CITIBANK EUROPE PLC

(Registered Number: 132781)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

CITIBANK EUROPE PLC

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CITIBANK EUROPE PLC

BOARD OF DIRECTORS AND OTHER INFORMATION

DIRECTORS	Francesco Vanni d'Archirafi - Chairman Aidan Brady - Chief Executive Officer Breffni Byrne - Independent Non- Executive Jim Farrell - Independent Non-Executive Deepak Jain – Non-Executive Bo J. Hammerich - Non-Executive Mary Lambkin - Independent Non-Executive Marc Luet – Non-Executive Rajesh Mehta – Non-Executive Cecilia Ronan Patrick Scally – Non-Executive Christopher Teano – Non-Executive Zdenek Turek – Non-Executive Tony Woods
COMPANY SECRETARY	Deirdre Pepper
REGISTERED OFFICE	1 North Wall Quay, Dublin 1
SOLICITORS	Arthur Cox Solicitors Earlsfort Centre, Earlsfort Terrace, Dublin 2 A&L Goodbody International Financial Services Centre, North Wall Quay, Dublin 1 Matheson 70 Sir John Rogersons Quay, Dublin 2
AUDITOR	KPMG Chartered Accountants 1 Harbourmaster Place, IFSC, Dublin 1
BANKERS	Citibank NA, London Branch Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB

CITIBANK EUROPE PLC

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of Citibank Europe plc ("the Company") for the year ended 31 December 2014. The Company's ultimate parent is Citigroup Inc.

Principal Activities

The Company is headquartered in Dublin and has branch offices in the Czech Republic, Hungary, Romania, Slovakia, Bulgaria and Poland. On 1 January 2014 the Company acquired the existing business of another Citigroup entity in Bulgaria at net asset value. The entity became a branch of the Company.

In October 2014 the Board of Citigroup announced its intention to exit from the Consumer business in 11 markets. This will impact the business in two branches of the Company, Czech Republic and Hungary.

The Company, which was granted a banking licence by the Central Bank of Ireland under Section 9 of the Central Bank Act 1971, provides financial services to clients and other Citigroup businesses on a worldwide basis.

The principal activity of the Company is the provision of Transaction and Trade Services to its Financial Services and Corporate client base.

The Company's strategy is aligned with Citigroup's overall franchise goals of executing against five priorities: client, capital, controls, cost and culture. The Company has put a special focus on research and development through its Citi Innovation Lab.

Business Review and Results

The Company had another very profitable performance in 2014 reporting profit after tax of US$643 million (2013: US$715 million). This was despite the business environment in which the Company operates remaining challenging in 2014. Low interest rates in the markets in which the Company does business, impacted interest rate margins and revenues while ongoing macroeconomic uncertainty through the year impacted corporate confidence and client activity.

Profit in 2014 includes US$101 million impairment on goodwill associated with the Company's acquisition of its Czech Republic branch. Adjusting the 2014 net profit figure for the impairment, the resulting net profit figure amounts to US$744 million (US$715 million in 2013).

The principal sources of revenue include interest income and fees and commissions, incurred modest declines relative to the previous year (operating income 2014: US$1,640 million; 2013: US$1,732 million) due to the challenges of the business environment.

Operating expenses of US$803 million (2013: US$877 million) decreased from the previous year due in part to management's ongoing focus on the Company's cost base. The Company's operating efficiency, net of impairment expense, was 49% (2013: 51%).

During 2014 the Company released credit provisions which resulted in a US$21 million write back to the Income Statement (2013: US$32 million credit loss). This reflects the relative strength of the Company's loan portfolio and the favourable credit condition that existed in 2014.

The Company's total assets remained broadly flat year on year at US$25.6 billion (2013: US$ 25.5 billion).

The business and economic conditions are expected to remain challenging and uncertain through 2015. The Directors continue to monitor these conditions and the financial impact they may have on the Company.

The Company's key financial indicators during the year were as follows:

	2014	2013	Movement
	$ 000	$ 000	%
Profit before Income Tax	757,687	823,186	(8)
Profit after Income Tax	643,262	714,516	(10)
Shareholders' Funds	7,664,249	7,112,959	8

The Company paid an interim dividend of $nil (2013: $800 million). The Directors do not recommend the payment of a final dividend (2013: $nil) at this time.

The Directors continue to assess new opportunities for optimal use of the Company's capital base.

The Company has regulatory capital resources of US$6.8 billion (2013: US$6.2 billion) which are entirely made up of Tier One equity. The capital ratio at 31 December 2014 as reported to the Central Bank of Ireland was 29% (2013: 24%) which comfortably exceeds the minimum requirement. Further information on the Company's capital requirements and risk management is available in the Pillar 3 disclosure document (http://citigroup.com/citi/investor/reg.htm).

Corporate Governance

Audit Committee

The Audit Committee is a sub-committee of the Board of Directors. Its role is to oversee the adequacy of the internal control environment established by management in relation to the Company's businesses. The Audit Committee also assist the Board of Directors in fulfilling its oversight responsibility relating to the integrity of CEP's financial statements, financial reporting process and systems of internal accounting and financial controls. The Audit Committee draws on the work of Citi Internal Audit, the Company's Independent External Auditors, and the Company's senior management.

Risk Committee

The Risk Committee is a sub-committee of the Board of Directors. Its role is to advise the Board on the Company's overall current and future risk appetite, taking account of the overall risk appetite of the Company and the current and future financial position of the Company. The Risk Committee also reviews amendments to group risk policies applicable to CEP and is responsible for implementing and calculating stress and concentration risk, economic capital and business risk along with adopting any regulatory developments from a risk perspective. The Risk Committee draws on the work of the Risk Department, the Company's Independent External Auditors and the Company's senior management.

Corporate Governance Code for Credit Institutions and Insurance undertakings

As of 31 December 2014 the Company was subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance undertakings ("2011 Code"). Having been classified by the Central Bank of Ireland as a Major Institution, the Company is subject to the requirements in Appendix 1 of the Code. As of 1 January 2015, the Company is subject to the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2013 (2013 Code).

Principal Risks and Uncertainties

The Company is exposed to a variety of risks inherent in the financial services industry. The most significant of these risks to the Company are credit risk, market risk, operational risk and liquidity risk. A detailed description of these risks and how they are managed has been disclosed in note 14.

Political Donations

During the year the Company did not make any political donations (2013: $nil).

Post balance sheet events

On 15 January 2015, the Company announced its intention to exit certain businesses, including Hedge Fund Services within Securities Services and the Prepaid Cards business in Treasury and Trade Solutions.

CITIBANK EUROPE PLC

REPORT OF THE DIRECTORS (continued)

Directors, secretary and their interests

The names of the Directors and Secretary who held office during 2014 were as follows:

Francesco Vanni d'Archirafi
Aidan Brady
Bo J. Hammerich
Breffni Byrne
Cecilia Ronan
Christopher Teano
Deepak Jain (appointed 10 December 2014)
Deirdre Pepper (Secretary)
Jim Farrell
Marc Luet
Mark Fitzgerald (resigned 31 January 2014)
Mary Lambkin
Patrick Scally
Rajesh Mehta
Tony Woods
Zdenek Turek

Neither the Directors, nor the Company Secretary, have any beneficial interest in the share capital of the Company. The Directors' and Secretary's interests in the shares of the ultimate holding company, Citigroup Inc., are as follows:

Director/secretary	at 31 December 2014 Common stock	at 31 December 2013 Common stock
Francesco Vanni d'Archirafi	283,883	283,714
Aidan Brady	26,170	41,548
Bo J. Hammerich	3,365	3,591
Breffni Byrne	-	-
Cecilia Ronan	1,637	1,068
Christopher Teano	3,077	2,574
Deepak Jain (appointed 10 December 2014)	-	-
Deirdre Pepper (Secretary)	-	-
Jim Farrell	500	500
Marc Luet	29,880	14,148
Mark Fitzgerald (resigned 31 January 2014)	-	5,681
Mary Lambkin	500	500
Patrick Scally	4,564	3,163
Rajesh Mehta	17,351	11,914
Tony Woods	1,586	1,289
Zdenek Turek	22,254	24,457

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REPORT OF THE DIRECTORS (continued)

Directors, secretary and their interests (continued)

The Company forms part of Citigroup Inc. ("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:

Stock options over common stock of Citigroup Inc. (notes (a) and (b))

Director/secretary	at 31 December 2013	During the year: Granted	During the year: Exercised/ lapsed	at 31 December 2014	Exercise price US$
Francesco Vanni d'Archirafi	75,000	-	-	75,000	49.10
Aidan Brady	14,400	-	5,102	9,298	40.80
Bo J. Hammerich	1,543	-	-	1,543	40.80
Breffni Byrne	-	-	-	-	
Cecilia Ronan	231	-	-	231	40.80
Christopher Teano	3,336	-	-	3,336	40.80
Deepak Jain (appointed 10 December 2014)	-			-	
Deirdre Pepper (Secretary)	69	-	-	69	40.80
Jim Farrell	-	-	-	-	
Marc Luet	-	-	-	-	
Mark Fitzgerald (resigned 31 January 2014)	2,691	-	-	2,691	40.80
Mary Lambkin	-	-	-	-	
Patrick Scally	2,335	-	-	2,335	40.80
Rajesh Mehta	5,731	-	956	4,775	40.80
Tony Woods	4,172	-	32	4,140	40.80
Zdenek Turek	19,757	-	-	19,757	40.80

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 2014 was US$54.73(2013: US$52.11) and during the calendar year ended 31 December 2014, the closing price ranged from a low of US$45.68 (2013: US$41.15) to a high of US$56.37 (2013: US$53.29).

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REPORT OF THE DIRECTORS (continued)

Directors' responsibilities for financial statements

The Directors are responsible for preparing the Directors' Report and 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 Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU.

The Company's financial statements are required by law and IFRSs as adopted by the EU to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing each of the 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 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 Company will continue in business.

The Directors are responsible for keeping proper books of account that 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 Acts, 1963 to 2013. They are also responsible 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 also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2013.

Accounting records

The Directors believe that they have complied with the requirement of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 1 North Wall Quay, Dublin 1.

Auditors

In accordance with Section 160(2) of the Companies Act 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board: 26 March 2015

Aidan Brady	Jim Farrell	Mary Lambkin	Deirdre Pepper
Director	Director	Director	Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIBANK EUROPE PLC

We have audited the financial statements of Citibank Europe Plc for the year ended 31 December 2014 which comprise of the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. 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 Directors' Responsibilities Statement set out on page 8 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIBANK EUROPE PLC

Matters on which we are required to report by the Companies Acts 1963 to 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The Company statement of financial position is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the Directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2014 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Jonathan Lew
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

26 March 2015

CITIBANK EUROPE PLC

INCOME STATEMENT
For the years ended 31 December 2014 and 31 December 2013

	Note	2014 $ 000	2013 $ 000
Interest income		444,197	551,427
Interest expense		(76,277)	(109,768)
Net interest income	3	367,920	441,659
Net fee and commission income	4	1,034,804	1,088,477
Net trading income	5	225,027	199,568
Other operating income	6	11,890	2,374
Dividend income		140	228
Operating income		1,639,781	1,732,306
Net credit recoveries/(losses)	14	21,400	(31,657)
Personnel expenses	7	(280,628)	(324,930)
Other expenses	8	(522,220)	(552,533)
Impairment on goodwill	22	(100,646)	-
Profit before income tax		757,687	823,186
Income tax expense	11	(114,425)	(108,670)
Profit for the year		643,262	714,516

The current year profit arises solely from continuing operations.

The financial statements were approved by the Board of Directors on 26 March 2015 and signed on their behalf by:

Aidan Brady
Director

Jim Farrell
Director

Mary Lambkin
Director

Deirdre Pepper
Secretary

CITIBANK EUROPE PLC

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the years ended 31 December 2014 and 31 December 2013

	Note	2014 $ 000	2013 $ 000
Profit for the year	30	643,262	714,516
Other comprehensive income, net of income tax			
Items that may be reclassified to profit or loss			
Foreign currency translation	30	(94,272)	(58,305)
Available-for-sale financial assets	30	2,513	(19,911)
Related tax		(279)	2,212
Other comprehensive income for the year, net of tax		(92,038)	(76,004)
Total comprehensive income for the year		551,224	638,512

The financial statements were approved by the Board of Directors on 26 March 2015 and signed on their behalf by:

Aidan Brady Director	Jim Farrell Director	Mary Lambkin Director	Deirdre Pepper Secretary

CITIBANK EUROPE PLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	2014 $ 000	2013* $ 000
Assets			
Cash and balances at central bank	12	5,200,092	4,599,557
Trading assets	13,15	1,262,037	1,042,734
Derivative financial instruments	15,17	274,877	1,643,708
Loans and advances to banks	15	5,334,377	3,968,698
Loans and advances to customers	15	10,766,217	10,849,577
Investment securities	16	1,658,553	2,393,427
Shares in subsidiary undertakings	20	3,106	3,474
Property and equipment	21	17,508	20,583
Goodwill and intangible assets	22	242,519	334,371
Current income tax		770	8,639
Deferred tax assets	23	7,100	8,697
Other assets	19	850,579	639,418
Total assets		25,617,735	25,512,883
Liabilities			
Deposits by banks	15	4,050,533	3,546,439
Customer accounts	15	9,036,475	9,238,777
Derivative financial instruments	15,17	318,048	1,611,139
Debt securities in issue	28	1,655,181	1,090,262
Accruals and deferred income		113,589	178,351
Current income tax		14,344	5,957
Other liabilities	18	2,765,316	2,728,999
Total liabilities		17,953,486	18,399,924
Equity shareholders' funds			
Share capital	24,30	10,071	10,071
Share premium account	30	1,593,607	1,593,607
Capital reserves	30	1,239,171	1,239,171
Other reserves (net)	30	(88,775)	3,197
Retained earnings	30	4,910,175	4,266,913
Total equity attributable to equity shareholders		7,664,249	7,112,959
Total liabilities and equity shareholders' funds		25,617,735	25,512,883

*As explained in note 1, the Company changed the presentation of cash balances; comparative information has been restated accordingly (See Note 1 (u)).

The financial statements were approved by the Board of Directors on 26 March 2015 and signed on their behalf by:

Aidan Brady Director	Jim Farrell Director	Mary Lambkin Director	Deirdre Pepper Secretary

CITIBANK EUROPE PLC

STATEMENT OF CHANGES IN EQUITY
For the years ended 31 December 2014

		Share Capital $ 000	Share Premium $ 000	Capital Reserve $ 000	Other Reserves $ 000	Retained Earnings $ 000	Total $ 000
Balance at 1 January 2014	Note	10,071	1,593,607	1,239,171	3,197	4,266,913	7,112,959
Total comprehensive income for the year							
Profit for the year	30	-	-	-	-	643,262	643,262
Net gain on available-for-sale financial assets	30	-	-	-	2,234	-	2,234
Exchange diff. on translation of foreign operations and other items	30	-	-	-	(94,272)		(94,272)
Total comprehensive income for the year		-	-	-	(92,038)	643,262	551,224
Transactions with owners, recorded directly in equity							
Share-based payment transactions	30	-	-	-	66	-	66
Share options exercised	25	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	66	-	66
Balance at 31 December 2014		10,071	1,593,607	1,239,171	(88,775)	4,910,175	7,664,249

		Share Capital $ 000	Share Premium $ 000	Capital Reserve $ 000	Other Reserves $ 000	Retained Earnings $ 000	Total $ 000
Balance at 1 January 2013	Note	10,071	1,593,607	1,239,171	7,560	4,426,140	7,276,549
Total comprehensive income for the year							
Profit for the year	30	-	-	-	-	714,516	714,516
Net gain on available-for-sale financial assets	30	-	-	-	(17,699)	-	(17,699)
Exchange differences on translation of foreign operations	30	-	-	-	15,438	(73,743)	(58,305)
Total comprehensive income for the year		-	-	-	(2,261)	640,773	638,512
Transactions with owners, recorded directly in equity							
Issue of convertible notes, net of tax							
Share based payments	30	-	-	-	(2,102)	-	(2,102)
Dividends/remittances		-	-	-	-	(800,000)	(800,000)
Total contributions by and distributions to owners		-	-	-	(2,102)	(800,000)	(802,102)
Balance at 31 December 2013		10,071	1,593,607	1,239,171	3,197	4,266,913	7,112,959

CITIBANK EUROPE PLC

STATEMENT OF CASH FLOWS
For the years ended 31 December 2014

	Note	2014 $ 000	2013 $ 000
Cash flows from operating activities			
Profit before tax		757,687	823,186
Adjustments for:			
Depreciation of property and equipment	21	6,643	7,488
Amortisation of intangibles	22	20,834	12,007
Net impairment recoveries/(losses) on loans and advances	14	(21,400)	31,657
Impairment on goodwill	22	100,646	-
Loss on disposal of business unit		-	670
Loss on disposal of property and equipment	21	-	93
Finance income	3	(444,197)	(551,427)
Finance costs	3	76,277	109,768
Change in trading assets	13	(219,303)	(139,189)
Change in derivative financial instrument assets	17	1,368,831	(152,864)
Change in loans and advances to banks (greater than 3 months)		717,420	1,006,211
Change in loans and advances to customers	15	83,360	(272,732)
Change in prepayments and accrued income		12,920	58,061
Change in other assets	19	(224,081)	(354,119)
Change in deposits from banks	15	504,094	(8,040)
Change in customer account balances	15	(202,302)	581,602
Change in derivative financial instrument liabilities	17	(1,293,091)	79,029
Change in investment securities	16	324,838	(628)
Change in debt securities in issue	28	564,919	248,064
Change in accruals and deferred income		(64,762)	(27,175)
Change in other liabilities	18	36,317	609,935
		2,105,650	2,061,597
Interest received	3	444,197	551,427
Interest paid	3	(76,277)	(109,768)
Income tax paid	11	(74,549)	(107,848)
Effect of exchange translations and other adjustments		(69,122)	(138,636)
Net cash from operating activities		2,329,899	2,256,772
Cash flows from investing activities			
Acquisition of investment securities		(18,409,657)	(17,849,755)
Disposal of investment securities		18,819,693	17,515,134
Acquisition of property and equipment	21	(7,300)	(4,538)
Proceeds from disposal of property and equipment	21	704	1,377
Acquisition of intangible assets	22	(70,105)	(21,064)
Proceeds from disposal of intangible assets	22	(858)	4,249
Dividends received from subsidiary companies		140	228
Addition from business transfer		(283)	-
Net cash from/(used in) investing activities		332,334	(354,369)
Financing activities			
Dividends paid to parent	30	-	(800,000)
Net cash (used in) financing activities		-	(800,000)
Net increase in cash and cash equivalents		2,662,233	1,102,403
Cash and cash equivalents at beginning of year	12	7,234,643	6,132,240
Cash and cash equivalents at end of year	12	9,896,877	7,234,643

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The accounting policies which have been applied are set out below:

a) Reporting entity

Citibank Europe Plc (the "Company") is a Company domiciled in Ireland. The address of the Company's registered office is 1 North Wall Quay, Dublin 1. The Company is involved in the provision of banking services on a worldwide basis.

b) Basis of presentation

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

These financial statements are prepared on a going concern basis and have been prepared under the historical cost convention as modified to include the fair value of certain financial instruments to the extent required or permitted under the accounting standards and as set out in the relevant accounting policies.

c) Consolidation

The Company has applied the exemption in Regulation 9A of the European Communities (Companies: Group Accounts) Regulations 1992 from the preparation of consolidated group accounts as the financial results of the Company and its subsidiary undertakings are included in the consolidated group accounts of Citigroup Inc. on a basis that Citigroup Inc. is the ultimate parent of the Company and the consolidated financial statements of Citigroup Inc. have been drawn up in a manner which is equivalent to the requirements of the Seventh Directive of the Bank Accounts Directive. The consolidated financial statements of Citigroup Inc., within which the Company is included, are available from the address stated in note 31.

d) Functional and presentation currency

These financial statements are presented in USD, which is the Company's functional currency.

1. **Principal accounting policies** (continued)

e) Changes in accounting policy and disclosures

New and amended standards and interpretations
In preparing these accounts the Company has adopted the following amendments to standards for the first time:

- IFRS 10 – Consolidated Financial Statements, IAS 27 Consolidated and Separate Financial Statements. The E.U. endorsed standard became effective for annual periods beginning on or after 1 January 2014. It replaces the requirements of IAS 27 that address the accounting for consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. What remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The standard does not have any impact on the Company's financial statements.

- IFRS 12 – Disclosure of Interest in Other Entities. The EU endorsed standard was effective for annual periods beginning on or after 1 January 2014. It covers disclosure requirements that were previously in IAS 27 related to consolidated financial statements, in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 requires disclosures including judgements made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. Now, even if the Company concludes that it does not control an entity, the information used to make that judgement will be transparent to users of the financial statements to make their own assessment of the financial impact were the Company to reach a different conclusion regarding consolidation. The Company will need to disclose more information about the unconsolidated structure entities with which it is involved or has sponsored. The standard does not have any impact on the financial position or performance of the Company.

- IAS 28 – Investments in Associates and Joint Ventures (as revised in 2011). As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard became effective for annual periods beginning on or after 1 January 2014 and had no impact on the Company.

- IAS 32 – Offsetting Financial Assets and Financial Liabilities – Amendments. These amendments clarify the meaning of "legally enforceable right to set-off" and also the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The change did not have a material impact on the Group's financial statements.

- IFRIC 21 - As a result of IFRIC 21 Levies, the Company has changed its accounting policy on accounting for a liability to pay a levy that is a liability in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

1. **Principal accounting policies** (continued)

e) Changes in accounting policy and disclosures ***(continued)***

Standards issued but not yet effective
There are a number of accounting standards and interpretations that have been issued by the International Accounting Standards Board (IASB), but which are not yet effective for the Company financial statements. The Company does not plan on early adoption of these standards, which include:

- IFRS 9 – Financial Instruments. The IASB completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 in July 2014. The improved standard includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard replaces the existing guidance in IAS 39 – Financial Instruments: Recognition and Measurement and carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective from 1 January 2018 and may be adopted early once EU endorsed. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Given the nature of the Company's operations, the standard is expected to have a significant impact on the Company's financial statements. In particular, the calculation of the impairment of financial instruments on an expected credit loss basis could result in an increase in the overall level of allowances for loans and advances.

- IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15. The standard becomes effective for annual periods beginning on or after 1 January 2017, subject to EU adoption.

f) Net interest income

Interest income and expense on financial assets and liabilities is recognised in the income statement using the effective interest rate method. Under this method, fees and direct costs relating to loan origination, re-financing or restructuring and to loan commitments are deferred and amortised to interest earned on loans and advances over the life of the instrument. When calculating the effective interest rate, the Company estimates future cash flows considering all contracted terms of the financial instrument, but no future credit losses.

Interest income and expense presented in the income statement include:
- Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.
- Interest on available-for-sale investment securities.
- Interest on cash balances.

g) Net fee and commission income

Fees and commission income and expenses 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 transaction processing fees, account servicing fees, transaction processing fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. These fees are recorded in fee income as they are earned. To the extent that upfront fees are capitalised but subsequently there is a partial sell down of the related asset, the fees are released to the income statement in proportion to the amount of the loan sold down.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

1. Principal accounting policies (continued)

h) Net trading income

Net trading income on items at fair value through profit or loss comprises all gains and losses related to trading assets and liabilities and financial instruments designated at fair value through profit or loss, and include all realised fair value changes, together with related interest, dividends and foreign exchange differences.

i) Dividend income

Dividend income is recognised when the right to receive income is established.

j) Financial assets and liabilities

Recognition
The Company initially recognises loans and advances and deposits on the date at which the cash flow occurs. 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.

Trading assets
The trading book of the Company consists of all positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book and which are free from any restrictive covenants on their tradability or are able to be hedged. Positions held with trading intent are those held intentionally for short-term resale and / or with the intention of benefiting from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations. The term 'positions' shall include proprietary positions and positions arising from client servicing and market making.

Trading intent is evidenced on the basis of the strategies, policies and procedures established by the Company to manage the position or portfolio.

Loans and receivables and other assets
Loans and receivables and other assets 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. They comprise Loans and Advances to Banks, Loans and Advances to Customers and Other Assets.

Loans and advances are initially recognised at fair value, which is the cash given to originate the loan, and subsequently measured at amortised cost using the effective interest rate method, less any impairment charges. Where substantially all the risk and rewards relating to amounts receivable under loan agreements are transferred to another party, neither the amounts receivable under the loans nor the amounts payable to the other party are recognised in the financial statements as assets and liabilities and only the excess of interest received over interest paid is dealt with in the income statement.

Financial assets at fair value through the profit or loss
During 2010, the Company acquired a group of loans at fair value. At the same time, the Company entered into interest rate swaps to manage the interest rate risk of the acquired loans. The loans have been designated at fair value through the profit or loss in order to avoid any accounting mismatch between an accrual basis loan and a fair valued derivative. Any mark-to-market gains or losses on the loans and the swaps are taken directly to the income statement.

Other assets primarily comprise amounts receivable in relation to non pre-funded payments and are measured at amortised cost.

1. **Principal accounting policies** (continued)

j) **Financial assets and liabilities** (continued)

Derivative contracts
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets and using valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value are recognised in the income statement.

Derivatives may be embedded in another contractual arrangement (a "host contract"). The Company accounts for embedded derivatives separately from the host contract when the host contract is not itself carried at fair value through profit or loss, and the characteristics of the embedded derivative are not clearly and closely related to the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract.

Investment securities
Investment securities are recognised on a trade date basis and are classified as available-for-sale.

Available-for-sale investment securities are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale investment securities are initially recognised at fair value and subsequently measured at fair value with the changes in the fair value reported as a separate component of equity except for impairment charges which are recognised directly in the income statement.

The translation of gains and losses on foreign currency debt securities is taken directly through the income statement. When available-for-sale investment securities are sold or impaired the cumulative gain or loss previously recognised in equity is transferred to the income statement and disclosed within net trading income.

When the Company sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Company's financial statement.

Financial liabilities
Deposits by banks, customer accounts, accruals and deferred income, debt securities in issue and other liabilities are measured at amortised cost. Other liabilities are primarily made up of amounts payable to both intercompany and third party organisations.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a currently enforceable legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

Fair Value Measurement
"Fair Value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

1. **Principal accounting policies** (continued)

j) **Financial assets and liabilities** (continued)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument.

The value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.

k) **Impairment of financial assets**

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset prior to the statement of financial position date ("a loss event") and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the Company about the following loss events:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised directly in equity to the income statement. The cumulative loss that is removed from equity and recognised in the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the income

1. **Principal accounting policies** (continued)

k) Impairment of financial assets (continued)

statement. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale investment security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any other subsequent recovery in the fair value of an impaired available-for-sale investment security is recognised directly in equity.

For loans and advances the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows considering collateral, discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account or offset against the loan balance and the amount of the loss is included in the income statement.

Following impairment, interest income is recognised using the original effective interest rate. The Company discounts future cash flows for the purpose of measuring the impairment loss, using the original effective interest rate, applied to the revised carrying amount.

When a loan is un-collectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recorded against net credit losses in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised against net credit losses in the income statement.

l) De-recognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flow from assets has expired or the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

m) Property and equipment

Items of property and equipment are stated at cost, less accumulated depreciation and impairment losses (see below). Depreciation is provided to write off the cost, less the estimated residual value of each asset, on a straight-line basis over their estimated useful lives. Estimated useful lives of vehicles, furniture and equipment are between one and seven years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

1. Principal accounting policies (continued)

n) Goodwill and intangible assets

(i) Goodwill
Acquired goodwill represents the excess of the cost of an acquisition over the net fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired undertaking at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is stated at cost less any accumulated impairment losses. Goodwill with an indefinite life is tested for impairment at least annually.

(ii) Other intangible assets
Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised cost of internally developed software includes all internal and external costs directly attributable to developing the software and are amortised over its useful life.

Amortisation is charged to the income statement using the methods that best reflect the economic benefits over their estimated useful economic lives. The estimated useful life of software is three to ten years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

o) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that its goodwill and intangible assets or property and equipment are impaired. These non-financial assets are tested for impairment annually or more frequently if events or changes in circumstance indicate that they might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment losses in respect of goodwill are not reversed. Impairment losses are recognised in the income statement. Note 2 provides additional details of estimates and judgements related to impairment on non-financial assets.

p) Income taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which the losses can be utilised.

Deferred tax assets and liabilities are recognised for taxable and deductible temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that there will be suitable profits available against which these differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on tax rates that are enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred taxes are recognised as income tax benefit or expense in the income statement.

1. **Principal accounting policies** (continued)

q) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than US Dollar that are classified as "held for trading" or "designated at fair value" are translated into US Dollars using the year end spot rate. Non-monetary assets and liabilities, denominated in currencies other than US Dollars that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the profit and loss account as incurred.

The assets and liabilities of overseas branches are translated into the Company's presentation currency at the rate of exchange as at the statement of financial position date, and their income statements are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity.

r) Employee benefits

Defined contribution plans
The Company operates a number of defined contribution pension schemes. The Company's annual contributions are charged to the income statement in the period to which they relate. The pension scheme's assets are held in separate trustee administered funds.

Short term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits
Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of the offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

s) Share based incentive plans

The Company participates in a number of Citigroup share-based incentive plans under which Citigroup grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement ("SPAPA") the Company makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company uses equity-settled accounting for its share-based incentive plans, with separate accounting for its associated obligations to make payments to Citigroup. The Company recognises the fair value of the awards at grant date as a compensation expense over the vesting period with a corresponding credit in the equity reserve as a capital contribution from Citigroup. All amounts paid to Citigroup and the associated obligation under the SPAPA is recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period.

1. Principal accounting policies (continued)

s) Share based incentive plans *(continued)*

For Citigroup's share-based incentive plans that have a graded vested period each "tranche" of the award is treated as a separate award, where a plan has a cliff vest the award only has a single "tranche". The expense is recognised in the first year of deferral.

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%		
2 Years (1 Tranche)	50%	50%		
3 Years (3 Tranches)	61%	28%	11%	
3 Years (1 Tranche)	33%	33%	33%	
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

However, employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

t) Accounting for government grants

Grants are credited to the income statement to offset the matching expenditure. Grants received, which are repayable if defined conditions are not met, are credited to the income statement on a straight-line basis over that period.

u) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturity of less than three months, including: cash non-restricted and restricted balances with central banks, treasury bills and other eligible bills and loans and advances to banks.

	2014 $ 000	2013 restated $ 000	2013 $ 000
Cash and balances at central bank	5,209,258	4,599,557	1,857,107
Loans and advances to banks with maturity less than 3 months	4,687,619	2,635,086	5,377,536
	9,896,877	7,234,643	7,234,643

During the year, the Company reviewed the classification of certain demand deposits and determined that, due to the short term liquid nature of these deposits, a more appropriate classification for such instruments would be cash and balances at central bank, rather than their previous classifications as loans and advances to banks. The effects of the amendments are disclosed above.

v) Provisions

Provisions are recognised when it is probable that an outflow of economic resources will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

1. **Principal accounting policies** (continued)

w) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term and are included within "Other expenses".

x) Subsidiary undertakings

Shares in subsidiary undertakings, comprising unlisted securities, are shown at cost less allowance for impairment.

2. **Use of estimates and judgements**

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

When preparing the financial statements, it is the Directors' responsibility under Irish Company law to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to the Company's IFRSs results and financial position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgment or estimation are:

Impairment of loans
The Company's accounting policy for losses in relation to the impairment of customer loans and advances is described in Note 1(k). In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individually significant loans or from a loan portfolio. Estimates are based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows.

Impairment testing of goodwill
Judgement is required in determining whether there was an impairment loss on goodwill recognised as part of the Czech branch conversion on 1 January 2008. A value in use calculation is used to determine if any impairment of the assets and liabilities of the Czech branch had occurred.

The carrying value brought forward to 2014 was $221 million. In the current year, the value in use calculation gave rise to an impairment of the assets and liabilities of the Czech Republic branch of US$101 million (2013: $nil).

The value in use calculation is based on forecast net income and financial projections based on macroeconomic indicators and future business strategies, extrapolated out for a total of 15 years. The value in use calculation of discounted cash flows resulted in lower net present value of discounted cash-flows than the carrying amount of goodwill, thus giving rise to an impairment loss US$101 million (2013: $nil) being recognised during 2014. The current year discount rate was 7.59% (2013: 10.41%).

The key assumptions described above may change as economic and market conditions change.

Valuation of intangible assets
Assumptions may be required in the valuation of certain material intangible assets and management may use external professional advice to assist with this process.

2. Use of estimates and judgements (continued)

Valuation of financial instruments
The Company's accounting policy for valuation of financial instruments is included in Note 1(j). The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data and where this is not possible may be required to make estimates. Note 15 further outlines the approach to valuation of financial instruments.

Share-based incentive plans
The Company participates in a number of Citigroup share-based incentive plans. Awards granted through Citigroup's Stock Option Program are measured by applying an option pricing model, taking into account the terms and conditions of the program. Analysis of past exercise behavior, Citigroup's dividend history and historical volatility are key inputs to the valuation model. Note 25 further outlines the approach to share-based incentive plans.

Deferred tax assets
A deferred tax asset is recognised to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences can be utilised. The recognition of a deferred tax asset relies on management's judgements surrounding the probability and sufficiency of suitable future taxable profits, future reversals of existing taxable temporary differences and planning strategies. Note 23 further outlines the approach to deferred tax assets.

3. Net interest income

	2014 $ 000	2013 $ 000
Interest and similar income		
Loans and advances to banks	73,759	93,076
Loans and advances to customers	303,671	362,698
Investment securities - available for sale	48,136	78,839
Other interest income	18,631	16,814
	444,197	551,427
Interest expense and similar charges		
Deposits by banks	23,679	35,170
Customer accounts	51,111	73,313
Other interest paid	1,487	1,285
	76,277	109,768
Net interest income	367,920	441,659

Included in interest income is a total of $0.9 million (2013: $3.6 million) received on impaired loans. Net interest income and expense, calculated using the effective interest rate method, reported above that relates to financial assets and liabilities not carried at fair value through the income statement is $349 million (2013: $350 million). Included in the interest income is a gain of $16.8 million (2013: $19.8 million gain) in relation to loans recognised at fair value through the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Net fee and commission income

	2014		
	$ 000	$ 000	$ 000
	Consumer	Institutional	Total
Fee and commission income	56,089	994,603	1,050,692
Fee and commission expense	(1,824)	(14,064)	(15,888)
Net fee and commission income	54,265	980,539	1,034,804

	2013		
	$ 000	$ 000	$ 000
	Consumer	Institutional	Total
Fee and commission income	73,578	1,035,837	1,109,415
Fee and commission expense	(7,803)	(13,135)	(20,938)
Net fee and commission income	65,775	1,022,702	1,088,477

Included in fee and commission income are fees earned by the Company on fiduciary activities where the Company holds assets on behalf of its customers. This fee income totalled $71 million in 2014 (2013: $61 million).

5. Net trading income

	2014	2013
	$ 000	$ 000
Trading securities	166,477	115,749
Trading derivatives	61,638	109,535
Loans designated at fair value	(3,088)	(25,716)
	225,027	199,568

6. Other operating income

Other operating income consists mainly of intergroup income and other miscellaneous income (2014: $11.9 million, 2013: $2.4 million).

NOTES TO THE FINANCIAL STATEMENTS

7. Personnel expenses

The average number of persons employed by the Company during the year was 3,987 (2013: 4,269).

	2014 $ 000	2013 $ 000
Employee remuneration	222,245	264,259
Share based payments	9,196	5,760
Pension costs	12,142	12,836
Social security costs	37,045	42,075
	280,628	324,930

The Company operates two defined contribution pension schemes. In 2014 contributions of $12.1 million (2013: $12.8 million) were made to the scheme. The assets of the scheme are held separately from those of the Company in external independently administered funds. Contributions of $nil (2013: $nil) were payable to these schemes at the year-end. Note 25 outlines further details in relation to share-based incentive plans.

8. Other expenses

	2014 $ 000	2013 $ 000
Depreciation	6,643	7,488
Amortisation	20,834	12,007
Research and development	15,604	13,434
Communications and technology	79,766	56,010
Contractors	21,872	40,916
Settlement and transaction fees	30,345	38,935
Levies and related tax charges	54,125	82,895
Marketing and business promotion	7,037	10,844
Other administrative expenses	285,994	290,005
	522,220	552,533

9. Auditors' remuneration

	2014 $ 000	2013 $ 000
Audit fee	544	459
Other assurance	109	53
	653	512

No other fees were paid to the auditor during 2014 (2013: $nil).

10. Directors' emoluments

	2014 $ 000	2013 $ 000
Aggregate emoluments		
- fees	396	347
- other remuneration, including pension contributions	3,954	6,087
- remuneration for loss of office	371	1,748
	4,721	8,182

11. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2014 $ 000	2013 $ 000
Current tax:		
Corporation tax on profits of the period	(112,828)	(110,040)
Total current tax	(112,828)	(110,040)
Deferred tax:		
Origination and reversal of timing differences		
Current year deferred tax	(1,597)	1,370
Total deferred tax (note 23)	(1,597)	1,370
Total income tax expense	(114,425)	(108,670)

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

11. Tax on profit on ordinary activities (continued)

(b) Reconciliation of effective tax rate:

	2014 $ 000	2013 $ 000
Profit before income tax	757,687	823,186
Income tax at Irish corporation tax rate of 12.5%	(94,711)	(102,898)
Effects of:		
Income taxes paid in foreign jurisdictions	(32,060)	(28,230)
Capital allowances and other timing differences	2,557	1,778
Non deductible expenses	(6,038)	(2,330)
Double tax relief credit	29,029	20,177
Goodwill impairment	(12,581)	-
Double taxation relief adjustment	379	1,007
Utilisation of losses brought forward	118	118
Deferred taxation	(1,597)	1,370
Other	479	338
	(114,425)	(108,670)

12. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances, maturing within three months. We do not include government bonds of non OECD countries as cash equivalents, even where their maturity is within three months.

	2014 $ 000	2013* $ 000
Cash and balances at central bank	5,200,092	4,599,557
Loans and advances to banks with maturity less than 3 months	4,696,785	2,635,086
	9,896,877	7,234,643

*As explained in note 1, the Company changed the presentation of cash balances; comparative information has been restated accordingly (See Note 1 (u)).

13. Trading assets

	2014 $ 000	2013 $ 000
Government bonds with maturity less than three months	25,342	4,768
Government bonds with maturity greater than three months	1,236,695	1,037,966
Total trading assets	1,262,037	1,042,734

14. Financial instruments and risk management

Objectives, policies and strategies

Financial instruments are fundamental to the Company's business and constitute the core elements of its operations. The risks associated with financial instruments are a significant component of the risks faced by the Company. Financial instruments create, modify or reduce the liquidity, credit and market risk of the Company's statement of financial position.

- **Loans and deposits**: Loans and deposits form a large part of the Company's business. The Company has detailed policies and strategies in respect of its customer loans and deposits that seek to minimise the risks associated with these financial instruments.

- **Investment securities**: The Company holds securities, excluding strategic investments, for use on a continuing basis in the Company's activities. The objective of holding such financial instruments is primarily to hedge interest rate exposure and to manage cash positions.

- **Derivative trading and 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 because of adverse movements in interest rates or exchange rates. Cash products and FX forwards are the main instruments used for economically hedging the statement of financial position.

  In the normal course of business, the Company enters into a variety of derivative transactions in the interest rate and foreign exchange markets. They are used to provide financial services to customers and to take hedge and modify positions as part of trading activities. Derivatives may also be used to economically hedge or modify risk exposures arising on the statement of financial position from a variety of activities, including lending and securities investment. Most of the counterparties in the Company's derivative transactions are banks and other financial institutions. The risks involved in derivatives include market, credit and liquidity risk.

- **Other liabilities**: The Company holds other liabilities, which are primarily composed of amounts payable in relation to pre-funded obligations arising from the Company's Worldlink multi-currency transaction services business.

Risk management

Each of the major business groups within Citigroup has a Business Chief Risk Officer who is the focal point for risk decisions (such as setting risk limits or approving transactions) in the business with which they are aligned;

- Regional Chief Risk Officers with responsibility for all the risks in their geographic region across businesses;
- Product Risk Officers with responsibility for specific types of risk as determined from time-to-time by the CRO;
- Entity Chief Risk Officers with oversight for the risks impacting each within the context of the entity's regulatory environment and risk appetite; and
- A Risk Governance Group focused on ensuring the on-going development, enhancement and implementation of a proactive, prudent, and effective Risk Management framework and organization. The Group is responsible for executing key risk-related strategic projects and priorities; support of the CRO's interactions with the Board of Directors and Board Committees; driving the Risk budgeting and re-engineering efforts; and supervising the development of Risk Management policies, governance and practices.

In addition to changing the risk management organisation to facilitate the management of risk across these dimensions, the Citigroup risk organisation also includes the Franchise Risk Architecture group to ensure that the risk organisation has the appropriate infrastructure, processes and management reporting. This team which supports Risk Management within the Company strives to;

14. Financial instruments and risk management (continued)

Financial instruments and risk management (continued)

- Provide independent oversight in all risk management, compliance and audit standards.
- Identify and execute opportunities for process improvements.
- Choose and oversee the implementation (by Operations & Technology) of systems that (a) identify, aggregate and transparently acknowledge all business risks; and (b) facilitate and support compliance and audit processes and measurements.
- Comprehensively report and clearly communicate all risks and compliance or audit issues across the company using a common language.
- Measure and monitor risks using consistently defined and approved methodologies.
- Develop market, credit and operational risk analytics, metrics and tools to optimize capital, risk appetite and their allocations to businesses and geographies.
- Ensure risks and return are clearly owned and transparently communicated.

Credit, Market and Operational risk are managed, monitored and controlled through the Company's Credit, Asset & Liabilities and Operational Risk Committees. Each of these committees reports to the Risk Committee.

Risk aggregation and stress testing

The Company's Chief Risk Officer, as noted above, monitors and controls major risk exposures and concentrations across the organisation. This means aggregating risks, within and across businesses, as well as subjecting those risks to alternative stress scenarios in order to assess the potential economic impact they may have on the Company.

Comprehensive stress tests take place across Citigroup mark-to-market, available-for-sale and accrual portfolios. These firm-wide stress reports measure the potential impact to the Group and its component businesses including the risk within the Company of very large changes in various types of key risk factors (e.g. interest rates, credit spreads), as well as the potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios.

Supplementing the stress testing described above, Risk Management, working with input from the businesses and finance, provides periodic updates to senior management, the Risk Committee and the Company's Board of Directors on significant potential exposures across the Company arising from risk concentrations, financial market participants and other systemic issues. These risk assessments are forward-looking exercises, intended to inform senior management and the Company Board of Directors about the potential economic impacts to the Company that may occur, directly or indirectly, as a result of hypothetical scenarios, based on judgmental analysis from independent risk managers.

The stress testing and risk assessment exercises are a supplement to the standard limit-setting as these processes incorporate events in the marketplace and within the Company that impact our outlook on the form, magnitude, correlation and timing of identified risks that may arise. In addition to enhancing awareness and understanding of potential exposures within the Company, the results of these processes then serve as the starting point for developing risk management and mitigation strategies. The Company also conducts stress testing and concentration risk testing from the individual legal vehicle perspective and the results are built into the future capital plans of the entity.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors or systems or from external events. It includes the reputational and franchise risk associated with business practices or market conduct that the Company undertakes. It also includes the risk of failing to comply with applicable laws, regulations, ethical standards, regulatory administrative actions or Company policies.

Operational risk is inherent in the Company's business activities and, as with other risk types is managed through a control framework comprising of three lines of defense as follows;

- Decentralized Ownership of the Risk with Business Management Accountability;
- Oversight by Independent Risk Management and Control functions; and
- Independent Assessment by Internal Audit.

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Framework
The Company follows the approach to operational risk as defined in the Citi Operational Risk Management Policy. The objective of the Policy is to establish a consistent value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citi. The Operational Risk Management Framework is intended to ensure management across Citi of the operational risks and ongoing exposures in the development and delivery of products and services to our clients, and support Basel implementation.

The Company Operational Risk and Outsourcing Committee has been refocused and operational risk working groups have been established to escalate operational risk related concerns to further proactive management of operational risk. Information about operational risk, historical losses and the control environment, is reported and summarized for Internal Audit, senior management and for the Board of Directors.

Market risk

Market risk encompasses a number of components, currency risk, interest rate risk and other price risk. 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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Other price risk is the risk to fair value or future cash flows because of changes in market factors other than currency risk and interest rate risk.

Market risk management

Within each business, a process is in place to control market risk exposure. The risk management process includes the establishment of appropriate market risk controls and limits, policies and procedures and appropriate senior management risk oversight with a risk management function independent from the business. Management of this process begins with the professionals nearest to the Group's customers, products, and markets, and extends up to the senior executives who manage these businesses and to the country level. Periodic reviews are conducted by Citi Internal Audit to ensure compliance with institutional policies and procedures for the assessment, management and control of market risk.

Price risk is measured using Interest Rate Exposure ("IRE") limits, stress scenario analysis, which are applied to interest rate risk arising in the non-trading portfolios. Sensitivity limits and Value-at Risk ("VaR"), stress scenario analysis, are applied to the trading portfolios.

Trading price risk

Overall objectives
The Company uses a daily VaR measure, in conjunction with factor sensitivity and stress reporting, as a mechanism for monitoring and controlling market risk for the trading portfolio. The VaR is calculated at a 99% confidence level assuming a one-day liquidation horizon. Daily losses are expected to exceed the VaR, on an average, once every one hundred business days.

VaR Methodology
The VaR engine is based on a structured Monte-Carlo approach where 5,000 scenarios of market rates/prices are simulated. The covariance of volatility and correlation is updated, at least quarterly, based on three years' worth of market data.

VaR limitations

Although extensive back-testing of the VaR hypothetical portfolios, with varying concentrations by industry, risk rating and other factors is performed, the VaR cannot necessarily provide an indication of the potential size of loss when an extreme event occurs. Hence a comprehensive set of factor sensitivity limits and stress tests are used, in addition to VaR limits. A VaR trigger is in place for the Company that ensures any excesses are discussed and resolved between risk and the business and entity management. In addition, the Company is subject to formal limits on interest rate, FX and issuer exposures that are closely monitored by Risk Management and senior business management.

14. Financial instruments and risk management (continued)

Market risk management (continued)

Trading price risk (continued)

VaR limitations (continued)

The following table summarises the Company's trading price risk by branch, disclosing the Company's highest, lowest, and average exposure of its trading book to VaR during the reporting period, together with the exposure as at 31 December:

	$ 000	$ 000	$ 000	$ 000	$ 000
Czech	**31-Dec-14** Outstanding	Max	Min	Avg	**31-Dec-13** Outstanding
Portfolio VaR	3,397	5,779	471	3,768	1,033
VaR of interest instruments	3,350	5,812	447	3,726	1,003
VaR of currency instruments	392	1,070	15	401	254
Hungary	**31-Dec-14** Outstanding	Max	Min	Avg	**31-Dec-13** Outstanding
Portfolio VaR	679	2,540	445	1,305	1,146
VaR of interest instruments	661	2,508	430	1,114	1,110
VaR of currency instruments	134	1,721	72	501	302
Slovakia	**31-Dec-14** Outstanding	Max	Min	Avg	**31-Dec-13** Outstanding
Portfolio VaR	29	120	5	30	14
VaR of interest instruments	25	49	2	25	14
VaR of currency instruments	4	116	3	14	8
Romania	**31-Dec-14** Outstanding	Max	Min	Avg	**31-Dec-13** Outstanding
Portfolio VaR	2,714	3,864	1,615	2,631	2,362
VaR of interest instruments	2,673	3,853	1,588	2,611	2,324
VaR of currency instruments	102	184	5	65	87
Bulgaria	**31-Dec-14** Outstanding	Max	Min	Avg	**31-Dec-13** Outstanding
Total Portfolio VAR	196	889	59	446	0
Interest Rate portfolio VAR	153	214	28	84	0
FX portfolio VAR	124	888	16	434	0

The Bulgarian branch was not part of the Company as at 31 December 2013, and hence VaR comparative exposures have not been presented for that branch.

14. Financial instruments and risk management (continued)

Market risk management (continued)

Non-trading price risk

Price risk in the non-trading portfolios is measured using Interest Rate Gap Analysis, IRE, stress and scenario analysis. Interest Rate Gap Analysis utilises the maturity or re-pricing schedules of statement of financial position items to determine interest rate exposures within given tenor buckets. IRE measures the potential earnings impact, over a specified reporting period, from a defined standard set of parallel shifts in the curve. IRE is calculated separately for each currency and reflects the re-pricing gaps in the position, as well as option positions, both explicit and embedded. Limits are set for each country and business activity, of which the Company is a part. Market Risk Management monitors these limits.

Interest rate risk

The Company's exposure to interest rate fluctuations on its banking portfolio is proactively managed and monitored within approved guidelines. Interest rate risk is measured using IRE limits and stress and scenario analysis. The IRE measures the potential change in expected net interest earnings over an accounting horizon of 12 months and 2 years and has been broken down into the main currencies on the Company's statement of financial position. The following table shows the IRE measures for the Company at 31 December assuming a parallel upward shift of interest rates by 100 basis points. A positive IRE indicates a potential increase of earnings from such an upward shift, while a negative IRE indicates a potential decline of earnings.

The table below represents the expected profit / (loss) from a 100 basis point increase in interest rates on all tenors.

Interest rate exposure report

	2014		2013	
Currency	**12 Month**	**2 Year**	**12 Month**	**2 Year**
	$ 000	**$ 000**	**$ 000**	**$ 000**
USD	(721)	(389)	(5,784)	(4,180)
EUR	(4,252)	(4,313)	(1,826)	(1,433)
RON	(1,696)	(1,740)	(1,847)	(1,720)
CZK	2,518	5,594	1,040	863
HUF	(4,862)	(9,054)	(2,081)	(3,747)
GBP	(476)	(490)	737	737

Citi's market risk management policy governs the Company's measurement and reporting of interest rate risk in the non-trading portfolio. Business-specific assumptions underlying these measurements must be documented and models used to measure interest rate risk must be independently reviewed for accuracy.

Currency risk

It is the policy of the Company to reduce foreign currency risk that may arise in the normal course of business. The Company deals in financial instruments in a number of currencies, and open currency positions arise for funding mismatches and accruals of interest and expense provisions in currencies other than USD. Treasury monitors daily open foreign currency positions ensuring that exposure is less than agreed allocated limits.

Based on the net exposures at year end, the following table shows the impact on these net exposures of a reasonably possible movement of the respective currencies against the US dollar, with all other variables held constant, on the income statement:

14. Financial instruments and risk management (continued)

Market risk management (continued)

2014

	Net exposure	(%)	Income statement impact
	$ 000		$ 000
EUR	(25,995)	2	(460)
HUF	(13,808)	2	(298)
RON	(11,295)	2	(280)

2013

	Net exposure	(%)	Income statement impact
	$ 000		$ 000
EUR	(28,683)	2	(502)
HUF	(33,556)	2	(748)
RON	(35,436)	2	(563)

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal and stress circumstances.

Management of liquidity is the responsibility of the Company Treasurer who aims to ensure that all funding obligations are met when due.

The forum for liquidity issues is the Asset/Liability Management Committee ("ALCO"), which includes senior executives within the Company. The ALCO reviews the current and prospective funding requirements for the Company, as well as the capital position and statement of financial position.

A liquidity policy is prepared by Treasury and approved by the Board annually and the liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is measured and managed using the Balance Sheet Stress Reporting ("S2") process in accordance with Citigroup policy.

CRD IV introduced two new liquidity measures, namely the Liquidity Coverage Ratio (LCR) and Net Stable Funding Requirement (NSFR). LCR measures the stock of liquid assets against net cash outflows arising in a 30 day stress scenario. NSFR is intended to ensure that a firm has an acceptable amount of stable funding to support its assets and activities over the medium term (one year period).

The table below shows an analysis of financial assets and liabilities analysed according to when they are contractually expected to be recovered or settled.

14. Financial instruments and risk management (continued)

Liquidity risk (continued)

As at 31 December 2014	Less than 12 months $ 000	Over 12 months $ 000	Total $ 000
Assets			
Cash and balances at central bank	5,200,092	-	5,200,092
Loans and advances to banks	5,305,571	28,806	5,334,377
Loans and advances to customers	7,313,099	3,453,118	10,766,217
Derivative financial instruments	83,162	191,715	274,877
Trading assets	65,112	1,196,925	1,262,037
Investment securities	164,138	1,494,415	1,658,553
Other financial assets	718,196	55,241	773,437
Total financial assets	18,849,370	6,420,220	25,269,590
Liabilities			
Deposits by banks	3,980,637	69,896	4,050,533
Customer accounts	9,002,616	33,859	9,036,475
Derivative financial instruments	92,294	225,754	318,048
Debt securities in issue	1,655,181	-	1,655,181
Other financial liabilities	2,303,364	111,530	2,414,894
Total financial liabilities	17,034,092	441,039	17,475,131

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14. Financial instruments and risk management (continued)

Liquidity risk (continued)

As at 31 December 2013	Less than 12 months $ 000	Over 12 months $ 000	Total* $ 000
Assets			
Cash and balances at central bank	4,599,557	-	4,599,557
Loans and advances to banks	3,959,867	8,831	3,968,698
Loans and advances to customers	6,973,799	3,875,779	10,849,578
Derivative financial instruments	418,986	1,224,722	1,643,708
Trading assets	98,042	944,692	1,042,734
Investment securities	1,089,809	1,303,618	2,393,427
Other financial assets	570,462	12,245	582,707
Total financial assets	17,710,521	7,369,888	25,080,409
Liabilities			
Deposits by banks	3,465,443	80,996	3,546,439
Customer accounts	9,238,121	656	9,238,777
Derivative financial instruments	421,321	1,189,818	1,611,139
Debt securities in issue	1,090,262	-	1,090,262
Other financial liabilities	2,590,091	108,903	2,698,994
Total financial liabilities	16,805,238	1,380,373	18,185,611

*As explained in note 1, the Company changed the presentation of cash balances, comparative information has been restated accordingly (See Note 1 (u)).

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Liquidity risk (continued)

The table below analyses the Company's undiscounted contractual cash flows from financial liabilities into relevant maturity groupings.

As at 31 December 2014	1 year and less $ 000	>1 year and <5 years $ 000	Greater than 5 years $ 000	Total $ 000
Liabilities				
Deposits by banks	4,013,446	69,957	-	4,083,403
Customer accounts	9,013,379	26,623	7,236	9,047,238
Derivative financial instruments	95,089	21,112	204,657	320,858
Debt securities in issue	1,655,181	-	-	1,655,181
Total undiscounted financial liabilities	14,777,095	117,692	211,893	15,106,680

As at 31 December 2013	1 year and less $ 000	>1 year and <5 years $ 000	Greater than 5 years $ 000	Total $ 000
Liabilities				
Deposits by banks	3,485,452	79,018	2,026	3,566,496
Customer accounts	9,257,205	660	-	9,257,865
Derivative financial instruments	421,734	780,521	409,437	1,611,692
Debt securities in issue	1,090,262	-	-	1,090,262
Total undiscounted financial liabilities	14,254,653	860,199	411,463	15,526,315

14. Financial instruments and risk management (continued)

Liquidity risk (continued)

The following table analyses the Company's commitments and guarantees into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

2014	1 year and less $ 000	>1 year and <5 years $ 000	Greater than 5 years $ 000	Total $ 000
Letters of credit	11,239,988	2,077,491	41,539	13,359,018
Undrawn commitments to lend	306,677	2,257,076	807,190	3,370,943
Other commitments and guarantees	3,497,214	558,935	618,042	4,674,191
Total commitments and guarantees	15,043,879	4,893,502	1,466,771	21,404,152

2013	1 year and less $ 000	>1 year and <5 years $ 000	Greater than 5 years $ 000	Total $ 000
Letters of credit	11,648,724	4,657,260	43,863	16,349,847
Undrawn commitments to lend	673,227	2,599,872	342,765	3,615,864
Other commitments and guarantees	3,128,767	585,419	619,693	4,333,878
Total commitments and guarantees	15,450,718	7,842,550	1,006,321	24,299,589

Credit risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Credit risk arises in many of Citigroup's business activities, including:
- lending;
- sales and trading;
- payment services;
- securities transactions; and
- when the Company acts as an intermediary on behalf of its clients and other third parties.

The different business groups manage their credit risk process as follows:

1. Institutional Clients Group ("ICG") & Citi Commercial Bank ("CCB")

For corporate clients and investment banking activities across the organization, the credit process is grounded in a series of fundamental policies, including:
- joint business and independent risk management responsibility for managing credit risk;
- single centre of control for each credit relationship that coordinates credit activities with that client;
- a minimum of two authorised-credit-officer signatures are required on extensions of credit, one of which must be from a credit officer in credit risk management for the ICG business. In relation to CCB, one credit officer must be in credit risk management for all transactions greater than $10mm;
- risk rating standards, applicable to every obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

14. Financial instruments and risk management (continued)

Credit risk (continued)

The Company has established processes for the consistent calculation, measurement, monitoring and reporting of credit risk across all ICG businesses globally. At the most granular level, credit is extended under a credit limit approved by a unit aligned with the obligor. As part of the approval or subsequent renewal process, Independent Risk Management is responsible for assigning a risk rating to the obligor. The risk rating refers to an expected probability of default of the obligor and is therefore part of the expression of the credit risk associated with extending credit. Each credit limit is assigned a facility risk rating, taking the obligor risk rating and including any facility level characteristics (security, collateral, etc) to assign a rating that is an expression of the expected loss on a facility (the product of probability of default and loss given default). The final component of credit risk is the amount of exposure and here measures vary from the most simple (e.g. value of the asset) to complex (e.g. estimating potential replacement cost on a derivative contract). The processes required for these measurements therefore also vary considerably - from a simple feed of balances to a complex simulation engine.

Credit risk is therefore measured at a number of levels, including:

- At a facility level which may include one or more contracts, availments or transactions.
- At an obligor level if there are multiple facilities approved for an obligor - where the risk associated with an obligor default can be assessed
- At a group level - considering the implications of a group structure of multiple obligors with common ownership.

Obligor probability of default is monitored by having independent risk analysts and managers aligned to the obligor, who maintain current information about the obligor's condition and revisit the risk rating and approved limits in the event of material new information coming to light.

Exposure is monitored against the approved limits and excesses are automatically identified to an appropriate member of Independent Risk Management. Escalation processes ensure that larger and aged exceptions are raised to an appropriate Senior Credit Officer.

The Company has a Credit risk reporting system (OPTIMA), to which all material exposures are reported on a daily basis by numerous underlying product processors and other feeder systems. An analyst or risk manager can, therefore, obtain a snapshot as at close of business previous day of all material exposures to his/her obligor(s), whether or not exposure has exceeded a limit.

2. Global Cards and Consumer Banking ("Consumer")

Country Business Managers have ownership of portfolios and are accountable for managing the risk/return trade-offs in their businesses. In cooperation with Senior/Country Credit Officers they implement policies, procedures and risk management practices in their businesses that are compliant with global consumer credit risk policies.

Consumer risk officers regularly review the performance of the consumer businesses and ensure that appropriate control is exercised. A risk differentiated approach is employed, such that critical activities, for example collection and fraud, are reviewed with greater frequency.

Credit authority levels, the delegation process, approval processes for portfolios, product approvals, and other types of required approvals, as well as credit authority levels and responsibilities are defined in Global Consumer Credit and Fraud Risk Policies. These policies establish a consistent set of standards for the appointment of Credit Officers and Senior Credit Officers, streamline the approval process, create auditable policies, and ensure the accountability and responsibility of risk management staff. The Country Credit Officer prepares credit strategy in collaboration with the Country Business Manager, which is reviewed by the Regional Senior Credit Officer.

14. Financial instruments and risk management (continued)

Credit risk (continued)

There is an established set of measures, procedures and policies that aims at monitoring results of retail portfolios that ensures internal control. These include:

- Comparison of indicators to past performance
- Country Credit Officer reviews
- Stress tests
- Mandates and approval authorities

In addition to these procedures each business has credit benchmarks that set out its short and long-term expectations.

The total carrying amount in this table includes third party loans and advances to banks and loans and advances to customers as per note 15. See table below for split by category.

Total carrying amounts	Note	2014 $ 000	2013* $ 000
Loans and advances to banks			
Loans and advances - 3rd party	15	2,618,717	1,399,615
Loans and advances to customers			
Charge and credit card debtors	15	403,908	479,033
Commercial loans	15	9,842,097	9,773,316
Consumer loans	15	75,804	96,285
Loans held at fair value through the profit and loss	15	444,408	500,943
Loans and advances to customers		10,766,217	10,849,577
Loans and advances to third parties		**13,384,934**	**12,249,192**

*As explained in note 1, the Company changed the presentation of cash balances, comparative information has been restated accordingly (See Note 1 (u)).

At the Company level, there are regular, focussed reviews of individual obligors and portfolios by the Credit Committee. A breakdown of the Company's total credit exposure including commitments is as follows:

	2014 $ 000	2013 $ 000
Gross exposure		
- Commitments and guarantees (third party)	18,890,249	21,765,581
- Balance sheet exposures (third party)	19,796,438	20,917,369
Total exposure	38,686,687	42,682,950

Note: The Company does not recognise intragroup balances as giving rise to credit exposure.

Statement of financial position exposures include cash and cash balance at central banks, trading assets, loans and advances, investment securities, derivative financial assets and other assets.

Cash and OECD Government bonds are held as collateral against a significant number of commitments and guarantees.

14. Financial instruments and risk management (continued)

Credit risk (continued)

The Company's statement of financial position (on balance sheet) credit risk concentrations by industry are as follows:

	2014 $ 000	2013 $ 000
Governments & Central bank	6,114,631	5,640,612
Financial services	4,128,695	5,558,324
Other	2,513,828	1,874,597
Communication	2,221,179	1,543,134
Transport	1,332,482	1,372,017
Oil & Gas	578,127	1,194,283
Consumer	768,924	1,084,915
Engineering / Electronics	952,714	1,032,909
Food & Drinks industry	475,678	425,716
Construction	94,911	382,516
Agriculture	415,186	375,671
Local government	270	247,265
Chemicals	199,813	185,410
	19,796,438	20,917,369

Included in credit risk exposures are cash and balances at central banks, trading assets, derivative financial instruments, loans and advances, investment securities and other assets.

The table below shows statement of financial position credit concentrations by region

	2014 $ 000	2013 $ 000
Central Europe	8,862,367	8,241,746
Western Europe	6,871,632	7,873,317
Middle East / Africa	1,593,112	1,595,287
Central / South America	1,053,219	1,237,112
North America	881,713	1,219,998
Asia	534,395	749,909
	19,796,438	20,917,369

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Credit risk (continued)

Exposure to credit risk - Loans and advances to third parties

2014	Charge and credit card debtors	Commercial loans	Consumer loans	Total
	$ 000	$ 000	$ 000	$ 000
Gross amount	416,954	12,945,684	78,105	13,440,743
Individually impaired				
Current	961	3,693	-	4,654
1 - 119 days past due	-	768	-	768
120 - 179 days past due	-	-	-	-
180 days or more past due	-	6,413	-	6,413
Gross amount	961	10,874	-	11,835
Impairment provision on individually impaired loans	-	(6,140)	-	(6,140)
Carrying amount of individually impaired loans	961	4,734	-	5,695
Collectively assessed				
Current	400,255	12,910,723	76,373	13,387,351
1 - 119 days past due	13,483	20,960	1,728	36,171
120 - 179 days past due	2,255	333	-	2,588
180 days or more past due	-	2,794	4	2,798
Gross amount	415,993	12,934,810	78,105	13,428,908
Impairment provision on collectively assessed loans	(13,046)	(35,490)	(2,317)	(50,853)
Carrying amount of collectively assessed loans	402,947	12,899,320	75,788	13,378,055
Carrying amount of loans neither past due, nor impaired	-	1,168	16	1,184
Total impairment provision	(13,046)	(41,630)	(2,317)	(56,993)
Total carrying amount	403,908	12,905,222	75,804	13,384,934
Impairment provision on undrawn commitments	-	(15,631)	-	(15,631)
Total impairment on drawn and undrawn commitments	(13,046)	(57,261)	(2,317)	(72,624)

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Credit risk (continued)

Exposure to credit risk - Loans and Advances to third parties

2013	**Charge and credit card debtors**	**Commercial loans**	**Consumer loans**	**Total ***
	$ 000	**$ 000**	**$ 000**	**$ 000**
Gross amount	498,489	11,733,115	100,784	12,332,388
Individually impaired				
Current	53	45,990	-	46,043
1 - 119 days past due	-	5	-	5
120 - 179 days past due	-	4,266	-	4,266
180 days or more past due	-	17,475	-	17,475
Gross amount	53	67,736	-	67,789
Impairment provision on individually impaired loans	-	(11,199)	-	(11,199)
Carrying amount of individually impaired loans	53	56,537	-	56,590
Collectively assessed				
Current	492,897	11,652,121	96,904	12,241,922
1 - 119 days past due	4,450	7,579	3,421	15,450
120 - 179 days past due	1,089	1,295	-	2,384
180 days or more past due	-	4,384	459	4,843
Gross amount	498,436	11,665,379	100,784	12,264,599
Impairment provision on collectively assessed loans	(19,456)	(48,042)	(4,499)	(71,997)
Carrying amount of collectively assessed loans	478,980	11,617,337	96,285	12,192,602
Total impairment provision	(19,456)	(59,241)	(4,499)	(83,196)
Total carrying amount	479,033	11,673,874	96,285	12,249,192
Impairment provision on undrawn commitments	-	(17,395)	-	(17,395)
Total impairment on drawn and undrawn commitments	(19,456)	(76,636)	(4,499)	(100,591)

*As explained in note 1, the Company changed the presentation of cash balances, comparative information has been restated accordingly (See Note 1 (u)).

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NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Credit risk (continued)

Net credit losses charged to the current year income statement

	2014 $ 000	2013 $ 000
Individual provisions taken in the year	3,092	1,023
Net change to collective provisions taken in the year	17,205	(1,665)
Credit write-offs	(39,113)	(99,747)
Credit recoveries	40,216	68,732
Net credit recoveries/(losses)	21,400	(31,657)

Movement in provisions for impairment balances

	Charge and credit card debtors $ 000	Commercial loans $ 000	Consumer loans $ 000	Total $ 000
Balance at 1 January 2013	26,574	91,285	11,472	129,331
Individual provisions taken in the year	-	(1,023)	-	(1,023)
Net change to collective provisions taken in the year	(5,694)	2,188	(1,908)	(5,414)
Provisions released due to credit write-offs	(1,052)	(2,768)	(5,340)	(9,160)
Provisions released due to credit recoveries	-	(19,840)	-	(19,840)
Foreign exchange adjustments	(372)	(285)	275	(382)
Net change to portfolio provisions against off balance sheet exposures	-	7,079	-	7,079
Balance at 31 December 2013	19,456	76,636	4,499	100,591
Individual provisions taken in the year	-	572	-	572
Net change to collective provisions taken in the year	(3,910)	(10,196)	(1,595)	(15,701)
Provisions released due to credit write-offs	-	153	-	153
Provisions released due to credit recoveries	-	(3,924)	-	(3,924)
Foreign exchange adjustments	(2,500)	(5,153)	(587)	(8,240)
Individual provisions against off balance sheet exposures	-	(164)	-	(164)
Net change to portfolio provisions against off balance sheet exposures	-	(663)	-	(663)
Balance at 31 December 2014	13,046	57,261	2,317	72,624

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Credit risk (continued)

Offsetting financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Types of financial assets

As at 31 December 2014	**(a)**	(b)	**(c)=(a)+(b)**	(d)		**(e)=(c)-(d)**
				Related amounts not set off in the statement of financial position		
Description	**Gross amount**	Gross amount of recognised financial liabilities set off in the SOFP	**Net amount presented in the SOFP**	(d) i. Financial instruments	(d) ii. Cash collateral received	**Net amount**
	$000	$000	**$000**	$000	$000	**$000**
Derivatives	191,648	-	191,648	3,757	63,497	124,394
Reverse repurchase securities borrowing and similar agreements	220,599	-	220,599	217,495	-	3,104
Other financial instruments	-	-	-	-	-	-
Total	**412,247**	-	**412,247**	**221,252**	**63,497**	**127,498**

Types of financial liabilities

As at 31 December 2014	**(a)**	(b)	**(c)=(a)+(b)**	(d)		**(e)=(c)-(d)**
				Related amounts not set off in the statement of financial position		
Description	**Gross amount**	Gross amount of recognised financial assets set off in the SOFP	**Net amount presented in the SOFP**	(d) i. Financial instruments	(d) ii. Cash collateral pledged	**Net amount**
	$000	$000	**$000**	$000	$000	**$000**
Derivatives	215,891	-	215,891	3,757	1,620	210,514
Repurchase securities lending and similar agreements	-	-	-	-	-	-
Other financial instruments	12,629	-	12,629	9,679	-	2,950
Total	**228,520**	-	**228,520**	**13,436**	**1,620**	**213,464**

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Financial instruments and risk management (continued)

Credit risk (continued)

Types of financial assets

As at 31 December 2013 **Description**	(a) **Gross amount**	(b) Gross amount of recognised financial liabilities set off in	(c)=(a)+(b) **Net amount presented in the SOFP**	(d) Related amounts not set off in the (d) i. Financial instruments	(d) ii. Cash collateral received	(e)=(c)-(d) **Net amount**
	$000	$000	**$000**	$000	$000	**$000**
Derivatives	135,664	-	135,664	64,824	51,634	19,206
Reverse repurchase securities borrowing and similar agreements	88,036	-	88,036	83,626	-	4,410
Other financial instruments	-	-	-	-	-	-
Total	**223,700**	**-**	**223,700**	**148,450**	**51,634**	**23,616**

Types of financial liabilities

As at 31 December 2013 **Description**	(a) **Gross amount**	(b) Gross amount of recognised financial assets set off in the	(c)=(a)+(b) **Net amount presented in the SOFP**	(d) Related amounts not set off in the (d) i. Financial instruments	(d) ii. Cash collateral pledged	(e)=(c)-(d) **Net amount**
	$000	$000	**$000**	$000	$000	**$000**
Derivatives	94,961	-	94,961	73,274	2,283	19,404
Repurchase securities lending and similar agreements	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-
Total	**94,961**	**-**	**94,961**	**73,274**	**2,283**	**19,404**

14. Financial instruments and risk management (continued)

Credit risk (continued)

Capital management regulatory capital requirements

The Company's primary regulator the Central Bank of Ireland sets and monitors capital requirements for the Company.

In implementing current capital requirements the Central Bank of Ireland requires the Company to maintain a prescribed ratio of total capital to risk weighted assets. The Company calculates requirements in line with the Central Bank of Ireland's regulations.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Regulatory capital requirements

The Company's regulatory capital position at 31 December 2014 was as follows:

	2014 $ 000	2013 $ 000
Total regulatory capital	**6,830,029**	**6,161,360**

The Company is required by the Central Bank to maintain adequate capital and the Company is subject to the risk of having insufficient capital resources to meet minimum regulatory capital requirements. The Company's minimum capital requirement is calculated in accordance with Basel II regulatory capital requirements. The Company has complied with the minimum capital adequacy ratio of 8% throughout the period.

NOTES TO THE FINANCIAL STATEMENTS

15. Financial assets and liabilities

The below tables outline the total financial assets and liabilities held as at 31 December 2014 and 31 December 2013.

	2014 $ 000	2013 $ 000
Total financial assets held at fair value	3,639,875	5,580,812
Total financial assets not held at fair value	21,629,715	19,499,597
Total financial assets	25,269,590	25,080,409

	2014 $ 000	2013 $ 000
Total financial liabilities held at fair value	531,275	1,690,516
Total financial liabilities not held at fair value	16,943,856	16,495,095
Total financial liabilities	17,475,131	18,185,611

In accordance with IFRS 13, Financial Instruments: Disclosures, the Company has adopted the fair value hierarchy classification of financial instruments. This requires the Company to classify its financial instruments held at fair value according to a hierarchy based on the significance of the inputs used to arrive at the overall fair value of these instruments. The fair value hierarchy is determined as follows:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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NOTES TO THE FINANCIAL STATEMENTS

15. Financial assets and liabilities (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2014	Fair value			
	Level 1	Level 2	Level 3	Total
	$ 000	$ 000	$ 000	$ 000
Financial assets				
Derivative financial instruments	-	274,877	-	274,877
Trading assets	28,646	1,233,391	-	1,262,037
Investment securities	70,071	1,588,482	-	1,658,553
Loans held at fair value through the profit and loss	-	-	444,408	444,408
Financial assets held at fair value	98,717	3,096,750	444,408	3,639,875
Financial liabilities				
Derivative financial instruments	-	318,048	-	318,048
Other financial liabilities held for trading	-	213,227	-	213,227
Financial liabilities held at fair value	-	531,275	-	531,275

31 December 2013	Fair value			
	Level 1	Level 2	Level 3	Total
	$ 000	$ 000	$ 000	$ 000
Financial assets				
Derivative financial instruments	-	1,643,708	-	1,643,708
Trading assets	243,506	799,228	-	1,042,734
Investment securities	1,151,689	1,241,738	-	2,393,427
Loans held at fair value through the profit and loss	-	500,943	-	500,943
Financial assets held at fair value	1,395,195	4,185,617	-	5,580,812
Financial liabilities				
Derivative financial instruments	-	1,611,139	-	1,611,139
Other financial liabilities held for trading	-	79,377	-	79,377
Financial liabilities held at fair value	-	1,690,516	-	1,690,516

Loans held at fair value through the profit or loss, totalling $444 million (2013: $501 million) are included in the Statement of Financial Position within loans and advances to customers.

15. Financial assets and liabilities (continued)

Level 3 fair value measurements

The Company classified financial instruments as Level 3 of the fair value hierarchy when there is a reliance on at least one significant unobservable input to the valuation model. The gains and losses presented below include changes in the fair value related to the observable and unobservable inputs.

Certain Fair Value loans were transferred out of Level 2 to Level 3 of the fair value hierarchy. This transfer was implemented after a review into the existing inputs used to fair value the assets.

2014	**Loans and advances to customers** **$ 000**
Balance at 1 Janary	-
Transfer into Level 3	500,943
Total gains/(losses)	
Fair value movement	(5,459)
Settlements	(51,075)
Balance at 31 December	444,408

Total gains or losses for the year are presented in the income statement as follows;

	2014 **$ 000**
Interest income	19,211
Fair value movement	(5,460)
Total	13,751

Level 3 positions

During the year, total changes in fair value of US$5.5 million was recognised in the income statement relating to loans where the fair value was estimated using a valuation technique which uses one or more significant inputs based on unobservable market data.

The fair value adjustments are computed through a quarterly benchmarking exercise. For loans, this is price-based approach and sensitivity factor is based on bid-offer spreads observed. Factors are determined and bucketed based on the price (quality) of these loans, where market data is available. For these specific fair value loans which are guaranteed by AAA rated ECAs (Export Credit Agencies) in the United Kingdom, Germany and France, the Company uses a factor for the highest quality loans.

As noted above, valuation uncertainty is computed on a quarterly basis where one or more of the significant input parameters are unobservable. The methodology used to derive the impact is determined by applying adjustments to the price or significant model input parameters used in the valuation. Examples of the approach used to derive sensitivity adjustments are outlined below.

15. Financial assets and liabilities (continued)

Level 3 fair value measurements (continued)

The effect of unobservable inputs on fair value measurements

These loans are guaranteed by the above mentioned export credit agencies. In reviewing the potential credit risk of these guarantors of the assets has deteriorated or not. The Company has reviewed the 10 year CDS spread for United Kingdom, Germany and France on year on year basis. In observing these two data points we have noted in all cases that the spreads have narrowed year on year.

Qualitative discussion of the ranges of significant unobservable inputs

The following section describes the ranges of the most significant unobservable inputs used by the Company in Level 3 fair value measurements.

Price
The price input is a significant unobservable input for certain financial instruments. For these instruments, the price input is expressed as a percentage of the notional amount, with a price of 100 meaning that the instrument is valued at par.

2014	Fair Value $000's	Methodology	Input	Low	High
Assets					
Loans	444,000	Price based	Price	100	107

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NOTES TO THE FINANCIAL STATEMENTS

15. Financial assets and liabilities (continued)

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Other financial assets are primarily comprised of receivables balances from the Company's transaction services business.

		31 December 2014				31 December 2013*	
		Loans and receivables	Other amortised cost	Total carrying amount	Total fair value	Total carrying amount	Total fair value
	Note	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Financial assets							
Cash and balances at central bank	12	-	5,200,092	5,200,092	5,200,108	4,599,557	4,599,557
Loans and advances to banks							
Loans and advances - intercompany	29	2,715,660	-	2,715,660	2,715,675	2,569,083	2,569,086
Loans and advances - 3rd party		2,618,717	-	2,618,717	2,618,718	1,399,615	1,399,619
		5,334,377	-	5,334,377	5,334,393	3,968,698	3,968,705
Loans and advances to customers							
Charge and credit card debtors	14	403,908	-	403,908	400,755	479,033	471,869
Commercial loans	14	9,842,097	-	9,842,097	9,842,912	9,773,316	9,769,873
Consumer loans	14	75,804	-	75,804	74,536	96,286	95,173
		10,321,809	-	10,321,809	10,318,203	10,348,635	10,336,915
Other financial assets		-	773,437	773,437	773,437	582,707	582,707
		15,656,186	**5,973,529**	**21,629,715**	**21,626,141**	**19,499,597**	**19,487,884**

*As explained in note 1, the Company changed the presentation of cash balances, comparative information has been restated accordingly (See Note 1 (u)).

15. Financial assets and liabilities (continued)

	31 December 2014				31 December 2013	
	Loans and receivables	Other amortised cost	Total carrying amount	Total fair value	Total carrying amount	Total fair value
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Financial liabilities						
Deposit by banks						
Deposits by banks - Intercompany	-	3,059,354	3,059,354	3,059,009	2,700,840	2,700,551
Deposits by banks - 3rd party	-	991,179	991,179	991,160	845,599	845,594
	-	**4,050,533**	**4,050,533**	**4,050,169**	**3,546,439**	**3,546,145**
Customer accounts	-	9,036,475	9,036,475	9,036,359	9,238,777	9,238,645
Other liabilities and debt securities in issue	-	3,856,848	3,856,848	3,856,848	3,709,879	3,709,879
	-	**16,943,856**	**16,943,856**	**16,943,376**	**16,495,095**	**16,494,669**

The following summarises the major methods and assumptions used in estimating the fair value of the financial assets and financial liabilities used in the above tables:

- Derivative financial instruments, trading assets, and debt securities in issue are measured at fair value by reference to quoted market prices in active markets. If quoted market prices are not available then fair values are estimated on the basis of other valuation techniques, including discounted cash flow models and options pricing models. The market price includes credit value adjustments where appropriate.

- Investment securities classified as available-for-sale or designated at fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated based on other recognised valuation techniques.

- The fair value for loans and advances and other lending are estimated using internal valuation techniques such as discounted cash flow analysis. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the loan being valued. In certain cases the carrying value approximates fair value because the instruments are short term in nature or reprice frequently.

- During 2010, the Company acquired a group of loans at fair value. At the same time, the Company entered into interest rate swaps to manage the interest rate risk of the acquired loans. The loans have been designated at fair value through the profit or loss in order to avoid any accounting mismatch between an accrual basis loan and a derivative that is held at fair value. Any mark-to-market gains or losses on the loans and swaps are taken directly to the income statement. Credit risk on the loans is considered minimal (and relatively stable) due to each loan being guaranteed by a highly rated export credit agency.

- The fair value of debt securities in issue that are classified at amortised cost is measured using discounted cash flows.

- Fair values of customer account deposit liabilities, other assets and other liabilities are estimated using discounted cash flows, applying either market rates where practicable, or rates currently offered by the Group for deposits of similar remaining maturities. Where market rates are used no adjustment is made for counterparty credit spreads.

- The carrying amount of cash and balances at central bank is a reasonable approximation of fair value due to the short term nature of the balances.

NOTES TO THE FINANCIAL STATEMENTS

15. Financial assets and liabilities (continued)

The table below sets out the estimated fair value, at level 1, 2 and 3 of those assets and liabilities not held at fair value in the statement of financial position.

	31 December 2014		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$000	$000	$000	$000	$000
Assets					
Cash and balances at central bank	5,200,092	5,200,092	5,200,092	-	-
Loans and advances to banks	5,334,377	5,334,393	-	5,334,393	-
Loans and advances to customers	10,321,809	10,318,203	-	-	10,318,203
Other financial assets	773,437	773,437	-	-	773,437
Total financial assets	**21,629,715**	**21,626,125**	**5,200,092**	**5,334,393**	**11,091,640**
Liabilities					
Deposits from banks	4,050,533	4,050,169	-	4,050,169	-
Customer accounts	9,036,475	9,036,359	-	9,036,359	-
Debt securities in issue	1,655,181	1,655,181	-	1,655,181	-
Other financial liabilities	2,201,667	2,201,667	-	213,227	1,988,440
Total financial liabilities	**16,943,856**	**16,943,376**	**-**	**14,954,936**	**1,988,440**

	December 31 2013		Estimated fair value		
	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
	$000	$000	$000	$000	$000
Assets					
Cash and balances at central bank	1,857,107	1,857,107	1,857,107	-	-
Loans and advances to banks	6,711,148	6,711,155	-	6,711,155	-
Loans and advances to customers	10,348,635	10,336,915	-	-	10,336,915
Other financial assets	582,707	582,707	-	-	582,707
Total financial assets	**19,499,597**	**19,487,884**	**1,857,107**	**6,711,155**	**10,919,622**
Liabilities					
Deposits from banks	3,546,439	3,546,145	-	3,546,145	-
Customer accounts	9,238,777	9,238,645	-	9,238,645	-
Debt securities in issue	1,090,262	1,090,262	-	1,090,262	-
Other financial liabilities	2,698,994	2,698,994	-	79,377	2,619,617
Total financial liabilities	**16,574,472**	**16,574,046**	**-**	**13,954,429**	**2,619,617**

16. Investment securities

Investment securities are primarily composed of government securities.

	2014	2013
	$ 000	$ 000
Investment securities - available for sale		
Debt securities:		
- listed	1,658,366	2,393,332
- unlisted	-	-
Equity securities:		
- unlisted	187	95
	1,658,553	2,393,427

17. Derivative financial instruments

	2014 Notional amount	2014 Fair value		2013 Notional amount	2013 Fair value	
		Assets	Liabilities		Assets	Liabilities
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Exchange rate related contracts						
Forwards and futures	16,446,757	180,131	198,483	12,562,557	98,312	62,275
Currency swaps	508,514	30,894	27,767	4,137,535	19,324	18,858
Options	331,726	3,253	3,241	693,139	8,714	8,695
	17,286,997	214,278	229,491	17,393,231	126,350	89,828
Interest rate related contracts						
Forward rate agreement	1,891,192	535	557	492,794	214	234
Interest rate swaps	3,418,822	57,873	85,809	37,978,311	1,516,336	1,520,258
Options	88,882	3	3	103,090	93	104
	5,398,896	58,411	86,369	38,574,195	1,516,643	1,520,596
Equity and commodity related contracts						
Options	9,783	878	878	3,436	53	53
Swaps	43,328	1,310	1,310	88,638	662	662
	53,111	2,188	2,188	92,074	715	715
Total derivative contracts	22,739,004	274,877	318,048	56,059,500	1,643,708	1,611,139

See note 14 for more details on how the Company uses derivative financial instruments as part of its risk management policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS

18. Other liabilities

	2014 $ 000	2013 $ 000
Accounts payable	1,886,641	1,905,377
Other balances	878,675	823,622
	2,765,316	2,728,999

Accounts payable predominantly comprises amounts payable in relation to obligations arising from the Company's transaction services business. The other balances include amounts payable to other financial institutions, corporates and other group entities, primarily relating to prepaid risk participations, items in the process of settlement and supplier finance transactions.

19. Other assets

	2014 $ 000	2013 $ 000
Settlement clearing lines	571,944	408,903
Other balances	278,635	230,515
	850,579	639,418

Settlement clearing lines arise from the timing of short term transactions between the point of funding and the settlement period in the Company's transaction services business. Other balances represent receivables due and other financial assets recorded.

20. Shares in subsidiary undertakings

	2014 $ 000	2013 $ 000
At 1 January	3,474	3,372
Foreign exchange revaluation	(368)	102
At 31 December	3,106	3,474

The Company has an investment in the following subsidiaries:

Name	Country of incorporation	Nature of business	Year end	Registered office	Percentage ownership
Citibank Kereskedelmi és Szolgáltató Kft.	Hungary	Purchase and rental of fixed assets	31 December	Hegyalja út 7-13., 1016, Budapest, Hungary	100 percent of ordinary share capital
Citigroup Capital Finance Ireland Limited	United Kingdom	Not currently trading	31 December	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	100 percent of ordinary share capital

CITIBANK EUROPE PLC

NOTES TO THE FINANCIAL STATEMENTS

21. Property and equipment

	Leasehold improvements $ 000	Vehicles, furniture and equipment $ 000	Total $ 000
Cost			
At 1 January 2013	28,159	50,292	78,451
Additions	871	3,642	4,513
Acquisitions	2	23	25
Disposals	(238)	(6,186)	(6,424)
Write-offs	(2,487)	(1,686)	(4,173)
Foreign exchange	320	620	940
At 31 December 2013	26,627	46,705	73,332
Additions from business combination	503	1,088	1,591
Additions	1,694	5,367	7,061
Acquisitions	-	239	239
Disposals	(460)	(5,187)	(5,647)
Write-offs	(3,334)	(1,687)	(5,021)
Foreign exchange	(4,002)	(7,159)	(11,161)
At 31 December 2014	21,028	39,366	60,394
Depreciation			
At 1 January 2013	13,790	39,751	53,541
Charged in year	3,406	4,082	7,488
Disposals	(182)	(5,840)	(6,022)
Write-offs	(1,694)	(1,173)	(2,867)
Foreign exchange	174	435	609
At 31 December 2013	15,494	37,255	52,749
Additions from business combination	457	851	1,308
Charged in year	2,401	4,242	6,643
Disposals	(449)	(5,047)	(5,496)
Write-offs	(2,849)	(1,619)	(4,468)
Foreign exchange	(2,412)	(5,438)	(7,850)
At 31 December 2014	12,642	30,244	42,886
Net book value			
At 31 December 2014	8,386	9,122	17,508
At 31 December 2013	11,133	9,450	20,583

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2013: $nil).

22. Goodwill and intangible assets

	Goodwill \$ 000	Computer software \$ 000	Other Intangibles \$ 000	Total \$ 000
Cost				
1 January 2013	393,841	136,321	-	530,162
Additions	-	21,064	-	21,064
Acquisitions	-	10,307	-	10,307
Write-offs	-	(5,141)	-	(5,141)
Foreign exchange	(10,995)	(3,212)	-	(14,207)
At 31 December 2013	382,846	159,339	-	542,185
Additions from business combination	-	443	-	443
Additions	-	57,456	12,649	70,105
Disposals	-	(15,275)	-	(15,275)
Write-offs	-	(8,017)	-	(8,017)
Foreign exchange	(32,874)	(15,518)	(565)	(48,957)
31 December 2014	349,972	178,428	12,084	540,484
Amortisation and impairment losses				
1 January 2013	128,839	71,766	-	200,605
Amortisation	-	12,007	-	12,007
Acquisitions	-	6	-	6
Write-offs	-	(4,857)	-	(4,857)
Foreign exchange	-	53	-	53
At 31 December 2013	128,839	78,975	-	207,814
Additions from business combination	-	443	-	443
Amortisation	-	21,437	697	22,134
Impairment	100,646	(315)	-	100,331
Disposals	-	(16,483)	-	(16,483)
Write-offs	-	(7,667)	-	(7,667)
Foreign exchange	-	(8,551)	(56)	(8,607)
31 December 2014	229,485	67,839	641	297,965
Net carrying value				
31 December 2014	120,487	110,589	11,443	242,519
31 December 2013	254,007	80,364	-	334,371

22. Goodwill and intangible assets (continued)

Acquired goodwill represents the excess of the cost of an acquisition over the net fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired undertaking at the date of acquisition. Goodwill is stated at cost less any accumulated impairment losses. Goodwill with an indefinite life is tested for impairment at least annually.

In 2014 there was impairment of US$101 million in the value of goodwill related to the acquisition of the Czech Republic branch. See note 2 for assumptions used in conjunction with the valuation of goodwill.

Other intangibles represent the value associated with a customer list, included in the acquisition of a custody business in 2014 in a number of the Company's branches.

23. Deferred tax assets

The movement on the deferred tax is as follows:

	Balance at 1 January 2014 $ 000	Recognised in the Income statement $ 000	Balance at 31 December 2014 $ 000
Property / equipment and software	1,682	400	2,082
Available for sale securities	(1,517)	-	(1,517)
Allowances for loan losses	5,791	(2,493)	3,298
Tax loss carry-forward	382	(119)	263
Share based payment transactions	156	(303)	(147)
Other	2,203	918	3,121
Total asset	8,697	(1,597)	7,100

24. Called up share capital

Authorised	2014 $ 000	2013 $ 000
5,000,000,000 common stock of €1 each	4,691,500	4,691,500

Allotted, called-up and fully paid	2014 $ 000	2013 $ 000
9,318,254 (2013: 9,318,254) common stock of €1 each	10,071	10,071

25. Share-based incentive plans

As part of the Company's remuneration programme it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of the shareholders. The award programmes are administered by the Personnel and Compensation Committee of the Citigroup Inc Board of the Directors, which is composed entirely of non-employee directors.

In the share award program Citigroup issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programs during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have be satisfied. Recipients of deferred share awards do not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferrable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

(a) Stock award programme

The Company participates in the Citigroup's Capital Accumulation Program ("CAP") programme, under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees.

Generally CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest rateably over a three or four year period beginning on or about the first anniversary of the award date. Continuous employment within Citigroup is generally required to vest in CAP and other stock award programs.

The program provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued as effectively there are no vesting conditions.

For all stock award programmes, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citigroup common stock. Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citigroup common stock, but cannot vote.

Prior to 2008 CAP participants were able to elect to receive all or part of their award in stock options. The figures presented in the stock option programme table include options granted under CAP.

As part of remuneration since 2011 the Company entered into an arrangement referred to as an "EU Short Term" award. The award will be delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

Citigroup participated in a 1-for-10 reverse stock split of Citigroup common stock effective after the close of trading on May 6, 2011. Every ten shares of issued and outstanding Citigroup common stock was automatically combined into one issued and outstanding share of common stock without any change in the par value per share. No fractional shares were issued in connection with the reverse stock split. All values shown have been adjusted for post reverse stock split.

25. Share-based incentive plans (continued)

Information with respect to current year stock awards is as follows:

	2014	2013
Shares awarded	79,828	62,932
Weighted average fair market value per share	$50.70	$44.05
	$'000	$'000
Compensation cost charged to earnings	4,652	2,651
Fair value adjustments recorded to equity	(66)	2,102
Total carrying amount of equity-settled transaction liability	8,761	8,204

(b) Stock option programme

The Company has historically offered a number of Citigroup stock option programmes to its employees. However, since January 2005, stock options have been granted only to CAP participants who elect to receive stock options in lieu of restricted or deferred stock awards (Pre 2008) and to non-executive directors who elect to receive their compensation in the form of a stock option grant.

All stock options are granted on Citigroup common stock with exercise prices equal to the fair market value at the time of grant. Options granted since January 2005 typically vest 25% each year over four years and have six-year terms. The sale of underlying shares acquired through the exercise of employee stock options granted since 2003 is restricted for a two-year period (and the shares are subject to stock ownership commitment of senior employees thereafter).

Since 2009 the Company has made discretionary grants of options to eligible employees pursuant to the broad-based Citigroup Employee Option Grant (CEOG) Program under the Citigroup Stock Incentive Plan. Under CEOG, the options generally vest equally over three years, the option term is 6 years from the grant date and the shares acquired on exercise are not subject to a sale restriction.

The stock option activity with respect to 2014 and 2013 under Citigroup stock option plans is as follows:

	2014		2013	
	Options	Weighted average exercise price $	Options	Weighted average exercise price $
Outstanding, beginning of year	132,126	44.72	142,946	46.77
Granted	-	-	-	-
Forfeited	-	-	(401)	244.50
Exercised	(20,608)	40.80	(12,724)	40.80
Transfers	(5,812)	40.80	2,760	31.63
Expired	(2,544)	244.50	(455)	543.80
Outstanding, end of year	103,163	40.80	132,126	44.72
Exercisable, end of year	103,163	40.80	132,126	44.72

25. Share-based incentive plans (continued)

Stock option programme (continued)

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2014:

2014

		Options outstanding		Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price	Number exercisable	Weighted average exercise price
			$		$
< $50.00	103,163	0.83	40.80	103,163	40.80
$50.00 - $249.99	0	0.00	0.00	0	0.00
	103,163	0.83	40.80	103,163	40.80

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2013:

		Options outstanding		Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price	Number exercisable	Weighted average exercise price
			$		$
< $50.00	129,582	1.83	40.80	129,582	40.80
$50.00 - $249.99	2,544	0.06	244.50	2,544	244.50
	132,126	1.79	44.72	132,126	44.72

Fair value assumptions

Reload options have been treated as separate grants from the related original grants. The result of this program is that employees generally will exercise options as soon as they are able and, therefore, these options have shorter expected lives. Shorter option lives result in lower valuations using a binomial option model. However, such values are expensed more quickly due to the shorter vesting period of reload options. In addition, since reload options are treated as separate grants, the existence of the reload feature results in a greater number of options being valued.

Shares received through option exercises under the reload program, as well as certain other options granted, are subject to restrictions on sale. Discounts have been applied to the fair value of options granted to reflect these sale restrictions.

25. Share-based incentive plans (continued)

Additional valuation and related assumption information for Citigroup option plans is presented below. Citigroup used a binomial model to value stock options. Volatility has been estimated by taking the historical volatility in traded Citigroup options and adjusting where there are known factors that may affect future volatility.

	2014	2013
Weighted average fair value at year end of options granted during the year	$0.00	$0.00
Weighted average expected life		
Option life	1 year	2 years
Valuation assumptions		
Expected volatility	35.69%	37.23%
Risk-free interest rate	0.35%	0.45%
Expected dividend yield	0.08%	0.08%
Expected annual forfeitures	9.62%	9.62%

26. Contingent liabilities and commitments

The following tables give the nominal principal amounts and risk weighted amounts of contingent liabilities and commitments. The nominal principal amounts indicate the volume of business outstanding at the statement of financial position date and do not represent amounts at risk.

	Contract amount 2014 $ 000	Contract amount 2013 $ 000
Undrawn credit lines	3,370,943	3,615,864
Other commitments		
- less than 1 yr	14,737,202	14,777,491
- 1 yr and over	3,296,007	5,906,234
Total	21,404,152	24,299,589

Other commitments primarily relate to the Trade business in Ireland. The Company held a collective impairment provision of $15.6 million as at 31 December (2013: $17 million), with respect to its commitments.

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27. Operating lease commitments

	2014 $ 000	2013 $ 000
Expiring:		
- within one year	9,083	12,230
- between one and five years	30,614	44,863
- in five years or more	4,246	6,204
	43,943	63,297

28. Debt securities in issue

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets which consist primarily of loans and advances to customers. The transferred financial assets continue either to be recognized in their entirety or to the extent of the Company retaining involvement.

The Company purchases receivables at a discount from suppliers. The Company then issues loan participation notes to investors based on this asset, and the receivable is transferred to a trust established through an affiliate. The Company retains some element of risk participation by writing a predefined percentage protection on losses incurred by the investor. The table below presents the carrying value of transferred financial assets that the Company retains 1% of credit risk.

	2014 $ 000	2013 $ 000
Carrying amount of assets		
Loans and advances to customers	1,655,181	1,090,262
Carrying amount of associated liabilities		
Debt securities in issue	1,655,181	1,090,262
	1,655,181	1,090,262

29. Related party transactions

The Company is a wholly owned subsidiary undertaking of Citibank Holdings Ireland Limited, which is incorporated in Ireland. The largest Company in which the results of the Company are consolidated is that headed by Citigroup Inc., which is incorporated in the United States of America. The Company defines related parties as the Board of Directors, senior management, their close family members, parent and fellow subsidiaries and associated companies. The Company considers the key management of the Company to be the Board of Directors. Directors' remuneration is disclosed in note 10.

At 31 December 2014 there were no outstanding exposures to Directors including loans (2013: $nil).

A number of arm's length transactions are entered into with other Group companies. 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. Various services are provided between related parties and these are all also provided at arm's length. The table below summarises balances with related parties.

	2014			
	Parent company undertakings $ 000	Subsidiary undertakings $ 000	Other Citigroup undertakings $ 000	Total $ 000
Assets				
Loans and advances to banks	-	-	2,715,660	2,715,660
Loans and advances to customers	-	-	-	-
Prepayments and accrued income	-	-	913	913
Other assets	-	-	346,818	346,818
Derivatives	-	-	191,420	191,420
Other, FX spot reval gain	-	-	539	539
Liabilities				
Deposits by banks	-	-	3,059,353	3,059,353
Customer accounts	-	1,267	23,959	25,226
Accruals and deferred income	-	-	15,815	15,815
Other liabilities	-	2	78,747	78,749
Derivatives	-	-	244,514	244,514
Other, FX spot reval loss	-	-	697	697
Commitments and guarantees	-	-	2,513,903	2,513,903
Income statement				
Interest and similar income	-	-	11,769	11,769
Interest payable	-	-	(16,277)	(16,277)
Net fee and commission income	-	8	242,610	242,618
Other operating income	-	-	7,706	7,706
Net trading income	-	-	25,847	25,847
Other expenses	-	(85)	71,154	71,069

29. Related party transactions (continued)

	2013			
	Parent company undertakings $ 000	Subsidiary undertakings $ 000	Other Citigroup undertakings $ 000	Total $ 000
Assets				
Loans and advances to banks	-	-	2,569,083	2,569,083
Loans and advances to customers	-	-	-	-
Prepayments and accrued income	-	-	(5,252)	(5,252)
Other assets	-	(1,203)	128,642	127,439
Derivatives	-	-	1,550,610	1,550,610
Other, FX spot reval gain	-	-	874	874
Liabilities				
Deposits by banks	-	-	2,699,140	2,699,140
Customer accounts	-	-	18,991	18,991
Accruals and deferred income	-	-	22,044	22,044
Other liabilities	-	-	48,277	48,277
Derivatives	-	-	1,529,902	1,529,902
Other, FX spot reval loss	-	-	980	980
Commitments and guarantees	-	-	2,534,008	2,534,008
Income statement				
Interest and similar income	-	-	29,701	29,701
Interest payable	-	-	(24,482)	(24,482)
Net fee and commission income	-	-	273,188	273,188
Other operating income	-	-	3,805	3,805
Net trading income	-	-	63,296	63,296
Other expenses	-	72	(180,554)	(180,482)
Dividend paid	-	-	(800,000)	(800,000)

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30. Reserves

The Company did not pay an interim dividend to its parent company Citibank Holdings Ireland Limited in 2014 (2013: $800 million).

	Share capital	Share premium	Capital reserve	Other reserves: Gains/(Losses) arising from AFS	Other reserves: Translation reserves and other items	Other reserves: Share Based Payments	Retained earnings	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
At 1 January 2013	10,071	1,593,607	1,239,171	17,504	(14,763)	4,819	4,426,140	7,276,549
Profit for the period	-	-	-	-	-	-	714,516	714,516
Share capital issuance	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	(2,102)	-	(2,102)
Gains / (Losses) arising from AFS	-	-	-	(17,699)	-	-	-	(17,699)
Translation reserve	-	-	-	(61)	15,499	-	(73,743)	(58,305)
Dividend	-	-	-	-	-	-	(800,000)	(800,000)
At 31 December 2013	10,071	1,593,607	1,239,171	(256)	736	2,717	4,266,913	7,112,959
Profit for the period	-	-	-	-	-	-	643,262	643,262
Share capital issuance	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	66	-	66
Gains / (Losses) arising from AFS	-	-	-	2,234	-	-	-	2,234
Translation reserve and other items	-	-	-	-	(94,272)	-	-	(94,272)
Dividend	-	-	-	-	-	-	-	-
At 31 December 2014	10,071	1,593,607	1,239,171	1,978	(93,536)	2,783	4,910,175	7,664,249

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31. Parent companies

The Company is a subsidiary undertaking of Citibank Holding Ireland Limited, incorporated in Ireland.

The largest Company in which the results of the Company are consolidated is Citigroup Inc. The audited consolidated financial statements of Citigroup Inc. are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/corporategovernance/ar.htm.

The smallest Company in which the results of the Company are consolidated is Citibank Holdings Ireland Limited. Copies of the Company accounts will be available to the public and may be obtained from its offices at 1 North Wall Quay, IFSC, Dublin 1.

32. Subsequent Events

On 15 January 2015, the Company announced its intention to exit certain businesses in ICG, including Hedge Fund Services within Securities Services and the Prepaid Cards business in Treasury and Trade Solutions.

33. Comparative note

Certain amounts in the comparative balances have been reclassified for consistency with the current year.

34. Approval of financial statements

The financial statements of the Company were approved by the Board of Directors on the 26 March 2015.