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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 2014



CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

PROFIT AND LOSS ACCOUNT (Unaudited)

for the year ended 31 December 2014

	Notes	2014 \$ Million	2013 \$ Million
Interest receivable	2	1	1
Operating expenses	3	<u>-</u>	<u>-</u>
Operating profit		1	1
Impairment of investments	6	<u>-</u>	<u>(127)</u>
Operating profit (loss) on ordinary activities before taxation		1	(126)
Tax charge on ordinary activities	4	<u>-</u>	<u>-</u>
Profit (Loss) for the financial year		<u><u>1</u></u>	<u><u>(126)</u></u>

The accompanying notes on pages 3 to 8 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

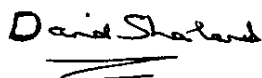
BALANCE SHEET (Unaudited)

as at 31 December 2014

	Notes	2014 \$ Million	2013 \$ Million
Fixed assets			
Investments	6	3,133	3,133
Current assets			
Debtors amounts falling due within one year	7	212	222
Current liabilities			
Creditors amounts falling due within one year	8	(17)	(28)
Net current assets		<u>195</u>	<u>194</u>
Net assets		<u><u>3,328</u></u>	<u><u>3,327</u></u>
Capital and reserves			
Called up share capital	10	501	501
Capital reserve	11	3,944	3,944
Profit and loss account	11	(1,117)	(1,118)
Total shareholder's funds		<u><u>3,328</u></u>	<u><u>3,327</u></u>

The accompanying notes on pages 3 to 8 form an integral part of these financial statements

The financial statements on pages 1 to 8 were approved by the Directors on 15 December 2015 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 of Citigroup Global Markets International LLC (the Company) 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, other than the basis of consolidation. In 2014 the Company applied the exemption from consolidation for the first time (see further details below).

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.

As permitted by FRS 1, 'Cash Flow Statements', the Company has not prepared a cash flow statement. The Company'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 Company is not required to disclose all transactions with other group companies and investees of the Company qualifying as related parties.

(b) Basis of consolidation

The Company has applied the exemption available in section 401 of the Companies Act 2006, which exempts the Company from preparing consolidated group accounts because the financial results of the Company and its subsidiary undertakings are included in the consolidated group accounts of Citigroup Inc, its ultimate parent. The consolidated financial statements of Citigroup Inc have been drawn up in a manner which is equivalent to the requirements of the Seventh Directive of the Bank Accounts Directive.

Consequently, these financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Citigroup Inc, within which the Company is included, are available from the address stated in note 13.

(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

	2014 \$ Million	2013 \$ Million
Interest receivable on loans to other group 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

	2014 \$ Million	2013 \$ Million
Current tax:		
UK corporation tax	-	-
Total current tax (Note 4(b))	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year:

	2014 \$ Million	2013 \$ Million
Profit (loss) on ordinary activities before tax	<u>1</u>	<u>(126)</u>
Profit (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	-	(29)
Effects of:		
Consolidation adjustment - associate's loss	-	29
Current tax charge for year	<u>-</u>	<u>-</u>

The main rate of corporation tax for the year beginning 1 April 2014 reduced from 23% to 21%. This resulted in a weighted average corporation tax rate of 21.49% for 2014 (2013: 23.25%).

The UK Government announced that the corporation tax rate will reduce to 20% from 1 April 2015.

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

	2014 \$ '000	2013 \$ '000
Aggregate emoluments	<u>32</u>	<u>31</u>

Contributions to the money purchase pension schemes are accruing to one of the Directors (2013 one) The Directors of the Company participate in a parent company share plan Two of the Directors (2013 two) of the Company participate in a parent company share option plan and during the year none of the Directors exercised options (2013 none)

The emoluments of the highest paid Director were \$21,199 (2013 \$21,815) During the year the highest paid Director did not (2013 did not) exercise any share options

6 Fixed asset investments

(a) Investment in associate undertaking

	2014 \$ Million	2013 \$ Million
At 1 January	3,133	2,211
Capital contribution	-	1,049
Write down in investments	-	(127)
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 Europe Limited (CGMEL)	34.92% (Effective interest 24.93%)	Holding company

(b) Investment in subsidiary undertaking

The Company's subsidiary undertaking, Tanneryle Limited, which is registered in England and Wales, is listed 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 Company was \$nil (2013 \$nil)

In August 2014, Tanneryle Limited was placed into liquidation

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

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

7 Debtors amounts falling due within one year

	2014 \$ Million	2013 \$ Million
Due from other group undertakings	-	3
Due from associated undertakings	212	219
	<u>212</u>	<u>222</u>

8 Creditors amounts falling due within one year

	2014 \$ Million	2013 \$ Million
Due to other group undertakings	5	9
Due to associated undertakings	12	19
	<u>17</u>	<u>28</u>

9. Financial instruments and risks

The Company's approach to risk management is described below

Operational risk

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

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 among the currencies in which the Company has interest rate positions

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

9. Financial instruments and risks (continued)

	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
2014			
Assets			
Debtors			
Due from group undertakings	-	-	-
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>
	Trading or non- interest bearing \$ Million	3 months or less \$ Million	Total \$ Million
2013			
Assets			
Debtors			
Due from group undertakings	3	-	3
Due from associated undertakings	15	204	219
Total financial assets	<u>18</u>	<u>204</u>	<u>222</u>
Liabilities			
Creditors			
Due to group undertakings	1	8	9
Due to associated undertakings	19	-	19
Total financial liabilities	<u>20</u>	<u>8</u>	<u>28</u>

Fair values of financial instruments

In the normal course of its operations, the Company 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

	2014 Number	2013 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>
	2014	2013
	\$ Million	\$ Million
Alloted and issued:		
980,140 Class A Stock, without par value	<u>501</u>	<u>501</u>

11 Reserves

	Capital reserve \$ Million	Profit and loss account \$ Million	Total \$ Million
At 1 January 2014	3,944	(1,118)	2,826
Profit for the year	-	1	1
At 31 December 2014	<u>3,944</u>	<u>(1,117)</u>	<u>2,827</u>

A capital contribution of \$524 million was made on 23 May 2013 to the Company by Citigroup Financial Products Inc (CFPI). On the same day the Company made a capital contribution of \$524 million to CGMEL. A further capital contribution of \$524 million was made on 20 December 2013 to the Company by CFPI. On the same day the Company made a capital contribution of \$524 million to CGMEL.

12 Reconciliation of movements in shareholder's funds

	2014 \$ Million	2013 \$ Million
Balance at 1 January	3,327	2,404
Capital contribution received	-	1,049
Profit (Loss) for the year	1	(126)
Balance at 31 December	<u>3,328</u>	<u>3,327</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 <https://www.citigroup.com/citi/investor/quarterly/2015/annual-report/>

CITIGROUP GLOBAL MARKETS INTERNATIONAL LLC

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

14 Post balance sheet event

During 2015 the Company's interest in its associate, CGMEL, was exchanged for equivalent shares in another Citi entity, as part of a restructuring of CGMEL. These changes were part of a larger transaction to facilitate the efficient allocation of Citi's resources whilst enabling it to maintain a sound capital position to support its businesses on an ongoing basis.