Citigroup Capital Finance Ireland Limited

(Registered number 2698894)

Directors' report and financial statements

For the year ended 31 December 2010

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Directors' report and financial statements

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Board of Directors and other information

Directors	Paul Bushnell Anthony Golden Amir M Karimi Ciaran Kelleher Robert Doris
Secretary	Simon J Cumming
Registered Office	Citigroup Centre Canada Square Canary Wharf London E14 5LB
Bankers	Citibank Europe plc 1 North Wall Quay Dublin 1
Auditors	KPMG Chartered Accountants 1 Harbourmaster Place International Financial Services Centre Dublin 1
Solicitors	Matheson Ormsby Prentice 70 Sir John Rogerson's Quay Dublin 2

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Directors' Report
For the year ended 31 December 2010

The Directors present their report and the financial statements of Citigroup Capital Finance Ireland Limited ("the Company") for the year ended 31 December 2010 The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU

Business review and principal activities

The Company is a wholly owned subsidiary of Citibank Holdings Ireland Limited The Company's principal activity is the provision of funding to Group companies

The Company made a profit after tax for the year of £18,041,882 (2009 £40,812,779) The state of affairs of the Company as at the year-end is detailed in the statement of financial position on page 8

Income

Operating income was £20,627,085 (2009 £47,315,520), a 57% decrease on the previous year, primarily due to the conversion of the Company's sub-debt and falling interest rates

Costs

Administration expenses decreased by 97% to £20,998 (2009 £672,344) due to the winding down of the Company's treasury services business at the end of 2009

Statement of financial position

Shareholders' funds of £1,075,855,675 was 2% higher than at 31 December 2009

Key Financial Performance Indicators

In addition to the financial results of the Company as set out on page 7, the Directors also consider the following a key financial performance indicator

- Net interest margin (net interest as a % of interest bearing assets) 2010 – 1 61%, 2009 – 3 39%

Risk management

Risk management is an important part of the business and the risks affecting the Company and how they are managed are outlined in note 18, pages 20-23

Future developments

The Company's main borrower, Citi Investments Limited, repaid all amounts outstanding during 2010 The Directors are considering the future options for the Company now that the long-term structured deals have been repaid The Company will continue to place its capital with Citibank NA

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Directors' Report (continued)
For the year ended 31 December 2010

Proposed dividend

A dividend was not proposed in the current year £6,322,466 was declared payable to the Company's shareholders on 31 December 2009

Directors

The names of the Directors who held office at 31 December 2010 were as follows

Paul Bushnell
Anthony Golden
Amir M Karimi
Ciaran Kelleher
Robert Doris

Directors Indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Charitable donations and political contributions

There were no charitable donations or contributions for political purposes made by the Company during the year or the preceding year

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Chartered Accountants will therefore continue in office

Disclosure of Information to Auditors

In accordance with Section 418 of the Companies Act 2006 it is stated that the Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information This statement is made subject to all the provision of Section 418

On behalf of the Board

Paul Bushnell Director	Anthony Golden Director	July 29, 2011

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these 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 IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Paul Bushnell Director	Anthony Golden Director	July 29, 2011

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIGROUP CAPITAL FINANCE IRELAND LIMITED

We have audited the financial statements of Citigroup Capital Finance Ireland Limited ('the Company") for the year ended 31 December 2010 set out on pages 7 to 24 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cashflows The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jonathan Lew (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
KPMG
1 Harbourmaster Place
International Financial Services Centre
Dublin 1

July 29, 2011

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of comprehensive income
For the year ended 31 December 2010

	Note	2010 GBP	2009 GBP
Interest income	4	21,422,421	52,834,323
Interest expense	6	(1,524,353)	(5,870,544)
Net interest income		19,898,068	46,963,779
Other income	4	729,017	351,741
Operating Income		20,627,085	47,315,520
Administrative Expenses	5	(20,998)	(672,344)
Profit on ordinary activities before taxation		20,606,087	46,643,176
Tax on profit on ordinary activities	8	(2,564,205)	(5,830,397)
Profit on ordinary activities after taxation	16	18,041,882	40,812,779

The Company has no recognised gains or losses in the financial year or the preceding year other than those set out in the statement of comprehensive income

On behalf of the Board

Paul Bushnell
Director

Anthony Golden
Director

July 29, 2011

The notes in pages 11 to 24 are an integral part of these financial statements

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of financial position
As at 31 December 2010

	Note	2010 GBP	2009 GBP
Fixed assets			
Investments	*9*	-	1,090,702,286
Current assets			
Cash and cash equivalents	*11*	1,075,754,611	310,934,714
Debtors	*12*	1,200,526	11,423,371
		1,076,955,137	322,358,085
Creditors: (amounts falling due within one year)	*13*	(1,099,462)	(355,246,578)
Net current assets		1,075,855,675	(32,888,493)
Net assets		1,075,855,675	1,057,813,793
Capital and reserves			
Called up share capital	*14*	1,000,000	1,000,000
Retained earnings	*16*	389,548,658	371,506,776
Capital contribution	*17*	685,307,017	685,307,017
Shareholders' funds – equity	*15*	1,075,855,675	1,057,813,793

On behalf of the Board

Paul Bushnell
Director

Anthony Golden
Director

July 29, 2011

The notes in pages 11 to 24 are an integral part of these financial statements

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of changes in equity
For the year ended 31 December 2010

	Note	2010 GBP	2009 GBP
Shareholders' funds - 1st January	*15*	1,057,813,793	1,023,323,480
Total comprehensive income for the year	*16*	18,041,882	40,812,779
Dividends paid	*16*	-	(6,322,466)
Shareholders' funds - 31st December	*15*	1,075,855,675	1,057,813,793

On behalf of the Board

Paul Bushnell
Director

Anthony Golden
Director

July 29, 2011

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of cash flows
For the year ended 31 December 2010

	Note	2010 GBP	2009 GBP
Cash flows from operating activities			
Profit after tax	*16*	18,041,882	40,812,779
Dividend paid		-	(6,322,466)
Changes in operating assets and liabilities			
Change in investments		1,090,702,286	29,447,856
Change in loans and advances from banks		(353,941,646)	28,021,499
Change in derivative financial instruments		5,673,964	(34,970,298)
Change in prepayments and accrued income		4,548,881	8,826,728
Change in accruals and other liabilities		(205,470)	(3,501,170)
Net cash flow from operating activities		764,819,897	62,314,928
Net cash flow from investing activities		-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		764,819,897	62,314,928
Cash and cash equivalents at 1 January		310,934,714	248,619,786
Cash and cash equivalents at 31 December	*11*	1,075,754,611	310,934,714

Supplemental information		
Interest received	25,971,302	66,823,287
Interest paid	2,052,839	9,516,583
Tax paid	2,833,507	5,640,157

On behalf of the board

Paul Bushnell
Director

Anthony Golden
Director

July 29, 2011

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements
For the year ended 31 December 2010

1. Reporting entity

Citigroup Capital Finance Ireland Limited is a company domiciled in the U K The address of the Company's registered office is noted on page 2 The Company is a wholly owned subsidiary of Citibank Holdings Ireland Limited Its principal activities are the provision of funding to Group companies and the provision of accounting and treasury back-office services to both Group and third-party companies

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

The financial statements are prepared on the historical cost basis with the exception of derivative financial instruments measured at fair value Although the Company reduced its overall intercompany funding activities during the year, it has no going concern issues for 2010

c) Functional and presentation currency

These financial statements are presented in Pound Sterling ("GBP"), which is the Company's functional currency

d) Changes in accounting standards

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements None of these will have an effect on the financial statements of the Company, with the exception of

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets The standard contains two primary measurement categories for financial assets amortised cost and fair value A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value The standard eliminates existing IAS 39 categories of held to maturity, available for sale and loans and receivables

  The standard is effective for annual periods beginning on or after 1 January 2013 Earlier application is permitted

  The Company did not hold any financial instruments at 31 December 2010, but will evaluate the potential effect of this standard should this position change in the future

- IAS 24 Related Party Disclosures – the objective of this standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties

  The standard will become effective on 1 January 2011 It is not expected to have a significant impact on the financial statements

2. Basis of preparation (continued)

d) Changes in accounting standards (continued)

- Amendments to IAS 30 Financial Instruments Recognition and Measurement – Eligible Hedged Items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship The amendments will become mandatory for the Company's 2010 financial statements, with retrospective application required The amendments are not expected to have a significant impact on the financial statements

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

a) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the operation at the spot exchange rate at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

b) Interest

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability

Interest income and expense presented in the statement of comprehensive income includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit and loss, are presented in net income from other financial instruments at fair value through profit and loss in the statement of comprehensive income

3. Significant accounting policies (continued)

c) Fees & Commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate

Other fees and commission income, including account servicing fees, are recognised as the related services are performed

d) Income tax expense

Income tax expense comprises current tax, which is recognised in the statement of comprehensive income

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years

e) Financial assets and financial liabilities

(i) Recognition

The Company initially recognises loans, advances and deposits on the date at which they originated All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue

(ii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company, is recognised as a separate asset or liability in the statement of financial position On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of comprehensive income

In transactions in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment

3. Significant accounting policies (continued)

e) Financial assets and financial liabilities (continued)

(iv) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis

If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments Inputs to valuation techniques reasonable represent market expectations and measures of the risk-return factors inherent in the financial instrument The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i e , the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i e , without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets When transaction price provides the best the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised on the statement of comprehensive income on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out

Assets and long positions are measured at a bid price, liabilities and short positions are measured at an asking price Where the Company has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate

(v) Identification and measurement of impairment

At each reporting date the Company assesses whether or not there is objective evidence that financial assets not carried at fair value through profit or loss are impaired A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Company

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2010

3. Significant accounting policies (continued)

e) Financial assets and financial liabilities (continued)

(v) Identification and measurement of impairment (continued)

The Company considers evidence of impairment for loans and advances at both a specific asset and collective level All individually significant loans and advances are assessed for specific impairment All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics

f) Cash and cash equivalents

Cash and cash equivalents include highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments

Cash and cash equivalents are carried at amortised cost in the statement of financial position

g) Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities Derivatives held for risk management purposes are measured at fair value in the statement of financial position

The Company designates certain derivatives held for risk management On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent

h) Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method

i) Deposits

Deposits are the Company's sources of debt funding They are initially measured at fair value plus incremental direct transaction costs and subsequently measured at their amortised costs using the effective interest method

4. Operating income

	2010 GBP	2009 GBP
Interest income	21,422,421	52,834,323
Interest expense	(1,524,353)	(5,870,544)
Net interest income	19,898,068	46,963,779
Other income	729,017	351,741
Operating income	20,627,085	47,315,520

Other income relates to breakage fees generated on the early repayment of the intercompany long-term structured deals, foreign exchange gains and losses and net realised gains and losses on derivatives Fee income from the Company's treasury services business, which was wound down in 2009, is included in the prior year comparative

5. Administration expenses

	2010 GBP	2009 GBP
Staff costs	-	614,642
Other administrative expense	20,998	57,702
	20,998	672,344

The current year expenses relate to franchise and audit fees

The average number of persons employed by the Company during the year was Nil (2009 8) and the average cost was £Nil (2009 £84,043) Employees were involved in the Company's treasury services business, which was wound down in 2009

6. Interest expense and similar charges

	2010 GBP	2009 GBP
Interest expense on group loans	1,524,353	5,870,544

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2010

7. Statutory information

Profit on ordinary activities before taxation is stated after charging

	2010 GBP	2009 GBP
Audit of Company's financial statements	10,000	15,000
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-

Directors' remuneration is borne by other subsidiaries of Citigroup Inc

8. Tax on profit on ordinary activities

The Company pays tax at a rate of 12 5% on all activities

Analysis of charge in year	2010 GBP	2009 GBP
Profit for the year	20,606,087	46,643,176
Total income tax expense	(2,564,205)	(5,830,397)
Profit excluding income tax	18,041,882	40,812,779
Income tax using the Company's domestic tax rate	2,564,205	5,830,397

9 Investments in subordinated floating rate notes and securities

	Cost GBP	Fair Value GBP
Investments - 2010	-	-
Investments - 2009	1,090,702,286	947,790,702

In 2001, the Company purchased subordinated floating rate notes of £335,750,000 from Citibank Investments Limited and subordinated floating rate partnership securities of £350,000,000 from Citigroup Partners UK The Company is the Limited Partner of Citigroup Partners UK The above notes were due to be redeemed in 2031 On the 26th October 2005 the Company purchased floating rate notes denominated in Euro of 330,000,000 (2009 £293,057,575, 2008 £314,368,533) followed by a further purchase on the 8th October 2008 denominated in Euro of 126,000,000

With regard to the above notes, the Company had four loan agreements in place, all of which provided the borrowers with the option to terminate at any interest roll date upon providing at least 60 days notice The borrowers indicated a desire to terminate the agreements and a formal termination notice was received in 2010 As each agreement rolled on a different date, the Company received a request for permission to terminate all agreements on a single date The termination of all agreements occurred on 16th September 2010 On receipt of the funds, the Company placed £1,074,000,000 with Citibank NA London, which rolls every three months (note 11)

9. Investments in subordinated floating rate notes and securities (continued)

The Company establishes fair value using discounted cash flow analyses, which uses observable market data in relation to LIBOR, as well as internal expected spreads data The amortised cost is measured at initial recognition, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount

10. Derivative financial instruments

Exchange related contracts	Note	Notional principal amount GBP	Fair Value GBP Asset	Fair Value GBP Liability
2010				
FX Forward with Citibank NA London	12	-	-	-
2009				
FX Forward with Citibank NA London maturing 7/1/10	12	174,029,612	5,673,964	-

The purchased floating rate notes denominated in Euro were terminated in 2010 (note 9), As the Euro exposure no longer existed, the forward exchange forward contract which hedged this exposure also expired

11. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of the following balances that mature within three months

	2010 GBP	2009 GBP
Cash at bank	1,754,611	236,806
Loans advanced	-	310,697,908
Placement	1,074,000,000	-
	1,075,754,611	310,934,714

All loans advanced and cash balances are intercompany

Since 2001, the Company purchased subordinated floating rate notes from Citibank Investments Limited and subordinated floating rate partnership securities from Citigroup Partners UK (note 9) The Company had four loan agreements in place, all of which provided the borrowers with the option to terminate at any interest roll date upon providing at least 60 days notice A formal termination notice was received in 2010 and the Company received a request for permission to terminate all agreements on a single date, which occurred on 16th September 2010 On receipt of the funds, the Company placed £1,074,000,000 with Citibank NA London, which rolls every three months

12. Debtors

	2010 GBP	2009 GBP
Accrued interest	1,200,526	5,749,407
Unrealised gain on derivatives (note 10)	-	5,673,964
	1,200,526	11,423,371

13. Creditors

	2010 GBP	2009 GBP
Amounts falling due within 3 months		
Loan payable - intercompany	-	353,941,646
Due to fellow group undertakings	679,382	82,064
Loan interest payable	-	528,486
Accruals	10,000	15,000
Amounts falling due within 1 year		
Corporation tax payable	410,080	679,382
	1,099,462	355,246,578

14. Share capital

	2010 GBP	2009 GBP
Authorised		
100,000,000 ordinary shares of GBP 1 each	100,000,000	100,000,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of GBP 1 each	1,000,000	1,000,000

The Company has no externally imposed capital requirements

15. Reconciliation of movement in shareholder's funds

	2010 GBP	2009 GBP
Shareholders' funds at beginning of year	1,057,813,793	1,023,323,480
Total comprehensive income for the year	18,041,882	40,812,779
Dividends paid	-	(6,322,466)
Shareholders' funds at end of year - equity	1,075,855,675	1,057,813,793

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Notes to the financial statements (continued)
For the year ended 31 December 2010

16. Retained earnings

	2010 GBP	2009 GBP
Opening balance	371,506,776	337,016,463
Total comprehensive income for the year	18,041,882	40,812,779
Dividends paid	-	(6,322,466)
Closing balance	389,548,658	371,506,776

A dividend was not proposed in the current year £6,322,466 was declared payable to the Company's shareholders on 31 December 2009

The Company is a wholly owned subsidiary of Citibank Holdings Ireland Limited, with 1,000,000 ordinary shares allotted, called-up and fully paid

17. Capital contribution

The capital contribution amount of £685,307,017 is non repayable and forms part of distributable reserves

18. Financial instruments and risk management

Objectives, policies and strategies

Financial instruments are fundamental to the Company's business and constitute the core element of its operations Financial instruments create, modify or reduce the liquidity, credit and market risk of the Company's statement of financial position

The purpose for which the Company holds or issues financial instruments can be classified into two main categories

- **Loans and deposits:** All Company loans and deposits are intercompany
- **Hedging:** Where financial instruments for part of the Company's management strategy they are classified as economic hedges The objective for holding financial instruments as hedges is to match or minimise the risk arising from adverse movements in exchange rates Foreign exchange forwards are used for economically hedging the statement of financial position
  - Forwards short term forward foreign exchange contracts are all agreements to deliver, or take delivery of a specified amount of a currency based on a specified rate at a specified date

18. Financial instruments and risk management (continued)

Risk Management

Risks arise from lending and other activities routinely undertaken The main risks faced by the Company are market risk, liquidity risk, credit risk and operational risk The following section summarises the processes that were in place in 2010 for managing these risks

Market Risk

Market risk encompasses a number of components including currency risk, interest rate risk and other price risk

Interest rate risk: is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates The Company has no significant interest rate risk as it is the Company's policy to fund all financial instruments on a matched basis

Other price risk: the Company has no material other price risks

Foreign currency risk: is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates The principal foreign currency in which the Company earns income is Euros ("EUR") This gives rise to a foreign currency risk on the translation of this income to GBP During the financial year ended 31st December 2010 such exposures are included in the Company's foreign currency hedging strategy

	2010 GBP	2009 GBP
Total Assets		
Denominated in GBP	1,076,993,184	938,626,723
Denominated in EUR	-	474,416,843
Denominated in USD	-	16,805
	1,076,993,184	1,413,060,371
Total Liabilities		
Denominated in GBP	1,076,955,137	1,110,627,718
Denominated in EUR	38,047	302,432,653
	1,076,993,184	1,413,060,371

Currency exposures

The exposure of the Company's net Euro exposure was hedged by a foreign exchange forward contract in 2009, which expired in 2010

The following table shows the Company's total foreign exchange exposure

	2010 GBP	2009 GBP
EUR	-	171,984,190
EUR hedge	-	(174,029,612)
EUR Exposure	-	(2,045,422)
USD Exposure	-	16,805

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

18. Financial instruments and risk management (continued)

Foreign exchange sensitivity analysis

The following table shows the impact of a 1% increase in foreign exchange rates on the Company's statement of financial position

	2010 GBP	2009 GBP
1% increase in EUR / GBP Foreign exchange rate	-	(20,454)

Similarly, a 1% decrease in exchange rates would have an equal but opposite effect on the statement of financial position

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities Management of liquidity is the responsibility of the Company Treasurer who aims to ensure that all funding obligations are met when due

The following table analyses the gross contractual cashflows and Company's assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date

2010	3 months or less GBP '000	> 3 months and < 1 year GBP '000	> 1 year and < 5 years GBP '000	Greater than 5 years GBP '000	Total GBP '000
Assets	1,076,993,184	-	-	-	1,076,993,184
Liabilities & Equity	(1,075,903,722)	(1,089,462)	-	-	(1,076,993,184)
Net liquidity gap	1,089,462	(1,089,462)	-	-	-

2009	3 months or less GBP '000	> 3 months and < 1 year GBP '000	> 1 year and < 5 years GBP '000	Greater than 5 years GBP '000	Total GBP '000
Assets	322,358,085	-	-	1,090,702,286	1,413,060,371
Liabilities & Equity	(354,485,132)	(761,446)	-	(1,057,813,793)	(1,413,060,371)
Net liquidity gap	(32,127,047)	(761,446)	-	32,888,493	-

18. Financial instruments and risk management (continued)

Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes The operations of the Company are subject to quarterly risk and control self-assessments, periodic reviews by Citigroup Internal Audit and monthly reconciliation processes

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation As all material balances are intercompany in nature, they are monitored on an ongoing basis

19. Related party transactions

The Company defines related parties as the Board of Directors, their close family members, parent and fellow subsidiaries and associate companies

A number of arms' length transactions are entered into with related parties These include loans and deposits that provide funding to Group Companies as well as derivative contracts used to hedge residual risks that are included in the other assets and other liabilities balances

The table below summaries balances with related parties

Notes to the financial statements (continued)
For the year ended 31 December 2010

19. Related party transactions (continued)

	Other Citigroup undertakings GBP 2010	Other Citigroup undertakings GBP 2009
Assets		
Investments	-	1,090,702,286
Loans and advances to banks	-	310,697,909
Placements	1,074,000,000	-
Prepayments and accrued income	1,200,526	5,749,407
Other assets	-	5,673,964
Cash	1,754,611	236,806
Liabilities		
Deposits by banks	-	(353,941,646)
Accruals and deferred income	-	(528,486)
Other liabilities	(679,382)	(97,064)
Statement of comprehensive income		
Interest and similar income	21,422,421	52,834,323
Interest payable	(1,524,353)	(5,870,544)
Net fee and commission income	729,017	351,741
Other income/expense	-	-
Administrative expenses	(10,998)	(672,344)

20. Subsequent events

There were no significant subsequent events after the year-end

21. Ultimate parent undertaking

The Company's ultimate parent undertaking is Citigroup Inc , which is incorporated in the State of Delaware, United States of America

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc The audited consolidated financial statements of Citigroup Inc are available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from

www citigroup com/citi/corporategovernance/ar htm

The smallest group in which the results of the accounts are consolidated is that headed by Citibank Holdings Ireland Limited, which became the parent Company on 24 November 2003 Copies of these group accounts will be available to the public and may be obtained from its offices at Citigroup Centre, 1 North Wall Quay, Dublin 1