(1) Organization

Citi International Financial Services, LLC (the Company), a wholly owned subsidiary of Citigroup Participation Luxembourg Limited, was initially established as a corporation in 1970 under the laws of the Commonwealth of Puerto Rico to provide investment banking services. In August 1986, the Company obtained a license to operate as a broker-dealer duly registered with the Office of the Commissioner of Financial Institutions of Puerto Rico (the Commissioner). In July 1990, the Company received authorization to engage in the general securities business. As a result, in June 1992, operations were expanded to cover retail brokerage. During 1997, the Company introduced retail brokerage services in various Latin American countries. During 2003, the Company ceased its institutional brokerage operations to customers in Puerto Rico. During 2008, the Company converted into a limited liability company. As a result of the conversion, Citigroup Participation Luxembourg Limited was declared the Company's sole member.

The Company is a registered broker-dealer and a member firm of the Financial Industry Regulatory Authority (FINRA). As a nonclearing broker-dealer, the Company does not carry security accounts for customers or perform custodial functions relating to customer funds or securities and is, therefore, exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934.

On February 4, 1999, the Company obtained from the Commissioner a license to operate an International Banking Entity. The International Division is managed as a unit of the Company and its operations started on March 1, 1999. The International Division is exempt from Puerto Rico income taxes as well as property and volume of business taxes as long as it operates under the International Banking Center Regulatory Act of 1989.

The Company's sole member shall not be personally liable for the liabilities of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its power or the management of its business or affairs shall not be grounds for imposing personal liability on the Company's sole member.

The Company has a clearing agreement (the "Agreement") with Pershing LLC. Pershing LLC is a member of various stock exchanges and is subject to the rules and regulations of such organizations as well as those of the SEC. Under the terms of the Agreement, Pershing LLC clears and executes the brokerage transactions of the Company's customers on a fully disclosed basis. The Agreement states that the Company will assume customer obligations if a customer of the Company defaults. The Company also maintains a minimum deposit of $250,000 with Pershing LLC as required by the Agreement.

The Company's operations during the years ended December 31, 2015 and 2014 consisted mainly of securities brokerage transactions through the International Division with customer outside of Puerto Rico. Although the Company is also authorized to engage in insurance brokerage as authorized by the Commissioner of Insurance of Puerto Rico, currently sales of annuities are not been offered to clients.

(2) Summary of Significant Accounting Policies

The following summarizes the most significant accounting policies followed in preparing the accompanying financial statements:

a) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; the valuation of fixed assets, investments; and accrued commissions.

b) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except those purchased for its trading account, which are recorded within securities owned. The Company did not have cash equivalents as of December 31, 2015 and 2014.

c) Securities Owned

Securities owned are recorded at fair value with the related unrealized gain or loss recognized in the statements of income as net unrealized investment gain (loss). Securities transactions are recorded on a trade-date basis.

Customer securities transactions and related commission income and expenses are recorded on a trade-date basis.

d) Deposits at Interest

Deposits at interest consist of a short-term interest-bearing placement with a Citibank affiliate and time deposits deemed restricted as required by laws and regulations for which the Company’s operations are subject to.

e) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful lives of the asset.

f) Long-Lived Assets

Long-lived assets, such as property, plant, and equipment subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

g) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as part of income tax expense. No interest and penalties were accrued at December 31, 2015 and 2014.

h) Fair Value Measurements

Fair value represents the amount that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels in accordance with ASU 2011-04:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

i) Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The largest concentration of credit risk relates to deposits at interest with affiliates which are discussed further in note 5.

j) Commitments and Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigations, fines, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

k) Pension and Other Postretirement Plans

The employees of the Company participate under the "Citigroup Pension Plan". This is a noncontributory defined-benefit pension plan covering some of their employees. The benefits are based on years of service, highest average compensation (as defined), and the primary social security benefit. The methodology used to account for this plan is similar to the one used for multiemployer plans.

The Company also participates in a healthcare benefit plans sponsored by Citigroup for substantially all retirees and employees and in Citibuilder 401K Plan Puerto Rico.

Allocation for these plans is included within salaries and staff benefits in the statement of operations.

l) Other Income

The Company classifies as other income, income from transactions related to mutual funds instruments. These are fees income collected from mutual funds related to supports fees or revenue sharing, as well as trailer fees (also known as 12b-1 fees). These fees are for marketing, distribution, and similar services and support.

(3) Securities Owned

Securities owned consist of obligations of U.S. government amounting to \$12,002,974 and \$11,999,965 at December 31, 2015 and 2014, respectively. The estimated fair value of all securities owned is determined based on Level 1 inputs using quoted market prices multiplied by the quantity held when quoted market prices are available. The Company did not have any transfers of assets between Levels 1, 2, and 3 of the fair value hierarchy during 2015 and 2014.

(4) International Division

The Company operates an international division that is managed as a unit of the Company. As described in note 1, the Company's operations during the years ended December 31, 2015 and 2014 consisted of securities brokerage transactions and engage in insurance brokerage thru investment contracts through the International Division. Therefore, the financial position and results of operations of the Company are those of the International Division.

As required by the International Banking Center Regulatory Act of 1989, the International Division maintains a \$300,000 time deposit with a financial institution in Puerto Rico, which is considered restricted and, therefore, not a cash equivalent. In addition, as required by the Insurance Code of Puerto Rico, the Company also maintains another \$300,000 time deposit with the Commissioner of Insurance of Puerto Rico, which is considered restricted and, therefore, not a cash equivalent. These restricted funds are included as part of deposits at interest in the accompanying statements of financial condition.

(5) Related-Party Transactions

The Company has the following affiliates that do business in Puerto Rico:

(a) Citibank, N.A.

(b) Citifinancial Services of Puerto Rico, Inc.

Cash consists of noninterest-bearing deposits with Citibank, N.A. – Puerto Rico Branches (the Puerto Rico Branches).

The Company maintained a short-term placement at interest with the Puerto Rico Branches amounting to $55,000,000 and $25,000,000 as of December 31, 2015 and 2014, respectively. Interest income on deposits amounted to approximately $49,000 and $17,000 for the years ended December 31, 2015 and 2014, respectively.

The Company engages in retail brokerage services in various countries in Latin America. As a result, the Company has entered into service agreements with the branches of Citibank, N.A. and other affiliates in these countries, whereby these related entities perform certain services and incur certain expenses on behalf of the Company. These related entities in Latin America charged the Company estimated costs and related management fees amounting to approximately $34,469,000 and $43,524,000, respectively, for the years ended December 31, 2015 and 2014 (including management fees, which amounted to approximately $3,134,000 and $3,957,000, respectively).

The Company maintains a service contract with the Puerto Rico Branches, whereby the Puerto Rico Branches perform certain services and incur certain expenses on behalf of the Company. The Puerto Rico Branches charged the Company estimated costs and related management fees amounting to approximately $582,000 and $544,000 for the years ended December 31, 2015 and 2014, respectively.

The Company maintains a service contract with Citibank NA US, whereby they perform certain services and incur certain expenses on behalf of the Company. Citibank NA US charged the Company estimated costs and related management fees amounting to approximately $362,000 and $366,000 for the years ended December 31, 2015 and 2014, respectively.

During 2014, a sublease agreement was signed with Citifinancial Services of Puerto Rico, the affiliate that has the lease agreement with the landlord that owns their main facilities (see note 9).

Head office adjustments and charges from Citigroup, Inc. for administrative support services amounted to approximately $1,700 and $(12,000) for the years ended December 31, 2015 and 2014, respectively. These charges were recorded based on estimates provided by Head Office on a monthly basis and are subsequently adjusted during the following fiscal year based on actual results. Adjustments resulting from differences between the estimated and the actual charges amounted to approximately $(233,000) during the year ended December 31, 2014. There were no adjustments resulting from difference between the estimate and the actual charges during year ended December 31, 2015.

(6) Property and Equipment

Property and equipment at December 31, 2015 and 2014 consist of the following:

		Estimated useful lives (in years)		2015	2014
Leasehold improvements		10	$	339,829	339,828
Computer equipment and software		3 – 10		203,428	512,572
Furniture, fixtures, and equipment		3 – 10		399,333	399,332
	Total			942,590	1,251,732
Less accumulated depreciation and amortization				522,336	784,656
	Total		$	420,254	467,076

Total depreciation and amortization expense for the years ended December 31, 2015 and 2014 amounted to approximately $76,000 and $87,000, respectively.

(7) Income Tax

The Company is generally exempt from Puerto Rico income taxes with respect to income from eligible activities as long as it complies with the requirements under the International Banking Entity Center Regulatory Act of 1989, as amended, for the years ended December 31, 2015 and 2014.

The Company was converted from a regular corporation into an LLC in 2008. In general, LLCs were taxed as a regular corporation under the Puerto Rico Internal Revenue Code of 1994, as amended. Under the 2011 Code for a New Puerto Rico (New Code), the general rule is that existing LLCs prior to January 1st, 2011, will be treated as a corporation unless they elect to be treated as a partnership. However, the tax treatment will depend on how it is treated in a country other than Puerto Rico, including, the jurisdiction of organization of its parent. Section 1010.01(3)(B) of the New Code, excludes LLCs covered under a tax exemption decree of the requirement to be consistent with the tax treatment given in other jurisdictions. Prior to 2014, the Company was treated as a corporation, based on the tax treatment received on its parent's jurisdiction of incorporation. However, for tax years 2014 and subsequent, it will be treated as a corporation in accordance to the Puerto Rico Treasury Department determination that the Company will qualify by the exception found in Section 1010.01(3)(B) of the New Code.

For tax year 2015 and 2014, entities required to file audited financial statements with their income tax returns, may file stand-alone audited financial statements and, in lieu of providing audited consolidated financial statements, should disclose in the notes to the financial statements the names of related entities engaged in active trade or business in Puerto Rico, as defined by the New Code. Please refer to note 5 of these financial statements for further information.

(8) Fair Value of Financial Instruments

At December 31, 2015 and 2014, substantially all of the Company's financial assets and liabilities were carried at fair value or at amounts that approximate fair value. Assets and liabilities recorded at fair value include cash, deposits at interest, receivables from broker-dealers and others, due to affiliates, and accrued expenses and other liabilities. The fair values of these financial instruments represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. These financial instruments have been valued at the carrying amounts reflected in the statements of financial condition, as these are reasonable estimates of fair value given the short-term nature of the instruments.

(9) Sub Lease and Lease Commitments

During 2014, a sublease agreement was signed with Citifinancial Services of Puerto Rico, the affiliate that has the lease agreement with the landlord that owns the facilities. The Company is been charged a prorated share of the space occupied and other allocations for services provided and incurred by the affiliate on behalf of the Company. Citifinancial charged the Company approximately $1,500,000 and $1,195,000 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015, the future minimum lease payments under this sublease agreement are as follows:

Year ending December 31:	
2016	$ 1,309,693
Total	$ 1,309,693

(10) Contingencies

The Company is defendant in a legal proceeding. After consulting with legal counsel, it is the best judgment of management that the financial position of the Company will not be materially affected by the final outcome of this legal proceeding.

(11) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2015, the

Company had net capital of $10,008,985, which was $9,471,437 in excess of its required net capital of $537,548. The Company's net capital ratio at December 31, 2015 was .81 to 1. At December 31, 2014, the Company had net capital of $12,715,680, which was $12,202,015 in excess of its required net capital of $513,665. The Company's net capital ratio at December 31, 2014 was .61 to 1.

(12) Subsequent Events

The Company has evaluated subsequent events from the statement of financial condition date through February 29, 2016, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.