

CITIBANK INVESTMENTS LIMITED

**Directors' report and accounts
31 December 1995**

Registered number :1911126



CITIBANK[®]

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1995

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CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS	Ernst Brutsche	(Chairman)
	Ian D Cormack	(Vice Chairman)
	Anthony M Brooks	
	Guy R Whittaker	
SECRETARY	John S Mitchell-Hewson FCIS	
REGISTERED OFFICE	336 Strand	
	London WC2R 1HB	
AUDITORS	KPMG	
	Chartered Accountants and Registered Auditors	
	8 Salisbury Square	
	London EC4Y 8BB	

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report together with the audited financial statements ('Accounts') of the Company and its Group for the year ended 31 December 1995 ('the year') which have been prepared in accordance with the provisions of the Companies Act 1985 (as amended).

Principal Activities and Review of the Business

The Company's business is the making, holding and managing of investments for capital account and acting as the holding company for the subsidiary undertakings of Citibank, N.A. in the United Kingdom which are primarily engaged in the provision of international banking and related financial services, and in connection with that activity provides or procures capital and funding facilities.

During the year on 7 March 1995, the Company increased its level of investment in **FXT-L.P., Ltd.** by £63,250 to £2,713,250 which was entirely represented by Ordinary share capital.

On 25 October 1995 the Company sold a tranche of shares representing approximately 10 per cent of the Company's investment in **KCI-Kone Cranes International Corporation** ('KCI') for an aggregate cash consideration of FIM645,540.

During the year, the Company made the following new investments on:

2 October 1995 1,330.30 'C' Ordinary shares of £1 each fully paid being the first tranche in, and equivalent to approximately 19.90 per cent of, the total issued share capital of **Focii Limited**, a company incorporated in Jersey, Channel Islands, for an aggregate cash consideration of £363,129;

20 December 1995 interests equivalent to approximately 0.14 per cent of the total issued share capital of **Argent Development Consortium Limited**, a company incorporated in Great Britain, for an aggregate cash consideration of £35,198.

Since the year on 16 February 1996, the Company increased its level of investment in **Citiloans PLC** by £49,998 to £50,000 which was entirely represented by Ordinary share capital.

On 26 March 1996 the Company sold its remaining interest in **KCI** for an aggregate cash consideration of FIM14,620,022.

On 6 June 1996, the Company sold the whole of its investment in, and which comprised 7,607,749 'B' Ordinary shares of £1 each representing, in aggregate, approximately 9.06 per cent of the issued share capital of, **London Capital Holdings Limited** to **F P UK Holdings Limited**, a subsidiary undertaking of **Friends' Provident Life Office**, for an aggregate cash consideration of £23,681,608.

In addition, on 25 June 1996 the Company acquired the limited partnership interest in **The EBS Partnership**, a limited partnership under the Limited Partnerships Act 1907 registered at Cardiff with number LP4200, ('The EBS Partnership') from **FXT-L.P., Ltd.**, a subsidiary undertaking of the Company, for an aggregate cash consideration of US\$3,720,000 (the '**EBS Limited Partnership Interest**').

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

Principal Activities and Review of the Business continued

On 29 June 1996, the Company pursuant to an Agreement, dated 28 June 1996, between (1) Citicorp, (2) the Company, and (3) FXT-G.P., Ltd. and in accordance with Members' Written Resolutions, dated 28 June 1996, of its immediate holding company sold the **EBS Limited Partnership Interest** for an aggregate cash consideration of US\$17,800,000 and its interests in, and comprising the entire issued share capital of, **Citicorp Dealing Resources International Limited** to EBS No 2 Limited, a subsidiary undertaking of The EBS Partnership, for an aggregate cash consideration payable in the Sterling equivalent, at that date, to US\$107,369,236.

On 11 July 1996, the Company sold one third of its interests in **Argent Development Consortium Limited** to United Bank of Kuwait plc for an aggregate cash consideration of £11,733.

Future Developments

The Directors intend that the Company will continue to review and consider investment opportunities as and when they arise and, additionally, to further the objectives of the ultimate parent company of creating within the United Kingdom a single and appropriately structured corporate group within respective confines of United Kingdom and United States of America laws and regulations.

Results and Dividends

The Company made a profit after taxation and dividends of £482,000 (1994 £22,960,000). After consolidation the Group made a profit after taxation and dividends of £968,000 (1994 £21,559,000).

The Directors, on 28 December 1995, declared and paid an interim dividend amounting in aggregate to £5,000,000 (1994 £5,000,000) for the year to the holders of the Ordinary shares £1 each fully paid in the capital of the Company registered in the books of the Company on 27 December 1995.

The Directors do not propose the declaration of any further or final dividends in respect of the year.

Fixed Assets

Movements in fixed assets of the Company and Group during the year are indicated in Note 20 to the Accounts.

It is the opinion of the Directors that there was no significant difference between the respective book and market values of the freehold land and buildings at 31 December 1995.

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

Directors

The names of the present Directors are shown on page 2. On 8 March 1995 Mr Paul A Cohen resigned as a Director of the Company. Since the year, on 8 March 1996, Mr Jeffrey W Heintz resigned as a Director of the Company.

No service contracts have subsisted between the Company and any of its Directors during the year and no such contracts have come into being since the year.

Directors' Interests

None of the Directors, nor any member of their respective families, had reported any material interests in contracts involving the Company, or interests in the share or loan capital of the ultimate holding company, or its subsidiary undertakings, at the relevant dates which required disclosure.

Directors' Responsibilities for Financial Statements

Company law requires the Directors to prepare financial statements for each accounting reference period which give a true and fair view of the state of affairs of the Company and Group and of the profit or, as the case may be, loss for that period (the 'financial statements').

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 1985 as amended.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Employees

Certain fellow UK Citicorp entities have made available a number of persons (not employees of the Company) to be engaged in the performance of certain functions in connection with the Company's business. No payment has been made demanded of nor made by the Company for the personnel or services so provided.

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

The average weekly number of persons employed during the year by the Company's subsidiary undertakings was 1,624 (1994 1,370) and their remuneration amounted, in aggregate, to £77,490,000 (1994 £54,808,000).

Employee Involvement and Disabled Persons

It is the policy of the Company that subsidiary undertakings continue to implement well established policies and procedures, involving notices, circulars, briefing meetings, training courses and a regular in-house journal for keeping their employees informed on matters affecting them and of the financial and economic factors affecting their respective companies' and the Group's performance.

It is also Group policy to encourage the employment of disabled persons and accordingly ensure that subsidiary undertakings give as full and as fair consideration to all applications for employment from disabled persons as would be given to others. It is also policy to prevent the discrimination against disabled persons, when employed, as regards their career development and promotion.

It is intended that, in respect of persons becoming disabled whilst in the employ of a subsidiary undertaking, the Company or its subsidiary undertakings would seek to either provide the means for such persons to continue in their job or offer them an alternative position commensurate with their abilities.

Charitable Donations and Political Contributions

During the year the Group made payments amounting, in aggregate, to £45,000 (1994 £Nil) for charitable purposes. Neither the Company nor any of its subsidiary undertakings made any payments or contributions for political purposes during the year or in the preceding year.

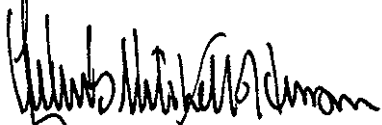
Close Company Provisions

In the opinion of the Directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not, and did not at 31 December 1995, apply to the Company.

Auditors

The Company's Auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution for the appointment of KPMG Audit Plc is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 23 August 1996 and signed on their behalf by:



John S. Mitchell-Hewson
Secretary.

Registered Office: 336 Strand, LONDON WC2R 1HB

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

REPORT OF THE AUDITORS TO THE MEMBERS OF CITIBANK INVESTMENTS LIMITED

We have audited the financial statements on pages 8 to 42.

Respective Responsibilities of Directors and Auditors

As described on page 5 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with Companies Act 1985.



KPMG

**Chartered Accountants
Registered Auditors
London**

23 August 1996

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1995

	Note	Continuing operations 1995 £'000	Discontinued operations 1995 £'000	Total 1995 £'000	Total 1994 £'000
Interest receivable:					
- interest receivable and similar income arising from debt securities		70,776	-	70,776	34,424
- other interest receivable and similar income		286,595	12,075	298,670	221,739
Interest payable		(274,302)	(3,702)	(278,004)	(185,731)
NET INTEREST INCOME		83,069	8,373	91,442	70,432
Dividend income	2	26	-	26	-
Fees and commissions receivable		117,330	6,984	124,314	107,336
Less: fees and commissions payable		(8,406)	-	(8,406)	(17,004)
Dealing profits		24,328	-	24,328	23,763
Other operating income		25,111	-	25,111	37,156
OPERATING INCOME		241,458	15,357	256,815	221,683
Administrative expenses	3	(150,167)	(16,643)	(166,810)	(155,003)
Depreciation and amortisation		(33,075)	(438)	(33,513)	(26,525)
Provisions					
- provisions for bad and doubtful debts	13	(7,535)	(3,760)	(11,295)	(8,654)
- provisions for contingent liabilities and commitments	27	(1,148)	(176)	(1,324)	101
OPERATING PROFIT		49,533	(5,660)	43,873	31,602
Share of profit/(loss) of associated undertakings	18	3,599	-	3,599	(642)
Loss on disposal of subsidiaries	4	-	-	-	(1,328)
Provision for loss on discontinued operations	27	-	(28,349)	(28,349)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	5	53,132	(34,009)	19,123	29,632
Tax on profit on ordinary activities	6			(13,155)	(3,073)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX				5,968	26,559
Dividends paid				(5,000)	(5,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	30			968	21,559

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended 31 December 1995

	1995 £'000	1994 £'000
Profit for the financial year	5,968	26,559
Other recognised gains/losses:		
Currency translation differences	(487)	2,332
Realised property revaluations	-	(2,736)
Revaluation of associated undertaking	(7,653)	(17,385)
Total recognised gains and losses for the year	<u>(2,172)</u>	<u>8,770</u>

STATEMENT OF HISTORICAL PROFITS AND LOSSES

for the year ended 31 December 1995

There is no difference between the reported profit and loss for 1995 and the profit and loss on an historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 1995

	1995 £'000	1994 £'000
Profit for the financial year	5,968	26,559
Dividends paid	(5,000)	(5,000)
Retained profit for the year	<u>968</u>	<u>21,559</u>
Other recognised gains and losses relating to the year	(487)	(17,789)
Goodwill written off	-	(3,772)
Goodwill written back on disposals	-	5,565
Associated undertaking reserve movement	<u>(7,653)</u>	<u>22,962</u>
Net additions to shareholders' funds	<u>(7,172)</u>	<u>28,525</u>
Opening shareholders' funds	614,076	585,551
Closing shareholders' funds	<u>606,904</u>	<u>614,076</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

at 31 December 1995

	Note	1995 £'000	1994 £'000
ASSETS			
Cash and balances at central banks		25,053	111,448
Cheques in course of collection from other banks		20,570	3,058
Treasury bills and other eligible bills	10	22,232	15,377
Loans and advances to banks	11	622,544	450,379
Loans and advances to customers	12	2,673,458	2,877,774
Loans subject to non-recourse financing arrangements		450,369	456,011
Less: non-returnable finance		(406,885)	(413,028)
	14	43,484	42,983
Debt securities	15	970,450	785,391
Equity securities	16	10,467	6,698
Associated undertakings	18	27,524	31,295
Participating interests	19	2,121	279
Tangible fixed assets	20	151,726	149,130
Other assets	21	2,363,679	1,896,782
Prepayments and accrued income		94,326	103,535
Total Assets	9	<u>7,027,634</u>	<u>6,474,129</u>
LIABILITIES			
Deposits by banks	22	2,454,008	2,426,763
Customer accounts	23	723,924	511,377
Debt securities in issue	24	308,353	361,019
Other liabilities	25	2,685,959	2,328,771
Accruals and deferred income		119,616	116,804
Provisions for liabilities and charges			
- deferred taxation	26	(8,562)	2,709
- other provisions	27	45,549	19,470
Subordinated liabilities	28, 39	91,883	93,140
Called up share capital	29	447,085	447,085
Capital reserve	30	566	566
Associated undertaking revaluation reserve	30	15,309	22,962
Profit and loss account	30	143,944	143,463
Shareholders' funds		606,904	614,076
Total Liabilities	9	<u>7,027,634</u>	<u>6,474,129</u>
MEMORANDUM ITEMS			
Contingent liabilities :			
- acceptances and endorsements	31	-	3,328
- guarantees and assets pledged as collateral security	31	506,654	266,786
		<u>506,654</u>	<u>270,114</u>
Commitments:			
- other commitments	31	725,850	527,657

Approved by the Board of Directors on 23 August 1996 and signed on their behalf by :

Anthony M. Brooks, Director



CITIBANK INVESTMENTS LIMITED

COMPANY BALANCE SHEET at 31 December 1995

	Note	1995 £'000	1994 £'000 Restated (see note 17)
FIXED ASSETS			
Investments	16	1,096	696
Investments in group undertakings	17	618,689	621,105
Investments in associated undertakings	18	27,524	31,295
		<u>647,309</u>	<u>653,096</u>
CURRENT ASSETS			
Loans and advances to subsidiary undertakings	12	62,000	63,000
Other debtors	21	172,001	165,815
Prepayments and accrued income		4,181	11,700
Balances with group banking undertakings	11	13,159	9,942
		<u>251,341</u>	<u>250,457</u>
CURRENT LIABILITIES			
Deposits by group banking undertakings	22	273,758	273,758
Deposits by subsidiary undertakings	23	2,634	2,484
Other liabilities	25	1,250	1,250
Accruals and deferred income		7,357	940
		<u>284,999</u>	<u>278,432</u>
Net current liabilities		<u>(33,658)</u>	<u>(27,975)</u>
Total assets less current liabilities		<u>613,651</u>	<u>625,121</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	26	-	3,806
Other provisions for liabilities and charges	27	6,747	7,239
		<u>6,747</u>	<u>11,045</u>
		<u>606,904</u>	<u>614,076</u>
CAPITAL AND RESERVES			
Called up share capital	29	447,085	447,085
Revaluation reserve	30	75,874	88,752
Profit and loss account	30	83,945	78,239
		<u>606,904</u>	<u>614,076</u>

Approved by the Board of Directors on 23 August 1996 and signed on their behalf by:

Anthony M. Brooks, Director



CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED CASHFLOW STATEMENT

for the year ended 31 December 1995

	<i>Note</i>	1995 £'000	1994 £'000 Restated (see note 36)
Net cash outflow from operating activities	36	(90,644)	(273,046)
Returns on investments and servicing of finance			
- Ordinary dividends paid		(5,000)	(5,000)
Net cash outflows from returns on investments and servicing of finance		(5,000)	(5,000)
Taxation			
- UK Corporation tax		(8,904)	(34,334)
- Overseas tax		(4,616)	(8,411)
Total tax paid		(13,520)	(42,745)
Investing activities			
- Sale/(purchase) of investment securities		757	(448)
- Investment in participating interests		(1,842)	(260)
- Investment in group undertakings (net of cash and cash equivalents acquired)		-	221,295
- Sale of investment in subsidiary undertaking (net of cash and cash equivalents sold)		-	(6,687)
- Dilution of interest in subsidiary undertaking (net of cash and cash equivalents)		-	(9,925)
- Purchase of tangible fixed assets		(38,286)	(290,062)
- Sales of tangible fixed assets		3,513	14,318
- Repayment of loans advanced to associated undertaking		-	205,000
Net cash (outflow)/inflow from investing activities		(35,858)	133,231
Net cash outflow before financing		(145,022)	(187,560)
Financing			
- Repayment of loan capital	39	(3,519)	(25,000)
Net cash outflow from financing		(3,519)	(25,000)
Decrease in cash and cash equivalents	38	(148,541)	(212,560)

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS

Accounting Convention

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Companies Act

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking groups.

The Company is exempt from preparing its own profit and loss account in accordance with section 230 of the Companies Act 1985, and the Company balance sheet has been prepared in compliance with section 226 of, and Schedule 4 to, that Act.

Basis of Consolidation

The Group accounts include the assets, liabilities and results of all subsidiary undertakings. For associated undertakings the Group accounts include the Group's share of the results and share of the net assets of the undertakings. The accounts of all subsidiaries and associated undertakings are coterminous with those of the Company. Results of subsidiaries and associated undertakings acquired are included from the date of acquisition and of those disposed of are excluded from the date of disposal. Assets and liabilities of subsidiaries are recorded at their fair values at date of acquisition. Goodwill arising on consolidation is written off against reserves, and goodwill recovered is written back to reserves.

Investments in Group and Associated Undertakings

Investments in Group and Associated undertakings are stated in the Company's balance sheet at the Company's share of their net tangible assets. Aggregate net surpluses on revaluation of investments are taken to the revaluation reserve.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the market rates prevailing at the year end. The resulting revaluation profits and losses are taken into income.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Overseas Branches

The assets and liabilities of overseas branch undertakings have been translated into sterling at closing rates of exchange. Profits and losses have been translated at average rates of exchange.

Exchange differences resulting from the translation of net investments in overseas undertakings at closing rates, together with differences between profits and losses translated at average rates and at closing rates, are dealt with in reserves.

Assets and liabilities of businesses acquired as branches are recorded at their fair value on the date of acquisition. Goodwill arising is written off to reserves.

Interest Rate Swaps, Currency Swaps and Forward Rate Agreements

Profits and losses in respect of these financial products entered into for hedging purposes are spread over the underlying hedge periods. The Group accounts for its trading and risk management activities in swaps and forward rate agreements on a market value basis which recognizes in earnings the profits or losses resulting from trading and from changes in interest or exchange rates. Interest accruals and unrealized revaluation profits and losses are included in Other assets or Other liabilities. Positive and negative market values are set off where the contracts have been entered into under master netting agreements or other arrangements that give a legally enforceable right of set-off.

Financial Futures and Options

Profits and losses in respect of financial futures contracts entered into for hedging purposes are spread over the underlying hedge periods. Financial futures and option contracts entered into for trading purposes are valued at market prices prevailing at the balance sheet date and the resulting profits and losses are taken into income.

Trading Securities

Trading securities, including those used as hedge instruments, are presented net of obligations to deliver the assets of the same issuer sold but not yet purchased and are valued at market prices prevailing at the balance sheet date. Net short positions have been disclosed separately.

The amounts awaiting settlement related to trading securities purchased and sold are included in Other assets or Other liabilities.

Deposits arising from securities sold under agreements to repurchase or purchased under agreements to resell are included in Deposits by banks or Customer accounts and Loans and advances to banks or customers respectively.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Trading Securities (continued)

Bank certificates of deposit are valued at year end market prices.

Forward securities contracts are valued at market rates prevailing at the year end adjusted for the premium or discount paid spread evenly over the life of the contract.

Debt securities and equity shares are included in the balance sheet at market value. Changes in the market value of such assets are recognized in the profit and loss account as 'Dealing profits' as they arise.

Investment Securities

Securities held for investment are valued at cost adjusted for accreted premium or discount on acquisition, less any provision for permanent diminution in value.

Interest and Fee Income

Interest receivable and payable, commitment commission and agency fees are accrued over the term of the loans and deposits. Where there is doubt over the collection of interest receivable, the interest is not accrued but is taken to income when received in cash.

Fees are accrued over the life of the underlying transaction except to the extent that they represent compensation for arranging the transaction. This portion is recognized in income on signing the agreement.

Mortgage Securitisation

Where the Group finances a portfolio of mortgage loans under non-recourse agreements which transfer substantially all of the risk to the provider of the finance, a linked presentation is used. This requires the non-returnable finance to be deducted from the securitised assets on the face of the balance sheet.

Futures Brokerage Income

Brokerage income is recognized upon liquidation of deals.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Provision for Losses

Specific and general provisions are made against loans, advances and certain products as considered appropriate by the Directors, and deducted from the related asset, or shown in Other liabilities as appropriate.

Pension and Other Post-Retirement Benefit Costs

The Group operates a defined contribution pension scheme and a defined benefit pension scheme for employees. Staff do not make contributions for basic pensions. The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of a qualified actuary, using where appropriate the projected unit method. Variations from the regular cost are allocated over the remaining service lives of current employees.

Contributions to the other post-retirement benefits scheme are assessed in accordance with the advice of a qualified actuary and provision is being made on the basis set out in note 8.

Deferred tax relating to timing differences in pension and post-retirement benefit costs is provided in full on the accrual at the end of the year.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of fixed assets by equal annual installments over their estimated useful lives as follows :-

Premises and installations - shorter of the lease term and estimated useful life

Furniture and equipment - between 3 and 10 years

Computer equipment - between 1 and 5 years

Motor vehicles - between 3 and 4 years

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are capitalized and depreciated as described above. Finance charges are allocated to accounting periods using the sum of digits method so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period.

The net investment in finance leases is included in Loans and advances to customers. The gross earnings over the period of the lease are allocated to give a constant periodic rate of return on the net cash investment.

Deferred Taxation

Deferred taxation is provided for in respect of accelerated capital allowances on assets leased to customers and fixed assets and on short term timing differences, less the tax saving available in respect of corporation tax losses carried forward, where it is probable that a taxation liability or recovery will arise and at the rate expected to be ruling when these differences reverse.

• CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

2. DIVIDEND INCOME

	1995 £'000	1994 £'000
Income from equity shares	<u>26</u>	<u>-</u>

3. ADMINISTRATIVE EXPENSES

Group:	Continuing operations 1995 £'000	Discontinued operations 1995 £'000	Total 1995 £'000	Total 1994 £'000
Staff costs				
- wages and salaries	54,094	7,295	61,389	46,468
- social security costs	6,792	4,179	10,971	4,591
- other pension costs	4,429	574	5,003	3,123
- post-retirement health care	127	-	127	626
Other administrative expenses	84,725	4,595	89,320	100,195
	<u>150,167</u>	<u>16,643</u>	<u>166,810</u>	<u>155,003</u>

4. LOSS ON DISPOSAL OF GROUP UNDERTAKINGS

	1995 £'000	1994 £'000
Gain on disposals	-	4,237
Goodwill previously written off directly to reserves	<u>-</u>	<u>(5,565)</u>
Loss on disposal of group undertakings	<u>-</u>	<u>(1,328)</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

5. PROFIT BEFORE TAX

	Continuing operations	Discontinued operations	Total	Total
	1995	1995	1995	1994
	£'000	£'000	£'000	£'000
Profit before taxation for the year has been arrived at after :				
i) Income :				
Income from listed investments	4,884	-	4,884	828
Profits/(Losses) on securities dealing	11,440	-	11,440	(21,738)
Charge card fee income	28,408	-	28,408	26,022
Aggregate amounts receivable, including capital repayments under finance leases, hire purchase and conditional sale contracts	1,887	-	1,887	2,450
ii) Charges :				
Charges in respect of finance leases and hire purchase contracts	26	-	26	792
Interest payable on subordinated loan capital	6,843	-	6,843	4,003
Interest payable on unsecured loan notes	12,371	-	12,371	2,212
Operating leases - leasehold property	4,350	1,337	5,687	6,418
- hire of equipment	714	387	1,101	110

The auditors' remuneration for audit work was £258,000 (1994 - £291,000) and for non - audit work was £215,000 (1994 - £273,000).

6. TAXATION

	1995	1994
	£'000	£'000
The charge to taxation comprised:		
United Kingdom corporation tax based on the profit for the year at 33% (1994: 33%)	19,958	10,156
Adjustments in respect of prior years	4,500	(3,639)
	24,458	6,517
Overseas current taxation	1,280	358
Deferred taxation	(3,482)	(373)
Adjustment to prior years deferred taxation	(7,639)	(3,392)
Exchange adjustment	(521)	(15)
Double taxation relief	(658)	(22)
	13,438	3,073
Associated undertakings	(283)	-
	13,155	3,073

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

7. EMOLUMENTS OF DIRECTORS

The emoluments of the Directors of the Company, including their remuneration in respect of subsidiary undertakings, amounted to:

	1995	1994
	£	£
Emoluments	263,008	160,776
Pension contributions	6,821	2,821
	<u>269,829</u>	<u>163,597</u>

The highest paid director received emoluments, excluding pension contributions of £150,182 during the year (1994 - £86,276). The Chairman was also the highest paid director.

The emoluments, excluding pension contributions, of the Directors of the Company fell within the following ranges :

Emoluments	Directors	
£	1995	1994
0 - 5,000	1	1
5,001 - 10,000	1	2
10,001 - 15,000	-	1
15,001 - 20,000	1	-
20,001 - 25,000	1	-
25,001 - 30,000	-	1
30,001 - 35,000	1	-
35,001 - 40,000	-	1
40,001 - 45,000	1	-
45,001 - 50,000	-	1
50,001 - 55,000	-	1

8. PENSION AND OTHER POST RETIREMENT BENEFIT COSTS

The total pension cost for the Group was £5,003,000 (1994: £3,123,000), £1,458,000 (1994:£448,000) of the total pension cost relates to foreign schemes which has been determined in accordance with best practice and regulations in the UK.

The Group participates in the Citibank (UK) Pension Plan which provides both defined benefit and defined contribution pension benefits.

The latest actuarial valuation of the defined benefit section of the scheme was as at 1 July 1994. The actuarial assumptions adopted at that valuation date were that, as an average over the long term, the investment return would be 9%p.a., the level of salary increases would be 6%p.a., the Retail Price Index would increase at 4%p.a., the level of discretionary pensions increases would be 3%p.a. on pensions accrued before 1 July 1994, 4%p.a. on pensions accrued after that date and the determination of liabilities is based on the projected unit method. The scheme's assets are held in separate trustee administered funds. The market value of the Group's share of the principal scheme's assets was sufficient to cover 108% of the benefits for the members on the above assumptions.

The Group is also a member of a group defined benefit post-retirement scheme from which 460 retired employees currently benefit. The cost of providing post-retirement health care benefits, which is assessed in accordance with the advice of a qualified actuary, is recognised on a systematic basis over the employees' service lives.

The accumulated obligation in respect of these benefits relating to current and existing employees at 1 January 1994 is being charged to the profit and loss in equal instalments over 20 years.

The scheme is unfunded and the latest actuarial valuation was as at 1 January 1995. The principal assumptions of the scheme were an asset return of 10% p.a. and medical expense inflation of 9% p.a. in 1996 reducing linearly to 5% by 2005.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

9. ASSETS

	1995	1994
	£'000	£'000
Assets and liabilities denominated in foreign currency:		
Denominated in sterling	2,320,445	2,134,054
Denominated in currencies other than sterling	4,707,189	4,340,075
TOTAL ASSETS	<u>7,027,634</u>	<u>6,474,129</u>
Denominated in sterling	2,257,912	2,056,132
Denominated in currencies other than sterling	4,769,722	4,417,997
TOTAL LIABILITIES	<u>7,027,634</u>	<u>6,474,129</u>
Assets subject to sale and repurchase transactions:		
Debt securities	396	14,074
	<u>396</u>	<u>14,074</u>
Assets leased to customers:		
Loans and advances to customers - finance leases	-	36,256
Tangible fixed assets- operating leases	27,432	28,444
	<u>27,432</u>	<u>64,700</u>

10. TREASURY BILLS AND OTHER ELIGIBLE BILLS

	1995	1994
	£'000	£'000
Trading securities		
- treasury bills and similar securities	22,232	-
- other eligible bills	-	15,377
	<u>22,232</u>	<u>15,377</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

11. LOANS AND ADVANCES TO BANKS

	1995	1995	1994	1994
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Repayable on demand	239,573	13,159	78,333	9,942
Other loans with agreed maturity dates or periods of notice, by remaining maturity :				
- over 5 years	1,159	-	4,519	-
- 5 years or less but over 1 year	-	-	71	-
- 1 year or less but over 3 months	100,318	-	173,757	-
- 3 months or less	281,494	-	193,699	-
	<u>622,544</u>	<u>13,159</u>	<u>450,379</u>	<u>9,942</u>
Due from other Citicorp/Citibank companies				
- subordinated	-	-	721	-
- unsubordinated	537,882	13,159	378,446	9,942
	<u>537,882</u>	<u>13,159</u>	<u>379,167</u>	<u>9,942</u>
Settlement balances with banks	<u>454</u>	<u>-</u>	<u>21,633</u>	<u>-</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

12. LOANS AND ADVANCES TO CUSTOMERS

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity:				
- over 5 years	1,565,575	-	1,616,853	-
- 5 years or less but over 1 year	348,616	-	468,316	-
- 1 year or less but over 3 months	161,059	62,000	172,534	62,000
- 3 months or less	723,862	-	739,449	1,000
General and specific bad and doubtful debt provisions	(125,654)	-	(119,378)	-
	<u>2,673,458</u>	<u>62,000</u>	<u>2,877,774</u>	<u>63,000</u>
Of which repayable on demand or short notice	<u>83,444</u>	<u>-</u>	<u>78,230</u>	<u>-</u>
Amounts include:				
Sub-participated loans	<u>6,728</u>	<u>-</u>	<u>7,518</u>	<u>-</u>
Due from fellow subsidiary companies				
- unsubordinated	-	60,000	-	61,000
- subordinated	-	2,000	-	2,000
Due from other Citicorp/Citibank companies				
- unsubordinated	<u>75,740</u>	<u>-</u>	<u>193,121</u>	<u>-</u>
	<u>75,740</u>	<u>62,000</u>	<u>193,121</u>	<u>63,000</u>
Settlement balances with customers	<u>318</u>	<u>-</u>	<u>4,932</u>	<u>-</u>

The following nature of concentration is considered significant:

	1995 Group £'000	1994 Group £'000
UK residential mortgages	1,300,989	1,275,761
UK commercial mortgages	244,643	258,360
French residential mortgages	118,975	177,470
French commercial mortgages	38,777	-
Charge and credit card debtors	<u>136,343</u>	<u>187,948</u>
	<u>1,839,727</u>	<u>1,899,539</u>

Loans and advances to customers include £ nil (1994:£36,256,000) net investment in finance leases.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

13. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	1995 Specific £'000	1995 General £'000	1995 Total £'000	1994 Specific £'000	1994 General £'000	1994 Total £'000
Group:						
At 1 January	108,594	10,796	119,390	62,306	10,969	73,275
Exchange adjustments	2,569	259	2,828	(42)	6	(36)
Charge against profits	6,042	5,253	11,295	4,975	3,679	8,654
Branch undertakings acquired	-	-	-	23,674	2,482	26,156
Amounts written off	(6,520)	(5,111)	(11,631)	(13,094)	-	(13,094)
Recoveries	2,345	-	2,345	1,361	2	1,363
Other movements	(101)	1,541	1,440	29,414	(6,342)	23,072
At 31 December	<u>112,929</u>	<u>12,738</u>	<u>125,667</u>	<u>108,594</u>	<u>10,796</u>	<u>119,390</u>
Loans and advances to customers			<u>125,654</u>			<u>119,378</u>

The Group does not accrue for suspended interest.

14. LOANS SUBJECT TO NON-RECOURSE FINANCING ARRANGEMENTS

Securitised assets

All of the debts subject to the non-recourse financing arrangements relate to residential and business and commercial mortgages. During the year £8,293,000 (1994: £10,215,000) was recognised in the profit and loss account of the Group, comprising interest receivable of £41,378,000 (1994: £33,389,000) less interest payable and other expenses of £33,085,000 (1994: £23,174,000).

The proceeds generated from the mortgage loans are to be utilised in priority to meet the claims of the providers of finance after the payment of the trustees and administrative expenses.

The Group holds a call option in relation to the mortgages funded through private placements. The option allows the Group to repurchase the mortgages when the total amount outstanding falls to 10% of the original amount.

The Group does not hold any options in relation to the other securitised assets.

The Group is not obliged to support any losses, nor does it intend to do so. Floating rate notes associated with these financing arrangements were issued on the basis that the holders are only entitled to seek repayment of the finance, as to both principal and interest, to the extent that sufficient funds are generated by the mortgages they have financed and that they will not seek recourse from the company in any form.

Information about the securitisations involved is set out in the table below:

Securitisation company	Type of mortgages	Date of securitisation	At 31 December 1995	
			Customer loans £'000	Returnable finance £'000
SONAR 1 PLC	Business and commercial	12 December 1994	94,328	1,490
SONAR 2 PLC	Business and commercial	17 October 1995	48,717	727
STARS 1 PLC	Residential	10 December 1990	211,061	1,267
Private placements	Residential	1987-1989	96,263	40,000
		Total	<u>450,369</u>	<u>43,484</u>

All the shares issued in SONAR 1 PLC, SONAR 2 PLC and STARS 1 PLC are owned by Superior Tradeable Residential Securities Limited. The Group does not own, directly or indirectly, any of the share capital of the securitised companies or their parent companies.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

15. DEBT SECURITIES

	1995 Group Book and Market Value £'000	1994 Group Book and Market Value £'000
Issued by public bodies:		
Securities held for sale		
- government securities	57,925	57,140
	<u>57,925</u>	<u>57,140</u>
Trading securities		
- government securities	367,654	211,384
- other public sector securities	173	12,900
	<u>367,827</u>	<u>224,284</u>
Issued by other issuers:		
Securities held for sale		
- government securities	12,192	11,186
	<u>12,192</u>	<u>11,186</u>
Trading securities		
- bank and building society certificates of deposit	7,757	93,928
- other debt securities	524,749	398,854
	<u>532,506</u>	<u>492,781</u>
	<u>970,450</u>	<u>785,391</u>
Amounts include:		
Due from other Citicorp/Citibank companies		
- subordinated	3,722	-
- unsubordinated	10,232	11,745
	<u>13,954</u>	<u>11,745</u>
Due within one year	345,504	558,040
Due one year and over	624,946	227,351
	<u>970,450</u>	<u>785,391</u>
Securities held for sale		
- listed elsewhere	70,117	68,326
	<u>70,117</u>	<u>68,326</u>
Other debt securities		
- listed on a recognised UK exchange	6,031	22,404
- listed elsewhere	873,345	694,661
- unlisted	20,957	-
	<u>900,333</u>	<u>717,065</u>
	<u>970,450</u>	<u>785,391</u>

The cost of securities carried at market value is not disclosed as it cannot be determined without unreasonable expense.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

16. EQUITY SECURITIES

	1995 Book Value £'000	1995 Market Value £'000	1994 Book Value £'000	1994 Market Value £'000
Group:				
Issued by other issuers :				
Investment securities				
- other equity securities	1,475	1,475	1,136	1,136
Securities held for sale				
- other equity securities	160	160	286	286
- listed elsewhere				
Other securities				
- other equity securities	8,832	8,832	5,276	5,276
	<u>10,467</u>	<u>10,467</u>	<u>6,698</u>	<u>6,698</u>
Investment securities				
- listed elsewhere	-	-	66	66
- unlisted	1,475	1,475	1,070	1,070
	<u>1,475</u>	<u>1,475</u>	<u>1,136</u>	<u>1,136</u>
Securities held for sale				
- listed on a recognised UK exchange	63		173	
- listed elsewhere	97		213	
	<u>160</u>		<u>386</u>	
Other equity shares				
- listed on a recognised UK exchange	-		17	
- listed elsewhere	8,832		5,159	
	<u>10,467</u>		<u>6,698</u>	

	Cost £'000	Provisions £'000	Carrying Value £'000
Investment securities			
Group:			
At 1 January 1995	1,153	(17)	1,136
Exchange adjustments	73	-	73
Acquisitions	433	-	433
Disposals	(101)	-	(101)
Transfers to other equity securities	(83)	17	(66)
At 31 December 1995	<u>1,475</u>	<u>-</u>	<u>1,475</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

16. EQUITY SECURITIES (continued)

	1995 Company Book and Market Value £'000	1994 Company Book and Market Value £'000
Company:		
Issued by other issuers :		
Investment securities		
- other equity securities	<u>1,096</u>	<u>696</u>
Investment securities		
- unlisted	<u>1,096</u>	<u>696</u>

17. INVESTMENTS IN GROUP UNDERTAKINGS

	1995 £'000
The Company's investments in the share capital of subsidiary undertakings comprised:	
At 1 January 1995 as previously disclosed	621,568
Reclassification of associated undertaking	<u>(463)</u>
At 1 January 1995 as restated	621,105
Capital contribution	63
Reclassification	6,345
Revaluation	<u>(8,824)</u>
At 31 December 1995	<u>618,689</u>

The principal subsidiary undertakings of the Company are :

	Nature of business
CIB Properties Limited	Group services company
Citibank International plc	International merchant banking
Citicorp Dealing Resources International Limited	Foreign exchange systems
Citicorp Trustee Company Limited	Trustee for unit and investment trusts
Citifutures Limited	Futures broker

All of the above subsidiary undertakings are wholly owned and are incorporated in Great Britain with their respective registered offices in England and Wales. All the above subsidiary undertakings are included in the consolidated accounts and have accounting reference dates of 31 December.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

18. INTERESTS IN ASSOCIATED UNDERTAKINGS

Group:	1995 £'000
At 1 January 1995	31,295
Associated undertaking reserve movement	(7,653)
Share of profit of associated undertakings	3,599
Share of tax of associated undertakings	283
At 31 December 1995	<u>27,524</u>

On an historical cost basis the group's interest in associated undertakings would have been included as follows:

	1995	1994
Cost and Net book value	<u>19,060</u>	<u>19,060</u>
The associated undertakings are :		
	London Capital Holdings Limited	The EBS Partnership
Nature of business	Property investment and development	Development and provision of an exchange dealing information system
Issued share capital/partners funds at 31 December	7,607,749 'B' £1 Ordinary	£5,076,336 partners funds
(Percentage held by the Group)	(100%) 26,388,814 'A' £1 Ordinary (Nil) 50,000,000 £1 non-voting Deferred (Nil)	(14.14%)
Group interest	9.06 % of total shares 22.378% of voting shares	14.14 %
Group's share of results for year ended 31 December 1995	£2,094,000	£1,788,038
Principal area of operation	Great Britain	Great Britain

The Group interest in London Capital Holdings Limited is held directly by the Company. The Group interest in The EBS Partnership is held by subsidiaries of the Company.

The above associated undertakings have their respective registered offices in England and Wales.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

18. INTERESTS IN ASSOCIATED UNDERTAKINGS (continued)

Company:	1995 £'000
At 1 January 1995 as previously disclosed	30,832
Reclassification of associated undertaking	<u>463</u>
At 1 January 1995 as restated	31,295
Associated undertaking reserve movement	(7,653)
Share of profit of associated undertakings	3,599
Share of tax of associated undertakings	283
	<u>27,524</u>
At 31 December 1995	<u>27,524</u>

19. PARTICIPATING INTERESTS

Group:	1995 £'000	1994 £'000
Unlisted	<u>2,121</u>	<u>279</u>
	Cost £'000	
At 1 January 1995	279	
Exchange adjustments	100	
Acquisitions	1,742	
At 31 December 1995	<u>2,121</u>	

The Group has participating interests in the following entities:

	1995 £'000	1994 £'000	Country of residence	Percentage holding
FXNET Limited	19	19	Great Britain	9.68%
BVP Pension Skaffen AG	284	259	Austria	4%
SNC CitiGestion	1	1	France	1%
GIE PCC	1,776	-	France	5%
Other	41	-	France	Various
	<u>2,121</u>	<u>279</u>		

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

20. FIXED ASSETS	Freehold Land & Buildings £'000	Short term Leasehold Property £'000	Leasehold Improvements £'000	Furniture & Equipment £'000	Leased or Hire Purchase Assets £'000	Long Leasehold £'000	Total £'000
Group:							
Cost							
1 January 1995	35,308	11,992	54,002	98,973	29,381	11,810	241,466
Additions	89	18	7,184	30,866	129	-	38,286
Reclassifications	111	(26)	(95)	(1,024)	-	1,034	-
Disposals	-	(84)	(180)	(8,413)	(985)	-	(9,662)
Assets written off	-	-	(1,895)	(3,579)	-	-	(5,474)
Exchange adjustments	-	-	574	1,263	303	40	2,180
31 December 1995	<u>35,508</u>	<u>11,900</u>	<u>59,590</u>	<u>118,086</u>	<u>28,828</u>	<u>12,884</u>	<u>266,796</u>
Depreciation :							
1 January 1995	6,067	7,623	23,572	53,620	390	1,064	92,336
Reclassifications	3	(26)	(290)	(719)	-	1,032	-
Charged in the year	671	1,569	7,315	22,379	1,320	259	33,513
Disposals	-	(63)	(66)	(5,788)	(415)	-	(6,332)
Assets written off	-	-	(1,895)	(3,579)	-	-	(5,474)
Exchange adjustments	3	-	326	663	33	2	1,027
31 December 1995	<u>6,744</u>	<u>9,103</u>	<u>28,962</u>	<u>66,576</u>	<u>1,328</u>	<u>2,357</u>	<u>115,070</u>
Net book value:							
31 December 1995	<u>28,764</u>	<u>2,797</u>	<u>30,628</u>	<u>51,510</u>	<u>27,500</u>	<u>10,527</u>	<u>151,726</u>
1 January 1995	<u>29,241</u>	<u>4,369</u>	<u>30,430</u>	<u>45,353</u>	<u>28,991</u>	<u>10,746</u>	<u>149,130</u>

The net book value of Freehold Land not subject to depreciation is £5,911,000 (1994: £5,911,000).

The Group occupies substantially all the Land and Buildings for its own activities.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

21. OTHER ASSETS

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
Foreign exchange and interest rate contracts	2,163,777	161,403	1,729,775	150,093
Counterparty receivables on sale of securities	109,755	-	49,485	-
ACT recoverable	22,008	1,250	22,059	1,250
Taxation recoverable	-	-	93	3,603
Other balances	68,139	9,348	95,370	10,869
	<u>2,363,679</u>	<u>172,001</u>	<u>1,896,782</u>	<u>165,815</u>

22. DEPOSITS BY BANKS

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity				
- over 5 years	4,337	-	9,923	-
- 5 years or less but over 1 year	31,638	-	228,926	50,000
- 1 year or less but over 3 months	1,073,595	273,758	1,448,461	223,758
- 3 months or less but not repayable on demand	<u>1,243,175</u>	<u>-</u>	<u>686,058</u>	<u>-</u>
	2,352,745	273,758	2,373,368	273,758
Repayable on demand	101,263	-	53,395	-
	<u>2,454,008</u>	<u>273,758</u>	<u>2,426,763</u>	<u>273,758</u>
Due to other Citicorp/Citibank companies				
- unsubordinated	<u>2,412,415</u>	<u>273,758</u>	<u>2,380,931</u>	<u>273,758</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

23. CUSTOMER ACCOUNTS

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity				
- over 5 years	720	-	-	-
- 5 years or less but over 1 year	12,230	-	100,945	-
- 1 year or less but over 3 months	88,417	-	105,610	-
- 3 months or less but not repayable on demand	245,360	-	125,869	-
Repayable on demand	377,197	2,634	178,953	2,484
	<u>723,924</u>	<u>2,634</u>	<u>511,377</u>	<u>2,484</u>
Due to fellow subsidiary companies				
- unsubordinated	<u>4,664</u>	<u>2,634</u>	<u>-</u>	<u>2,484</u>
Due to other Citicorp/Citibank companies				
- unsubordinated	<u>37,520</u>	<u>-</u>	<u>-</u>	<u>-</u>

24. DEBT SECURITIES IN ISSUE

	1995 Group £'000	1994 Group £'000
Bonds and medium term notes:		
- due one year and over	179,348	175,778
Other debt securities in issue, by remaining maturity:		
- 5 years or less but over 1 year	49,275	120,200
- 1 year or less but over 3 months	34,219	36,156
- 3 months or less	45,511	28,885
	<u>308,353</u>	<u>361,019</u>
Due to other Citicorp/Citibank companies	<u>146,987</u>	<u>293,692</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

25. OTHER LIABILITIES

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
Treasury bills and other eligible bills				
- other eligible bills	-	-	1,827	-
Debt securities				
- government securities	115,843	-	175,701	-
- bank and building society certificates of deposit	-	-	140	-
- other debt securities	10,908	-	1,064	-
Foreign exchange and interest rate contracts	2,205,745	-	1,839,324	-
Counterparty payables on purchase of securities	193,267	-	137,269	-
Trade creditors of charge card business	61,299	-	93,255	-
ACT payable	1,250	1,250	1,250	1,250
Taxation - due within one year	24,736	-	13,386	-
Finance lease obligations (note 33)	28,622	-	28,991	-
Other balances	44,289	-	36,564	-
	<u>2,685,959</u>	<u>1,250</u>	<u>2,328,771</u>	<u>1,250</u>

26. DEFERRED TAXATION

	1995 Group £'000	1995 Company £'000	1994 Group £'000	1994 Company £'000
The deferred tax liabilities have been recognised in full as follows :				
Capital allowances	5,876	-	6,336	-
Short term timing differences	(14,438)	-	(3,627)	3,806
	<u>(8,562)</u>	<u>-</u>	<u>2,709</u>	<u>3,806</u>
At 1 January 1995	2,709	3,806	6,252	4,106
Arising during the year	(11,121)	(3,806)	(3,765)	(300)
Branch undertakings acquired	-	-	257	-
Disposals during the year	-	-	(32)	-
Exchange adjustments	(150)	-	(3)	-
At 31 December 1995	<u>(8,562)</u>	<u>-</u>	<u>2,709</u>	<u>3,806</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

27. OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Pension obligations and other post-retirement benefit commitments	Provisions for contingent liabilities and commitments	Other	Provision for loss on discontinued operations	Total
	1995 £'000	1995 £'000	1995 £'000	1995 £'000	1995 £'000
Group:					
At 1 January	2,813	16,388	269	-	19,470
Exchange adjustments	220	-	20	-	240
Charge against profits	304	1,324	85	28,349	30,062
Provisions utilised	-	(3,702)	-	-	(3,702)
Amounts written off	(646)	(4)	(124)	-	(774)
Other movements	95	351	(193)	-	253
At 31 December	<u>2,786</u>	<u>14,357</u>	<u>57</u>	<u>28,349</u>	<u>45,549</u>

	Provisions for contingent liabilities and commitments	
	1995 £'000	1994 £'000
Company:		
At 1 January	7,239	12,180
Charge against profits	722	(614)
Provisions utilised	(1,555)	(1,722)
Other movements	341	(2,605)
At 31 December	<u>6,747</u>	<u>7,239</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

28. SUBORDINATED LOAN CAPITAL FROM PARENT COMPANY

	1995 £'000	1994 £'000
Term	91,883	93,140
Total outstanding at 31st December	<u>91,883</u>	<u>93,140</u>

The Group has term subordinated loans of £10,000,000, US \$100,000,000 and FRF 131,099,500.

The loan of £10,000,000 from Citibank N.A. which is subordinated to the rights and claims of other creditors is repayable on 30 December 1999 and bears interest at the Eurosterling interbank rate. Citibank N.A. has also made available a term subordinated loan facility in the form of dated floating rate notes up to a maximum aggregate amount of US \$100,000,000. The notes which have a maturity of 31 December 2034 and are fully subordinated to the rights and claims of other creditors of the Company, bear interest at one percent below the London Interbank Offered Rate. Dated subordinated floating rate notes issued under this facility may not be redeemed without prior consultation with the Bank of England. At 31 December 1995 US\$100,000,000 (£64,599,000) (1994 - £63,918,000) of the facility had been drawn.

The subordinated loan of FRF 131,099,500 (£17,284,000) (1994 - £15,703,000) from Citibank Overseas Investment Corporation repayable on 31 December 2003, bears interest at the Paris Interbank Offered Rate plus 36 basis points.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

29. CALLED UP SHARE CAPITAL

Share capital comprised :

Ordinary
Shares of
£1 each
£'000

Authorised:

At 1 January 1995 and 31 December 1995

500,000

Allotted, called up and fully paid:

At 1 January 1995 and 31 December 1995

447,085

30. RESERVES

Group:

	Profit and Loss Account £'000	Capital Contribution Reserve £'000	Associated Undertaking Revaluation Reserve £'000	Total £'000
At 1 January 1995	143,463	566	22,962	166,991
Retained profit	968	-	-	968
Currency translation differences	(487)	-	-	(487)
Net deficit on revaluation of properties	-	-	(7,653)	(7,653)
At 31 December 1995	<u>143,944</u>	<u>566</u>	<u>15,309</u>	<u>159,819</u>

Company:

	Profit and Loss Account £'000	Revaluation Reserve £'000	Total £'000
At 1 January 1995	78,239	88,752	166,991
Retained profit	5,706	-	5,706
Revaluation of subsidiary undertaking	-	(8,824)	(8,824)
Revaluation of associated undertakings	-	(4,054)	(4,054)
At 31 December 1995	<u>83,945</u>	<u>75,874</u>	<u>159,819</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

31. MEMORANDUM ITEMS, FOREIGN EXCHANGE AND INTEREST RATE CONTRACTS

The tables below give the nominal principal amounts and risk weighted amounts of off-balance sheet transactions. The nominal principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Bank of England's guide-lines implementing the Basle agreement on capital adequacy.

	1995 Contract amount £'000	1995 Risk weighted amount £'000	1994 Contract amount £'000	1994 Risk weighted amount £'000
CONTINGENT LIABILITIES				
Acceptances and endorsements	-	-	3,328	3,328
Guarantees and assets pledged as collateral				
- guarantees and irrevocable letters of credit	109,025	44,587	102,933	61,514
- assets pledged as collateral security	397,629	68,104	163,853	32,771
	<u>506,654</u>	<u>112,691</u>	<u>270,114</u>	<u>97,613</u>
COMMITMENTS				
Other commitments				
- documentary credits and short term trade related transactions.	376,348	188,174	140,492	72,687
- forward asset purchases and forward deposits placed	-	-	35,810	34,610
- undrawn formal standby facilities, credit lines and other commitments to lend:	-	-	9,604	4,190
- 1 year and over	92,487	46,244	61,521	30,760
- less than 1 year	257,015	-	280,230	-
	<u>725,850</u>	<u>234,418</u>	<u>527,657</u>	<u>142,247</u>
Exchange rate contracts				
- trading	31,241,862	747,375	25,236,484	469,348
Interest rate contracts				
- trading	118,031,285	672,311	105,720,588	715,107
	<u>149,273,147</u>	<u>1,654,104</u>	<u>130,957,072</u>	<u>1,326,702</u>
Gross replacement cost				
- exchange rate contracts		2,056,421		1,192,352
- interest rate contracts		2,556,853		2,860,111
		<u>4,613,274</u>		<u>4,052,463</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

32. TRANSACTIONS WITH DIRECTORS

A division of the Group operates an international travel and entertainment charge card and own label charge card scheme. Similar facilities to those offered to members are available to Directors of the Company on a personal liability basis. Under the terms of the Companies Act 1985, any balance on such an account falls to be classified as a quasi loan.

	Maximum liabilities during the year	Balance at 31 December	
		1995	1994
	£	£	£
AM Brooks	2,539	95	-
EW Brutsche	20,500	17,689	-
PA Cohen	-	-	143
I D Cormack	4,519	2,095	67
JW Heintz	15,561	4,988	-
G R Whittaker	11,857	959	-

These accounts are payable upon presentation under the normal rules of membership. A service charge of 3% per month is applied to accounts remaining unpaid at the end of forty five days after they have been rendered. All amounts outstanding from the Directors as at 31 December 1995 were settled following the end of the year.

33. HIRE PURCHASE, FINANCE AND OPERATING LEASE COMMITMENTS

	1995	1994
	£'000	£'000
The maturity of obligations under finance leases and hire purchase contracts were as follows :		
Within one year	2,218	2,752
In the second to fifth years	34,030	35,800
Less: future finance charges	(7,626)	(9,561)
Total	<u>28,622</u>	<u>28,991</u>

	Land and Buildings	Other	Total
	1995	1995	1995
	£'000	£'000	£'000
The maturity of obligations under operating leases were as follows :			
Within one year	490	-	490
In the second to fifth years	2,826	115	2,941
Over five years	182	-	182
Total	<u>3,498</u>	<u>115</u>	<u>3,613</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

34. EMPLOYEE INFORMATION

1995

1994

The average number of persons employed by the Group during the year were as follows:

Managers	881	701
Clerical staff	668	596
Others	75	73
Total	<u>1,624</u>	<u>1,370</u>

The total remuneration (including bonuses) was £77,490,000 (1994 - £54,808,000).

35. SEGMENTAL ANALYSIS

(i) Classes of business

	Turnover attributable to non-banking business 1995 £'000	Segmental results before taxation 1995 £'000	Total Assets 1995 £'000
Group funding	-	5,216	26,634
Investment banking	-	31,355	4,461,431
Consumer banking	-	(32,166)	2,121,877
Financial information services	25,190	10,496	28,552
Charge card business	28,054	3,285	154,217
Futures brokerage	11,268	2,063	147,036
Property service	37,495	4,096	76,485
Other	4,191	(5,222)	11,402
	<u>106,198</u>	<u>19,123</u>	<u>7,027,634</u>

	Turnover attributable to non-banking business 1994 £'000	Segmental results before taxation 1994 £'000	Total Assets 1994 £'000
Group funding	-	(3,223)	54,339
Investment banking	-	6,902	3,768,203
Consumer banking	-	7,833	2,206,385
Insurance underwriting	404	115	-
Financial information services	19,763	7,786	21,811
Charge card business	26,022	(97)	200,925
Futures brokerage	14,109	3,458	129,233
Property investment	18,271	(3,338)	-
Property service	38,244	7,399	81,596
Other	3,174	2,797	11,637
	<u>119,987</u>	<u>29,632</u>	<u>6,474,129</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

35 SEGMENTAL ANALYSIS (continued)

(ii) Geographical Segment

	Turnover attributable to non-banking business 1995 £'000	Segmental results before taxation 1995 £'000	Total Assets 1995 £'000
UK	86,485	51,002	5,689,859
Europe	10,299	(35,329)	1,313,570
USA	1,183	216	15,660
Australasia	1	1	303
Far East	8,230	3,233	8,242
	<u>106,198</u>	<u>19,123</u>	<u>7,027,634</u>

	Turnover attributable to non-banking business 1994 £'000	Segmental results before taxation 1994 £'000	Total Assets 1994 £'000
UK	106,665	32,015	5,493,408
Europe	5,555	(4,866)	962,678
USA	1,562	380	14,840
Australasia	142	35	1,789
Far East	6,063	2,068	1,414
	<u>119,987</u>	<u>29,632</u>	<u>6,474,129</u>

The profit before tax is stated before intra-segment eliminations as trading is conducted on commercial terms.

Total assets have been disclosed as they are considered to be more meaningful than the segmental analysis net assets required under SSAP 25 'Segmental reporting'. The majority of the Group's assets relate to the banking sector. Within this sector, liabilities, which mainly constitute the source of funds, are generally substitutable in nature and some subjective allocations are necessary to provide segmental information on net assets.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

36. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £'000	1994 £'000 Restated
Operating profit before taxation	19,123	29,632
Decrease/(increase) in interest receivable	9,209	(19,954)
Increase in interest payable	2,812	24,136
Depreciation and amortisation	33,513	26,525
(Profit)/Loss on sale of tangible fixed assets, trade investments and subsidiary undertakings	(183)	1,014
Net cashflow from trading activities	64,474	61,353
(Increase) in Treasury and other eligible bills	(6,855)	(15,300)
(Increase)/decrease in loans and advances to banks	(10,925)	389,147
Decrease/(increase) in loans and advances to customers	209,530	(79,634)
(Increase) in loans subject to non-recourse financing	(501)	(1,427)
(Increase) in debt securities	(185,059)	(225,610)
(Increase)/decrease in equity securities (other than those treated as investment securities)	(4,526)	39,317
(Increase)/decrease in other assets	(468,172)	2,348,547
(Decrease) in deposits by banks	(20,623)	(1,493,315)
Increase in customer accounts	14,303	142,074
(Decrease)/increase in debt securities in issue	(52,666)	223,519
Increase/(decrease) in other liabilities	357,188	(1,652,726)
Increase/(decrease) in other provisions (including deferred tax)	14,808	(5,560)
(Decrease) in subordinated liabilities	2,262	(3,431)
Net movement in associated undertakings	(3,882)	-
Net cash outflow from operating activities	(90,644)	(273,046)

1994 has been restated to incorporate amounts repayable on demand as cash equivalents.

37. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £'000	1994 £'000 Restated
Restated balance at 1 January	38,721	251,337
Net cash outflow before foreign exchange adjustments	(148,541)	(212,560)
Effect of FX rate changes	-	(56)
Balance at 31 December	(109,820)	38,721

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

38. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995 £'000	1994 £'000 Restated	Change in year £'000
Cash and balances at central banks	25,053	111,448	(86,395)
Cheques in course of collection from other banks	20,570	3,058	17,512
Loans and advances, and deposits, maturing in less than 3 months	<u>(155,443)</u> <u>(109,820)</u>	<u>(75,785)</u> <u>38,721</u>	<u>(79,658)</u> <u>(148,541)</u>

39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Loan capital £'000
Balance at 1 January 1995	93,140
Effect of foreign exchange differences	2,262
Cash outflow from financing	(3,519)
Balance at 31 December 1995	<u>91,883</u>

40. POST BALANCE SHEET EVENTS

Details of post balance sheet events are given in the directors' report.

41. PARENT COMPANIES

The Company is a subsidiary undertaking of Citicorp which is incorporated in the United States of America under the laws of the state of Delaware.

The largest group in which the results of the Company are consolidated is that headed by Citicorp. The smallest group in which the results of the accounts are consolidated is that headed by Citibank N.A. Copies of these group accounts are available to the public and may be obtained from their offices at 399, Park Avenue, New York 10043, United States of America.