

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

(Registered Number: 2698894)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2002



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CITIGROUP CAPITAL FINANCE IRELAND LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of Citigroup Capital Finance Ireland Limited ('the Company') for the year ended 31 December 2002.

Principal activities, business review and future developments

The Company's principal activity is that of the provision of financing activities to members of the parent group. The Directors expect the current levels of activity to continue for the foreseeable future.

On 26 October 2001 the Company purchased a number of subordinated floating rate notes and subordinated floating rate partnership securities from group companies. The Company's principal source of income is interest income earned on these debt instruments.

Results and dividends

The results for the year are set out on page 5. No interim dividend was paid by the Company during the year (2001: Stg£0.1842 per share). The Directors do not recommend the payment of a final dividend.

Directors/Secretary and their interests

The names of those Directors who held office as at 31 December 2002 were as follows:

Mr. Aidan M. Brady
Mr. Paul J. Bushnell
Mr. Nial A. Whelan
Mr. Joshua Marc Fine

Mr David Geoghegan resigned with effect from 10 January 2002. Mr Mark J. Fitzgerald was appointed with effect from 11 January 2002 and resigned with effect from 26 March 2002. Mr Joshua Marc Fine was appointed with effect from 26 March 2002. Mr Aidan M. Brady and Mr Nial A Whelan resigned with effect from 7 January 2003.

In accordance with the Articles of Association, the directors are not required to retire by rotation.

The secretary of the company is Andrew Gaulter.

The directors do not have any interest in the share capital of the Company. The directors interests in the shares of the ultimate holding company, Citigroup Inc., are as follows:

Director	31 December 2002 Ordinary shares	On appointment or 31 December 2001 Ordinary shares
Aidan Brady	3,186	1,842
Paul Bushnell	270	270
Nial A. Whelan	530	330
Joshua Fine	-	-

The Company forms part of the Citigroup Inc. Group ('the Group'). The Group operates a staff share option scheme and, in addition to the interests disclosed above, certain directors of the Company have options to acquire shares in the ultimate parent holding company, Citigroup Inc. Full details are as follows overleaf:

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

REPORT OF THE DIRECTORS (continued)

Directors/Secretary and their interests (continued)

Director	Non-qualified stock options over common stock of Citigroup Inc. (notes (a) and (b))				Exercise Price
	at 31 December 2001	During the year		at 31 December 2002	
		Granted	Exercised/lapsed		
Aidan Brady	62,723	6,198	-	68,921	\$24-\$53
Paul Bushnell	1,250	-	-	1,250	-
Nial A. Whelan	666	-	(666)	-	\$45
Joshua Fine	-	-	-	-	-

Notes:

- (a) Options outstanding, once vested, are exercisable at the discretion of the holders.
- (b) Details of the Share Option Scheme are contained in the financial statements of Citigroup Inc. The middle market price of Citigroup Inc. common stock at 31 December 2002 was US\$35.19 (2001:US\$51.19) and, during the calendar year ended 31 December 2002, the closing price ranged from a low of US\$25.18 (2001:US\$34.51) to a high of US\$48.50 (2000: US\$57.37).

Statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each accounting period, which 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 (the "financial statements").

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

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

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

Employees

There were no persons employed by the company during the year or in the preceding year and no persons have been employed by the company since the year end.

Charitable donations and political contributions

There were no charitable donations nor any contributions for political purposes made by the Company during the year or the preceding year.

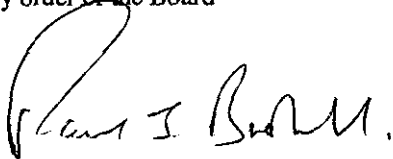
CITIGROUP CAPITAL FINANCE IRELAND LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forth coming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Paul I Bushnell', written over a large, stylized circular flourish.

Paul Bushnell
Director

Registered office:
Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
5 September 2003

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

Independent Auditors Report to the Members of CITIGROUP CAPITAL FINANCE IRELAND LIMITED

We have audited the financial statements on pages 5 to 11.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The Directors are responsible for preparing the Directors' Report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

Chartered Accountants

Registered Auditor

5 Georges Dock

I.F.S.C

Dublin 1

Ireland

5/9/2003

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Note	Total 2002 Stg£	Total 2001 Stg£
Operating income	2	42,907,135	9,188,619
Administrative expenses		(73,569)	(33,739)
Profit on ordinary activities before taxation		42,833,566	9,154,880
Tax on profit on ordinary activities	4	(4,283,356)	(1,132,207)
Profit on ordinary activities after taxation		38,550,210	8,022,673
Retained profits brought forward		8,022,673	184,205
Proposed dividend		-	(184,205)
Retained profits carried forward	12	46,572,883	8,022,673

The notes on pages 7 to 11 form an integral part of these financial statements.

There were no recognised gains or losses other than the profit for the year in the current or the preceeding year. Consequently a statement of total recognised gains and losses is not presented. All income and profits relate to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year, and their historical cost equivalents.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Note	2002 Stg£	2001 Stg£
Profit for the financial year	12	38,550,210	8,022,673
Proposed dividend		-	(184,205)
Capital contribution received	11	-	685,307,017
Net additions to equity shareholders' funds		38,550,210	693,145,485
Opening equity shareholders' funds		694,329,690	1,184,205
Closing equity shareholders' funds		732,879,900	694,329,690

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

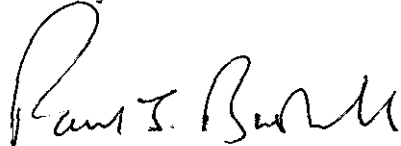
BALANCE SHEET

as at 31 December 2002

	Note	2002 Stg£	2001 Stg£
Fixed assets			
Investments	5	<u>685,750,000</u>	<u>685,750,000</u>
Current assets			
Accrued Income	6	7,735,647	7,939,785
Loans and advances	7	33,971,778	-
Cash at bank and in hand	8	<u>8,963,536</u>	<u>1,860,135</u>
		50,670,961	9,799,920
Creditors: amounts falling due within one year	9	(3,541,061)	(1,220,230)
Net current assets		<u>47,129,900</u>	<u>8,579,690</u>
Total assets less current liabilities		<u>732,879,900</u>	<u>694,329,690</u>
Net assets		<u>732,879,900</u>	<u>694,329,690</u>
Capital and reserves			
Called up share capital	10	1,000,000	1,000,000
Capital contribution	11	685,307,017	685,307,017
Profit and loss account	12	46,572,883	8,022,673
Equity shareholders' funds		<u>732,879,900</u>	<u>694,329,690</u>

The notes on pages 7 to 11 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 5 September 2003 and signed on its behalf by:



Paul Bushnell
Director

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current year and the preceding year, except for the changes noted in 1(f) with regards to the adoption of Financial Reporting Standard ("FRS") 19, "Deferred Taxation" which are set out below:

a) Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards as promulgated by the Institute of Chartered Accountants in Ireland.

In accordance with the revised Financial Reporting Standard ("FRS") 1, the Company has not prepared a cash flow statement as the Company's results are consolidated in the financial statements of its ultimate parent company, Citigroup Inc., which are made available to the public annually.

Under the subsidiary undertakings exemption of FRS 8, the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

b) Income recognition

Interest receivable and payable is recognised in the profit and loss account as it accrues over the term of the investments and deposits gross of any related withholding tax.

Fees receivable which represent a return for services provided are credited to income when the related service is performed. Fees receivable which represent a return for risk borne which are in the nature of interest are taken to the profit and loss account on a level yield basis over the period of the loan or over the expected life of the transaction to which they relate.

c) Investments

All investments are held at the lower cost and net realisable value.

d) Loans and advances

Loans and advances are stated at the amount advanced, less any provision for bad debts.

e) Foreign currency

The financial statements are expressed in British pounds (Stg£).

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

f) Taxation

Corporate tax is provided on taxable profits at the current tax rate.

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Taxation (Continued)

This represents a change from the accounting policy applied in preceding periods under which deferred taxation was provided on the liability method on all material timing differences which were expected to reverse in the future without replacement, calculated at the rate at which it was anticipated that timing differences would reverse. There is no material effect on the tax balances in the current or preceding year as a result of the change in accounting policy.

g) Provision for bad and doubtful debts

Specific provisions are made as a result of a detailed appraisal of risk assets. In addition, general provisions are carried to cover risks which, although not specifically identified, are present in any portfolio of bank advances. The total provision for bad and doubtful debts is deducted in arriving at the balance sheet figures of loans and advances to banks and to customers, as appropriate. Provisions made during the year, less existing provisions no longer required and recoveries of bad debts previously written off are charged against profits."

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating income

	2002 Stg£	2001 Stg£
Interest on loan notes	15,323,037	2,977,058
Interest from partnership securities	27,035,750	4,962,727
Interest on deposits	548,348	1,248,834
	<u>42,907,135</u>	<u>9,188,619</u>

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 Stg£	2001 Stg£
Auditors remuneration	<u>5,651</u>	<u>3,900</u>

The Company had no employees in the year or the preceding year. Directors' remuneration is borne by Citibank Ireland Financial Services plc.

4. Tax on profit on ordinary activities

The Company has received approval for a licence to operate in the International Financial Services Centre under Section 446 of the Taxes Consolidation Act 1997 which entitles the company to the 10% rate of tax on qualifying activities. Passive income is taxable at 25%.

	2002 Stg£	2001 Stg£
Profit per accounts	42,833,566	9,154,880
Tax per accounts		
UK Tax		(174,000)
Irish Tax	(4,283,356)	(958,207)
Profit after tax	<u>38,550,210</u>	<u>8,022,673</u>

Tax computation:

	Stg£	Stg£
Profit before tax	42,834,566	9,154,880
PBT @ 16% (20% in 2001)	6,853,371	1,830,976

Effects of:

Portion of income not taxable in Ireland		(5,000)
Utilization of 10% rate	(2,570,015)	(754,769)
Income taxable at higher rate		61,000

Current tax charge for period

	<u>4,283,356</u>	<u>1,132,207</u>
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CITIGROUP CAPITAL FINANCE IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Investments

	2002 Stg£	2001 Stg£
Debt Securities held	<u>685,750,000</u>	<u>685,750,000</u>

In 2001, the Company purchased subordinated floating rate notes of Stg£335,750,000 from Citibank Investments Limited and subordinated floating rate partnership securities of Stg£350,000,000 from Citigroup Partners UK. The Company is the Limited Partner of Citigroup Partners UK. All notes are due to be redeemed in 2031.

6. Accrued Income

	2002 Stg£	2001 Stg£
Accrued interest	<u>7,735,647</u>	<u>7,939,785</u>

All amounts fall due within one year.

7. Loans and advances

	2002 Stg£	2001 Stg£
Amounts falling due within one year	<u>33,971,778</u>	<u>-</u>

8. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2002 Stg£	2001 Stg£
Cash at bank held by other group undertakings	8,963,536	1,860,135
	<u>8,963,536</u>	<u>1,860,135</u>

9. Creditors: amounts falling due within one year

	2002 Stg£	2001 Stg£
Amounts due to fellow subsidiary undertaking	-	56,535
Corporation tax payable	3,501,446	1,129,955
Accruals	39,615	33,740
	<u>3,541,061</u>	<u>1,220,230</u>

CITIGROUP CAPITAL FINANCE IRELAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Share Capital

	2002 Stg£	2001 Stg£
Authorised:		
100,000,000 ordinary shares of Stg£1 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, called up and fully paid:		
1,000,000 ordinary shares of Stg£1 each	<u>1,000,000</u>	<u>1,000,000</u>

11. Capital contribution

	2002 Stg£	2001 Stg£
At 1 January	685,307,017	-
Received in year	-	685,307,017
At 31 December	<u>685,307,017</u>	<u>685,307,017</u>

12. Profit and loss account

	2002 Stg£	2001 Stg£
At 1 January 2002	8,022,673	184,205
Profit for the financial year	38,550,210	8,022,673
Proposed dividend	-	184,204
At 31 December 2002	<u>46,572,883</u>	<u>8,022,673</u>

13. Ultimate parent company and parent undertaking of larger group of which the Company is a member

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 consolidated financial statements of Citigroup Inc. are available to the public and may be obtained from Citigroup Document Services, 140 58th Street, Suite 51, Brooklyn, New York, NY11220, United States of America.

The smallest group in which the results of the accounts are consolidated is that headed by Citibank Overseas Investment Corporation. Copies of these group accounts are available to the public and may be obtained from its offices at 33 Canada Square, London, E14 5LB.