 3)

The IASB has amended the definition of a business for purposes of determining whether an acquisition is an acquisition of a business or an asset acquisition. This amendment applies to acquisitions occurring in annual reporting periods beginning on or after 1 January 2020.

These amendments have not had a material impact on the Company.

(c) Foreign currencies

In its assessment of the functional currency, the Board of Managers has used judgement and considered the underlying transactions, events and conditions applicable to the Company, as at 30 June 2020.

Whilst the Company’s equity, tax payments and a majority of its administrative expenses are Euro-denominated, and the note issuance activity of the Company in 2019 and in 2020 has been done in various currencies, the majority has been issued in USD. As the Board of Managers considers that note issuances will continue to occur mostly in USD.

At the statement of financial position date monetary assets and liabilities were translated at the year-end rates of exchange and translation differences are included in the statement of profit or loss and other comprehensive income. The whole monetary assets and liabilities of the Company are going throughout profit or loss exclusively. Any exchange profits and losses on non-monetary items are taken directly to the statement of profit or loss.

Transactions in foreign currencies are measured in the functional currency of the primary economic environment in which the Company operates. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

3. Principal accounting policies (continued)

(d) Net interest

Interest income and expense on financial assets and liabilities are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss are presented in net income from other financial instruments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

(e) Net fee and commission income

Net fee and commission income is recognised on a straight-line basis. Fee and commission income relates to intra-group financing (in the form of structured notes purchased, index linked certificates purchased and derivative assets) and administrative services for the benefit of CGML, and since 2017 is calculated on a 'cost plus margin' basis.

Fees received in connection with performed services are recognised as income in the period these services are provided.

(f) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments mandatorily measured at fair value through profit or loss relates to financial assets and financial liabilities designated or mandatorily measured at fair value through profit or loss, and includes all realised and unrealised fair value changes, together with related interest, dividends and foreign exchange differences.

The Company issues notes to investors, who subscribe and pay the issue price. The same day, the Company enters into a fully funded swap with CGML. The fact that both transactions take place on the same day mitigates the Company against foreign exchange gain or loss.

(g) Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

In the normal course of business, the fair value of a derivative on initial recognition is considered to be the transaction price (i.e. the fair value of the consideration given or received). However, in certain circumstances the fair value of an instrument will be evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, including interest rate yield curves, option volatilities and currency rates.

When such evidence exists, the Company recognises a trading profit or loss on inception of the derivative. If observable market data are not available, the initial increase in fair value indicated by the valuation model, but based on unobservable inputs, is not recognised immediately in the statement of profit or loss and other comprehensive income but is recognised over the life of the transaction on an appropriate basis, or recognised in the statement of profit or loss and other comprehensive income when the inputs become observable, or when the transaction matures or is closed out.

3. Principal accounting policies (continued)

(h) Financial instruments

Classification and measurement of the financial assets.

From a classification and measurement perspective, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics (whether the contractual cash flows are solely payments of principal and interest (SPPI)).

Categories for classification of assets under IFRS 9 are Fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 also allows entities to continue to irrevocably designate instruments that qualify for amortised cost or FVOCI instruments as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

Business model

The Company issues structured notes, index linked certificates and derivatives and thereby raises funding to any entities belonging to the same group

The primary objective of the Company is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

The business model refers to how CGMFL manages its financial assets in order to generate cash flows. (It is determined at a level that reflects how groups of financial assets are managed rather than at an instrument level.) IFRS 9 identifies three types of business models:

- 'hold to collect',
- 'hold to collect and sell' and
- 'other'.

CGMFL's main financial assets are contracted on the trade date of a new structured note liability, which is the primary business driver of decisions related to managing portfolios of assets. On the trade date of the associated structured notes, CGMFL enters into an offsetting transaction with CGML by means of a swap. At the settlement date of the structured notes, the cash received from the investor is paid to CGML under this swap transaction. The transaction between CGMFL and CGML is designed to offset for CGMFL all the future payoffs which would result from the notes issued which effectively eliminates the market risk for CGMFL.

Any business decisions related to managing portfolios of the Company's assets are primarily driven by what happens with the Company's liabilities. As a result fair value and its movements are the key consideration in assessment of the performance of the assets.

Based on the above it has been concluded, that the business model selected for those is 'other' and as a result the assets would be classified as "Financial assets at fair value through profit and loss".

Fair value through profit or loss (FVTPL)

Where the asset is not held within a business model whose objective is to hold to collect the contractual cash flows or within a business model whose objective is to both collect the cash flows and to sell the assets, then the asset will be classified as FVTPL.

If a portfolio of financial assets within a business model are managed on a fair value basis, then the business model assessment dictates that these financial assets are categorised and measured at fair value through profit or loss.

All hybrid contracts with embedded derivatives will fail the cash flow characteristics test under IFRS 9 (i.e., the cash flows are not solely payments of principal and interest of a basic lending arrangement).

3. Principal accounting policies (continued)

(h) Financial instruments (continued)

Following consideration of the above business model analysis, further analysis of the cash flow characteristics of the structured notes purchased or the index linked certificates purchased is not necessary as such hybrid financial assets, previously designated as FVTPL under IAS 39, will be mandatorily measured at fair value through profit or loss under IFRS 9 as per the reasons above.

Structured notes purchased, derivatives assets/ liabilities and index linked certificates purchased and redeemable preference shares have been mandatorily measured at fair value through profit or loss.

The only financial assets held at amortized cost are cash and cash equivalents. From a credit impairment perspective and the application of the expected credit loss model on transition, there is expected to be an insignificant impact to the carrying value as the counterparty to such balances are very low in credit risk (financial institutions mainly intra group) and short term.

The Company has no financial instruments categorized as fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are recognised at the trade date, whereas financial assets measured at amortised cost are recognised at the settlement date.

Fair value through profit or loss (FVTPL)

Financial Liabilities

Financial liabilities are initially measured at fair value net of transactions costs. Subsequently, they are measured at amortised cost using the effective interest rate method, except for derivative financial liabilities and those designated at fair value through profit or loss. On the trade date of a structured note issuance (usually hybrid instruments), the Company recognises a derivative, which between trade date and settlement date (the issuance date of the notes) is marked to market through P&L. When issuance proceeds are received at settlement date, derivative financial liabilities then become funded (i.e., become financings with embedded derivative features), and then are accounted for as financings with embedded derivatives.

Derivatives issued are mandatorily measured at fair value through profit or loss.

Financial liabilities designated at fair value

The Company may designate financial instruments at fair value through profit or loss when:

i) this will eliminate or significantly reduce measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
ii) groups of financial assets, financial liabilities or combinations thereof are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to management on that basis.
iii) in respect of an entire hybrid contract, when the contract contains one or more embedded derivatives, unless those embedded derivative either do not significantly modify the cash flow that would otherwise be required by the contract or are ones for which it is clear with little or no analysis when considering a similar hybrid instruments that separation is prohibited.

The fair value designation, once made, is irrevocable. Designated financial instruments are initially recognised at fair value on issue date and subsequently re-measured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in net income from other financial instruments at fair value through profit or loss.

Structured notes issued and index linked certificates issued have been designated at fair value through profit or loss, as they meet criterion (i) above.

3. Principal accounting policies (continued)

(h) Financial instruments (continued)

Credit Risk on the Company's liabilities designated at fair value through profit or loss

Movements on gains or losses arising from an entity's own credit risk relating to liabilities designated at fair value through profit or loss are presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

To determine whether split presentation would create or enlarge an accounting mismatch in profit or loss, the Company must assesses whether it expects that the changes in the financial liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at fair value through profit or loss (see note 9 and 16).

As the financial assets of CGMFL are offsetting transactions linked to the Company's notes and index linked certificates issued, there would be an accounting mismatch if the own credit risk component was recognized in OCI. Therefore there will be no impact to the presentation of own credit risk in CGMFL due to the reasons discussed above (see note 9).

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as gains and losses from changes in the fair value of derivatives held for trading.

(i) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Where the classification of a financial instrument requires to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and valuation techniques.

The Company uses the following procedures to determine the fair value of financial assets and financial liabilities irrespective of whether they are "held for trading" or have been "designated at fair value" including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Structured notes purchased/ structured notes issued

Structured notes purchased are offsetting transactions to the Company's notes issued (see below and Note 9) and take the form of fully-funded swaps, which are equivalent to the Company purchasing notes with the same economic exposure from CGML. By construction, the valuation of the structured notes issued by the Company corresponds to that of the underlying reference asset(s) on which their redemption amount is dependent. The Company's obligation to pay the redemption amount is hedged through an instrument entered with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes.
CGML determines the fair value of the structured liabilities (where performance is linked to interest rates, inflation or currency risks) and hybrid financial instruments (where performance is linked to risks other than interest rates, inflation or currency risks) using derivative valuation methodology based on the nature of the embedded risk profile. The valuation techniques and inputs depend on the type and the nature of the underlying instrument. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, which may include option pricing models and discounted cash flow models which are used within CGML and Citigroup and which are subject to price verification procedures and related internal control procedures governed by Citigroup Pricing and Price Verification Policy and Standards.

3. Principal accounting policies (continued)

(i) Fair value measurement (continued)

For the structured notes issued by the Company, typically all significant inputs and significant value drivers are observable on an active market, such as prices of shares and commodities, as well as published interest rates. When the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces or is not given anymore the structured notes issued will move to Level 3. The levelling assessment is done for all the financial instrument on a monthly basis.

Index linked certificates purchased/ Index linked certificates issued [1]

Index linked certificates purchased from CGML are offsetting transactions to the Company's Index linked certificates issued and take the form of fully-funded swaps which are equivalent to the Company purchasing equity linked certificates with the same economic exposure from CGML. By construction, the valuation of the Index linked certificates issued by the Company corresponds to that of the underlying reference asset(s) on which their cash settlement amount is dependent. The Company's obligation to pay the settlement amount is hedged through an instrument entered with CGML as counterparty, which exactly offsets all cash flows to be paid by the Company as well as any fair value changes.

CGML determines[2] the fair value of the Index linked certificates (where performance is linked to the underlying asset(s)' prices) using derivative valuation methodology based on the nature of the embedded risk profile. The valuation techniques and inputs depend on the type and the nature of the underlying instrument. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, which may include option pricing models and discounted cash flow models which are used within CGML and Citigroup and which are subject to price verification procedures and related internal control procedures governed by Citigroup Pricing and Price Verification Policy and Standards. For the Index linked certificates issued by the Company, typically all significant inputs and significant value drivers are observable on an active market, such as prices of shares and commodities, as well as published interest rates. When the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces or is not given anymore the Index linked certificates will move to Level 3.

Derivatives assets/liabilities

Derivative assets from CGML are offsetting transactions to the Company's derivative liabilities (see below and Note 10) and take the form of fully-funded swaps which are equivalent to the Company purchasing equity linked certificates with the same economic exposure from CGML. Derivatives, if entered into by the Company, will generally be executed over-the-counter and so would be valued using internal valuation techniques as no quoted market prices would exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company pays or receives (for example, option premiums paid and received).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign exchange rates, the spot price of the underlying volatility and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable.

The Company does not apply any credit value adjustment (CVA), debit value adjustment (DVA) nor any own credit adjustment (OCA) in the valuation of its derivatives and borrowings as they are assessed by the Company to be not significant.

Other financial assets and liabilities

Carrying value has been used where it approximates fair value for other assets and other liabilities.

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[1] Index linked certificates were issued under the Citi Warrant Programme.

[2] The market risk of the instruments sits with CGML, who is also the product manufacturer and maintain quotes for secondary market as broker/dealer of the index linked certificates.

3. Principal accounting policies (continued)

(j) Impairment of financial assets

The IFRS 9 impairment standard applies to any debt instruments measured at amortised cost or at fair value through other comprehensive income and also to off balance sheet loan commitments and financial guarantees and trade receivable.

The only financial assets held at amortized cost are cash and cash equivalents which are short term (3 months) and vanilla in nature. From a credit impairment perspective and the application of the expected credit loss model on transition, there is expected to be an insignificant impact to the carrying value as the counterparty to such balances are very low in credit risk (financial institutions mainly intra-group) and short term. Having said that, there are no credit impairment to be calculated.

(k) Derecognition (recognition) of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from assets has expired or the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained. Financial assets measured at fair value through profit or loss are derecognised (recognised) at the trade date, whereas financial assets measured at amortised cost are derecognised (recognised) at the settlement date.

Financial liabilities are derecognised when they are legally extinguished, that is when the obligation specified in the contract is substantially modified, exchanged, discharged, cancelled or expired. This generally means that (non-derivative) financial liabilities are derecognised (recognised) when cash is paid to the counterparty (received from the counterparty).

(l) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise.

(m) Provisions and contingent liabilities

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation. This includes where the Company has undrawn loan commitments and a provision is made for expected losses.

At the trade date of a structured note to an investor, the Company is committed to issue a structured note to the investor (provided the investor pays for that note). As per the accounting policy in (k) above, the notes will be recognised on the balance sheet at the issuance date when the cash is received from the investor.

CGFML will also be obligated pass on to CGML the cash received from the investor at the issuance date. This commitment is contingent upon cash being received from the investor from the note issuance, meaning if the investor does not pay then the Company has no obligation to give cash to CGML.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than three months, including: cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks and amounts due from other banks.

3. Principal accounting policies (continued)

(o) Redeemable preference shares

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Company's redeemable preference shares are classified as financial liabilities because they are mandatorily redeemable in cash and they do not bear dividend. The redeemable preference shares have been mandatorily measured at fair value through profit or loss.

4. Use of assumptions and estimates

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The assumptions and estimates used in the preparation of the financial statements are described in detail in the Company's annual financial statements as at and for the period ended 31 December 2019.
The Company's accounting policy for valuation of financial instruments is included in Note 3. The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data. Where this is not possible, management may be required to make estimates.

5. Income tax

The Company's tax rate for the interim period ended 30 Jun 2020 was 25.69% (31 December 2019 was 25.69%).
No deferred tax assets and liabilities have been recognized as at 30 June 2020 (2019: $ nil).

6. Share capital and reserves

Share Capital

	Authorised			Allotted, called-up and fully paid
	Number of shares	Nominal value	Amount	Amount
		$	$	$
Unlimited shares	1	1.2536	1.2536	0.31
Limited shares	1,999,999	1.2536	2,507,199	626,799.69
	2,000,000		2,507,200	626,800

The capital has been subscribed as follows:			Allotted, called-up and fully paid
	Number of unlimited shares	Number of limited shares	Amount
			$
Citigroup Global Markets Funding	1	1	0.62
Citigroup Global Markets Limited	-	1,999,998	626,799.38
	1	1,999,999	626,800

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

On 24 May 2012, the date of the Company's incorporation, one-quarter (USD 626,800 equivalent to EUR 500,000) of the subscribed share capital was paid up.

6. Share capital and reserves (continued)

The Managers do not recommend the payment of a dividend.

On 30 October 2015 the Company's statutes were amended in order to enable it to issue redeemable preference shares to CGML. The preference shares do not foresee the right of dividend payments. During the financial year 2020 the Company issued 51 redeemable preference shares for a proceed amount of $5,452 (2019: 79 redeemable preference share for a value of $9,666). The redeemable preference shares issued in the financial year are classified as a financial liability and presented in the caption "Redeemable preference shares" because they are mandatorily redeemable in cash.

Legal Reserve

Under Luxembourg law, the Company is required to allocate annually at least 5% of its annual net income to a non-distributable legal reserve until the aggregate reserve equals 10% of the subscribed share capital.

On 26 April 2018, the Board of Managers recommended to incorporate EUR 50,000 equivalent to USD 60,515 to the legal reserve. On 29 April 2019, the Board of Managers recommended to incorporate USD 2,000 to the legal reserve.

7. Financial assets and liabilities

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

As at 30 June 2020	Mandatory measured at fair value through profit or loss	Designated at fair value through profit or loss	Amortised cost	Total carrying amount	Fair value
	$ 000	$ 000	$ 000	$ 000	$ 000
Assets					
Cash and cash equivalents	-	-	834	834	834
Structured notes purchased	14,778,414	-	-	14,778,414	14,778,414
Index linked certificates purchased	609,087	-	-	609,087	609,087
Derivative assets	363,033	-	-	363,033	363,033
Total financial assets	15,750,534	-	834	15,751,367	15,751,367
Other assets	-	-	-	3,688	3,688
Total assets	15,750,534	-	834	15,755,056	15,755,056
Liabilities					
Bank loans and overdrafts	-	-	(3,028)	(3,028)	(3,028)
Structured notes issued	-	(14,778,414)	-	(14,778,414)	(14,778,414)
Index linked certificates issued	-	(609,087)	-	(609,087)	(609,087)
Derivative liabilities	(363,033)	-	-	(363,033)	(363,033)
Redeemable preference shares	(18)	-	-	(18)	(18)
Total financial liabilities	(363,051)	(15,387,501)	(3,028)	(15,753,580)	(15,753,580)
Other liabilities	-	-	-	(450)	(450)
Current tax liabilities	-	-	-	(65)	(65)
Total liabilities	(363,051)	(15,387,501)	(3,028)	(15,754,095)	(15,754,095)

As at 31 December 2019	Mandatory measured at fair value through profit or loss	Designated at fair value through profit or loss	Amortised cost	Total carrying amount	Fair value
	$ 000	$ 000	$ 000	$ 000	$ 000
Assets					
Cash and cash equivalents	-	-	11,371	11,371	11,371
Structured notes purchased	12,130,625	-	-	12,130,625	12,130,625
Index linked certificates purchased	528,829	-	-	528,829	528,829
Derivative assets	87,702	-	-	87,702	87,702
Total financial assets	12,747,156	-	11,371	12,758,527	12,758,527
Other assets	-	-	-	625	625
Total assets	12,747,156	-	11,371	12,759,152	12,759,152
Liabilities					
Bank loans and overdrafts	-	-	(287)	(287)	(287)
Structured notes issued	-	(12,130,625)	-	(12,130,625)	(12,130,625)
Index linked certificates issued	-	(528,829)	-	(528,829)	(528,829)
Derivative liabilities	(87,702)	-	-	(87,702)	(87,702)
Redeemable preference shares	(18)	-	0	(18)	(18)
Total financial liabilities	(87,720)	(12,659,454)	(287)	(12,747,461)	(12,747,461)
Other liabilities	-	-	-	(10,728)	(10,728)
Current tax liabilities	-	-	-	(49)	(49)
Total liabilities	(87,720)	(12,659,454)	(287)	(12,758,239)	(12,758,238)

7. Financial assets and liabilities (continued)

The following table shows an analysis of financial assets and liabilities measured by fair value hierarchy:

As at 30 June 2020	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Financial assets				
Structured notes purchased	-	10,907,190	3,871,224	14,779,530
Index linked certificates purchased	-	583,987	25,099	609,087
Derivative assets	-	331,063	31,970	363,033
Total financial assets	-	11,822,241	3,928,293	15,751,650
Financial liabilities				
Structured notes issued	-	10,907,190	3,871,224	14,778,414
Index linked certificates issued	-	583,987	25,099	609,087
Derivative liabilities	-	331,063	31,970	363,033
Redeemable preference shares	-	18	-	18
Total financial liabilities	-	11,822,259	3,928,293	15,750,551

As at 31 December 2019	Level 1 $ 000	Level 2 $ 000	Level 3 $ 000	Total $ 000
Financial assets				
Structured notes purchased	-	8,772,601	3,358,024	12,130,625
Index linked certificates purchased	-	489,667	39,162	528,829
Derivative assets	-	75,519	12,183	87,702
Total financial assets	-	9,337,787	3,409,369	12,747,156
Financial liabilities				
Structured notes issued	-	8,772,601	3,358,024	12,130,625
Index linked certificates issued	-	489,667	39,162	528,829
Derivative liabilities	-	75,519	12,183	87,702
Redeemable preference shares	-	18	-	18
Total financial liabilities	-	9,337,805	3,409,369	12,747,174

7. Financial assets and liabilities (continued)

The below table presents the fair value of financial instruments as at 30 June 2020 moved between the fair value hierarchy levels:

2020	At 1 January $ 000	Gain/(loss) recorded in the profit and loss: Realised $ 000	Gain/(loss) recorded in the profit and loss: Unrealised $ 000	Purchases $ 000	Sales $ 000	Issuances $ 000	Settlements $ 000	Transfers into Level 3 $ 000	Transfers out of Level 3 $ 000	At 30 June $ 000
Financial assets										
Structured notes purchased	3,358,024	36,694	744,160	-	-	90,448	(535,895)	347,334	(169,541)	3,871,224
Index linked certificates purchased	39,162	16,904	(18,430)	-	-	-	(12,537)		-	25,099
Derivative assets	12,183	65,359	(39,376)	-	-	-	-	3,841	(10,037)	31,970
	3,409,369	118,957	686,354	-	-	90,448	(548,432)	351,175	(179,578)	3,928,293

	At 1 January $ 000	(Gain)/loss recorded in the profit and loss: Realised $ 000	(Gain)/loss recorded in the profit and loss: Unrealised $ 000	Purchases $ 000	Sales $ 000	Issuances $ 000	Settlements $ 000	Transfers into Level 3 $ 000	Transfers out of Level 3 $ 000	At 30 June $ 000
Financial liabilities										
Structured notes purchased	3,358,024	36,694	744,160	-	-	90,448	(535,895)	347,334	(169,541)	3,871,224
Index linked certificates purchased	39,162	16,904	(18,430)	-	-	-	(12,537)	-	-	25,099
Derivative assets	12,183	65,359	(39,376)	-	-	-	-	3,841	(10,037)	31,970
	3,409,369	118,957	686,354	-	-	90,448	(548,432)	351,175	(179,578)	3,928,293

2019	At 1 January $ 000	Gain/(loss) recorded in the profit and loss: Realised $ 000	Gain/(loss) recorded in the profit and loss: Unrealised $ 000	Purchases $ 000	Sales $ 000	Issuances $ 000	Settlements $ 000	Transfers into Level 3 $ 000	Transfers out of Level 3 $ 000	At 31 December $ 000
Financial assets										
Structured notes purchased	1,672,162	197,319	(306,087)	-	-	1,840,811	(39,344)	247,311	(254,148)	3,358,024
Index linked certificates purchased	12,590	5,926	13,183	-	-	11,564	(4,101)	-	-	39,162
Derivative assets	10,479	2,756	(1,987)	-	-	3,564	(1,332)	117	(1,414)	12,183
	1,695,231	206,001	(294,891)	-	-	1,855,939	(44,777)	247,428	(255,562)	3,409,369

	At 1 January $ 000	(Gain)/loss recorded in the profit and loss: Realised $ 000	(Gain)/loss recorded in the profit and loss: Unrealised $ 000	Purchases $ 000	Sales $ 000	Issuances $ 000	Settlements $ 000	Transfers into Level 3 $ 000	Transfers out of Level 3 $ 000	At 31 December $ 000
Financial liabilities										
Structured notes issued	1,672,162	197,319	(306,087)	-	-	1,840,811	(39,344)	247,311	(254,148)	3,358,024
Index linked certificates issued	12,590	5,926	13,183	-	-	11,564	(4,101)	-	-	39,162
Derivative assets	10,479	2,756	(1,987)	-	-	3,564	(1,332)	117	(1,414)	12,183
	1,695,231	206,001	(294,891)	-	-	1,855,939	(44,777)	247,429	(255,563)	3,409,369

Transfers from Level 2 to Level 3 arise when the availability of observable independent market data or pricing information for the significant valuation inputs of an instrument reduces. Transfers from Level 3 to Level 2 can occur when observability of the independent market data or pricing information for significant valuation inputs improves, or where the significance of the unobservable inputs reduces sufficiently.

Valuation techniques and significant unobservable inputs

Valuation uncertainty is computed on a quarterly basis based on the methodology used per instruments. Price or models input parameters will be adjusted in consequence if any impact across each product.

7. Financial assets and liabilities (continued)

The adjustments are typically computed with reference to proxy analysis using third party data. Examples of the approach used to derive sensitivity adjustments are outlined below:

- Equity Markets: Valuation uncertainty is computed from a combination of consensus market data and proxy analysis using third party data providers.
- Credit Trading and Securitised Markets: Valuation uncertainty is computed from a combination of consensus market data, broker data and proxy analysis using third party data providers.
- Commodity Markets: Valuation uncertainty is computed from a combination of consensus market data and proxy analysis using third party data providers.

Valuation Techniques and Inputs for Level 3 Fair Value Measurements

The following tables present the valuation techniques covering the majority of Level 3 inventory and the most significant unobservable inputs used in Level 3 fair value measurements as of 30 June 2020. Note that these tables represent key drivers by disclosures line.

				Range of Inputs		
As at 30 June 2020	**Fair Value**	**Methodology**	**Input**	**Min**	**Max**	**Unit**
Financial assets						
Structured notes purchased						
Commodities structured notes	138,078	Model-based	Forward Price	36.2	356.5	%
Equity structured notes	522,679	Model-based	Equity Volatility	29.7	36.1	%
		Model-based	Forward Price	36.2	356.5	%
Hybrid structured notes	2,574,726	Model-based	Equity-FX Correlation	-95.0	59.4	%
		Model-based	Equity-IR Correlation	-40.0	45.0	%
		Model-based	Forward Price	96.4	103.3	%
		Model-based	Equity-Commodity Correlation	-15.0	30.0	%
Rates structured notes	635,742	Model-based	Inflation Volatility	0.2	2.0	%
		Model-based	IR Normal Volatility	0.2	0.8	%
		Model-based	IR-FX Correlation	40.0	60.0	%
Index linked certificates purchased						
Commodities index linked certificates	7,161	Model-based	Forward Price	36.2	356.5	%
Equity index linked certificates	2,619	Model-based	Equity Volatility	20.3	45.1	%
		Model-based	Forward Price	96.4	103.3	%
Hybrid index linked certificates	15,319	Model-based	Equity-FX Correlation	-95.0	59.4	%
		Model-based	Forward Price	96.4	103.3	%
Derivative assets						
Commodity derivatives	1,281	Model-based	Commodity Correlation	36.2	356.5	%
Equity derivatives	29,434	Model-based	Equity Volatility	39.4	39.4	%
		Model-based	Forward Price	63.2	99.5	%
Hybrid derivatives	24	Model-based	Forward Price	96.4	103.3	%
Rates derivatives	1,231	Model-based	Inflation Volatility	0.2	2.0	%

7. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

				Range of Inputs		
As at 30 June 2020	**Fair Value**	**Methodology**	**Input**	**Min**	**Max**	**Unit**
Financial liabilities						
Structured notes issued						
Commodities structured notes	138,078	Model-based	Forward Price	36.2	356.5	%
Equity structured notes	522,679	Model-based	Equity Volatility	29.7	36.1	%
		Model-based	Forward Price	36.2	356.5	%
Hybrid structured notes	2,574,726	Model-based	Equity-FX Correlation	-95.0	59.4	%
		Model-based	Equity-IR Correlation	-40.0	45.0	%
		Model-based	Forward Price	96.4	103.3	%
		Model-based	Equity-Commodity Correlation	-15.0	30.0	%
Rates structured notes	635,742	Model-based	Inflation Volatility	0.2	2.0	%
		Model-based	IR Normal Volatility	0.2	0.8	%
		Model-based	IR-FX Correlation	40.0	60.0	%
Index linked certificates purchased						
Commodities index linked certificates	7,161	Model-based	Forward Price	36.2	356.5	%
Equity index linked certificates	2,619	Model-based	Equity Volatility	20.3	45.1	%
		Model-based	Forward Price	96.4	103.3	%
Hybrid index linked certificates	15,319	Model-based	Equity-FX Correlation	-95.0	59.4	%
		Model-based	Forward Price	96.4	103.3	%
Derivative assets						
Commodity derivatives	1,281	Model-based	Commodity Correlation	36.2	356.5	%
Equity derivatives	29,434	Model-based	Equity Volatility	39.4	39.4	%
		Model-based	Forward Price	63.2	99.5	%
Hybrid derivatives	24	Model-based	Forward Price	96.4	103.3	%
Rates derivatives	1,231	Model-based	Inflation Volatility	0.2	2.0	%

7. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

				Range of Inputs		
As at 31 December 2019	**Fair Value $ 000**	**Methodology**	**Input**	**Min**	**Max**	**Unit**
Financial assets						
Structured notes purchased						
Commodities structured notes	21,628	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	-39.7	87.8	%
Equity structured notes	319,286	Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid structured notes	2,655,935	Model-based	Equity-FX Correlation	-75.0	37.3	%
		Model-based	Equity-IR Correlation	15.0	44.0	%
		Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	3.2	21.9	%
		Model-based	Equity-IR Correlation	15.0	44.0	%
Rates structured notes	361,175	Model-based	Inflation Volatility	0.3	2.0	%
		Model-based	IR Normal Volatility	0.1	0.7	%
		Model-based	IR-FX Correlation	40.0	60.0	%
		Model-based	IR-IR Correlation	40.0	40.0	%
		Model-based	FX Volatility	3.4	11.3	%
Index linked certificates purchased						
Commodities index linked certificates	15,772	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	-39.7	87.8	%
Equity index linked certificates	2,827	Model-based	Equity Volatility	18.6	44.1	%
		Model-based	Forward Price	62.6	101.3	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid index linked certificates	20,564	Model-based	Equity-FX Correlation	-75.0	37.3	%
		Model-based	Forward Price	97.6	111.1	%
		Model-based	Equity Volatility	3.2	18.2	%
Derivative assets						
Commodities derivatives	354	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	-39.7	87.8	%
Equity derivatives	11,714	Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid derivatives	115	Model-based	Forward Price	97.6	111.1	%
		Model-based	Equity Volatility	3.2	18.2	%

7. Financial assets and liabilities (continued)

Valuation Techniques and Inputs for Level 3 Fair Value Measurements (continued)

				Range of Inputs		
As at 31 December 2019	**Fair Value $ 000**	**Methodology**	**Input**	**Min**	**Max**	**Unit**
Financial liabilities						
Structured notes issued						
Commodities structured notes	21,628	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	- 39.7	87.8	%
Equity structured notes	319,286	Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid structured notes	2,655,935	Model-based	Equity-FX Correlation	- 75.0	37.3	%
		Model-based	Equity-IR Correlation	15.0	44.0	%
		Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	3.2	21.9	%
		Model-based	Equity-IR Correlation	15.0	44.0	%
Rates structured notes	361,175	Model-based	Inflation Volatility	0.3	2.0	%
		Model-based	IR Normal Volatility	0.1	0.7	%
		Model-based	IR-FX Correlation	40.0	60.0	%
		Model-based	IR-IR Correlation	40.0	40.0	%
		Model-based	FX Volatility	3.4	11.3	%
Index linked certificates issued						
Commodities index linked certificates	15,772	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	- 39.7	87.8	%
Equity index linked certificates	2,827	Model-based	Equity Volatility	18.6	44.1	%
		Model-based	Forward Price	62.6	101.3	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid index linked certificates	20,564	Model-based	Equity-FX Correlation	- 75.0	37.3	%
		Model-based	Forward Price	97.6	111.1	%
		Model-based	Equity Volatility	3.2	18.2	%
Derivative liabilities						
Commodities derivatives	354	Model-based	Forward Price	37.6	362.6	%
		Model-based	Commodity Volatility	5.3	93.6	%
		Model-based	Commodity Correlation	- 39.7	87.8	%
Equity derivatives	11,714	Model-based	Forward Price	62.6	111.1	%
		Model-based	Equity Volatility	10.7	21.9	%
Hybrid derivatives	115	Model-based	Forward Price	97.6	111.1	%
		Model-based	Equity Volatility	3.2	18.2	%

8. Related party transactions

The Company defines related parties as the Board of Managers, their close family members, parent and fellow subsidiaries and associated companies.

A number of arm's length transactions are entered into with related parties. These include cash and cash equivalent balances deposited with affiliated undertakings, as well as structured notes, index linked certificates purchased and derivative assets, which are offsetting transactions to the structured notes, index linked certificates and derivatives issued by the Company as further described in Note 3. The Company is also remunerated for the services rendered as issuer to CGML. Services provided between related parties are on an arm's length basis. No provisions have been recognised in respect of deposits with related parties or structured notes purchased. There were no related party transactions with the ultimate parent company, Citigroup Inc.

8. Related party transactions (continued)

	As at 31 June 2020		
	Parent undertaking $ 000	**Other affiliated undertakings $ 000**	**Total $ 000**
Assets			
Cash and cash equivalents	-	834	834
Structured notes purchased	14,778,414	-	14,778,414
Index linked certificates purchased	609,087	-	609,087
Derivative assets	363,033	-	363,033
Other assets	3,688	-	3,688
Liabilities			
Bank loans and overdrafts	3,028	-	3,028
Statement of comprehensive income			
Net fee and commission income	1,077	-	1,077
General and administrative expenses	(1,013)	-	(1,013)

	As at 31 December 2019		
	Parent undertaking $ 000	**Other affiliated undertakings $ 000**	**Total $ 000**
Assets			
Cash and cash equivalents	-	11,371	11,371
Structured notes purchased	12,130,625	-	12,130,625
Index linked certificates purchased	528,829	-	528,829
Derivative assets	87,702	-	87,702
Other assets	625	-	625
Liabilities			
Bank loans and overdrafts	287	-	287

	As at 30 June 2019		
	Parent undertaking $ 000	**Other affiliated undertakings $ 000**	**Total $ 000**
Statement of comprehensive income			
Net fee and commission income	650	-	650
General and administrative expenses	(634)	-	(634)

8. Related parties transactions (continued)

The Company's accounting policy foresees to include income from financial assets and financial liabilities designated at fair value through profit or loss on a net basis in the caption 'Net income from other financial instruments at fair value through profit or loss', and includes all realised and unrealised fair value changes, together with related interest, dividends and foreign exchange differences (see Note 2(g)).

9. Segmental reporting

The Company's activity is the issuance of listed or unlisted structured products in the form of structured notes, index liked certificates and derivatives to grant loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to Citigroup Inc.

In accordance with IFRS 8 "Operating Segments", an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision-maker ("CODM") and for which discrete information is available. The management approach is used to determine the reportable operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM, as required by IFRS 8. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Managers Citigroup Global Markets Funding Luxembourg GP S.à r.l. ("the Manager").

The CODM monitors the issuance activity based on a breakdown of information about the regional distribution of the products issued by the Company to institutional and retail investors. The products issued by the Company are distributed to investors classified in four regions:

- *Europe, Middle-East and Africa ("EMEA")*
- *Asia Pacific, excluding Japan ("APAC")*
- *Japan ("JP")*
- *Latin America ("Latam")*

For each region the CODM is provided with key performance indicators ("KPIs") reporting the total number of instruments issued and the total net proceed amount issued during the year.

At the end of the period a regional breakdown of the number of financial instruments issued, the market value of the financial instruments issued at the end of the period as well as the gains and losses related to the issuance of these financial instruments during the year.

9. Segmental reporting (continued)

For the period ended 30 June 2020

	APAC	EMEA	JP	LATAM	Grand Total
Number of instruments issued	3,795	1,141	243	1,005	6,184
Net proceed of the instruments issued ($ 000)	5,845,427	3,136,035	337,891	1,754,625	11,073,978
Market value of the instruments outstanding at year-end ($ 000)[3]	5,868,278	7,102,051	804,382	1,975,841	15,750,552
Losses related to the instruments issued ($ 000)	(268,561)	(558,261)	(97,335)	(312,539)	(1,236,696)
Gains related to the instruments purchased ($ 000)	268,561	558,261	97,335	312,539	1,236,696

For the year ended 31 December 2019

	APAC	EMEA	JP	LATAM	Grand Total
Number of instruments issued	2,660	1,653	435	1,156	5,904
Net proceed of the instruments issued ($ 000)	4,519,685	4,259,043	376,565	1,838,186	10,993,479
Market value of the instruments outstanding at year-end ($ 000)[3]	3,569,619	6,754,796	763,572	1,659,170	12,747,156

For the period ended 30 June 2019

Losses related to the instruments issued	(22,288)	(198,198)	(4,454)	(87,413)	(312,353)
Gains related to the instruments purchased	22,288	198,198	4,454	87,413	312,353

10. Financial risk management and Financial instruments

All aspects of the Company's financial risk management objectives and policies are consistent with that disclosed in the annual report and financial statements as at and for the year ended 31 December 2019.

11. Parent companies

The Company is a wholly owned indirect subsidiary of Citigroup Inc. No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc.

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/qer.htm

The Company is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. The Board of Managers provides independent management of the Company.

[3] The instrument outstanding at the end of the year are composed of structured note, index linked certificates and derivatives