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**CITIGROUP GLOBAL MARKETS
INTERNATIONAL LLC
AND SUBSIDIARY UNDERTAKINGS**

**Company No. FC017421
Branch No. BR001079**

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2012



CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2012

	Notes	2012 \$ Million	2011 \$ Million
Interest receivable	2	2	1
Operating expenses	3	<u>-</u>	<u>-</u>
Operating profit		2	1
Profit on disposal of investment	6	-	3
Share of associate's loss	6	<u>(200)</u>	<u>(153)</u>
Operating (loss)/profit on ordinary activities before taxation		(198)	(149)
Tax charge on ordinary activities	4	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		<u><u>(198)</u></u>	<u><u>(149)</u></u>

The accompanying notes on pages 4 to 11 form an integral part of these financial statements

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

All results are derived from continuing operations

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC


CONSOLIDATED BALANCE SHEET (Unaudited)

as at 31 December 2012

	Notes	2012 \$ Million	2011 \$ Million
Fixed assets			
Investments	6	2,211	2,411
Current assets			
Debtors amounts falling due within one year	7	219	211
Current liabilities			
Creditors amounts falling due within one year	8	(26)	(20)
Net current assets		<u>193</u>	<u>191</u>
Net assets		<u>2,404</u>	<u>2,602</u>
Capital and reserves			
Called up share capital	10	501	501
Capital reserve	11	2,901	2,901
Profit and loss account	11	(998)	(800)
Total shareholder's funds		<u>2,404</u>	<u>2,602</u>

The accompanying notes on pages 4 to 11 form an integral part of these financial statements

The financial statements on pages 1 to 11 were approved by the Directors on 30 January 2013 and were signed on their behalf by



D I Sharland
Director

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

COMPANY BALANCE SHEET (Unaudited)

as at 31 December 2012

	Notes	2012 \$ Million	2011 \$ Million
Fixed assets			
Investments	6	2,211	2,411
Current assets			
Debtors amounts falling due within one year	7	219	211
Current liabilities			
Creditors amounts falling due within one year	8	(26)	(20)
Net current assets		<u>193</u>	<u>191</u>
Net assets		<u>2,404</u>	<u>2,602</u>
Capital and reserves			
Called up share capital	10	501	501
Capital reserve	11	2,895	2,895
Profit and loss account	11	(992)	(794)
Total shareholder's funds		<u>2,404</u>	<u>2,602</u>

The accompanying notes on pages 4 to 11 form an integral part of these financial statements

The financial statements on pages 1 to 11 were approved by the Directors on 30 January 2013 and were signed on their behalf by



D I Sharland
Director

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

1. Principal accounting policies

(a) Basis of presentation

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

The principal accounting policies, set out below, have been applied consistently throughout the current and preceding year.

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

As permitted by FRS 1, 'Cash Flow Statements', the Group has not prepared a cash flow statement. The Group's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

Under the subsidiary undertakings exemption of FRS 8, 'Related Party Disclosures', the Group is not required to disclose all transactions with other group companies and investees of the Group qualifying as related parties.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings to 31 December 2012 unless otherwise stated. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for the Company, as permitted by Section 408 of the Companies Act 2006.

(c) Financial instruments

Loans and receivables

Loans and accounts receivables are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method. Liabilities are measured at amortised cost using the effective interest rate method.

Determination of fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market.

(d) Fixed asset investments

Fixed asset investments, including subsidiary undertakings and associates, are stated in the Company's balance sheet at cost less any write down for diminution in value regarded as permanent.

(e) Taxation

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

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

1. Principal accounting policies (continued)

(f) Foreign currency

The Company and Group's presentation and functional currency is US Dollars

Group and Company

Monetary assets and liabilities denominated in currencies other than US Dollars have been translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities, denominated in currencies other than US Dollars have been translated at the relevant historical exchange rates. Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Any exchange profits and losses are taken to the profit and loss account as incurred.

Group

Exchange differences arising from the re-translation of opening net investments in subsidiary undertakings at year end exchange rates and from translation of the results of those subsidiaries at average rates are taken to reserves.

2. Interest receivable

	2012 \$ Million	2011 \$ Million
Interest receivable on loans to other group undertakings	<u>2</u>	<u>1</u>

3. Operating expenses

Audit fees of \$9,300 (2011 \$13,439) payable to the Group's auditor for the audit of the Group's annual accounts were borne by another group company.

The Group has no employees, services to the Group are provided by employees of other group entities.

4. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2012 \$ Million	2011 \$ Million
Current tax:		
UK corporation tax	-	-
Total current tax (Note 4(b))	<u>-</u>	<u>-</u>

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

4. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year:

	2012 \$ Million	2011 \$ Million
(Loss)/profit on ordinary activities before tax	<u>(198)</u>	<u>(149)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.49% (2011: 26.5%)	(48)	(39)
Effects of		
Expenses not deductible for tax purposes	0	(2)
Consolidation adjustment - associate's loss	48	41
Current tax charge for year	<u>-</u>	<u>-</u>

The main rate of corporation tax for the year beginning 1 April 2012 reduced from 26% to 24%. This resulted in a weighted average corporation tax rate of 24.5% for 2012 (2011: 26.5%).

The UK Government announced that the corporation tax rate will reduce to 23% from 1 April 2013, 21% from 1 April 2014 and 20% from 1 April 2015. The reduction in corporation tax rate to 23% was enacted in July 2012 and the reduction in corporation tax rate to 21% and 20% was enacted in July 2013.

5. Directors' remuneration

The Company's Directors remuneration in respect of services to the Group were as follows:

	2012 \$ '000	2011 \$ '000
Aggregate emoluments	<u>36</u>	<u>20</u>

Contributions to the money purchase pension schemes are accruing to none of the Directors (2011: none). The Directors of the Company participate in a parent company share plan. Two of the Directors (2011: two) of the Company participate in a parent company share option plan and during the year none of the Directors exercised options (2011: none).

The emoluments of the highest paid Director were \$18,896 (2011: \$16,542). During the year the highest paid Director did not (2011: did not) exercise any share options.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

6. Fixed asset investments

(a) Investment in associate undertaking

Group

The Group's share of net assets in the associate comprises

	2012 \$ Million	2011 \$ Million
Fixed assets	54	52
Current assets	58,682	70,402
Current liabilities	(55,220)	(67,003)
Liabilities after one year	(1,320)	(1,038)
Provision for liabilities and charges, net of pension assets	15	(2)
	<u>2,211</u>	<u>2,411</u>
Share of associate's loss	<u>(200)</u>	<u>(153)</u>

Company

	2012 \$ Million	2011 \$ Million
At 1 January	2,411	2,683
Capital contribution	-	175
Write down in investments	(200)	(447)
At 31 December	<u>2,211</u>	<u>2,411</u>

Name of associate	Proportion of voting shares held by the Company	Principal activity
Citigroup Global Markets Europe Limited ("CGMEL")	34.92% (Effective interest 22.17%)	Holding company

(b) Investment in subsidiary undertaking

The Group's and Company's subsidiary undertaking, which is registered in England and Wales, is set out below. A schedule of all interests in subsidiary undertakings will be attached to the Company's Annual Return to the Registrar of Companies. The net carrying value of the investment in the subsidiary of the Group and Company was \$nil (2011: \$nil).

Name of subsidiary	Class of shares	% holding in ordinary share capital	Principal activity
Tanneryle Limited	Ordinary	100%	Funding Company

Cheapside Holdings (Jersey) Limited was dissolved on 5 September 2011. The Group recognised a profit of \$3 million on the disposal.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

7. Debtors: amounts falling due within one year

	Group and Company	
	2012	2011
	\$ Million	\$ Million
Due from other group undertakings	4	3
Due from associated undertakings	215	208
	<u>219</u>	<u>211</u>

8. Creditors: amounts falling due within one year

	Group and Company	
	2012	2011
	\$ Million	\$ Million
Due to other group undertakings	8	7
Due to associated undertakings	18	13
	<u>26</u>	<u>20</u>

9. Financial instruments and risks

The Group holds financial instruments for operational purposes. The financial instruments held for trading are held as part of portfolios which are maintained and monitored by instrument or risk type.

The Group's approach to risk management is described below.

Operational risk

The operational risks of the Group are subject to periodic reviews by Citi Internal Audit and Risk and control self-assessment reviews conducted by management.

Credit risk

The Group is exposed to credit risk to the extent that counterparties to financial instruments fail to discharge their obligations and the Group incurs a financial loss. The Group monitors and limits its exposure to credit risk through the application of Citi policies and procedures in relation to credit.

Market Risk

The tables on the following page show the earlier of contractual re-pricing and maturity terms for each category of financial asset and liability. Positions may not be reflective of those in subsequent periods. In addition, significant variation in interest rate sensitivity may exist within the re-pricing periods presented and amount the currencies in which the Group has interest rate positions.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

9. Financial instruments and risks (continued)

Group and Company	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
2012			
Debtors			
Due from group undertakings	4	-	4
Due from associated undertakings	15	200	215
Total financial assets	<u>19</u>	<u>200</u>	<u>219</u>
Creditors			
Due to group undertakings	1	7	8
Due to associated undertakings	18	-	18
Total financial liabilities	<u>19</u>	<u>7</u>	<u>26</u>
Group and Company	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
2011			
Debtors			
Due from group undertakings	3	-	3
Due from associated undertakings	15	193	208
Total financial assets	<u>18</u>	<u>193</u>	<u>211</u>
Creditors			
Due to group undertakings	-	7	7
Due to associated undertakings	13	-	13
Total financial liabilities	<u>13</u>	<u>7</u>	<u>20</u>

Fair values of financial instruments

In the normal course of its operations, the Group enters into various financial instruments involving forward settlement. As discussed in note 1 (c), financial instruments are recorded at fair value or amortised cost.

Given the short term nature and characteristics of amounts due to and from other group and associate companies, fair value has been assumed to be equivalent to carrying value.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

10. Called-up share capital

	2012 Number	2011 Number
Authorised:		
Class A Stock, without par value	1,000,000	1,000,000
Class B Stock, without par value	25,000	25,000
Class C Stock, without par value	31,327	31,327
Class D Stock, without par value	20,402	20,402
	<u>1,076,729</u>	<u>1,076,729</u>
	2012 \$ Million	2011 \$ Million
Alloted and issued:		
980,140 Class A Stock, without par value	<u>501</u>	<u>501</u>

11. Reserves

Group	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
At 1 January 2012	2,901	(800)	2,101
Capital contribution received	-	-	-
Loss for the year	-	(198)	(198)
At 31 December 2012	<u>2,901</u>	<u>(998)</u>	<u>1,903</u>
	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
Company			
At 1 January 2012	2,895	(794)	2,101
Capital contribution received	-	-	-
Loss for the year	-	(198)	(198)
At 31 December 2012	<u>2,895</u>	<u>(992)</u>	<u>1,903</u>

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

12. Reconciliation of movements in shareholder's funds

	Group		Company	
	2012 \$ Million	2011 \$ Million	2012 \$ Million	2011 \$ Million
Balance at 1 January	2,602	2,576	2,602	2,866
Capital contribution received	-	175	-	175
Dividends paid	-	-	-	-
(Loss)/profit for the year	(198)	(149)	(198)	(439)
Balance at 31 December	<u>2,404</u>	<u>2,602</u>	<u>2,404</u>	<u>2,602</u>

13. Group structure

The Company's immediate parent undertaking is Citigroup Financial Products Inc, registered in the State of Delaware, United States of America. The Company's ultimate controlling party is Citigroup Inc, incorporated in the State of Delaware, United States of America.

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