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CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2015

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CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

PROFIT AND LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2015

	Notes	2015 \$ Million	2014 \$ Million
Interest receivable	2	1	1
Operating expenses	3	-	-
Operating profit		<u>1</u>	<u>1</u>
Impairment of investments	6	-	-
Operating profit (loss) on ordinary activities before taxation		1	1
Tax charge on ordinary activities	4	-	-
Profit (Loss) for the financial year		<u><u>1</u></u>	<u><u>1</u></u>

The accompanying notes on pages 4 to 8 form an integral part of these financial statements

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

All results were derived from continuing operations

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

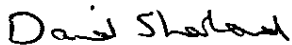
BALANCE SHEET (Unaudited)

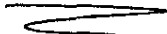
as at 31 December 2015

	Notes	2015 \$ Million	2014 \$ Million
Fixed assets			
Investments	6	3,133	3,133
Current assets			
Debtors amounts falling due within one year	7	207	212
Current liabilities			
Creditors amounts falling due within one year	8	(11)	(17)
Net current assets		<u>196</u>	<u>195</u>
Net assets		<u>3,329</u>	<u>3,328</u>
Capital and reserves			
Called up share capital	10	501	501
Capital reserve		3,944	3,944
Profit and loss account		(1,116)	(1,117)
Total shareholder's funds		<u>3,329</u>	<u>3,328</u>

The accompanying notes on pages 4 to 8 form an integral part of these financial statements

The financial statements on pages 1 to 8 were approved by the Directors on 20 December 2016 and were signed on their behalf by




D I Sharland
Director

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

STATEMENT OF CHANGES IN EQUITY (Unaudited)

as at 31 December 2015

	Share capital \$ Million	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
Balance at 1 January 2014	501	3,944	(1,118)	3,327
Profit for the year	-	-	1	1
At 31 December 2014	501	3,944	(1,117)	3,328
Profit for the year	-	-	1	1
At 31 December 2015	501	3,944	(1,116)	3,329

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

1. Principal accounting policies

(a) Basis of presentation

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

The Company has taken the exemption available under FRS 101 not to disclose all transactions with other group companies and investees of the group qualifying as related parties. It has also taken the exemption available under FRS 101 not to prepare a cash flow statement.

In the transition to FRS 101, the Company has applied IFRS 1, "First-time Adoption of International Accounting Standards," whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The Company has not been required to make any measurement and recognition adjustments due to its transition to FRS 101.

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

(b) Going concern basis

The Financial Statements are prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The Directors acknowledge their intent to place the Company into liquidation in the future but cannot commit to doing so within 12 months from the date of approval of these financial statements and are therefore prudently confirming the existence of resources to support a going concern assertion should the Company continue beyond 12 months from the date of approval of these financial statements. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

Given the Company's ultimate reliance on the support of the parent, users are referred to the risk factors impacting Citigroup Inc. as described in its 2015 annual report on form 10-K, which can be found at <http://www.citigroup.com/citi/investor/sec.htm>

(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, whereby a constant interest rate is calculated to reflect the actual rate applied rather than the nominal rate. 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's presentation and functional currency is US Dollars

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.

2 Interest receivable

	2015 \$ Million	2014 \$ Million
Interest receivable on loans to associated undertakings	<u>1</u>	<u>1</u>

3 Operating expenses

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

4. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2015 \$ Million	2014 \$ Million
Current tax		
UK corporation tax	-	-
Total current tax (Note 4(b))	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year

	2015 \$ Million	2014 \$ Million
Profit (loss) on ordinary activities before tax	<u>1</u>	<u>1</u>
Profit (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	-	-
Current tax charge for year	<u>-</u>	<u>-</u>

The main rate of corporation tax for the year beginning 1 April 2015 reduced from 21% to 20%. This resulted in a weighted average corporation tax rate of 20.25% for 2015 (2014: 21.49%).

Finance (No. 2) Act 2015 provided that the corporation tax rate will reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were enacted in November 2015.

Additionally, the 2016 UK Budget announced a further reduction in the tax rate to 17% from 1 April 2020, which was enacted in September 2016.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

5 Directors' remuneration

Directors' remuneration in respect of service to the Company was as follows

	2015 \$ '000	2014 \$ '000
Aggregate emoluments	<u>27</u>	<u>32</u>

Contributions to the money purchase pension schemes are accruing to one of the Directors (2014 one) The Directors of the Company participate in a parent company share plan Two of the Directors (2014 two) of the Company participate in a parent company share option plan and during the year both of the Directors exercised options (2014 none)

The emoluments of the highest paid Director were \$18,015 (2014 \$21,199) During the year the highest paid Director did (2014 did not) exercise share options

6. Fixed asset investments

Investment in associate undertaking

	2015 \$ Million	2014 \$ Million
At 1 January	3,133	3,133
Write down in investments	-	-
At 31 December	<u>3,133</u>	<u>3,133</u>

Name of associate	Proportion of voting shares held by the Company	Principal activity
Citigroup Global Markets Holdings Bahamas Limited (CGMHBL)	34.92% (Effective interest 25.03%)	Holding company

On 9 September 2015 a share for share exchange was effected whereby CGMI LLC, along with the other shareholders of CGMEL, exchanged their shares in CGMEL for identical (although \$ denominated) shares of CGMHBL. The transfer was executed at book value in keeping with Citi's policy for reorganisations done between entities under common ownership. As a result of this transaction, at 31 December 2015 CGMI LLC held an investment in ordinary and preference shares of CGMHBL. These changes were part of a larger transaction to simplify Citi's organisational structure as part of its ongoing strategy to become a stronger, safer and simpler organisation.

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

7 Debtors' amounts falling due within one year

	2015 \$ Million	2014 \$ Million
Due from associated undertakings	207	212
	<u>207</u>	<u>212</u>

8 Creditors' amounts falling due within one year

	2015 \$ Million	2014 \$ Million
Due to other group undertakings	5	5
Due to associated undertakings	6	12
	<u>11</u>	<u>17</u>

9. Financial instruments and risks

The Company's approach to risk management is described below

Operational risk

To anticipate, mitigate and control operational risk, Citi maintains a system of policies and has established a consistent framework for monitoring, assessing and communicating operational risks and the overall effectiveness of the internal control environment across Citi. As part of this framework, Citi has established a Manager's Control Assessment (MCA) programme which helps managers to self-assess key operational risks and controls and to identify and address weaknesses in the design and effectiveness of internal controls that mitigate significant operational risks.

Market Risk

The tables below show the earlier of contractual re-pricing and maturity terms for each category of financial asset and liability. In addition, significant variation in interest rate sensitivity may exist within the re-pricing periods presented and among the currencies in which the Company has interest rate positions.

2015	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
Assets			
Debtors			
Due from associated undertakings	13	194	207
Total financial assets	<u>13</u>	<u>194</u>	<u>207</u>
Liabilities			
Creditors			
Due to group undertakings	-	5	5
Due to associated undertakings	6	-	6
Total financial liabilities	<u>6</u>	<u>5</u>	<u>11</u>

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

9 Financial instruments and risks (continued)

2014	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
Assets			
Debtors			
Due from associated undertakings	14	198	212
Total financial assets	<u>14</u>	<u>198</u>	<u>212</u>
Liabilities			
Creditors			
Due to group undertakings	-	5	5
Due to associated undertakings	12	-	12
Total financial liabilities	<u>12</u>	<u>5</u>	<u>17</u>

Fair values of financial instruments

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

10 Called-up share capital

	2015 \$ Million	2014 \$ Million
Alloted and issued		
980,140 Class A Stock, without par value	<u>501</u>	<u>501</u>

11 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 <https://www.citigroup.com/citi/investor/quarterly/2016/annual-report/>