

Citibank, N.A. Bangkok Branch

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/th

Independent Auditor's Report

To the Management of Citibank, N.A. Bangkok Branch

Opinion

I have audited the financial statements of Citibank, N.A. Bangkok Branch (the "Branch"), which comprise the statement of financial position as at 31 December 2018, the related statements of profit or loss and other comprehensive income, changes in accounts with head office and other branches of the same juristic person and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The Branch is a part of Citibank, N.A. and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

In my opinion, the accompanying financial statements present fairly, in all material respects, the assets used in, and liabilities arising out of, the Branch's operations in Thailand as at 31 December 2018 and its financial performance and cash flows in Thailand for the year then ended in accordance with the Thai Financial Reporting Standard (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Branch in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
26 April 2019

Citibank, N.A. Bangkok Branch

Statement of financial position

Assets	Note	31 December	
		2018	2017
		<i>(in thousand Baht)</i>	
Cash		268,055	1,781,982
Interbank and money market items, net	7, 24	33,545,703	35,740,031
Derivative assets	8, 24	15,089,697	15,366,912
Investments, net	9	58,914,611	60,808,232
Loans to customers and accrued interest receivables, net	10, 11, 24		
Loans to customers		94,129,227	92,210,011
Accrued interest receivables		62,596	68,274
Total loans to customers and accrued interest receivables		94,191,823	92,278,285
Less deferred revenue		(28,795)	(24,421)
Less allowance for doubtful accounts	10.4, 12	(3,132,174)	(3,143,382)
Less revaluation allowance for debt restructuring	10.4, 13	(682,054)	(652,868)
Total loans to customers and accrued interest receivables, net		90,348,800	88,457,614
Leasehold building improvements and equipment, net	14	304,317	379,065
Intangible assets, net	15	466,845	44,394
Deferred tax assets, net	16	341,520	306,124
Other assets, net	17, 24	5,982,612	3,078,696
Total assets		205,262,160	205,963,050

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of financial position

Liabilities and accounts with head office and other branches of the same juristic person	<i>Note</i>	31 December	
		2018	2017
		<i>(in thousand Baht)</i>	
<i>Liabilities</i>			
Deposits	19, 24	139,360,814	135,005,392
Interbank and money market items	20, 24	11,895,645	12,825,245
Liabilities payable on demand		3,947,265	4,854,591
Derivative liabilities	8, 24	13,830,668	16,209,958
Employee benefit obligations	21	440,407	444,250
Accrued expenses	24	2,713,922	2,444,181
Other liabilities	22, 24	6,133,412	5,396,356
Total liabilities		178,322,133	177,179,973
<i>Accounts with head office and other branches of the same juristic person</i>			
Funds brought into maintain assets under the Act	6	21,743,094	21,743,094
Balance of inter-office accounts with head office and other branches of the same juristic person, net	6, 24	416,947	2,190,839
Other components of accounts with head office and other branches of the same juristic person	9	(68,753)	19,288
Retained earnings		4,848,739	4,829,856
Total accounts with head office and other branches of the same juristic person		26,940,027	28,783,077
Total liabilities and accounts with head office and other branches of the same juristic person		205,262,160	205,963,050

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2018	2017
		<i>(in thousand Baht)</i>	
Interest income	24, 26	10,422,394	9,501,528
Interest expense	24, 27	1,177,206	1,053,428
Net interest income		9,245,188	8,448,100
Fees and service income	24	5,571,545	5,265,588
Fees and service expenses	24	2,113,845	1,730,803
Net fees and service income	28	3,457,700	3,534,785
Net gains on trading and foreign exchange transactions	29	2,750,675	2,614,158
Net gain from investments	30	54,896	159,771
Other operating income		1,000,624	811,045
Total operating income		16,509,083	15,567,859
Other operating expenses			
Employee expenses	24, 32	2,482,492	2,395,543
Premises and equipment expenses	24	1,217,027	1,223,963
Taxes and duties		527,663	478,380
Intragroup charges	24	851,660	913,587
Others	33	3,094,824	2,756,395
Total other operating expenses		8,173,666	7,767,868
Bad debts, allowance for doubtful accounts and impairment loss	31	2,608,850	2,108,307
Profit from operations before income tax		5,726,567	5,691,684
Income tax	34	1,203,229	1,194,506
Profit for the year		4,523,338	4,497,178
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on remeasurements of defined benefit plan	21	24,096	2,490
Income tax on other comprehensive income	34	(4,819)	(498)
		19,277	1,992
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale investments	9	(110,051)	261,103
Income tax on other comprehensive income	34	22,010	(52,221)
		(88,041)	208,882
Other comprehensive income for the year, net of income tax		(68,764)	210,874
Total comprehensive income for the year		4,454,574	4,708,052

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of changes in accounts with head office and other branches of the same juristic person

	Funds brought into maintenance of assets under the Act	Balance of inter-office accounts with head office and other branches of the same juristic person, net	Other components of accounts with head office and other branches of the same juristic person	Total
<i>Note</i>			Fair value changes in available-for-sale investments <i>(in thousand Baht)</i>	
Year ended 31 December 2017				
Balance 1 January 2017	21,743,094	1,036,783	(189,594)	26,716,977
Transactions with head office and other branches, recorded directly in head office and other branches of the same juristic person				
Contributions by and distributions to head office and other branches of the same juristic person of the Branch				
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	1,154,056	-	1,154,056
Profit remitted to head office	-	-	(3,416,407)	(3,416,407)
Income tax on remitted profits	-	-	(379,601)	(379,601)
Total contributions by and distributions to head office and other branches of the same juristic person of the Branch	-	1,154,056	(3,796,008)	(2,641,952)
Comprehensive income for the year				
Profit for the year	-	-	4,497,178	4,497,178
Other comprehensive income				
Net change in fair value of available-for-sale investments, net of income tax	9	-	208,882	208,882
Defined benefit plan actuarial gain, net of income tax	21	-	1,992	1,992
Total other comprehensive income			208,882	210,874
Total comprehensive income for the year			208,882	4,708,052
Balance as at 31 December 2017	21,743,094	2,190,839	19,288	28,783,077

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of changes in accounts with head office and other branches of the same juristic person

	Funds brought into maintenance of assets under the Act	Balance of inter-office accounts with head office and other branches of the same juristic person, net	Other components of accounts with head office and other branches of the same juristic person	Total
			Fair value changes in available-for-sale investments <i>(in thousand Baht)</i>	
Year ended 31 December 2018				
Balance 1 January 2018	21,743,094	2,190,839	19,288	28,783,077
Transactions with head office and other branches, recorded directly in head office and other branches of the same juristic person				
Contributions by and distributions to head office and other branches of the same juristic person of the Branch				
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	(1,773,892)	-	(1,773,892)
Profit remitted to head office	-	-	-	(4,071,359)
Income tax on remitted profits	-	-	-	(452,373)
Total contributions by and distributions to head office and other branches of the same juristic person of the Branch	-	(1,773,892)	-	(6,297,624)
Comprehensive income for the year				
Profit for the year	-	-	-	4,523,338
Other comprehensive income				
Net change in fair value of available-for-sale investments, net of income tax	-	-	(88,041)	-
Defined benefit plan actuarial gain, net of income tax	-	-	-	19,277
Total other comprehensive income	-	-	(88,041)	(68,764)
Total comprehensive income for the year	-	-	(88,041)	4,542,615
Balance as at 31 December 2018	21,743,094	416,947	(68,753)	26,940,027

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of cash flows

	Year ended 31 December	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	5,726,567	5,691,684
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>		
Depreciation and amortisation	224,242	113,450
Bad debts, doubtful accounts and impairment loss	2,608,850	2,108,307
Net gain from investments	(54,896)	(159,771)
Net gain on disposal and written-off leasehold building improvements and equipments	(496)	(861)
Unrealised loss (gain) on forward and derivatives contracts, net	(2,102,075)	835,650
Provision for employee benefits	43,230	42,239
Employee benefit obligation paid	(22,977)	(5,424)
Net interest income	(9,245,188)	(8,448,100)
Interest received	10,478,833	9,541,800
Interest paid	(1,169,383)	(1,042,808)
Income tax paid	(1,084,360)	(1,166,298)
Profit from operations before changes in operating assets and liabilities	5,402,347	7,509,868
<i>Decrease (increase) in operating assets</i>		
Interbank and money market items	1,990,604	2,089,699
Investments in securities held for trading	(2,643,409)	998,937
Loans to customers	(4,306,364)	(5,722,108)
Other assets	(3,487,146)	(460,786)
<i>Increase (decrease) in operating liabilities</i>		
Deposits	4,355,422	(180,527)
Interbank and money market items	(929,600)	(3,792,286)
Liabilities payable on demand	(907,326)	188,127
Other liabilities	861,900	448,302
Net cash provided by operating activities	336,428	1,079,226

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch

Statement of cash flows

	Year ended 31 December	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Cash flows from investing activities</i>		
Net proceeds from purchase and sale of available-for-sale investments	4,481,875	3,051,802
Purchases of equipment	(42,116)	(45,688)
Proceeds from sales of equipment	7,510	593
Net cash provided by investing activities	<u>4,447,269</u>	<u>3,006,707</u>
<i>Cash flows from financing activities</i>		
Profit remitted to head office	(4,071,359)	(3,416,407)
Income tax paid on profit remitted to head office	(452,373)	(379,601)
Increase (decrease) in balance of inter-office accounts with head office and other branches of the same juristic person, net	<u>(1,773,892)</u>	<u>1,154,056</u>
Net cash used in financing activities	<u>(6,297,624)</u>	<u>(2,641,952)</u>
Net increase (decrease) in cash	(1,513,927)	1,443,981
Cash at 1 January	<u>1,781,982</u>	<u>338,001</u>
Cash at 31 December	<u><u>268,055</u></u>	<u><u>1,781,982</u></u>
Supplementary disclosures of cash flows information		
Non-cash transactions		
Net change in fair value of available-for-sales investment	(110,051)	261,103

The accompanying notes are an integral part of these financial statements.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Financial risk management
5	Fair value of financial assets and liabilities
6	Maintenance of capital funds
7	Interbank and money market items, net (assets)
8	Derivatives
9	Investment, net
10	Loans to customers and accrued interest receivables, net
11	Troubled debt restructuring
12	Allowance for doubtful accounts
13	Revaluation allowance for debt restructuring
14	Leasehold building improvements and equipment, net
15	Intangible assets, net
16	Deferred tax assets, net
17	Other assets, net
18	Classified assets
19	Deposits
20	Interbank and money market items (liabilities)
21	Employee benefit obligations
22	Other liabilities
23	Commitments and contingent liabilities
24	Related parties
25	The financial position and result of operations classifies by domestic and foreign business
26	Interest income
27	Interest expense
28	Net fees and service income
29	Net gains on trading and foreign exchange transactions
30	Net gain from investments
31	Bad debts, doubtful accounts and impairment loss
32	Employee expense
33	Other expense
34	Income tax
35	Events after the reporting period
36	Reclassification of accounts

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the management of Citibank, N.A. Bangkok Branch (the “Branch”) on 26 April 2019.

1 General information

The Branch was granted a license by the Ministry of Finance to carry out domestic banking business in Thailand under the Commercial Banking Act. The Branch was granted a license to undertake its commercial banking business in September 1985.

The Branch has its registered office at 399, Interchange 21 Building Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok.

2 Basis of preparation of the financial statements

The Branch is a part of Citibank, N.A. and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only those transactions which are recorded locally.

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (“BoT”) notification number Sor Nor Sor 21/2015, directive dated 4 December 2015, regarding the “The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of a group of companies offering financial services”.

New and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRSs has resulted in changes in certain of the Branch’s accounting policies. These changes have no material effect on the financial statements.

In addition, a number of new and revised TFRSs are not yet effective for current periods. The Branch has not early adopted these standards in preparing these financial statements. Those new and revised TFRSs that are relevant to the Branch’s operations become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRSs - Financial instruments standards

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

TAS 18 (revised 2017) *Revenue*,
TFRIC 13 (revised 2017) *Customer Loyalty Programmes*, and
TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

The Branch have made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the Branch's financial statements and expects that there will be no material impact on the Branch's financial statements in the period of initial application.

TFRSs - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRSs Financial instruments standards on the Branch's financial statements.

TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Branch's financial statements.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative	Fair value
Trading and available-for-sale financial assets	Fair value

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Branch's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(d) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 5	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 11	Troubled debt restructuring
Note 12	Allowance for doubtful accounts

Measurement of fair values

A number of the Branch's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Branch has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Branch recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 5 Fair value of financial assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. Foreign currency differences arising from translation are recognised in profit or loss.

(b) Cash

Cash comprises of cash on hand and cash on collection.

(c) Investments

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Branch has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in the accounts with head office and other branches of the same juristic person. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in the accounts with head office and other branches of the same juristic person is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of investments classified as held-for-trading and available-for-sale is determined as the quoted investments bid price at the reporting date.

Initial recognition

Purchases or sales of investments are initially recognised on trade date which is the date that the Branch commit to purchase or sell the investment.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in the accounts with head office and other branches of the same juristic person is recognised in profit or loss.

If the Branch disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the First-In First-Out method applied to the carrying value of the total holding of the investment.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(d) *Loans to customers*

Loans to customers are presented using the outstanding principal amount, except for overdrafts which include accrued interest receivable. Bills purchased at a discount are stated at the face value of the bills, net of unearned discount.

(e) *Allowance for doubtful accounts*

The Branch provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of loans and receivables. The estimated losses are based on historical collection experience and a review of the current status of the loans and receivables.

The BoT has guidelines for establishing a minimum level of allowance for doubtful accounts, which is primarily determined by applying specified percentages to the different classifications of financing in conjunction with the consideration of collateral valuation. Financing classifications are based principally on the period that a financing is past due. The Branch has set up, at a minimum, the allowance for doubtful accounts according to the BoT regulations.

With reference to the BoT's directive, the Branch has classified its loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowance on these accounts will be set at 100 percent of the difference between the outstanding book value of the debt and the present value of future cashflows expected to be received or the expected proceeds from the disposal of collateral, in accordance with BoT criteria.

The allowance for doubtful accounts established during the year is charged as an expense in profit or loss.

Bad debts written off or recovered are recorded as charges or credit, respectively, to the allowance for doubtful accounts.

(f) *Troubled debt restructuring*

Losses on troubled debt restructuring resulting from the reduction of principal and accrued interest and other restructuring concessions including modification of terms are recognised as expenses in profit or loss.

In case the troubled debt restructuring modifies the terms of payment, the Branch complies with the BoT's criteria requiring the Branch to choose between the collateral method by which a loss amount is to be estimated and/or the net present value method which represents expected cash flow in the future and applying the market interest rate on the restructuring date for discounting purposes to calculate fair value. Losses from such debt restructuring are recognised in profit or loss.

Subsequent to the troubled debt restructuring, the Branch recalculates fair value of restructured debt based on the aforementioned discount rates as of the reporting date and makes an adjustment for the valuation on the restructured debt, if the fair value has changed. The recalculation made to the financial statements is in accordance with the aforementioned BoT criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed the investment value of restructured debt.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(g) Leasehold building improvements and equipment

Recognition and measurement

Owned assets

Leasehold building improvements and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of leasehold building improvements and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

Gains or losses on disposal of an item of leasehold building improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold building improvements and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of leasehold building improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold building improvements and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Leasehold building improvements	3 - 10 years
Furniture, fixtures and equipment	1 - 10 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Impairment

The carrying amounts of the Branch's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses revaluation credited to account with the accounts with head office and other branches of the same juristic person, in case of impairment which case it is charged to the accounts with head office and other branches of the same juristic person.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in the accounts with head office and other branches of the same juristic person and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in the accounts with head office and other branches of the same juristic person is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial assets is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Financial instruments

Derivative

Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the Branch would receive or pay to terminate the swap at the reporting date, taking into account current interest rates.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

The Branch records forward exchange and currency swap contract transactions as off-financial reporting items and calculates gains or losses on remeasurement by adjusting to market value.

Deposit and borrowing transactions with embedded derivatives

Deposit and borrowing transactions with embedded derivatives are carried at fair value, consistent with FASB 155 “Accounting for Certain Hybrid Financial Instruments” and FASB 159 “The Fair Value Option for Financial Assets and Financial Liabilities” issued by the Financial Accounting Standards Board of U.S.A. The Branch adopts FASB 155 for deposits and borrowings transactions with embedded derivatives that are not interest rate linked and FASB 159 for deposits and borrowings transactions with embedded derivatives that contain interest rate derivatives. The change in fair value is recognised in profit or loss.

(j) Employee benefits

Define contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Branch’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Branch determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Branch recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Other long-term employee benefits - Share-based payments

The Branch participates in equity-settled share based compensation plans for its employees that are offered by the ultimate parent company of the Group, Citigroup Inc. The fair value of the services received in exchange for the grant of the stock options is recognised as an expense in the profit or loss over the vesting periods of the grant.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options grants, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Branch revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Branch 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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Branch has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Asset retirement obligations

The Branch estimates and recognises a liability for costs associated with the retirement or removal of an asset from service, regardless of the uncertainty of timing or whether performance will be required. For the Branch, this applies to certain real estate restoration activities in the office space, which are rented under lease agreements.

(l) Interest income

The Branch recognises interest income on loans to customer as income on an accrual basis, except for interest income on non-performing loans, including accounts where principal or interest payments are more than three months overdue, is recognised when received. In accordance with the BoT's regulations, interest in arrears more than three months overdue, regardless of whether it is covered by collateral is reversed from profit or loss.

Interest income on deposits and investments is recognised on an accrual basis. Discounts received on the purchase of debt securities are recognised on a straight-line basis over the period to maturity.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(m) Loyalty programmes

The Branch has a customer loyalty programme whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Branch at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of initial sale is allocated between the Points and other components of the sale. The amount allocated to the Point is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Branch has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

(n) Interest expense

The Branch recognises interest expenses on an accrual basis.

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in the accounts with head office and other branches of the same juristic person or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Branch expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Branch takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Branch believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Branch to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Branch. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) *Loan origination costs*

The Branch follows Statement of Financial Accounting Standards No. 91 of the Financial Accounting Standards Board of the U.S.A., in deferring the direct origination cost of loans to be amortised over the maturities of the related loans.

(q) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Branch has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 *Financial risk management*

Financial risk management policies

The Branch uses a comprehensive range of quantitative tools for monitoring and managing its major risks. Some of these tools are common to a number of risk factors, while others are tailored to the particular features of specific risk categories. These quantitative tools generate information to quantify the susceptibility of the market value of single positions or portfolios to changes in market parameters (sensitivity analysis), measure aggregate risk using statistical techniques, and capture exposure to risks from extreme movements in market prices through scenario analysis.

The most important risks the Branch is exposed to are credit risk, market risk and liquidity risk. These 3 categories of risks are further described below:

4.1 *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Branch. The Branch has adopted a policy of dealing with credit worthy counterparts and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial losses from defaults.

In respect of recognised financial assets, the carrying amount of the assets recorded in the statements of financial position, net of allowance for doubtful accounts, represents the Branch's exposure to credit loss.

The Branch's exposure to credit loss in case of non-performance by a counterparty to the financial instruments is represented by the contractual notional amount of those instruments.

Credit risk also arises from the possibility that a counterparty to derivatives contracts will not adhere to the terms of the contract with the Branch when settlement becomes due.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Derivatives contracts classified by type and at regulatory credit equivalent values as at 31 December 2018 and 2017 were as follows:

	2018	2017
	<i>(in million Baht)</i>	
Forward exchange contracts	11,274	10,505
Forward interest rate contracts	9,066	6,655
Commodity option	623	1,642
Total	<u>20,963</u>	<u>18,802</u>

4.2 Market risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, foreign exchange rates, equity prices and commodity prices), the correlations among them and their levels of volatility.

The Branch is a party to financial instruments in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign exchange rates and interest rates. These financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, options, forwards and swap contracts. These instruments involve, to varying degrees, elements of credit, foreign exchange and interest in excess of the amount recognised in the financial statements. The contract or notional amounts of those instruments reflect the extent of the Branch's involvement in particular classes of financial instruments. The Branch does not engage in speculation with derivative financial instruments.

The Branch enters into options, forwards and swap contracts as part of its risk management strategy primarily to manage market risk arising from the Branch's underlying assets and liabilities and to offset risk created by its customers. The utilisation of options, forwards and swap contracts for these purposes is governed by the Risk Management Committee's approved guidelines and monitored by a risk manager.

(a) Interest rate risk

Interest rate risk arises from the potential for a change in market interest rates to have an adverse effect on the net interest earnings of the Branch in the current year, and in future years. Interest rate risk arises from the structure and characteristics of the Branch's assets, liabilities and accounts with head office and other branches of the same juristic person, and in the mismatch in repricing dates of its assets and liabilities.

An analysis of loans to customers at fixed and floating interest rates as at 31 December 2018 and 2017 is as follows:

	2018	2017
	<i>(in million Baht)</i>	
Fixed interest rate	84,729	78,903
Floating interest rate	7,153	11,088
Total loans	<u>91,882</u>	<u>89,991</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Significant financial assets and liabilities classified by types of interest rate are as follows:

	31 December 2018			Total
	Floating rate	Fixed rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	268,055	268,055
Interbank and money market items*	-	33,834,889	27,481	33,862,370
Investments, net	-	58,914,457	154	58,914,611
Loans to customer and accrued interest receivables**	7,152,595	84,729,209	2,281,224	94,163,028
Total financial assets	7,152,595	177,478,555	2,576,914	187,208,064
Financial liabilities				
Deposits	112,439,851	5,569,880	21,351,083	139,360,814
Interbank and money market items	6,322,360	-	5,573,285	11,895,645
Liabilities payable on demand	-	-	3,947,265	3,947,265
Total financial liabilities	118,762,211	5,569,880	30,871,633	155,203,724
Guarantee of loans	-	-	2,116,522	2,116,522
Letters of credit	-	-	771,939	771,939
Other contingencies	-	-	6,580,762	6,580,762

* Excluding allowance for doubtful accounts amounting to Baht 316.7 million

** Including non-performing loans and net of deferred revenue

	31 December 2017			Total
	Floating rate	Fixed rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	1,781,982	1,781,982
Interbank and money market items*	-	35,848,175	4,799	35,852,974
Investments, net	-	60,808,067	165	60,808,232
Loans to customer and accrued interest receivables**	11,088,426	78,902,717	2,262,721	92,253,864
Total financial assets	11,088,426	175,558,959	4,049,667	190,697,052
Financial liabilities				
Deposits	103,998,116	4,512,514	26,494,762	135,005,392
Interbank and money market items	6,719,183	-	6,106,062	12,825,245
Liabilities payable on demand	-	-	4,854,591	4,854,591
Total financial liabilities	110,717,299	4,512,514	37,455,415	152,685,228
Guarantee of loans	-	-	2,204,767	2,204,767
Letters of credit	-	-	354,035	354,035
Other contingencies	-	-	11,981,451	11,981,451

* Excluding allowance for doubtful accounts amounting to Baht 112.9 million

** Including non-performing loans and net of deferred revenue

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Details of the Branch's interest rate risk based on the period to the earlier of the contractual repricing date or maturity at 31 December 2018 and 2017 were as follows:

	2018							Average interest rate (% per annum)
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing loans	Non-accrual loans	
<i>Financial assets</i>								
Cash	-	-	-	-	-	-	-	268,055
Interbank and money market items*	2,496,428	31,229,152	109,309	-	-	-	-	33,862,370
Investments, net	-	13,129,247	8,598,405	35,011,866	2,174,939	-	-	58,914,611
Loans to customers and accrued interest receivables**	62,714,146	19,849,654	4,341,642	4,779,882	196,480	-	-	94,163,028
Total financial assets	65,210,574	64,208,053	13,049,356	39,791,748	2,371,419	62,596	2,218,628	187,208,064
<i>Financial liabilities</i>								
Deposits	112,439,851	3,353,765	2,062,195	153,920	-	-	-	139,360,814
Interbank and money market items	6,322,360	-	-	-	-	-	-	11,895,645
Liabilities payable on demand	-	-	-	-	-	-	-	3,947,265
Total financial liabilities	118,762,211	3,353,765	2,062,195	153,920	-	30,871,633	-	155,203,724
Guarantee of loans	-	-	-	-	-	-	-	2,116,522
Letters of credit	-	-	-	-	-	-	-	771,939
Other contingencies	-	-	-	-	-	-	-	6,580,762

* Excluding allowance for doubtful accounts amounting to Baht 316.7 million

** Including non-performing loans and net of deferred revenue

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

2017

	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Non-accrual loans	Total	Average interest rate (% per annum)
<i>Financial assets</i>									
Cash	-	-	-	-	-	1,781,982	-	1,781,982	-
Interbank and money market items*	2,132,240	33,379,094	336,841	-	-	4,799	-	35,852,974	1.39
Investments, net	-	4,550,089	12,249,601	42,265,047	1,743,330	165	-	60,808,232	1.57
Loans to customers and accrued interest receivables**	54,979,513	25,399,955	6,655,552	2,668,651	287,472	68,274	2,194,447	92,253,864	9.16
Total financial assets	57,111,753	63,329,138	19,241,994	44,933,698	2,030,802	1,855,220	2,194,447	190,697,052	
<i>Financial liabilities</i>									
Deposits	103,998,116	2,645,877	1,679,075	187,562	-	26,494,762	-	135,005,392	0.35
Interbank and money market items	6,719,183	-	-	-	-	6,106,062	-	12,825,245	0.45
Liabilities payable on demand	-	-	-	-	-	4,854,591	-	4,854,591	-
Total financial liabilities	110,717,299	2,645,877	1,679,075	187,562	-	37,455,415	-	152,685,228	
Guarantee of loans	-	-	-	-	-	2,204,767	-	2,204,767	
Letters of credit	-	-	-	-	-	354,035	-	354,035	
Other contingencies	-	-	-	-	-	11,981,451	-	11,981,451	

* Excluding allowance for doubtful accounts amounting to Baht 112.9 million

** Including non-performing loans and net of deferred revenue

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(b) Foreign exchange risk

Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the Branch's financial instruments. The Branch is exposed to foreign exchange risk through transactions in foreign currencies and through the translation of assets and liabilities denominated in foreign currencies into Thai Baht at the reporting date.

As at 31 December 2018 and 2017, the Branch has net open position assets (liabilities) denominated in the various currencies as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Net foreign currency exposure		
US Dollar	(189,181)	(157,443)
Euro	44,305	23,140
Yen	27,923	9,822
Others	(7,191)	(178,279)

4.3 Liquidity risk

Liquidity risk is the risk that the Branch either does not have sufficient financial resources available to meet the obligations as they fall due, or can only access these financial resources at excessive cost.

The Branch manages its liquidity position under the Bank of Thailand's liquidity reserve regulations and other applicable regulations. The Treasury Department is responsible for managing the Branch's liquidity position by providing short-term and long-term funding sources as well as investing in highly liquid assets in both Thai Baht and foreign currencies. The Branch also ensures that its liquidity position is suitable and sufficient for the current and foreseeable market conditions. The Assets and Liabilities Management Sub-committee supervises management of liquidity risk.

Liquidity risk management ensures the protection of the Branch's solvency and the ability to support asset portfolios with funding of appropriate term and at reasonable cost.

The Branch monitors liquidity risk for each currency. An internal system used for cash flow monitoring captures future expected cash flows, both by day and by currency. The monitoring process also includes the ongoing assessment of the ability to sell liquid assets, mostly trading securities.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 2/ 2561 dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards", the Branch intends to disclose Liquidity coverage ratio as of 31 December 2018 within 4 months after the year end date, as indicated in the notification, through the Branch's website www.citibank.co.th/en/static/financial-statement.htm.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Details of the maturities of financial assets and liabilities as at 31 December 2018 and 2017 were as follows:

	At call	Less than 3 months	3 months to 1 year	2018			Total
				1 to 5 years	Over 5 years	No maturity	
<i>(in thousand Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	268,055	268,055
Interbank and money market items*	2,496,428	31,256,070	109,872	-	-	-	33,862,370
Derivative assets	-	3,712,535	2,203,899	6,641,166	2,532,097	-	15,089,697
Investments, net	-	13,129,247	8,598,405	35,011,866	2,174,939	154	58,914,611
Loans to customers and accrued interest receivables**	69,823,437	13,295,285	4,368,609	6,479,217	196,480	-	94,163,028
Other assets, net	-	4,953,492	-	-	-	-	4,953,492
Total financial assets	72,319,865	66,346,629	15,280,785	48,132,249	4,903,516	268,209	207,251,253
Financial liabilities							
Deposits	133,790,934	3,353,765	2,062,195	153,920	-	-	139,360,814
Interbank and money market items	11,895,645	-	-	-	-	-	11,895,645
Liabilities payable on demand	3,947,265	-	-	-	-	-	3,947,265
Derivative liabilities	-	3,292,061	2,432,816	5,762,101	2,343,690	-	13,830,668
Other liabilities	-	5,795,231	-	-	-	-	5,795,231
Total financial liabilities	149,633,844	12,441,057	4,495,011	5,916,021	2,343,690	-	174,829,623
Net liquidity gap	(77,313,979)	53,905,572	10,785,774	42,216,228	2,559,826	268,209	32,421,630

* Excluding allowance for doubtful accounts amounting to Baht 316.7 million

** Including non-performing loans

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	At call	Less than 3 months	3 months to 1 year	2017 1 to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	1,781,982	1,781,982
Interbank and money market items*	2,132,240	33,382,826	337,908	-	-	-	35,852,974
Derivative assets	-	3,762,032	2,871,332	6,287,672	2,445,876	-	15,366,912
Investments, net	-	4,550,089	12,249,601	42,265,047	1,743,330	165	60,808,232
Loans to customers and accrued interest receivables**	65,325,050	14,597,771	6,688,981	5,354,590	287,472	-	92,253,864
Other assets, net	-	2,239,236	-	-	-	-	2,239,236
Total financial assets	67,457,290	58,531,954	22,147,822	53,907,309	4,476,678	1,782,147	208,303,200
Financial liabilities							
Deposits	130,492,878	2,645,877	1,679,075	187,562	-	-	135,005,392
Interbank and money market items	12,825,245	-	-	-	-	-	12,825,245
Liabilities payable on demand	4,854,591	-	-	-	-	-	4,854,591
Derivative liabilities	-	5,220,782	3,109,020	5,656,972	2,223,184	-	16,209,958
Other liabilities	-	5,083,028	-	-	-	-	5,083,028
Total financial liabilities	148,172,714	12,949,687	4,788,095	5,844,534	2,223,184	-	173,978,214
Net liquidity gap	(80,715,424)	45,582,267	17,359,727	48,062,775	2,253,494	1,782,147	34,324,986

* Excluding allowance for doubtful accounts amounting to Baht 112.9 million

** Including non-performing loans

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

5 Fair value of Financial asset and liabilities

Fair value hierarchy

These fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

5.1 Financial assets and liabilities measured at fair value

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which fair value measurement is categorised.

	Fair value			Total
	Level 1	Level 2	Level 3	
<i>(in million Baht)</i>				
31 December 2018				
<i>Financial assets</i>				
Derivative assets				
- Foreign exchange rate	-	6,989	-	6,989
- Interest rate	-	7,307	-	7,307
- Commodity option	-	794	-	794
Trading investments	-	6,718	-	6,718
Available-for-sale investments	-	52,196	-	52,196
<i>Financial liabilities</i>				
Derivative liabilities				
- Foreign exchange rate	-	6,275	-	6,275
- Interest rate	-	6,762	-	6,762
- Commodity option	-	794	-	794
31 December 2017				
<i>Financial assets</i>				
Derivative assets				
- Foreign exchange rate	-	6,634	-	6,634
- Interest rate	-	8,258	-	8,258
- Commodity option	-	475	-	475
Trading investments	-	4,075	-	4,075
Available-for-sale investments	-	56,733	-	56,733
<i>Financial liabilities</i>				
Derivative liabilities				
- Foreign exchange rate	-	7,635	-	7,635
- Interest rate	-	8,100	-	8,100
- Commodity option	-	475	-	475

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	Fair value			Total	Carrying amount
	Level 1	Level 2	Level 3		
<i>(in million Baht)</i>					
31 December 2017					
<i>Financial assets</i>					
Cash	-	1,782	-	1,782	1,782
Interbank and money market items*	-	35,853	-	35,853	35,853
Loan to customers**	-	-	91,937	91,937	92,210
<i>Financial liabilities</i>					
Deposits	-	135,005	-	135,005	135,005
Interbank and money market items	-	12,825	-	12,825	12,825
Liabilities payable on demand	-	4,855	-	4,855	4,855

* Excluding allowance for doubtful accounts amounting to Baht 112.9 million.

** Excluded accrued interest receivables and deferred revenue

Methods and assumptions in estimating fair values of financial assets and liabilities as disclosed herein:

Cash, Interbank and money market items (asset and liabilities) and liabilities payable on demand

The fair values of cash, interbank and money market items (assets and liabilities) and liabilities payable on demand approximate the carrying values at which they are stated in the statement of financial position, as these predominantly carry market variable rates of interest and/or are short term.

Loan to customers

For floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within 1 year of the report date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cashflow analysis and using interest rates currently being offered for loans to customers with similar credit quality.

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of floating-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits repricing within 1 year approximate their market value at the reporting date. The fair value of other fixed interest deposits is estimated using discounted cashflow calculation that applies interest rates currently being offered on deposit to schedule of aggregate expected monthly maturities on time deposits.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

6 Maintenance of capital funds

The Branch maintains its capital funds in accordance with Section 32 of the Financial Institution Business Act, B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand as at 31 December 2018 and 2017, can be summarised as follows:

	2018	2017
	<i>(in million Baht)</i>	
Government bonds	21,743	21,743
Total	<u>21,743</u>	<u>21,743</u>

As at 31 December 2018 and 2017, the Branch's capital fund can be summarised as follow:

	2018	2017
	<i>(in million Baht)</i>	
Assets maintained under Section 32	<u>21,743</u>	<u>21,743</u>
Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net fund brought into maintenance assets under Section 32	21,743	21,743
Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches of the same juristic person, the parent company and subsidiaries of the head office	515	2,214
Total	<u>22,258</u>	<u>23,957</u>
Capital fund before deductible items	21,743	21,743
Deductible items	(467)	(36)
Capital Fund <i>(in million Baht)</i>	<u>21,276</u>	<u>21,707</u>
Capital Adequacy Ratio (%)	<u>14.23</u>	<u>14.64</u>

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013 required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015.

As at 31 December 2018 and 2017, the Branch does not have a capital add-on arising from single lending limit.

As at 31 December 2018 and 2017, the Branch adopted the Standardised Approach for credit risk and operational risk and used Hybrid Approach, and a combination of Standardised and Internal Models, for market risk as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification to calculate minimum capital requirements.

As at 31 December 2018 and 2017, the Branch met the minimum Capital Adequacy Ratio requirements established by the Bank of Thailand, which is in compliance with the requirements of Basel III, for total Capital Adequacy Ratio at minimum of 10.375% and 9.75%, respectively. This includes capital conservation buffer as required by the BoT commencing 1 January 2016.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

In accordance with the Bank of Thailand Notification No. Sor.Nor.Sor. 4/2556 dated 2 May 2013, Re: “The Public Disclosure of Capital Maintenance for Commercial Banks”, the Branch intends to disclose Capital Maintenance information as of 31 December 2018 within 4 months after the year end date as indicated in the notification through the Branch’s website www.citibank.co.th/en/static/financial-statement.htm.

7 Interbank and money market items, net (assets)

	At call	2018 Term <i>(in thousand Baht)</i>	Total
<i>Domestic items</i>			
Bank of Thailand	1,336,375	-	1,336,375
Commercial banks	820,426	5,844,466	6,664,892
Specialised financial institutions	1,287	5,500,000	5,501,287
Other financial institutions	18,142	150,000	168,142
Total	<u>2,176,230</u>	<u>11,494,466</u>	<u>13,670,696</u>
Add accrued interest receivables	-	2,697	2,697
Less allowance for doubtful accounts	-	(116,476)	(116,476)
Total domestic items, net	<u>2,176,230</u>	<u>11,380,687</u>	<u>13,556,917</u>
<i>Foreign items</i>			
US Dollar	-	15,942,521	15,942,521
Euro	-	2,227,512	2,227,512
Other currencies	187,225	1,806,935	1,994,160
Total	<u>187,225</u>	<u>19,976,968</u>	<u>20,164,193</u>
Add accrued interest receivables	-	24,784	24,784
Less allowance for doubtful accounts	-	(200,191)	(200,191)
Total foreign items, net	<u>187,225</u>	<u>19,801,561</u>	<u>19,988,786</u>
Total domestic and foreign items, net	<u>2,363,455</u>	<u>31,182,248</u>	<u>33,545,703</u>
	At call	2017 Term <i>(in thousand Baht)</i>	Total
<i>Domestic items</i>			
Bank of Thailand	1,337,938	-	1,337,938
Commercial banks	703,011	10,087,521	10,790,532
Specialised financial institutions	2,297	1,200,000	1,202,297
Other financial institutions	6,564	-	6,564
Total	<u>2,049,810</u>	<u>11,287,521</u>	<u>13,337,331</u>
Add accrued interest receivables	-	2,363	2,363
Less allowance for doubtful accounts	-	(112,943)	(112,943)
Total domestic items, net	<u>2,049,810</u>	<u>11,176,941</u>	<u>13,226,751</u>
<i>Foreign items</i>			
US Dollar	-	20,196,796	20,196,796
Euro	-	1,795,253	1,795,253
Other currencies	78,930	439,865	518,795
Total	<u>78,930</u>	<u>22,431,914</u>	<u>22,510,844</u>
Add accrued interest receivables	-	2,436	2,436
Total foreign items, net	<u>78,930</u>	<u>22,434,350</u>	<u>22,513,280</u>
Total domestic and foreign items, net	<u>2,128,740</u>	<u>33,611,291</u>	<u>35,740,031</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

8 Derivatives

8.1 Trading derivatives

As at 31 December 2018 and 2017, the fair value and notional amount of derivatives classified by type of risk are as follows:

Type of risk	Fair value		2018		Total
	Assets	Liabilities	Notional amount		
			Up to 1 year (in thousand Baht)	Over 1 year	
Foreign currency related	6,989,289	6,274,953	910,642,071	65,064,440	975,706,511
Interest rate related	7,306,653	6,761,960	695,665,527	1,439,180,415	2,134,845,942
Commodities	793,755	793,755	1,870,686	3,652,360	5,523,046
Total	15,089,697	13,830,668	1,608,178,284	1,507,897,215	3,116,075,499

Type of risk	Fair value		2017		Total
	Assets	Liabilities	Notional amount		
			Up to 1 year (in thousand Baht)	Over 1 year	
Foreign currency related	6,633,523	7,634,842	778,607,956	74,182,204	852,790,160
Interest rate related	8,258,385	8,100,112	1,566,182,592	1,140,727,325	2,706,909,917
Commodities	475,004	475,004	9,130,826	6,077,779	15,208,605
Total	15,366,912	16,209,958	2,353,921,374	1,220,987,308	3,574,908,682

The “notional amount” is a measure of volume, which may be used for examining changes in derivative activities over time. The notional amount is the face value of the contract. Unlike on-financial reporting financial instruments, the notional amount of a derivative does not necessarily reflect the amount at risk, which is generally only a small fraction of this value.

As at 31 December 2018 and 2017, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

	2018	2017
	(%)	
Counterparties		
Financial institutions	97	97
Third parties	3	3
Total	100	100

9 Investments, net

9.1 Classification of investment in securities

As at 31 December 2018 and 2017, the Branch classifies investment types, as follows:

	2018	2017
	(in thousand Baht)	
Trading investments - Fair value		
Government and state enterprise securities	6,718,021	4,074,613
Total	6,718,021	4,074,613

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	2018	2017
	<i>(in thousand Baht)</i>	
<i>Available-for-sale investments - Fair value</i>		
Government and state enterprise securities	52,196,436	56,733,454
Total	52,196,436	56,733,454
<i>General investments - Cost</i>		
Non-marketable equity securities	1,000	1,000
Less allowance for impairment	(846)	(835)
Net	154	165
Total investments, net	58,914,611	60,808,232

Trading securities have contractual maturities of 3 days to 27 years. However, these are expected to be liquidated on a short term basis.

9.2 Fair value changes of available-for-sale investments, are as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Unrealised gain (loss) on fair value change of available-for-sale investments, net	(85,941)	24,110
Less deferred income tax	17,188	(4,822)
Net	(68,753)	19,288

9.3 Debt securities classified by the remaining contractual maturity period are as follows:

	2018		
	Maturity		
	over 1 to 5 years		
	<i>(in thousand Baht)</i>		
	Within 1 year	Total	
<i>Available-for-sale investments</i>			
Government and state enterprise debt securities	21,234,115	31,048,262	52,282,377
Unrealised loss on fair value changes of available-for-sale investments	(12,881)	(73,060)	(85,941)
Total	21,221,234	30,975,202	52,196,436
	2017		
	Maturity		
	over 1 to 5 years		
	<i>(in thousand Baht)</i>		
	Within 1 year	Total	
<i>Available-for-sale investments</i>			
Government and state enterprise debt securities	16,461,899	40,247,445	56,709,344
Unrealised gain on fair value changes of available-for-sale investments	5,327	18,783	24,110
Total	16,467,226	40,266,228	56,733,454

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

10 Loans to customers and accrued interest receivables, net

10.1 Classified by type of loans

	2018	2017
	<i>(in thousand Baht)</i>	
Overdrafts	188,517	232,996
Loans	93,603,752	91,548,122
Bills	336,958	428,893
Less deferred revenue	<u>(28,795)</u>	<u>(24,421)</u>
Total loans net from deferred revenue	94,100,432	92,185,590
Add accrued interest receivables	<u>62,596</u>	<u>68,274</u>
Total loans net of deferred revenue and accrued interest receivables	94,163,028	92,253,864
Less allowance for doubtful accounts		
- BoT's minimum requirement		
- individual approach	(1,612,540)	(1,674,246)
- collective approach	(1,167,956)	(1,071,292)
- Allowance in excess	(351,678)	(397,844)
Less revaluation allowance for debt restructuring	<u>(682,054)</u>	<u>(652,868)</u>
Total loans to customers and accrued interest receivables, net	<u>90,348,800</u>	<u>88,457,614</u>

10.2 Classified by currency and residency of debtors

	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	92,271,512	451,141	92,722,653	89,694,356	432,358	90,126,714
US Dollar	1,341,014	-	1,341,014	1,949,784	-	1,949,784
Other currencies	<u>36,765</u>	<u>-</u>	<u>36,765</u>	<u>87,837</u>	<u>21,255</u>	<u>109,092</u>
Total*	<u>93,649,291</u>	<u>451,141</u>	<u>94,100,432</u>	<u>91,731,977</u>	<u>453,613</u>	<u>92,185,590</u>

* Loans to customers net of deferred revenue

10.3 Classified by type of business and loan classification

	2018					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	33,921	-	-	-	-	33,921
Manufacturing and Commerce	20,137,566	277,522	-	-	658,893	21,073,981
Property development and construction	89,294	26	-	-	-	89,320
Infrastructure and services	515,496	454,953	-	-	-	970,449
Housing loans	189,532	4,148	-	-	-	193,680
Others*	<u>68,356,014</u>	<u>1,823,332</u>	<u>1,316,249</u>	<u>102,962</u>	<u>140,524</u>	<u>71,739,081</u>
Total**	<u>89,321,823</u>	<u>2,559,981</u>	<u>1,316,249</u>	<u>102,962</u>	<u>799,417</u>	<u>94,100,432</u>

* Consist of credit cards and other retail lending.

** Loans to customers net of deferred revenue.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	2017					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	355,708	-	-	-	-	355,708
Manufacturing and Commerce	22,222,712	881,557	-	-	775,835	23,880,104
Property development and construction	28,368	-	-	-	-	28,368
Infrastructure and services	895,335	-	-	-	-	895,335
Housing loans	287,178	870	-	-	51	288,099
Others*	63,577,061	1,742,354	1,201,643	96,416	120,502	66,737,976
Total**	87,366,362	2,624,781	1,201,643	96,416	896,388	92,185,590

* Consist of credit cards and other retail lending.

** Loans to customers net of deferred revenue.

10.4 Classified by loan classification

	2018			
	Loans to customers and accrued interest receivable <i>(in thousand Baht)</i>	Net amount for setting allowance for doubtful accounts	Rate used for setting allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts** <i>(in thousand Baht)</i>
Allowance as per BoT's minimum requirements				
- Pass	89,383,081	89,173,641	1	1,078,934
- Special mention	2,561,319	2,536,153	2	170,279
- Substandard	1,316,249	1,316,249	100	1,316,249
- Doubtful	102,962	102,962	100	102,962
- Doubtful loss	799,417	794,126	100	794,126
Total	<u>94,163,028</u>	<u>93,923,131</u>		<u>3,462,550</u>
Allowance in excess				<u>351,678</u>
Total*				<u>3,814,228</u>

* Loans to customers net of deferred revenue and interest receivable.

** This also includes provision for other items i.e. trouble debt restructuring.

	2017			
	Loans to customers and accrued interest receivable <i>(in thousand Baht)</i>	Net amount for setting allowance for doubtful accounts	Rate used for setting allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts** <i>(in thousand Baht)</i>
Allowance as per BoT's minimum requirements				
- Pass	87,422,718	86,636,196	1	1,053,253
- Special mention	2,636,699	2,635,157	2	156,035
- Substandard	1,201,643	1,201,643	100	1,201,643
- Doubtful	96,416	96,416	100	96,416
- Doubtful loss	896,388	891,059	100	891,059
Total	<u>92,253,864</u>	<u>91,460,471</u>		<u>3,398,406</u>
Allowance in excess				<u>397,844</u>
Total*				<u>3,796,250</u>

* Loans to customers net of deferred revenue and interest receivable.

** This also includes provision for other items i.e. trouble debt restructuring.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

10.5 Non-performing loans

As of 31 December 2018 and 2017, the Branch has non-performing loans (“NPLs Gross”) on accrual basis (including financial institutions) based on the BoT notification as follows:

	2018	2017
Non-performing loans, gross (<i>in thousand Baht</i>)	2,218,628	2,194,447
Total loans used for NPLs ratio calculation ⁽¹⁾ (<i>in thousand Baht</i>)	125,590,122	103,479,842
Percentage of total loans ⁽²⁾	1.77	2.12

⁽¹⁾ Total loans used for NPLs ratio calculation are loans to customers as presented in the statement of financial position and loans to financial institutions as included in inter-bank and money market items.

⁽²⁾ The ratio of NPLs Gross to total loans before allowance for doubtful accounts of non-performing loans.

As of 31 December 2018 and 2017, the Branch has non-performing loans, net (“NPLs Net”) (including financial institutions) based on the BoT notification are as follows:

	2018	2017
Non-performing loans, net (<i>in thousand Baht</i>)	5,286	5,168
Total loans used for NPLs net ratio calculation ⁽¹⁾ (<i>in thousand Baht</i>)	121,459,229	99,559,085
Percentage of total loans ⁽²⁾	0.01	0.01

⁽¹⁾ Total loans used for NPLs ratio calculation are loans to customers as presented in the statements of financial position and loans to financial institutions, as included in inter-bank and money market items, after allowance for doubtful accounts of non-performing loans.

⁽²⁾ The ratio of NPLs net to total loans after allowance for doubtful accounts of non-performing loans.

As at 31 December 2018, allowance for doubtful account of 2,213 million (2017: Baht 2,201 million) have been provided against the Branch’s non-performing loans classified as substandard, doubtful and doubtful loss.

10.6 Purchase of Loans to customers

On 30 March 2018, Citibank N.A., Bangkok branch (“the Branch”) and TISCO Financial Group (“TISCO”) have signed an agreement involving the Branch’s purchase of TISCO Bank Pcl.’s Unsecured Personal Loans portfolio and All-Ways Co. Ltd.’s Credit Card business. The acquisition was completed in two tranches with the Unsecured Personal Loans Portfolio migrated in June 2018 and Credit cards portfolio in September 2018. The Unsecured Personal Loans migration converted over 34,900 receivable accounts amounting to Baht 3,415 million (approximately equivalent to US Dollar 104 million). While, credit cards migration converted over 102,900 receivable accounts amounting to Baht of 2,482 million (approximately equivalent to US dollar 75 million).

11 Troubled debt restructuring

Losses on debt restructuring for the year ended 31 December 2018 and 2017 were as follows:

Types of Restructuring	Cases*	2018 Outstanding debt		Loss on debt restructuring
		Before restructuring	After restructuring	
Changes of repayment conditions	6,699	879,459	727,607	193,938
Total	6,699	879,459	727,607	193,938

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Types of Restructuring	Cases*	2017 Outstanding debt		Loss on debt restructuring
		Before restructuring	After restructuring (in thousand Baht)	
Changes of repayment conditions	7,533	888,034	740,274	189,894
Total	7,533	888,034	740,274	189,894

* incurred during the year.

As at 31 December 2018 and 2017, the Branch has balances of restructured loans as follows:

	2018		2017	
	Cases	Total outstanding debt before restructuring (in thousand Baht)	Cases	Total outstanding debt before restructuring (in thousand Baht)
Restructured loans which are classified as NPLs		357,076		346,918
Restructured loans which are not classified as NPLs		1,177,735		1,235,430
Total	21,348	1,534,811	22,391	1,582,348

The Branch recognised interest income from debt restructuring for the years ended 31 December 2018 and 2017 as follows:

	2018 (in thousand Baht)	2017 (in thousand Baht)
Interest income	138,996	127,469
Total	138,996	127,469

12 Allowance for doubtful accounts

Movements in the allowance for doubtful accounts for loans to customers during the year ended 31 December 2018 and 2017 consisted of:

	2018						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance	
	(in thousand Baht)						
Beginning balance	860,152	43,186	936,824	29,102	876,274	397,844	3,143,382
Doubtful accounts	23,298	(2,401)	106,833	2,752	1,819,259	(46,166)	1,903,575
Bad debts written off	-	-	-	-	(1,849,562)	-	(1,849,562)
Others	-	-	-	-	(65,221)	-	(65,221)
Ending balance	883,450	40,785	1,043,657	31,854	780,750	351,678	3,132,174

	2017						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance	
	(in thousand Baht)						
Beginning balance	830,770	52,594	1,066,419	27,329	893,240	391,609	3,261,961
Doubtful accounts	29,382	(9,408)	(129,595)	1,773	1,565,371	6,235	1,463,758
Bad debts written off	-	-	-	-	(1,576,051)	-	(1,576,051)
Others	-	-	-	-	(6,286)	-	(6,286)
Ending balance	860,152	43,186	936,824	29,102	876,274	397,844	3,143,382

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

13 Revaluation allowance for debt restructuring

	2018	2017
	<i>(in thousand Baht)</i>	
Beginning balance	652,868	696,705
Increase	168,182	83,632
Amortisation of interest income	(138,996)	(127,469)
Ending balance	<u>682,054</u>	<u>652,868</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

14 Leasehold building improvements and equipment, net

Changes in leasehold building improvements and equipment during the year ended 31 December 2018 and 2017 were as follows:

	Net book value as of		Cost				Accumulated depreciation			Net book value as of 31 December 2018		
	1 January 2018	Beginning balance	Beginning balance	Additions	Transfers	Disposals	Ending balance	Beginning balance	Depreciation		Transfer/ Disposals	
Leasehold building improvements	214,238	584,299	584,299	12,078	211	(21,983)	574,605	370,061	58,826	(15,163)	413,724	160,881
Furniture, fixtures and equipment	155,632	913,878	913,878	26,249	4,834	(144,576)	800,385	758,246	51,024	(144,382)	664,888	135,497
Asset under construction	9,195	9,195	9,195	3,789	(5,045)	-	7,939	-	-	-	-	7,939
Total	379,065	1,507,372	1,507,372	42,116	-	(166,559)	1,382,929	1,128,307	109,850	(159,545)	1,078,612	304,317

	Net book value as of		Cost				Accumulated depreciation			Net book value as of 31 December 2017		
	1 January 2017	Beginning balance	Beginning balance	Additions	Transfers	Disposals	Ending balance	Beginning balance	Depreciation		Transfer/ Disposals	
Leasehold building improvements	261,024	582,361	582,361	12,151	-	(10,213)	584,299	321,337	58,521	(9,797)	370,061	214,238
Furniture, fixtures and equipment	185,534	932,026	932,026	18,090	6,253	(42,491)	913,878	746,492	55,128	(43,374)	758,246	155,632
Asset under construction	1	1	1	15,447	(6,253)	-	9,195	-	-	-	-	9,195
Total	446,559	1,514,388	1,514,388	45,688	-	(52,704)	1,507,372	1,067,829	113,649	(53,171)	1,128,307	379,065

The cost of the Branch's fully depreciated leasehold building improvements and equipment that was still in use as at 31 December 2018 amounted to Baht 518 million (2017: Baht 968.5 million).

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

15 Intangible assets, net

As at 31 December 2018 and 2017, changes in intangible assets were as follows:

	Net book value as of 1 January 2018	Cost			Ending balance <i>(in thousand Baht)</i>	Beginning balance <i>(in thousand Baht)</i>	Accumulated amortisation		Ending balance	Net book value as of 31 December 2018
		Beginning balance	Additions	Written-off			Amortisation	Accumulated amortisation on transfer out		
Computer Software	44,394	637,264	19,131	(66,057)	590,338	592,870	30,554	(66,057)	557,367	32,971
Other intangible assets	-	293,349	517,712	-	811,061	293,349	83,838	-	377,187	433,874
Total	44,394	930,613	536,843	(66,057)	1,401,399	886,219	114,392	(66,057)	934,554	466,845

	Net book value as of 1 January 2017	Cost			Ending balance <i>(in thousand Baht)</i>	Beginning balance <i>(in thousand Baht)</i>	Accumulated amortisation		Ending balance	Net book value as of 31 December 2017
		Beginning balance	Additions	Written-off			Amortisation	Accumulated amortisation on transfer out		
Computer Software	73,740	649,431	-	(12,167)	637,264	575,691	29,346	(12,167)	592,870	44,394
Other intangible assets	6,339	293,349	-	-	293,349	287,010	6,339	-	293,349	-
Total	80,079	942,780	-	(12,167)	930,613	862,701	35,685	(12,167)	886,219	44,394

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

16 Deferred tax assets, net

Deferred tax assets and liabilities determined after offsetting are included in the statements of financial position as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	344,947	320,992
Deferred tax liabilities	<u>(3,427)</u>	<u>(14,868)</u>
Net	<u>341,520</u>	<u>306,124</u>

Movements in deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	At 1 January 2018	<u>(Charged)/credited to:</u>		At 31 December 2018
		Profit or loss	Other comprehensive income	
		<i>(Note 34)</i>		
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Equipment depreciation	5,730	(1,333)	-	4,397
Interest income	29,613	5,049	-	34,662
Provision for employee benefit and deferred revenue on customer loyalty programme	285,262	(1,526)	(4,819)	278,917
Unrealised loss on fair value changes of available-for-sale securities	-	-	17,188	17,188
Intangible assets	-	9,373	-	9,373
Others	387	23	-	410
Total	<u>320,992</u>	<u>11,586</u>	<u>12,369</u>	<u>344,947</u>
<i>Deferred tax liabilities</i>				
Intangible assets	8,472	(8,472)	-	-
Unrealised gain on fair value changes of available-for-sale securities	4,822	-	(4,822)	-
Gain from trading securities	1,574	1,853	-	3,427
Total	<u>14,868</u>	<u>(6,619)</u>	<u>(4,822)</u>	<u>3,427</u>
Net	<u>306,124</u>	<u>18,205</u>	<u>17,191</u>	<u>341,520</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	At 1 January 2017	(Charged)/credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
		<i>(Note 34)</i> <i>(in thousand Baht)</i>		
Deferred tax assets				
Equipment depreciation	6,817	(1,087)	-	5,730
Interest income	22,913	6,700	-	29,613
Provision for employee benefit and deferred revenue on customer loyalty programme	245,660	40,100	(498)	285,262
Unrealised loss on fair value changes of available-for-sale securities	47,399	-	(47,399)	-
Loss from trading securities	2,461	(2,461)	-	-
Others	616	(229)	-	387
Total	325,866	43,023	(47,897)	320,992
Deferred tax liabilities				
Intangible assets	12,539	(4,067)	-	8,472
Unrealised gain on fair value changes of available-for-sale securities	-	-	4,822	4,822
Gain from trading securities	-	1,574	-	1,574
Total	12,539	(2,493)	4,822	14,868
Net	313,327	45,516	(52,719)	306,124

17 Other assets, net

	2018	2017
	<i>(in thousand Baht)</i>	
Other accounts receivable	4,700,849	1,908,805
Accrued income	252,643	330,431
Prepaid expenses and deferred expenses	344,917	346,509
Refundable deposits	30,190	16,640
Others	654,013	476,311
Total	5,982,612	3,078,696

18 Classified assets

As of 31 December 2018 and 2017, classified assets of the Branch, were categorised by quality in compliance with the BoT's regulations, taking into account analyses of each loan and appraisal of the financial standing of each borrower, as follows:

	2018			Total
	Investments	Interbank and money market	Loans to customers and accrued interest receivables	
	<i>(in thousand Baht)</i>			
Pass	-	31,517,172	89,383,081	120,900,253
Special mention	-	-	2,561,319	2,561,319
Sub-standard	-	-	1,316,249	1,316,249
Doubtful	-	-	102,962	102,962
Doubtful loss	143,038	-	799,417	942,455
Total	143,038	31,517,172	94,163,028	125,823,238

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	2017			
	Investments	Interbank and money market <i>(in thousand Baht)</i>	Loans to customers and accrued interest receivables	Total
Pass	-	11,296,615	87,422,718	98,719,333
Special mention	-	-	2,636,699	2,636,699
Sub-standard	-	-	1,201,643	1,201,643
Doubtful	-	-	96,416	96,416
Doubtful loss	7,183	-	896,388	903,571
Total	7,183	11,296,615	92,253,864	103,557,662

19 Deposits

19.1 Classified by type of deposits

	2018	2017
	<i>(in thousand Baht)</i>	
Current	21,351,083	26,494,762
Savings	112,439,851	103,998,116
Term		
- Less than 6 months	4,480,003	1,925,221
- 6 months but less than 1 year	935,957	2,108,979
- 1 year and over	153,920	478,314
Total	139,360,814	135,005,392

19.2 Classified by currency and residency of depositors

	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	104,075,106	5,374,964	109,450,070	107,417,874	4,903,013	112,320,887
US Dollar	23,046,773	3,200,315	26,247,088	15,896,926	4,560,288	20,457,214
Other currencies	2,170,140	1,493,516	3,663,656	703,027	1,524,264	2,227,291
Total	129,292,019	10,068,795	139,360,814	124,017,827	10,987,565	135,005,392

20 Interbank and money market items (liabilities)

	At call	2018 Term	Total
	<i>(in thousand Baht)</i>		
Domestic items			
Commercial banks	8,366	-	8,366
Other financial institutions	6,137,189	-	6,137,189
Total domestic items	6,145,555	-	6,145,555
Foreign items			
Baht	4,911,011	-	4,911,011
US Dollar	62,470	-	62,470
Euro	776,536	-	776,536
Other currencies	73	-	73
Total foreign items	5,750,090	-	5,750,090
Total domestic and foreign items	11,895,645	-	11,895,645

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	At call	2017 Term (in thousand Baht)	Total
Domestic items			
Commercial banks	1,762	-	1,762
Other financial institutions	6,551,291	-	6,551,291
Total domestic items	6,553,053	-	6,553,053
Foreign items			
Baht	5,437,508	-	5,437,508
US Dollar	7,604	-	7,604
Euro	819,638	-	819,638
Other currencies	7,442	-	7,442
Total foreign items	6,272,192	-	6,272,192
Total domestic and foreign items	12,825,245	-	12,825,245

21 Employee benefit obligations

	2018 (in thousand Baht)	2017
Statement of financial position obligations for:		
Post-employment benefits (Legal Severance Payment Plan)	440,407	444,250
Other long-term employee benefits*	56,126	56,612
Total	496,533	500,862

* Other long-term employee benefits are included under other liabilities in the statement of financial position.

<i>Year ended 31 December</i>	2018 (in thousand Baht)	2017
Statement of profit or loss and other comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits (Legal Severance Payment Plan)	43,230	42,239
Other long-term employee benefits	1,504	(4,062)
Total	44,734	38,177
Recognised in other comprehensive income:		
Actuarial gain recognised in the year	(24,096)	(2,490)
Total	20,638	35,687

The statement of financial position obligation was determined as follow:

	2018 (in thousand Baht)	2017
Present value of unfunded obligations	440,407	444,250
Statement of financial position obligation	440,407	444,250

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Movement in the present value of defined benefit obligations:

	<i>Notes</i>	2018 <i>(in thousand Baht)</i>	2017
At 1 January		444,250	409,925
Include in profit or loss:			
Current service cost		31,975	30,885
Interest on obligation		11,255	11,354
	32	<u>43,230</u>	<u>42,239</u>
Include in other comprehensive income			
Actuarial gain		(24,096)	(2,490)
Other			
Benefit paid		<u>(22,977)</u>	<u>(5,424)</u>
At 31 December		<u>440,407</u>	<u>444,250</u>

Actuarial gain recognised in other comprehensive income arising from:

	2018 <i>(in thousand Baht)</i>	2017
Demographic assumptions	-	6,711
Financial assumptions	(14,848)	9,621
Experience adjustment	(9,248)	(18,822)
Total	<u>(24,096)</u>	<u>(2,490)</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2018	2017
Discount rate (%)	2.9	2.6
Future salary growth (%)	4.0 - 10.0	4.0 - 10.0
Retirement age (<i>years</i>)	55 - 60	55 - 60
Employee turnover	3.0 - 20.0	3.0 - 20.0

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary 2017.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2018				2017			
	Change in variable (%)	Defined benefit obligation increase (decrease)	Change in variable (%)	Defined benefit obligation increase (decrease)	Change in variable (%)	Defined benefit obligation increase (decrease)	Change in variable (%)	Defined benefit obligation increase (decrease)
				<i>(in thousand Baht)</i>				
Discount rate	+1	(44,897)	-1	52,294	+1	(45,091)	-1	52,693
Future salary growth	+1	40,510	-1	(35,354)	+1	40,760	-1	(35,523)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

22 Other liabilities

	2018	2017
	<i>(in thousand Baht)</i>	
Other accounts payable	5,616,091	4,934,990
Unearned income	290,452	263,724
Withholding tax payable	33,948	31,148
VAT payable	13,781	18,456
Others	179,140	148,038
Total	<u>6,133,412</u>	<u>5,396,356</u>

23 Commitments and contingent liabilities

(a) Lease and service agreement

At 31 December 2018 and 2017, the Branch had 2 years and 3 years lease and service agreements in respect of new office premises and utilities. Under the terms of the above agreements, the Branch has committed to pay annual rental and service fees as follows:

	2018	2017
	<i>(in million Baht)</i>	
Within one year	207	213
After one year but within five years	350	612
Total	<u>557</u>	<u>825</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

(b) Commitments and contingent liabilities were as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Guarantees of loans	2,116,522	2,204,767
Liabilities under unmatured import bills	1,014,380	454,184
Letters of credit	771,939	354,035
Other contingencies		
- Undrawn committed line	226,099,390	192,408,129
- Other guarantees	4,056,855	9,446,387
- Others	1,509,527	2,080,880
Total	<u>235,568,613</u>	<u>206,948,382</u>

24 Related parties

For the purposes of these financial statements, parties are considered to be related to the Branch if the Branch has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management personnel and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai / Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly including any director (whether executive or otherwise) of the Branch
Citigroup Inc.	United States of America	Ultimate parent of the Group
Citibank Oversea Investment Corporation	United States of America	Parent, 99.99 % shareholding of subsidiaries in Thailand, and subsidiary of Citigroup Inc.
Citibank, N.A. New York	United States of America	Head office of the Branch
Citicorp Securities (Thailand) Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
Citicorp Leasing (Thailand) Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
Citi Consumer Products (Thailand) Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
Citigroup Global Markets Limited	United Kingdom	Subsidiaries of Citigroup Inc.
Citigroup Global Markets Inc.	United States of America	Subsidiaries of Citigroup Inc.
Citibank, N.A. Hong Kong	Hong Kong	Subsidiaries of Citigroup Inc.
Citi (Nominees) Limited	United States of America	Subsidiaries of Citigroup Inc.
Citibank, N.A. Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citicorp Investment Bank Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citibank, N.A. Tokyo Branch	Japan	Subsidiaries of Citigroup Inc.
Citibank, BHD. Kuala Lumpur	Malaysia	Subsidiaries of Citigroup Inc.

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Name of entities	Country of incorporation/ nationality	Nature of relationships
Citibank Europe Plc. - Ireland	Ireland	Subsidiaries of Citigroup Inc.
Citibank, N.A. London	United Kingdom	Subsidiaries of Citigroup Inc.
Citigroup Technology Inc. (CTI)	United States of America	Subsidiaries of Citigroup Inc.
Citibank Taiwan Limited	Taiwan	Subsidiaries of Citigroup Inc.
Citigroup Global Markets Hong Kong	Hong Kong	Subsidiaries of Citigroup Inc.
N.C.B. Trust Limited	United States of America	Subsidiaries of Citigroup Inc.
Citibank Korea Inc.	Korea	Subsidiaries of Citigroup Inc.
Citibank, N.A. Philippines	Philippines	Subsidiaries of Citigroup Inc.
Citibank Europe Plc. - Luxembourg	Luxembourg	Subsidiaries of Citigroup Inc.
Citibank Dublin-Ireland	Ireland	Subsidiaries of Citigroup Inc.
Citibank Europe Plc - Paris	France	Subsidiaries of Citigroup Inc.
Citibank AG. Frankfurt	Germany	Subsidiaries of Citigroup Inc.
Citigroup Global Markets Japan Inc.	Japan	Subsidiaries of Citigroup Inc.
Citibank Nominees Singapore	Singapore	Subsidiaries of Citigroup Inc.
East Fourteen Limited	United Kingdom	Subsidiaries of Citigroup Inc.
Citibank Finance Limited (Singapore)	Singapore	Subsidiaries of Citigroup Inc.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
<i>Income</i>	
Interest income	Market rate
Fees and service income	Market rate
<i>Expense</i>	
Interest expense	Market rate
Fees and service expenses	Contractually agreed price
Intragroup charges	Contractually agreed price
Premises and equipment expenses	Contractually agreed price

Significant transactions for the years ended 31 December with related parties were as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Related companies		
<i>Interest income</i>		
Citibank Taiwan Limited	253,851	117,012
Citicorp Investment Bank Singapore	240,069	102,398
Citibank, N.A. New York	60,908	7,552
Citicorp Leasing (Thailand) Limited	42,991	52,972
Others	2,659	2,972
Total	600,478	282,906

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	2018	2017
	<i>(in thousand Baht)</i>	
<i>Fees and service income</i>		
Citi Consumer Products (Thailand) Limited	85,650	123,454
Citicorp Leasing (Thailand) Limited	72,695	85,895
Citibank Europe Plc. - Ireland	40,536	79,759
Citibank Nominees Singapore	28,969	39,688
N.C.B. Trust Limited	25,001	26,654
Others	108,954	99,021
Total	361,805	454,471
<i>Interest expense</i>		
Citibank, N.A. Hong Kong	100,540	1,153
Others	44,699	38,726
Total	145,239	39,879
<i>Fees and services expenses</i>		
Citibank, N.A. Singapore	560,945	422,312
Citi Consumer Products (Thailand) Limited	265,995	205,228
Citibank, N.A. Hong Kong	109,511	89,314
Others	31,967	56,894
Total	968,418	773,748
<i>Intragroup charges</i>		
Others	851,660	913,587
<i>Premises and equipment expenses</i>		
Citibank Finance Limited (Singapore)	418,111	367,932
Citigroup Technology Inc. (CTI)	116,550	82,148
Citibank, N.A. Singapore	70,747	75,022
Others	5,609	98,679
Total	611,017	623,781

The above fees and service expenses, intragroup charges and other expenses include the charges relating to the services provided by the head office and other related entities.

	2018	2017
	<i>(in thousand Baht)</i>	
<i>Profit remitted</i>		
Citibank, N.A. New York	4,523,732	3,796,008

Key management personnel compensation

The Branch's directors and management levels from manager or vice president upwards including other equivalent positions shall not be entitled to any other benefits than the normal benefits, for instance, salaries, directors' bonuses, post-employment benefits and share based payments of a company in the group of its major shareholder as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Key management personnel compensation		
Short-term employee benefits	144,976	177,464
Post-employment benefits	2,298	3,052
Other long-term benefits	12,480	6,360
Total	159,754	186,876

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Significant balances as at 31 December 2018 and 2017 with related parties were as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
Assets		
<i>Loans to customers and accrued interest receivables and interbank and money market items, net</i>		
Citibank Taiwan Limited	12,991,748	22,434,350
Citicorp Investment Bank Singapore	6,767,838	-
Citicorp Leasing (Thailand) Limited	1,324,863	2,311,785
Others	1,329	1,334
Total	21,085,778	24,747,469
<i>Derivative assets</i>		
Citibank, N.A. New York	1,653,957	835,635
Citibank, N.A. London	459,894	537,067
Citigroup Global Markets Limited	421,368	544,837
Citibank, N.A. Singapore	216,580	868,157
Citicorp Investment Bank Singapore	152,672	-
Citicorp Leasing (Thailand) Limited	17,719	122,902
Citibank, N.A. Tokyo Branch	16,901	54,091
Citigroup Global Markets Japan Inc.	3,050	27,661
Others	7,651	5,082
Total	2,949,792	2,995,432
<i>Other assets</i>		
Citigroup Global Markets Inc.	366,614	-
Others	33,990	18,293
Total	400,604	18,293
Liabilities		
<i>Deposits and interbank and money market items</i>		
Citicorp Leasing (Thailand) Limited	2,081,513	410,147
Citicorp Securities (Thailand) Limited	1,310,700	1,161,396
Citibank Europe Plc. - Ireland	201,900	23,703
Citigroup Global Markets Inc.	199,615	115,456
Citi Consumer Products (Thailand) Limited	187,749	327,054
Citicorp Investment Bank Singapore	139,356	111
N.C.B. Trust Limited	78,779	-
Citigroup Global Markets Limited	78,570	334,134
Citigroup Global Markets Hong Kong	62,571	153,569
Citigroup Inc.	47,534	47,534
Citibank, BHD. Kuala Lumpur	39,135	66,233
Citibank Europe Plc - Luxembourg	3,658	94,893
Citibank Europe Plc - Paris	1,630	73,334
Citibank Dublin-Ireland	-	77,616
Citibank AG. Frankfurt	-	74,565
Others	52,289	54,524
Total	4,484,999	3,014,269
<i>Derivative liabilities</i>		
Citibank, N.A. New York	1,816,431	1,028,741
Citigroup Global Markets Limited	736,036	783,796
Citibank, N.A. Singapore	342,482	1,933,749
Citibank, N.A. London	331,343	269,005
Citicorp Leasing (Thailand) Limited	28,063	7
Others	32,984	5,599
Total	3,287,339	4,020,897

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

	2018	2017
	<i>(in thousand Baht)</i>	
Accrued expense		
Others	5,868	4,692
Other liabilities		
Citigroup Global Markets Inc.	332,208	51,279
Citigroup Inc.	41,056	47,802
Others	19,035	24,761
Total	392,299	123,842
Balances of inter-office accounts with head office and other branches of same juristic person		
Citibank, N.A. Hong Kong	6,258,914	(64,551)
Citibank, N.A. New York	(6,141,014)	1,538,462
Citi (Nominees) Limited	141,581	110,799
Citibank Nominees Singapore	119,722	67,028
Citibank Dublin-Ireland	53,376	-
Citibank, N.A. Tokyo Branch	38,539	84,019
Citibank, N.A. London	(29,516)	136,607
Citibank, N.A. Philippines	(535)	199,520
N.C.B. Trust Limited	-	87,739
Others	(24,119)	30,682
Total	416,948	2,190,305
Commitments		
Citibank, N.A. Singapore	170,847,470	1,300,548,865
Citibank, N.A. London	68,615,761	47,023,515
Citigroup Global Markets Limited	61,884,739	75,450,407
Citicorp Investment Bank Singapore	15,262,429	163,405
Citibank, N.A. Hong Kong	2,721,138	212,504
Citicorp Leasing (Thailand) Limited	2,130,827	2,227,954
Citibank, N.A. New York	-	118,848,400
Citibank, N.A. Tokyo Branch	-	2,305,934
Citibank Korea Inc.	-	733,401
Citigroup Global Markets Japan Inc.	-	406,200
Citi (Nominees) Limited	-	132,737
East Fourteen Limited	-	131,876
Citibank Europe Plc. - Ireland	-	58,573
Others	-	79,503
Total	321,462,364	1,548,323,274

As at 31 December 2018, loans to related parties were due to mature on 28 June 2021 and 29 July 2021 (2017: 29 July 2019 and 28 September 2020) and carried interest at 2.43% - 2.90% per annum (2017: 1.44% - 2.40% per annum).

Commitments to related parties comprise the notional amounts of derivatives assets and liabilities disclosed under note 8.

As at 31 December 2018, commitments with related parties were due to mature on 2 January 2019 - 20 January 2049 (2017: 2 January 2018 - 20 January 2049).

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Significant agreements with related parties

(a) *Operational support service agreements*

The Branch entered into a service agreement with related companies. Under the terms of the agreement, the Branch provides the related party several services including technological support, financial control, staff training, quality assurance, compliance and others. The agreement is open-ended. However, it can be terminated by either party by giving at least three months prior written notice to the other party. For the year ended 31 December 2018, the Branch earned service fees of Baht 153.3 million (2017: Baht 214.9 million).

(b) *Collection service agreement*

The Branch entered into a collection service agreement with related companies. Under these agreements which is annually renewed, the Branch has collection service expenses for the year ended 31 December 2018 of Baht 266.0 million (2017: Baht 205.2 million).

25 The financial position and results of operations classified by domestic and foreign business

The Branch does not present the financial position and results of operations classified by domestic and foreign business in the financial statements since the Branch is engaged in only one domestic business in Thailand.

26 Interest income

	2018	2017
	<i>(in thousand Baht)</i>	
Interbank and money market items	842,266	654,762
Investment in debt securities	871,873	874,876
Loans to customers	8,708,255	7,971,890
Total	10,422,394	9,501,528

27 Interest expense

	2018	2017
	<i>(in thousand Baht)</i>	
Deposits	406,451	374,036
Interbank and money market items	170,846	77,578
Contribution to Deposit Protection Agency	599,909	601,814
Total	1,177,206	1,053,428

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

28 Net fees and service income

	2018	2017
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	179,443	196,836
- Credit card, ATM and others	3,377,867	3,011,709
- Others	2,014,235	2,057,043
Total	<u>5,571,545</u>	<u>5,265,588</u>
Fees and service expense		
- Fees from related parties	968,418	773,748
- Others	1,145,427	957,055
Total	<u>2,113,845</u>	<u>1,730,803</u>
Net	<u>3,457,700</u>	<u>3,534,785</u>

29 Net gains on tradings and foreign exchange transactions

	2018	2017
	<i>(in thousand Baht)</i>	
Gains on trading and foreign exchange transactions		
- Foreign exchange currency and foreign currency related derivatives	2,615,603	2,235,351
- Interest rate related derivatives	158,342	243,197
- Others	(23,270)	135,610
Total	<u>2,750,675</u>	<u>2,614,158</u>

30 Net gains from investments

	2018	2017
	<i>(in thousand Baht)</i>	
Gain from sale of available for sale investment	54,907	159,807
Impairment on general investment	(11)	(36)
Total	<u>54,896</u>	<u>159,771</u>

31 Bad debts, allowance for doubtful accounts and impairment loss

	2018	2017
	<i>(in thousand Baht)</i>	
Interbank and money market items	203,724	68,792
Loans to customers	2,206,003	1,897,417
Loss on troubled debt restructuring	199,123	142,098
Total	<u>2,608,850</u>	<u>2,108,307</u>

Citibank, N.A. Bangkok Branch
Notes to the financial statements
For the year ended 31 December 2018

Reconciliation of effective tax rate

		2018		2017
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before tax		5,726,567		5,691,684
Income tax using the Thai corporation tax rate	20.0	1,145,314	20.0	1,138,337
Expenses not deductible for tax purposes	0.9	53,861	0.9	51,208
Over provided in prior year	-	(51)	-	-
Others	0.1	4,105	0.1	4,961
Total	21.0	1,203,229	21.0	1,194,506

35 Events after the reporting period

On 4 April 2019, the Labour Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Branch will therefore amend their retirement plan in accordance with the Labour Protection Act in the second quarter of 2019. Management has assessed the impact of this change and concluded that there was no significant impact on the Branch's financial statements.

36 Reclassification of accounts

Certain accounts in the Statement of profit or loss and other comprehensive income and the Statement of cash flows for the year ended 31 December 2017 have been reclassified to conform to the presentation in the 2018 financial statements. The reclassifications were as follows:

		2017	
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
Statement of profit or loss and other comprehensive income			
Fees and service expenses	1,502,513	228,290	1,730,803
Gains on trading and foreign exchange transactions	2,476,447	137,711	2,614,158
Net gain from investments	297,482	(137,711)	159,771
Employee expenses	2,582,991	(187,448)	2,395,543
Premises and equipment expenses	709,872	514,091	1,223,963
Intragroup charges	747,602	165,985	913,587
Others	3,477,313	(720,918)	2,756,395
Statement of cash flows			
Net gain from investments	(297,482)	137,711	(159,771)
Unrealised loss (gain) on forward and derivatives contracts, net	973,361	(137,711)	835,650

The reclassifications have been made because, in the opinion of management, the new classifications are more appropriate to the Branch business.