



Citibank Europe plc
Annual Report 2006



Contents

Directors and other information	2
Report of the Directors	3
Directors' Responsibilities for Financial Statements	6
Independent Auditors' Report	8
Profit and Loss Account	9
Balance Sheet	10
Statement of Total Recognised Gains and Losses	11
Notes to the Financial Statements	12



Board of Directors and other information

DIRECTORS

Francesco Vanni d'Archirafi - Chairman
Aidan Brady - Chief Executive
Frank McCabe* - Non-Executive
Mark Fitzgerald
Maurice Doyle* - Non-Executive
Brian Hayes
Peter Maskrey
Daniel Nagy
James Foster
Naveed Sultan

SECRETARY

Tony Woods

* Denotes Audit Committee Members

REGISTERED OFFICE

1 North Wall Quay, Dublin 1

SOLICITORS

Matheson Ormsby Prentice
30 Herbert Street, Dublin 2

AUDITORS

KPMG
Chartered Accountants
1 Harbourmaster Place, IFSC, Dublin 1

BANKERS

Citibank, N.A., London Branch
Citigroup Centre, Canada Square,
Canary Wharf, London E14 5LB.

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 2006.

Principal activities and business review

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

Results and dividends

The profit before tax of the Company for the year amounted to €327,167,000 (2005: €264,758,000). After tax, the Company made a profit for the year of €285,838,000 (2005: €238,967,000).

No interim dividends were paid by the Company during the year. The Directors do not recommend the payment of a final dividend.

A key performance indicator for the Company is its cost/income ratio, which is calculated by dividing administrative expenses and other operating costs by operating income. In 2006 the Company's cost/income ratio was 31% (2005: 31%)

Financial instruments

The financial risk management objectives and policies and the exposure to price risk, credit risk, and liquidity risk of the Company and its subsidiary undertakings have been disclosed in the Risk Management policies on pages 27 to 35.

Future developments

The economic outlook for the businesses conducted by the Company is foreseen to be favourable in the near term. The Company's strategy is to continue to take advantage of opportunities for the further development and expansion of its business.

Research & Development

The Company is actively pursuing research and development ("R&D") opportunities in all aspects of the banking business in order to become a centre of excellence for the development of innovative financial and transaction servicing products and solutions.

Change of Name

The company was formerly known as Citibank Ireland Financial Services plc and changed its name to Citigroup Europe plc on 4th September 2006.

Adoption of new accounting standards

The following accounting standards apply in full from 1 January 2006; The Company has adopted Financial Reporting Standard 20, *Share Based Payments* ('FRS 20'). FRS 20 specifies the accounting treatment to be adopted (including the disclosures to be provided) by entities making share based payments. In particular it requires entities to recognise an expense, measured at fair value, in respect of the share based payments they make. This standard has been applied retrospectively to the comparative balances.



Report of the Directors (continued)

Adoption of new accounting standards (continued)

The Company has adopted Financial Reporting Standard 23, *The effect of changes in foreign exchange rates*. The financial statements are presented in Euro ("EUR"), which is the functional currency of the company.

The Company has adopted Financial Reporting Standard 25, *Financial Instruments Disclosure and Presentation*. All required disclosures are made in the financial statements on a retrospective basis.

The Company has adopted Financial Reporting Standard 26, *Financial Instruments: Measurement*. The Company has classified certain financial instruments as financial assets or financial liabilities at fair value and certain assets as available for sale.

Disposal of subsidiary company

In December 2006 the Company liquidated Citibank Investment Services Ireland Ltd which was a wholly owned subsidiary of the Company.

Overseas branches

The Company operates a branch in Poland.

Directors, secretary and their interests

The names of the Directors and Secretary who held office at 31 December 2006 were as follows:

Francesco Vanni d'Archirafi (Chairman)
Aidan Brady (Chief Executive Officer)
Maurice Doyle
Frank McCabe
Mark Fitzgerald
Brian Hayes
Peter Maskrey
Daniel Nagy
James Foster
Naveed Sultan
Tony Woods (Secretary)

James Foster and Naveed Sultan were appointed with effect from 29 November 2006.

Mark Fulton and Adrian Gray resigned as directors with effect from 29 June 2006 and 5 December 2006 respectively.

Neither the Directors, nor the Secretary, have any 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:

Report of the Directors (continued)

Directors, secretary and their interests (continued)

Director/secretary	31 December 2006 Ordinary shares	31 December 2005* Ordinary shares
Francesco Vanni d'Archirafi	37,002	30,203
Aidan Brady	36,783	24,504
Frank McCabe	1,350	1,350
Mark Fitzgerald	3,089	2,097
Maurice Doyle	-	-
Brian Hayes	6,579	3,980
Peter Maskrey	31,303	24,302
Daniel Nagy	5,996	5,996
James Foster	30,671	30,671
Naveed Sultan	8,492	8,492
Tony Woods (Secretary)	2,950	2,191

* or date of appointment, if later.

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

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

Director/secretary	at 31 December 2005*	Granted	Exercised/ lapsed	at 31 December 2006	Exercise Price US\$
Francesco Vanni d'Archirafi	151,947	-	32,702	119,245	\$21 - \$50
Aidan Brady	56,908	-	13,402	43,506	\$22 - \$50
Mark Fitzgerald	2,803	-	-	2,803	\$22 - \$41
Brian Hayes	13,009	-	-	13,009	\$22 - \$41
Peter Maskrey	29,073	-	4,241	24,832	\$21 - \$50
Daniel Nagy	35,421	-	-	35,421	\$32 - \$49
James Foster	81,988	-	23,655	58,333	\$42 - \$51
Naveed Sultan	66,768	-	-	66,768	\$21 - \$49
Tony Woods (Secretary)	300	-	-	300	\$51

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 2006 was US\$55.70 (2005: US\$46.62) and during the calendar year ended 31 December 2006, the closing price ranged from a low of US\$44.81 (2005: US\$43.05) to a high of US\$57.00 (2005: US\$49.78).

* or date of appointment, if later.



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 Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The company's financial statements are required by law 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; 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 2006. 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 2006.

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 2007

Aidan Brady
Director

Maurice Doyle
Director

Frank McCabe
Director

Tony Woods
Secretary

Directors' responsibilities for financial statements

We have audited the financial statements of Citibank Europe plc for the year ended 31 December 2006 which comprise of the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 independent auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2006. We also report to you whether, in our opinion: proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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



Independent Auditors' Report to the Members of Citibank Europe plc

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2006.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

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 2006 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.

Chartered Accountants
Registered Auditors
1 Harbourmaster Place
IFSC
Dublin 1

26 March 2007

Profit and Loss Account

For the year ended 31 December 2006

	Note	2006 € '000	2005 € '000
Interest receivable - other interest receivable and similar income		240,392	147,302
Interest payable		(169,699)	(96,004)
Net interest income		<u>70,693</u>	<u>51,298</u>
Fees and commissions receivable		407,533	334,556
Operating income		<u>478,226</u>	<u>385,854</u>
Administrative expenses	2	(127,119)	(92,823)
Other operating costs		(23,940)	(28,273)
Profit on ordinary activities before tax	3	<u>327,167</u>	<u>264,758</u>
Tax on profit on ordinary activities	5	(41,329)	(25,791)
Profit for the financial year		<u><u>285,838</u></u>	<u><u>238,967</u></u>

The financial statements were approved by the Board of Directors on 26 March 2007 and signed on their behalf by:

Aidan Brady
Director

Maurice Doyle
Director

Frank McCabe
Director

Tony Woods
Secretary



Balance Sheet

As at 31 December 2006

	Note	2006 € '000	2005 € '000
Assets			
Cash and balances at central banks		202,010	75,578
Loans and advances to banks	6	6,967,759	5,383,773
Loans and advances to customers	7	503,660	491,637
Investment securities available for sale	9	132,384	149,558
Shares in subsidiary undertakings	10	6,689	9,946
Tangible fixed assets	11	901	667
Other assets	12	112,645	90,084
Deferred tax asset	16	905	935
Prepayments and accrued income		133,219	79,137
Total assets		8,060,172	6,281,315
Liabilities			
Deposits by banks	13	3,626,901	2,795,288
Deposits by customers	14	1,353,811	1,108,814
Other liabilities	15	1,926,609	1,529,999
Accruals and deferred income		50,969	30,069
Total liabilities		6,958,290	5,464,170
Equity shareholders' funds			
Called up share capital	17	6,552	6,552
Share premium account	18	3,076	3,076
Capital reserve	18	279,538	279,538
Profit and loss account	18	813,817	527,979
Other reserves	18	(1,101)	-
	19	1,101,882	817,145
Total liabilities and equity shareholders' funds		8,060,172	6,281,315
Memorandum items			
Commitments			
- other commitments	21	9,906,479	8,591,383

The financial statements were approved by the Board of Directors on 26 March 2007 and signed on their behalf by:

Aidan Brady
Director

Maurice Doyle
Director

Frank McCabe
Director

Tony Woods
Secretary

Statement of total recognised gains and losses

As at 31 December 2006

	Note	2006 € '000
Profit for the financial year	18	285,838
Unrealised loss on investment securities available for sale	(1,101)	
Total recognised gains and losses for the year		<u>284,737</u>

The financial statements were approved by the Board of Directors on 26 March 2007 and signed on their behalf by:

Aidan Brady
Director

Maurice Doyle
Director

Frank McCabe
Director

Tony Woods
Secretary



Notes to the financial statements

1. Principal accounting policies

The accounting policies applied are set out below:

a) Basis of presentation

The financial statements have been prepared under the historical cost convention as modified in certain cases by revaluations to fair value and in accordance with generally accepted accounting principles and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. They have also been prepared in adherence with Statements of Recommended Accounting Practice ("SORP") issued by the British Bankers' Association and Irish Bankers' Federation.

Consolidated financial statements have not been prepared as the results of the Company and its subsidiaries are included within the consolidated financial statements of Citibank Holdings Ireland Limited, an Irish registered company, having its registered office at 1 North Wall Quay, IFSC, Dublin 1.

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

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

b) Net interest income

Net interest income comprises interest receivable on debt securities, loans, advances and deposits placed, and commitment commissions, less interest payable on deposits taken and customer account balances, credit for which is taken on an accruals basis. Where there is doubt over the collection of interest receivable, the interest is not accrued, but is taken to the profit and loss account when received in cash.

c) Dividend income

Dividend income from shares in group undertakings is credited to the profit and loss account if dividends are paid or accrued payable in respect of the current year.

d) Fees and commissions

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 account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

e) Financial assets and liabilities

Loans and advances

Financial assets other than those which are designated at fair value are classified as loans and advances 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

Notes to the financial statements (continued)

Principal accounting policies (continued)

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 profit and loss account. Other assets comprise amounts receivable in relation to non pre-funded payments arising from the Company's Worldlink Multi-Currency Transaction Services business and are measured at cost.

Derivative contracts

Derivative contracts are carried at their fair value and are initially recognised on the date on which a derivative contract is entered into. Fair values are based on quoted mid-market prices where available. If no quoted price exists for a particular contract, fair value is determined from market prices for its components using appropriate valuation models. Changes in the fair values of derivatives are included in the profit and loss account.

Debt securities

Debt securities are recognised on a trade date basis and are classified as Available-for-sale.

Available-for-sale debt 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 security prices. Available-for-sale debt securities are initially recognised at fair value including directly attributable costs and adjusted for accreted premium or discount on acquisition, less any provision for impairment. Debt securities are subsequently measured at fair value with the changes in the fair value reported as a separate component of equity. The translation of gains and losses on foreign currency securities is taken directly through the income statement. When available-for-sale debt securities are sold or impaired the cumulative gain or loss previously recognised in equity is transferred to the income statement.

Financial liabilities

Financial liabilities are measured at amortised cost and include amounts payable in relation to pre-funded obligations arising from the Company's Worldlink Multi-Currency Transaction Services business.

f) Impairment of financial assets

The Company assesses at each balance sheet 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 and prior to the balance sheet 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:
 - i) adverse changes in the payment status of borrowers in the portfolio;
 - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.



Notes to the financial statements (continued)

Principal accounting policies (continued)

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 and the amount of the loss is included in the income statement.

Following impairment, interest income is recognised using the original effective interest rate which is used to discount the future cash flows for the purpose of measuring the impairment loss.

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 decrease the amount of the provision for loan impairment 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 in the income statement.

g) 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.

h) Shares in subsidiary undertakings

Shares in subsidiary undertakings are shown at cost, less provisions for impairment.

i) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. The cost of developed software includes directly attributable internal costs and the cost of external consultants. Depreciation is provided to write off the cost, less estimated residual value of each asset, on a straight-line basis over their estimated useful lives as follows:

Vehicles, furniture and equipment	3 years
Software	3 years

j) Taxation

Current tax, including Irish corporation tax and foreign taxes is provided on the Company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Notes to the financial statements (continued)

Principal accounting policies (continued)

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

k) Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments.

l) Pension and other post-retirement benefit costs

The Company operates a defined contribution pension scheme. The Company's annual contributions are charged to the profit and loss account in the period to which they relate. The pension scheme's assets are held in separate trustee administered funds.

m) Adoption of new accounting policies

The following standards applied in full to the Company from the 1st January 2006.

FRS 20 Share based payments

FRS 23 The effect of changes in foreign exchange rates

FRS 25 Financial Instruments: Disclosure and presentation

FRS 26 Financial Instruments: Measurement

The adoption of these standards has resulted in some changes to the Company's accounting policies. In summary:

- FRS 20 specifies the accounting treatment to be adopted (including the disclosures to be provided) by entities making share based payments. In particular it requires entities to recognise an expense, measured at fair value, in respect of the share based payments they make. Due to the immaterial amounts involved no prior year adjustment has been made.
- FRS 23 has no effect on the Company's financial statements and policies. The Euro functional currency of the Company has been re-evaluated based on the guidance in the revised standard and is still considered appropriate by the Directors.
- FRS 25 deals with the presentation and disclosure of financial instruments. All required disclosures are made up in the financial statements.



Notes to the financial statements (continued)

Principal accounting policies (continued)

- FRS 26 has required the classification of financial assets and financial liabilities for recognition and measurement purposes. The Company has classified certain financial instruments as financial assets at fair value through profit or loss and certain assets as available for sale on adoption of FRS 26. Designation of these financial instruments as fair value through profit and loss did not result in any adjustment to their previous carrying values.

n) Share based incentive plans

The Company participates in a number of Citigroup Inc. ("Citigroup") share-based incentive plans under which Citigroup delivers shares to the Company's employees. Pursuant to a separate agreement the Company makes a cash settlement to Citigroup for the value of the share-based incentive awards delivered to the Company's employees under these plans, subject to certain limits relating to the future growth of the price of Citigroup common stock. The Company accounts for the share-based incentive plans and the associated obligations to make a future cash settlement to Citigroup as cash-settled plans.

The fair value of share-based incentive awards is determined at the time of grant using a lattice type valuation model and is expensed over the vesting period, adjusted by an estimate of forfeitures during that period. Subsequent changes in the fair value of all unexercised awards are reviewed annually and any changes in value are recognised in the profit and loss account.

o) Accounting for government grants

Grants are credited to the profit and loss account to offset the matching expenditure.

Notes to the financial statements (continued)

2. Administrative expenses

	2006 € '000	2005 € '000
Staff costs		
- employee remuneration	37,800	28,851
- social security costs	3,742	3,831
- other pension costs	2,019	1,714
Other administrative expenses	83,558	58,427
	<u>127,119</u>	<u>92,823</u>

The average number of persons employed by the Company during the year, all of whom work within the Corporate and Investment Bank was 756 (2005: 670).

The Company operates a defined contribution pension scheme. During the year contributions of €2,019,000 (2005:€1,714,000) were made to the scheme. The assets of the scheme are held separately from those of the Company in an external independently administered fund. Contributions of € NIL (2005: NIL) were payable to the scheme at the year end.

3. Profit on ordinary activities before tax

	2006 € '000	2005 € '000
Profit on ordinary activities before tax is stated after charging:		
Interest payable on subordinated debt	-	3,213
Research and development	1,319	1,457
Depreciation	493	1,062
Auditor's remuneration		
- audit services	249	142
- audit related services	24	152
- non-audit services	273	130
	<u>273</u>	<u>130</u>

4. Directors' emoluments

Directors' emoluments in respect of services to the Company were as follows:

	2006 € '000	2005 € '000
Aggregate emoluments		
- fees	100	100
- other remuneration, including pension contributions	1,600	1,505
	<u>1,600</u>	<u>1,505</u>



Notes to the financial statements (continued)

5. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2006 € '000	2005 € '000
Current tax:		
Irish corporation tax on profits of the year	(41,051)	(26,904)
Withholding tax	(92)	(72)
Adjustments in respect of previous years	(156)	(104)
Total current tax (note 5b)	<u>(41,299)</u>	<u>(27,080)</u>
Deferred tax:		
Origination and reversal of timing differences	61	276
Losses	(91)	1,013
Tax on profit on ordinary activities	<u>(41,329)</u>	<u>(25,791)</u>

(b) Factors affecting tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2006 € '000	2005 € '000
Profit on ordinary activities before tax	<u>327,167</u>	<u>264,758</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5%	(40,896)	(33,095)
Effects of:		
Capital allowances and other sundry timing differences	15	(62)
Expenses not deductible for tax purposes	(268)	(255)
Non taxable income	-	3
Utilisation of 10% rate	-	6,324
Double tax relief	-	41
Utilisation of losses brought forward	91	91
Foreign tax	(92)	(72)
Other	115	49
Adjustments in respect of previous years	(156)	(104)
Tax on dividend income	(108)	-
Current charge for the year (note 5a)	<u>(41,299)</u>	<u>(27,080)</u>

Notes to the financial statements (continued)

6. Loans and advances to banks

	2006 € '000	2005 € '000
Remaining maturity:		
- on demand	2,164,468	1,884,774
- 3 months or less	4,514,041	3,216,453
- 1 year or less but over 3 months	103,187	124,363
- 5 years or less but over 1 year	169,358	129,362
- Over 5 years	16,705	28,821
	<u>6,967,759</u>	<u>5,383,773</u>
Due from:		
Parent undertakings	<u>795,898</u>	<u>534,998</u>
Subsidiary undertakings	<u>5,912,528</u>	<u>4,635,444</u>
Third parties	<u>259,333</u>	<u>213,331</u>

There was no provision made for bad and doubtful debts (2005: €nil).

7. Loans and advances to customers

	2006 € '000	2005 € '000
Remaining maturity:		
- on demand	46,217	10,486
- 3 months or less	365,259	216,261
- 1 year or less but over 3 months	88,465	-
- 5 years or less but over 1 year	3,719	262,455
- Over 5 years	-	2,435
	<u>503,660</u>	<u>491,637</u>

There was no provision made for bad and doubtful debts (2005: €nil).

8. Derivative financial instruments

	Notional principal amount € '000	Fair value	
		Asset € '000	Liability € '000
Exchange rate related contracts			
Forwards	24,146	39	-
Options	62,245	-	16



Notes to the financial statements (continued)

9. Investment securities Available for Sale

Debt securities, all of which are held for investment purposes, comprise OECD government securities. These are held at fair value with movements going through equity.

	<u>Available for sale</u>
	€ '000
Government securities - listed	132,384

10. Shares in subsidiary undertakings

The Company's investments in the share capital of subsidiary undertakings comprised:

	2006	2005
	€ '000	€ '000
At 1 January	9,946	9,962
Liquidation	(3,257)	(16)
At 31 December	<u>6,689</u>	<u>9,946</u>

Citibank Investment Services Ireland Ltd was liquidated on 13th December 2006.

In the opinion of the Directors, the value of shares in group undertakings, none of which is listed, is not less than its carrying value. Details of the subsidiary undertakings held at 31 December 2006, all of which are wholly owned, are as follows;

Name	Country of incorporation	Nature of business	Year end	Registered office
				Note
Forum Financial Group Polska Sp. Z o. o	Poland	Funds Administration Services	31 December	(a)
Obsługa Funduszy Inwestycyjnych Sp. Zo.o	Poland	Funds Administration Services	31 December	(a)

(a) ul. Cybernetyki 21, 02-677 Warsaw, Poland

Notes to the financial statements (continued)

11. Tangible fixed assets

	Vehicles, furniture and equipment € '000	Software € '000	Total € '000
Cost			
1 January 2006	1,217	3,266	4,483
Additions	178	549	727
Disposals	-	(2,779)	(2,779)
31 December 2006	<u>1,395</u>	<u>1,036</u>	<u>2,431</u>
Depreciation			
1 January 2006	942	2,874	3,816
Charged in year	148	345	493
Disposals	-	(2,779)	(2,779)
31 December 2006	<u>1,090</u>	<u>440</u>	<u>1,530</u>
Net book value			
31 December 2006	<u>305</u>	<u>596</u>	<u>901</u>
31 December 2005	<u>275</u>	<u>392</u>	<u>667</u>

12. Other assets

Other assets comprise amounts receivable in relation to non pre-funded payments arising from the Company's Worldlink Multi-Currency Transaction Services business.

13. Deposits by banks

	2006 € '000	2005 € '000
Repayable on demand	801,523	651,678
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand	2,742,836	2,109,920
- 1 year or less but over 3 months	78,637	33,131
- 5 years or less but over 1 year	3,905	559
	<u>3,626,901</u>	<u>2,795,288</u>
Due to:		
Parent undertakings	<u>452,502</u>	<u>356,885</u>
Subsidiary undertakings	<u>2,610,166</u>	<u>2,276,596</u>
Third parties	<u>564,233</u>	<u>161,807</u>



Notes to the financial statements (continued)

14. Deposits by customers

	2006 € '000	2005 € '000
Repayable on demand	718,764	796,599
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand	553,723	80,747
- 1 year or less but over 3 months	299,223	12,214
- 5 years or less but over 1 year	577	778
	<u>1,353,811</u>	<u>1,108,814</u>

15. Other liabilities

	2006 € '000	2005 € '000
Accounts payable	1,904,890	1,480,189
Tax - due within one year	7,254	1,142
Other balances	14,465	45,989
Amounts owed to subsidiary undertakings	-	2,679
	<u>1,926,609</u>	<u>1,529,999</u>

Accounts payable comprises amounts payable in relation to pre-funded obligations arising from the Company's Worldlink Multi-Currency Transaction Services business.

16. Deferred tax asset

	Deferred Tax € '000	Total € '000
At 1 January 2006	(935)	(935)
Provisions utilised	30	-
At 31 December 2006	<u>(905)</u>	<u>(935)</u>

The deferred tax asset relates to timing differences on capital allowances claimed and losses brought forward.

Notes to the financial statements (continued)

17. Called up share capital

	2006	2005
Authorised	€ '000	€ '000
5,000,000,000 ordinary shares of €1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called-up and fully paid	2006	2005
Authorised	€ '000	€ '000
6,551,585 ordinary shares of €1 each	<u>6,552</u>	<u>6,552</u>

18. Reserves

	Share Premium Account € '000	Capital Contribution € '000	Other Reserves € '000	Profit & loss account € '000	Total € '000
At 1 January 2006	3,076	279,538	-	527,979	810,593
Profit for the financial year	-	-	-	285,838	285,838
Other reserves	-	-	(1,101)	-	(1,101)
At 31 December 2006	<u>3,076</u>	<u>279,538</u>	<u>(1,101)</u>	<u>813,817</u>	<u>1,095,330</u>

Capital contributions arise from contributions from the Company's intermediate parent undertaking, Citibank Overseas Investment Corporation, of which €279,000,000 forms part of the Company's distributable reserves.

Other reserves are resultant of the fair valuing of OECD bonds which are held as securities available for sale (note 9).

19. Reconciliation of movements in equity shareholders' funds

The movement in equity shareholders' funds for the year was as follows:

	2006	2005
	€ '000	€ '000
At 1 January	817,145	578,178
Profit for the financial year	285,838	238,967
Other reserves	(1,101)	-
At 31 December	<u>1,101,882</u>	<u>817,145</u>



Notes to the financial statements (continued)

20. Share-based incentive plans

The Company participates in a number of Citigroup share-based incentive plans to attract, retain and motivate employees, to compensate them for their contributions to the Company, and to encourage employee stock ownership.

Stock option programmes

The Company participates in a number of Citigroup stock option programmes for its employees. Generally, since January 2005, stock options have been granted only to Citigroup's Capital Accumulation Programme ('CAP') participants who elect to receive stock options in lieu of restricted or deferred stock awards. 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 in 2006 have six-year terms and all options granted since January 2005 vest 25% each year over four years. Options granted in 2004 and 2003 typically vest in thirds each year over three years, with the first vesting date occurring 17 months after the grant date. The options granted in 2004 and 2003 have terms of six years. The sale of underlying shares acquired through the exercise of employee stock options granted since 2003 is restricted for a two-year period. Prior to 2003, Citigroup options, including options granted since the date of the merger of Citicorp and Travelers Group, Inc., generally had a 10 year term and vested at a rate of 20% per year over five years, with the first vesting occurring 12 to 18 months following the grant date. Certain options, mostly granted prior to 1 January 2003, permit an employee exercising an option under certain conditions to be granted new options (reload options) in an amount equal to the number of common shares used to satisfy the exercise price and the withholding taxes due upon exercise. The reload options are granted for the remaining term of the related original option and vest after six months. An option may not be exercised using the reload method unless the market price on the date of exercise is at least 20% greater than the option exercise price.

Information for the Company with respect to stock option activity in 2006 and 2005 under Citigroup stock option plans is as follows:

		<u>2006</u>		<u>2005</u>
		Weighted average exercise price		Weighted average exercise price
	Options		Options	
Outstanding, beginning of year	156,215	31.17	147,892	30.73
Granted	3,653	48.92	858	47.50
Forfeited	(2,820)	42.97	-	-
Exercised	(25,014)	31.25	(100)	21.92
Transfers	(1,818)	22.52	7,565	37.67
Expired	-	-	-	-
Outstanding, end of year	<u>130,216</u>	<u>33.00</u>	<u>156,215</u>	<u>31.17</u>
Exercisable, end of year	<u>122,017</u>	<u>32.08</u>	<u>136,820</u>	<u>29.71</u>

The weighted average share price at the exercise date for options exercised during the year was \$52.29 (\$48.41 in 2005).

Notes to the financial statements (continued)

20. Share-based incentive plans (continued)

The following table summarises the information about stock options outstanding under Citigroup stock option plans at 31 December 2006:

Range of exercise prices	Number outstanding	Options outstanding		Options exercisable	
		Weighted Average contractual life remaining	Weighted average exercise price	Number Exercisable	Weighted average exercise price
< \$30.00	56,572	1.7	22.06	56,572	22.06
\$30.00 - \$39.99	17,670	2.1	32.05	17,670	32.05
\$40.00 - \$49.99	55,974	3.9	44.37	47,775	43.97
\$50.00	-	-	-	-	-
	<u>130,216</u>	<u>2.7</u>	<u>33.00</u>	<u>122,017</u>	<u>32.08</u>

The following table summarises the information about stock options outstanding under Citigroup stock option plans at 31 December 2005:

Range of exercise prices	Number outstanding	Options outstanding		Options exercisable	
		Weighted Average contractual life remaining	Weighted average exercise price	Number Exercisable	Weighted average exercise price
< \$30.00	78,505	2.2	21.35	78,505	21.35
\$30.00 - \$39.99	19,086	3.1	32.05	12,723	32.05
\$40.00 - \$49.99	58,624	4.9	44.02	45,592	43.46
\$50.00	-	-	-	-	-
	<u>156,215</u>	<u>3.3</u>	<u>31.17</u>	<u>136,820</u>	<u>29.71</u>

Stock award programme

The Company participates in the Citigroup CAP programme, under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees. 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. From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends. Recipients of deferred stock awards receive dividend equivalents, but cannot vote.

Stock awards granted in January 2006 and 2005 generally vest 25% per year over four years. Stock awards granted in 2003 and 2004 generally vest after a two or three year vesting period. CAP participants may 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.

In 2003, special equity awards were issued to certain employees. The awards vest over a three year term, beginning on 12 July 2003, with one sixth of the award vesting every six months. During the vesting period the stock cannot be sold or transferred by the participant and is subject to total or partial cancellation if the participant's employment is terminated.



Notes to the financial statements (continued)

20. Share-based incentive plans (continued)

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

	2006	2005
Shares awarded	23,296	22,855
Weighted average fair market value per share	\$48.77	\$47.95
	€	€
Compensation cost charged to earnings after payroll taxes	496,850	581,393
Total carrying amount of cash-settled transaction liability	3,574,549	3,826,243
Total intrinsic value of liability for vested benefits	2,236,818	1,811,449

Fair value assumptions

Reload options have been treated as separate grants from the related original grants. Under the Company's reload program, upon exercise of an option, employees use previously owned shares to pay the exercise price and surrender shares otherwise to be received for related tax withholding, and receive a reload option covering the same number of shares used for such purposes. Reload options vest at the end of a six-month period. Reload options are intended to encourage employees to exercise options at an earlier date and to retain the shares so acquired, in furtherance of the Company's long-standing policy of encouraging increased employee stock ownership. 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 lattice type 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.

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 implied volatility in traded Citigroup options over a recorded 31 month period and adjusting where there are known factors that may affect future volatility.

For options granted during	2006	2005
Weighted average fair value Option	\$9.98	\$7.12
Weighted average expected life		
Original	7 years	8 years
Reload grants	8 years	8 years
Option life	8 years	8 years
Valuation assumptions		
Expected volatility	19.21%	20.53%
Risk-free interest rate	4.83%	4.23%
Expected dividend yield	4.06%	3.62%
Expected annual forfeitures	6.1%	7.3%

Notes to the financial statements (continued)

21. 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 balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with Irish Financial Regulator guidelines on capital adequacy.

	Contract amount	Risk weighted amount	Contract amount	Risk weighted amount
	2006	2006	2005	2005
	€ '000	€ '000	€ '000	€ '000
Commitments				
Undrawn credit lines	333,526	281,365	153,838	136,560
Other commitments:				
- undrawn formal standby facilities				
and other commitments to lend:				
- less than 1 year	600,808	193,389	252,094	36,274
- 1 year and over	8,138,561	911,586	7,677,099	598,200
- foreign exchange contracts	663,670	-	224,700	224,700
- forward contracts	24,146	24,146	-	-
- forward deposits	15,186	15,186	-	-
- interest rate swap	-	-	80,952	80,952
- extended rate commitment	68,337	68,337	103,416	103,416
- currency option contracts	62,245	62,245	99,284	99,284
	<u>9,906,479</u>	<u>1,556,254</u>	<u>8,591,383</u>	<u>1,279,386</u>

The contractual amounts primarily relate to the Insurance Letters of Credit business and represent the amounts at risk should the contracts be fully drawn upon and the clients default.

The Company has granted a floating charge over certain holdings in securities, collateral and monies relating to the Company's participation in clearance/settlement systems.

22. Financial instruments

The Company holds or issues financial instruments for two main purposes:

- to finance its operations;
- to manage the interest rate and currency risks arising from its operations and from its sources of finance.

The Company finances its operations by a mixture of shareholders' funds, bank and customer deposits. The Company borrows in a range of currencies at both fixed and floating rates of interest.

In the normal course of business the Company may enter into derivative transactions. Derivative financial instruments are used to provide financial services to customers and to actively hedge resultant positions.

The main risks arising from the Company's operations are market risk and credit risk. Market risk includes both price risk (interest rate risk and foreign currency risk) and liquidity risk. Management review and agree policies for managing each of these risks and they are summarised below.



Notes to the financial statements (continued)

22. Financial instruments (continued)

Risk management

Risk management is the cornerstone of the Company's business. Risks arise from lending, and other activities routinely undertaken. The following sections summarise the processes that were in place during 2006 for managing the Company's major risks.

Currency risks

The Company deals in financial instruments in a number of currencies, principally euro and US dollars, and open currency positions arise for funding mismatches and accruals of interest and expense provisions in currencies other than euro. Treasury monitors daily open foreign currency positions ensuring that exposure is less than agreed allocated limits.

Market risk

Market risk encompasses liquidity risk and price risk, both of which arise in the normal course of business of a global financial intermediary. Liquidity risk for the Company is that it may be unable to meet a financial commitment to a customer, creditor, or investor when due. Price risk is the risk to earnings that arises from changes in interest rates and foreign exchange rates.

The Company and its businesses and corporate oversight groups have well-defined market risk management responsibilities. Within each business, a process is in place to control market risk exposure. The risk management process includes the establishment of appropriate market controls, policies and procedures, appropriate senior management risk oversight with thorough risk analysis and reporting, and independent risk management with capabilities to evaluate and monitor risk limits. Periodic reviews are conducted by Audit Risk and Review to ensure compliance with institutional policies and procedures for the assessment, management, and control of market risk.

Interest rate risk

The Company's exposure to interest rate fluctuations on its borrowings and deposits is proactively managed and monitored within approved guidelines.

Liquidity risk

Management of liquidity is the responsibility of the Company Treasurer. The Treasurer ensures that all funding obligations are met when due. It is the Company's policy to maintain a proportion of its assets in a readily realisable form, in accordance with the current regulations of the Financial Regulator in order to cover any liquidity mismatch resulting from unusual market conditions.

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 balance sheet.

The liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is measured and managed using the Market Access Report (MAR) process in accordance with the Liquidity Risk Management Policy for Citigroup.

Notes to the financial statements (continued)

22. Financial instruments (continued)

Credit risk

Credit Risk is the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract with the Company or otherwise fail to perform as agreed. Credit risk can also arise in conjunction with a broad range of activities, including, foreign exchange counterparties, country or sovereign exposure, as well as indirectly through guarantor performance.

The Company is guided by the Citigroup Corporate and Investment Bank ("CIB") Credit Policies and Procedures which ensure consistent standards across the CIB for the origination, documentation and maintenance of extensions of credit and establish a consistent approach towards problem recognition, the classification of problem exposures and remedial action.

Credit Policies are established by CIB Credit Risk Management and approved by the Senior Risk Officer for Citigroup. The Company has established additional policies and procedures which complement the Global Policies. The Policies optimise the global presence of Citigroup, its local knowledge, close client relationships, its Markets and Country Risk expertise.

Being part of the global Citigroup network and using the same policies enables the Credit Committee to place reliance on other Citigroup units globally in the extension and monitoring of credit risk.

Credit risk in respect of the Insurance Letters of Credit business (ILOC) is mitigated via a cash collateral deposit from Citibank N.A. London Branch. In addition the Company holds a charge over the securities held by ILOC customers with various custodians.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It includes reputation and franchise risks associated with business practices or market conduct that the Company may undertake with respect to activities in a fiduciary role, as principal, as well as agent. The Company is guided by Citigroup's Operational Risk Policy, which requires the establishment of appropriate procedures, controls, risk assessment and business continuity arrangements. The Company has established an operational risk committee that reviews operational risks, events and the control environment. This operational risk framework facilitates the Company's response to the requirements of emerging regulatory guidance on operational risk, including those relating to Basel II and the European Union's proposed Capital Requirements Directive.

Interest rate re-pricing gap

The net interest rate sensitivity of the group at 31 December 2006 and 2005 is illustrated below. The interest sensitivity gap is split out by functional currency. The table sets out details of those assets and liabilities whose values are subject to change as interest rates change within each repricing time period. Details regarding assets and liabilities which are not sensitive to interest rate movements and any rate sensitive off balance sheet contracts are also included.

The tables show the sensitivity of the balance sheet at one point in time and are not necessarily indicative of positions at other dates. In developing the classifications used in the tables it has been necessary to make certain assumptions and approximations in assigning assets and liabilities to different repricing categories.



Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - euro - 31 December 2006

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	202,010	-	-	-	-	-	202,010
Loans and advances to banks	1,829,981	-	201	575	-	35,346	1,866,103
Loans and advances to customers	341,934	53,537	-	3,719	-	-	399,190
Debt securities	-	-	-	132,384	-	-	132,384
Shares in subsidiary undertakings	-	-	-	-	-	-	-
Tangible fixed assets	-	-	-	-	-	901	901
Other assets	-	-	-	-	-	63,399	63,399
Prepayments & accrued income	-	-	-	-	-	61,124	61,124
Total assets	2,373,925	53,537	201	136,678	-	160,770	2,725,111
Liabilities							
Deposits by banks	576,070	2,000	236	3,719	-	24,880	606,905
Customer deposits	651,190	-	201	577	-	-	651,968
Other liabilities	-	-	-	-	-	374,832	374,832
Accruals and deferred income	-	-	-	-	-	21,232	21,232
Provision for liabilities and charges	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	1,101,882	1,101,882
Total liabilities	1,227,260	2,000	437	4,296	-	1,522,826	2,756,819
Interest rate repricing gap	1,146,665	51,537	(236)	132,382	-	(1,362,056)	(31,708)
Cumulative interest rate repricing gap	1,146,665	1,198,202	1,197,966	1,330,348	1,330,348	-	(31,708)

Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - euro - 31 December 2005

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	75,578	-	-	-	-	-	75,578
Loans and advances to banks	1,081,731	20,000	1,125	34,741	-	40,078	1,177,675
Loans and advances to customers	55,501	-	-	253,980	2,435	189	312,105
Debt securities	3,485	3,290	13,651	129,132	-	-	149,558
Shares in subsidiary undertakings	-	-	-	-	-	-	-
Tangible fixed assets	-	-	-	-	-	667	667
Other assets	-	-	-	-	-	62,163	62,163
Prepayments & accrued income	-	-	-	-	-	28,529	28,529
Total assets	1,216,295	23,290	14,776	417,853	2,435	131,626	1,806,275
Liabilities							
Deposits by banks	147,758	14	-	351	-	9,406	157,529
Customer deposits	559,474	5,887	1,125	778	-	136	567,400
Other liabilities	-	-	-	-	-	297,308	297,308
Accruals and deferred income	-	-	-	-	-	17,187	17,187
Provision for liabilities and charges	-	-	-	-	-	(935)	(935)
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	817,145	817,145
Total liabilities	707,232	5,901	1,125	1,129	-	1,140,247	1,855,634
Interest rate repricing gap	509,063	17,389	13,651	416,724	2,435	(1,008,621)	(49,359)
Cumulative interest rate repricing gap	509,063	526,452	540,103	956,827	959,262	(49,359)	-

Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - US Dollars - 31 December 2006

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	-	-	-	-	-	-	-
Loans and advances to banks	4,059,865	60,744	34,169	143,888	16,705	203,588	4,518,959
Loans and advances to customers	44,066	34,928	-	-	-	-	78,994
Debt securities	-	-	-	-	-	-	-
Shares in subsidiary undertakings	-	-	-	-	-	-	-
Tangible fixed assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	39,499	39,499
Prepayments & accrued income	-	-	-	-	-	60,031	60,031
Total assets	4,103,931	95,672	34,169	143,888	16,705	303,118	4,697,483
Liabilities							
Deposits by banks	2,772,420	2,278	74,123	186	-	45,998	2,895,005
Customer deposits	486,462	80,546	-	-	-	-	567,008
Other liabilities	-	-	-	-	-	1,164,925	1,164,925
Accruals and deferred income	-	-	-	-	-	25,652	25,652
Provision for liabilities and charges	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	-	-
Total liabilities	3,258,882	82,824	74,123	186	-	1,236,575	4,652,590
Interest rate repricing gap	845,049	12,848	(39,954)	143,702	16,705	(933,457)	44,893
Cumulative interest rate repricing gap	845,049	857,897	817,943	961,645	978,350	44,893	-

Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - US Dollars - 31 December 2005

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	-	-	-	-	-	-	-
Loans and advances to banks	3,500,064	27,533	18,725	66,966	28,821	-	3,642,109
Loans and advances to customers	46,586	-	-	8,477	-	-	55,063
Debt securities	-	-	-	-	-	-	-
Shares in subsidiary undertakings	-	-	-	-	-	2,521	2,521
Tangible fixed assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	17,089	17,089
Prepayments & accrued income	-	-	-	-	-	43,206	43,206
Total assets	<u>3,546,650</u>	<u>27,533</u>	<u>18,725</u>	<u>75,443</u>	<u>28,821</u>	<u>62,816</u>	<u>3,759,988</u>
Liabilities							
Deposits by banks	2,320,163	21,857	8,847	208	-	15,935	2,367,010
Customer deposits	442,822	1,695	997	-	-	-	445,514
Other liabilities	2,680	-	-	-	-	879,484	882,164
Accruals and deferred income	-	-	-	-	-	12,224	12,224
Provision for liabilities and charges	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	-	-
Total liabilities	<u>2,765,665</u>	<u>23,552</u>	<u>9,844</u>	<u>208</u>	<u>-</u>	<u>907,643</u>	<u>3,706,912</u>
Interest rate repricing gap	<u>780,985</u>	<u>3,981</u>	<u>8,881</u>	<u>75,235</u>	<u>28,821</u>	<u>(844,827)</u>	<u>53,076</u>
Cumulative interest rate repricing gap	<u>780,985</u>	<u>784,966</u>	<u>793,847</u>	<u>869,082</u>	<u>897,903</u>	<u>53,076</u>	<u>-</u>

Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - other currencies - 31 December 2006

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	-	-	-	-	-	-	-
Loans and advances to banks	535,175	-	8,073	24,895	-	14,554	582,697
Loans and advances to customers	25,476	-	-	-	-	-	25,476
Debt securities	-	-	-	-	-	-	-
Shares in subsidiary undertakings	-	-	-	-	-	6,689	6,689
Tangible fixed assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	9,747	9,747
Prepayments & accrued income	-	-	-	-	-	12,969	12,969
Total assets	560,651	-	8,073	24,895	-	43,959	637,578
Liabilities							
Deposits by banks	102,333	-	-	-	-	22,658	124,991
Customer deposits	134,835	-	-	-	-	-	134,835
Other liabilities	-	-	-	-	-	386,852	386,852
Accruals and deferred income	-	-	-	-	-	4,085	4,085
Provision for liabilities and charges	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	-	-
Total liabilities	237,168	-	-	-	-	413,595	650,763
Off balance sheet items	-	-	-	-	-	-	-
Interest rate repricing gap	323,483	-	8,073	24,895	-	(369,636)	(13,185)
Cumulative interest rate repricing gap	323,483	-	331,556	356,451	-	(13,185)	-

Notes to the financial statements (continued)

22. Financial instruments (continued)

Interest Rate Repricing - other currencies - 31 December 2005

	3 months or less	Greater than 3 months and less than or equal to 6 months	Greater than 6 months and less than or equal to 1 year	Greater than 1 year and less than or equal to 5 years	Greater than 5 years	Non interest bearing	Total
2006	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Assets							
Cash & balances at central banks	-	-	-	-	-	-	-
Loans and advances to banks	488,846	14,099	33,810	27,234	-	-	563,989
Loans and advances to customers	124,469	-	-	-	-	-	124,469
Debt securities	-	-	-	-	-	-	-
Shares in subsidiary undertakings	-	-	-	-	-	7,425	7,425
Tangible fixed assets	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	10,832	10,832
Prepayments & accrued income	-	-	-	-	-	7,402	7,402
Total assets	613,315	14,099	33,810	27,234	-	25,659	714,117
Liabilities							
Deposits by banks	269,679	476	66	-	-	528	270,749
Customer deposits	93,391	2,509	-	-	-	-	95,900
Other liabilities	-	-	-	-	-	350,527	350,527
Accruals and deferred income	-	-	-	-	-	658	658
Provision for liabilities and charges	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-
Shareholder equity	-	-	-	-	-	-	-
Total liabilities	363,070	2,985	66	-	-	351,713	717,834
Off balance sheet items	18	-	-	-	-	-	18
Interest rate repricing gap	250,263	11,114	33,744	27,234	-	(326,054)	(3,699)
Cumulative interest rate repricing gap	250,263	261,377	295,121	322,355	322,355	(3,699)	-



Notes to the financial statements (continued)

23. Total assets and liabilities

	2006 € '000	2005 € '000
Assets and liabilities denominated in foreign currency:		
Denominated in euro	2,725,111	1,807,210
Denominated in US\$	4,697,483	3,759,988
Denominated in other currencies	637,578	714,117
Total assets	<u>8,060,172</u>	<u>6,281,315</u>
Denominated in euro	<u>2,756,819</u>	<u>1,856,569</u>
Denominated in US\$	4,652,590	3,706,912
Denominated in other currencies	650,763	717,834
Total liabilities	<u>8,060,172</u>	<u>6,281,315</u>

24. Comparative Note

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

25. Segmental analysis

(i) Classes of business

All revenues and expenses of the Company arise from within the Corporate and Investment banking business.

(ii) Geographical analysis of business

No geographical analysis of the Company's business has been presented as the Directors are of the opinion that the Company's operations are global.

26. Parent companies

The Company is a subsidiary undertaking of Citigroup Inc., which is incorporated in the United States of America under the laws of the State of Delaware.

The largest group in which the results of the Company are consolidated is that headed by Citigroup Inc. Copies of these group accounts are available to the public and may be obtained from their offices at Document Services, 140 58th Street, Brooklyn, New York, NY. 11220, United States of America.

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

27. Approval of financial statements

The financial statements of the Company were approved by the Board of Directors on 26 March 2007.



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