

Citigroup Capital Finance Ireland Limited

(Registered number 2698894)

Directors' report and financial statements

For the year ended 31 December 2009



CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Directors' report and financial statements

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CITIGROUP CAPITAL FINANCE IRELAND LIMITED

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

Report of the Directors

For the year ended 31 December 2009

The Directors present their report and the financial statements of Citigroup Capital Finance Ireland Limited ("the Company") for the year ended 31 December 2009. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Business review and principal activities

The Company is a wholly owned subsidiary of Citibank Holdings Ireland Limited. The Company's 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.

The Company made a profit after tax for the year of £40,812,779 (2008: £64,956,144). 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 £53,567,120 (2008: £88,718,102), a 40% decrease on the previous year, primarily due to falling interest rates.

Costs

Administration expenses decreased by 46% to £1,053,400 (2008: £1,948,916) due to the winding down of the entity's treasury services business during the year.

Statement of financial position

Shareholders Funds of £1,057,813,793 was 3% higher than at 31 December 2008.

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) 2009 – 3.39%, 2008 – 5.89%

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 21-23.

Future developments

A strategic review of the entity's treasury services business highlighted the limitation of the business to grow economically. This resulted in the Directors winding down this business before the end of 2009.

The Company's main borrower, Citi Investments Limited, has indicated their intention to consider repayment of all amounts outstanding during 2010. The Directors are considering two future options for the Company, should a formal request materialise from Citi Investments Limited. If the long-term structured deals are repaid, the Company may merge with another Citi entity or the Company may continue to seek non-regulated business.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Report of the Directors (continued) For the year ended 31 December 2009

Proposed dividend

A dividend of £6,322,466 (2008 Nil) was declared payable to the Company's shareholder on 31 December 2009 and was paid on the same date

Directors

The names of the Directors who held office at 31 December 2009 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

Close Company provisions

In the opinion of the Directors, the close provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the Company during the period in which it was UK resident. Equivalent close provisions in Ireland did not, at 31 December 2009, apply to the Company

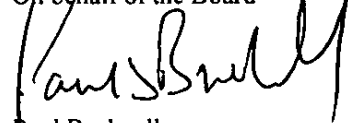
Auditors

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

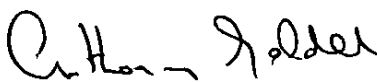
Disclosure of Information to Auditors

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

30th June 2010

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of Directors' responsibilities in respect of the directors' report and 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs")

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to

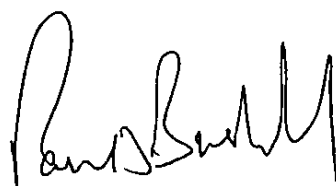
In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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



Paul Bushnell
Director



Anthony Golden
Director

30th June 2010



KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Independent auditors' report to the members of Citigroup Capital Finance Ireland Limited

We have audited the financial statements of Citigroup Capital Finance Ireland Limited for the year ended 31 December 2009 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU, and as regards the Company financial statement, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU, and as applied in accordance with provisions of the Companies Act 2006; 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
1 Harbourmaster Place
IFSC, Dublin 1

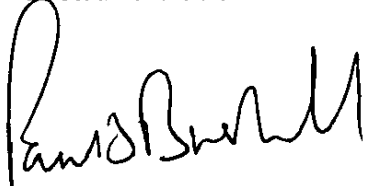
CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of Comprehensive Income For the year ended 31 December 2009

		2009 GBP	2008 GBP
	Note		
Interest income	4	52,834,323	84,902,618
Interest expense	6	<u>(5,870,544)</u>	<u>(12,533,593)</u>
Net interest income		46,963,779	72,369,025
Other income	4	<u>351,741</u>	<u>3,815,484</u>
Operating Income		47,315,520	76,184,509
Administrative Expenses	5	<u>(672,344)</u>	<u>(1,948,916)</u>
Profit on ordinary activities before taxation		46,643,176	74,235,593
Tax on profit on ordinary activities	8	(5,830,397)	(9,279,449)
Profit on ordinary activities after taxation	16	<u><u>40,812,779</u></u>	<u><u>64,956,144</u></u>

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

30th June 2010

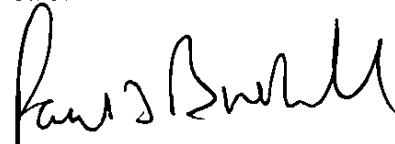
The notes in pages 11 to 24 are an integral part of these financial statements

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of Financial Position As at 31 December 2009

	Note	2009 GBP	2008 GBP
Fixed assets			
Investments	9	1,090,702,286	1,120,150,142
Current assets			
Debtors	12	11,423,371	20,250,099
Loans advanced	11	310,697,908	248,100,458
Cash at bank	11	236,806	519,328
		<u>322,358,085</u>	<u>268,869,885</u>
Creditors: amounts falling due within one year	13	<u>(355,246,578)</u>	<u>(365,696,547)</u>
Net current assets		(32,888,493)	(96,826,662)
Net assets		<u>1,057,813,793</u>	<u>1,023,323,480</u>
Capital and reserves			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	16	371,506,776	337,016,463
Capital contribution	17	685,307,017	685,307,017
Shareholders' funds – equity	15	<u>1,057,813,793</u>	<u>1,023,323,480</u>

On behalf of the Board



Paul Bushnell
Director



Anthony Golden
Director

30th June 2010

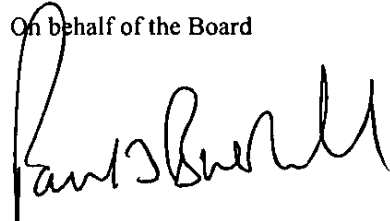
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CITIGROUP CAPITAL FINANCE IRELAND LIMITED

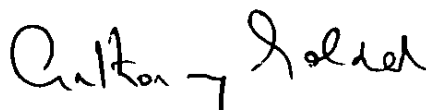
Statement of changes in equity For the year ended 31 December 2009

		2009 GBP	2008 GBP
Shareholders' funds - 1st January	Note 15	1,023,323,480	958,367,336
Total comprehensive income for the year	16	40,812,779	64,956,144
Dividends paid	16	(6,322,466)	-
Shareholders' funds - 31st December	15	<u>1,057,813,793</u>	<u>1,023,323,480</u>

On behalf of the Board



Paul Bushnell
Director



Anthony Golden
Director

30th June 2010

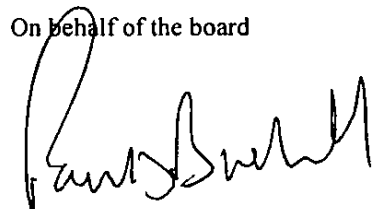
CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Statement of Cash Flows

For the year ended 31 December 2009

	Note	2009 GBP	2008 GBP
Cash flow from operating activities			
Profit after tax	16	40,812,779	64,956,144
Adjustments to reconcile net profit to cash flow from / (used in) operating activities			
Due from/to intercompany		57,469,355	(3,122,809)
Accrued income, prepaid expenses and other assets		8,826,728	(4,946,346)
Accrued expenses and other liabilities		(38,471,468)	30,197,795
Dividend paid		(6,322,466)	-
Net cash flow from operating activities		<u>62,314,928</u>	<u>87,084,784</u>
Net increase in cash and cash equivalents		62,314,928	87,084,784
Cash and cash equivalents, beginning of the year		248,619,786	161,535,002
Cash and cash equivalents, end of the year	11	<u>310,934,714</u>	<u>248,619,786</u>

On behalf of the board



Paul Bushnell
Director



Anthony Golden
Director

30th June 2010

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements
For the year ended 31 December 2009

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 have been 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 issued by the International Accounting Standards Board (IASB).

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.

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 2009, 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 is currently in the process of evaluating the potential effect of this standard. Given the nature of the Company's operations, this standard is expected to have a pervasive impact on the Company's financial statements.

- 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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

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 profit or loss. 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 profit or loss 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.

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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

3. Significant accounting policies (continued)

d) Income tax expense

Income tax expense comprises current tax, which is recognised in profit or loss.

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 profit or loss.

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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

3 Significant accounting policies (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 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 profit or loss 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 2009

3. Significant accounting policies (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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

4. Operating income

	2009 GBP	2008 GBP
Interest income	52,834,323	84,902,618
Interest expense	<u>(5,870,544)</u>	<u>(12,533,593)</u>
Net interest income	46,963,779	72,369,025
Other income	351,741	3,815,484
Operating income	<u><u>47,315,520</u></u>	<u><u>76,184,509</u></u>

Other income relates to fee income from the Company's treasury services business, foreign exchange gains and losses and net realised gains and losses on derivatives

5. Administration expenses

	2009 GBP	2008 GBP
Staff costs	614,642	1,443,501
Other administrative expense	57,702	505,415
	<u><u>672,344</u></u>	<u><u>1,948,916</u></u>

The average number of persons employed by the Company during the year was 8 (2008 23) and the average cost was £84,043 (2008 £62,760) Employees were involved in the Company's treasury services business, which was wound down in 2009

6. Interest payable and similar charges

	2009 GBP	2008 GBP
Interest payable on group loans	<u><u>5,870,544</u></u>	<u><u>12,533,593</u></u>

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

7. Statutory information

Profit on ordinary activities before taxation is stated after charging

	2009 GBP	2008 GBP
Auditors' remuneration	<u>15,000</u>	<u>15,406</u>

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	2009 GBP	2008 GBP
<i>Current tax</i>		
Irish corporation tax on profits for the year	<u>(5,830,397)</u>	<u>(9,279,449)</u>

9 Investments in subordinated floating rate notes and securities

	Cost GBP	Fair Value GBP
Investments - 2009	<u>1,090,702,286</u>	<u>947,790,702</u>
Investments - 2008	<u>1,120,150,142</u>	<u>1,102,535,507</u>

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 are 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.

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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

10. Derivative financial instruments

Exchange related contracts	Note	Notional principal amount GBP	Fair Value GBP	
			Asset	Liability
2009				
FX Forward with Citibank NA London maturing 7/1/10	12	<u>174,029,612</u>	<u>5,673,964</u>	<u>-</u>
2008				
FX Forward with Citibank NA London maturing 7/1/09	13	<u>151,730,807</u>	<u>-</u>	<u>34,970,298</u>

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

	2009 GBP	2008 GBP
Cash	236,806	519,328
Loans Advanced	<u>310,697,908</u>	<u>248,100,458</u>
	<u>310,934,714</u>	<u>248,619,786</u>

All loans advanced and cash balances are intercompany

12. Debtors

	2009 GBP	2008 GBP
Accrued interest	5,749,407	19,738,371
Fee income	-	511,728
Unrealised gain on derivatives (note 10)	<u>5,673,964</u>	<u>-</u>
	<u>11,423,371</u>	<u>20,250,099</u>

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

13. Creditors

	2009 GBP	2008 GBP
Amounts falling due within 3 months		
Loan payable - intercompany	353,941,646	325,920,147
Unrealised loss on derivatives	-	34,970,298
Due to fellow group undertakings	82,064	13,819
Loan interest payable	528,486	4,174,525
Accruals	15,000	128,616
Amounts falling due within 1 year		
Corporation tax payable	679,382	489,142
	<u>355,246,578</u>	<u>365,696,547</u>

14. Share capital

	2009 GBP	2008 GBP
<i>Authorised</i>		
100,000,000 ordinary shares of GBP 1 each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Allotted, called up and fully paid</i>		
1,000,000 ordinary shares of GBP 1 each	<u>1,000,000</u>	<u>1,000,000</u>

The Company has no externally imposed capital requirements

15. Reconciliation of movement in shareholder's funds

	2009 GBP	2008 GBP
Shareholders' funds at beginning of year	1,023,323,480	958,367,336
Total comprehensive income for the year	40,812,779	64,956,144
Dividends paid	(6,322,466)	-
Shareholders' funds at end of year - equity	<u>1,057,813,793</u>	<u>1,023,323,480</u>

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

16. Profit and Loss

	2009 GBP	2008 GBP
Opening balance	337,016,463	272,060,319
Total comprehensive income for the year	40,812,779	64,956,144
Dividends paid	(6,322,466)	-
Closing balance	<u>371,506,776</u>	<u>337,016,463</u>

A dividend of £6,322,466 (2008 Nil) was declared payable to Citibank Holdings Ireland Limited on the on 31 December 2009 and was paid on the same date

The Company is a wholly owned subsidiary of Citibank Holdings Ireland Limited, with 1,000,000 ordinary shares allotted, called-up and fully paid. The dividend per share was \$6.32

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 form 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.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

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 2009 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 2009 such exposures are included in the Company's foreign currency hedging strategy.

	2009 GBP	2008 GBP
Total Assets		
Denominated in GBP	938,626,723	899,989,401
Denominated in EUR	474,416,843	488,963,936
Denominated in USD	16,805	66,690
	<u>1,413,060,371</u>	<u>1,389,020,027</u>
Total Liabilities		
Denominated in GBP	1,110,627,718	1,080,297,907
Denominated in EUR	302,432,653	308,662,608
Denominated in USD	-	59,512
	<u>1,413,060,371</u>	<u>1,389,020,027</u>

Currency exposures

The exposure of the Company's net Euro exposure is hedged by a foreign exchange forward contract.

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

	2009 GBP	2008 GBP
EUR	171,984,190	186,177,263
EUR hedge	(174,029,612)	(186,685,001)
EUR Exposure	<u>(2,045,422)</u>	<u>(507,738)</u>
USD Exposure	16,805	50,607

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

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

	2009 GBP	2008 GBP
1% increase in EUR / GBP Foreign exchange rate	(20,454)	(5,077)

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.

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	<u>(32,127,047)</u>	<u>(761,446)</u>	<u>-</u>	<u>32,888,493</u>	<u>-</u>
2008	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	268,869,885	-	-	1,120,150,142	1,389,020,027
Liabilities & Equity	(365,193,587)	(1,103,690)	-	(1,022,722,750)	(1,389,020,027)
Net liquidity gap	<u>(96,323,702)</u>	<u>(1,103,690)</u>	<u>-</u>	<u>97,427,392</u>	<u>-</u>

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

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 asset and other liabilities balances.

The table below summarises balances with related parties.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2009

	2009 Other Citigroup undertakings GBP	2008 Other Citigroup undertakings GBP
Assets		
Investments	1,090,702,286	1,120,150,142
Loans and advances to banks	310,697,909	248,100,458
Prepayments and accrued income	5,749,407	19,738,177
Other assets	5,673,964	511,922
Cash	236,806	519,328
Liabilities		
Deposits by banks	(353,941,646)	(325,920,147)
Accruals and deferred income	(528,486)	(4,174,525)
Other liabilities	(97,064)	(35,080,181)
Statement of comprehensive income		
Interest and similar income	52,834,323	84,902,618
Interest payable	(5,870,544)	(12,533,593)
Net fee and commission income	732,797	1,885,217
Other income/expense	-	1,930,267
Administrative expenses	(1,053,400)	(1,536,905)

20 Subsequent events

A strategic review of the entity's treasury services business highlighted the limitation of the business to grow economically. This resulted in the directors winding down this business before the end of 2009. This resulted in the directors winding down the business at the end of 2009, although the entity was still carrying on other significant business at that time.

The Company's main borrower, Citi Investments Limited has indicated the desire to repay all amounts outstanding during 2010. The directors are considering two future options for the Company, should a formal request materialise. If the long-term structured deals are repaid, the company may merge with another Citi entity or the company may continue to seek non-regulated business.

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.