

**Citibank, N.A. Bangkok Branch**

Financial statements for the year ended  
31 December 2017

and

Independent Auditor's Report



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## 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 2017, 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 2017 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  
30 April 2018

# Citibank, N.A. Bangkok Branch

## Statement of financial position

Assets	Note	31 December	
		2017	2016
		<i>(in thousand Baht)</i>	
Cash		1,781,982	338,001
Interbank and money market items, net	7, 23	35,740,031	37,895,296
Derivative assets	8, 23	15,366,912	19,993,572
Investments, net	9	60,808,232	64,300,386
Loans to customers and accrued interest receivables, net	10, 11, 23		
Loans to customers		92,210,011	88,693,059
Accrued interest receivables		68,274	83,112
Total loans to customers and accrued interest receivables		92,278,285	88,776,171
<i>Less</i> deferred revenue		(24,421)	(24,536)
<i>Less</i> allowance for doubtful accounts	10.4, 12	(3,143,382)	(3,261,961)
<i>Less</i> revaluation allowance for debt restructuring	10.4, 13	(652,868)	(696,705)
Total loans to customers and accrued interest receivables, net		88,457,614	84,792,969
Leasehold building improvements and equipment, net	14	379,065	446,559
Deferred tax assets, net	15	306,124	313,327
Other assets, net	16, 23	3,123,090	2,687,853
<b>Total assets</b>		<b>205,963,050</b>	<b>210,767,963</b>

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

# Citibank, N.A. Bangkok Branch

## Statement of financial position

	Note	31 December	
		2017	2016
<i>(in thousand Baht)</i>			
<b>Liabilities and accounts with head office and other branches of the same juristic person</b>			
<i>Liabilities</i>			
Deposits	18, 23	135,005,392	135,185,919
Interbank and money market items	19, 23	12,825,245	16,617,531
Liabilities payable on demand		4,854,591	4,666,464
Derivative liabilities	8, 23	16,209,958	19,863,257
Employee benefit obligations	20	444,250	409,925
Accrued expenses	23	2,444,181	2,211,881
Other liabilities	21, 23	5,396,356	5,096,009
<b>Total liabilities</b>		<b>177,179,973</b>	<b>184,050,986</b>
<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, 23	2,190,839	1,036,783
Other components of accounts with head office and other branches of the same juristic person	9	19,288	(189,594)
Retained earnings		4,829,856	4,126,694
<b>Total accounts with head office and other branches of the same juristic person</b>		<b>28,783,077</b>	<b>26,716,977</b>
<b>Total liabilities and accounts with head office and other branches of the same juristic person</b>		<b>205,963,050</b>	<b>210,767,963</b>

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	
		2017	2016
		<i>(in thousand Baht)</i>	
Interest income	23, 25	9,501,528	9,235,876
Interest expense	23, 26	1,053,428	1,078,769
<b>Net interest income</b>		<b>8,448,100</b>	<b>8,157,107</b>
Fees and service income	23	5,265,588	5,019,891
Fees and service expenses	23	1,502,513	1,527,770
<b>Net fees and service income</b>	27	<b>3,763,075</b>	<b>3,492,121</b>
Gains on trading and foreign exchange transactions	28	2,476,447	2,314,031
Net gain from investments	29	297,482	112,031
Other operating income		811,045	739,005
<b>Total operating income</b>		<b>15,796,149</b>	<b>14,814,295</b>
<b>Other operating expenses</b>			
Employee expenses	23, 31	2,582,991	2,671,854
Premises and equipment expenses		709,872	791,349
Taxes and duties		478,380	510,588
Intragroup charges	23	747,602	683,792
Others	23, 32	3,477,313	3,267,713
<b>Total other operating expenses</b>		<b>7,996,158</b>	<b>7,925,296</b>
Bad debts, allowance for doubtful accounts and impairment loss	30	2,108,307	2,088,498
<b>Profit from operations before income tax</b>		<b>5,691,684</b>	<b>4,800,501</b>
Income tax	33	1,194,506	999,210
<b>Profit for the year</b>		<b>4,497,178</b>	<b>3,801,291</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on remeasurements of defined benefit plan	20	2,490	45,524
Income tax on other comprehensive income	33	(498)	(9,105)
		<b>1,992</b>	<b>36,419</b>
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net change in fair value of available-for-sale investments	9	261,103	(235,510)
Income tax on other comprehensive income	33	(52,221)	47,102
		<b>208,882</b>	<b>(188,408)</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>210,874</b>	<b>(151,989)</b>
<b>Total comprehensive income for the year</b>		<b>4,708,052</b>	<b>3,649,302</b>

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 Fair value changes in available-for-sale investments (in thousand Baht)	Retained earnings	Total
<b>Year ended 31 December 2016</b>					
Balance 1 January 2016	21,743,094	1,607,822	(1,186)	4,122,891	27,472,621
<b>Transactions with head office and other branches, recorded directly in head office and other branches of the same juristic person</b>					
<i>Contributions by and distributions to head office and other branches of the same juristic person of the Branch</i>					
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	(571,039)	-	-	(571,039)
Profit remitted to head office	-	-	-	(3,450,516)	(3,450,516)
Income tax on remitted profits	-	-	-	(383,391)	(383,391)
<b>Total contributions by and distributions to head office and other branches of the same juristic person of the Branch</b>	-	(571,039)	-	(3,833,907)	(4,404,946)
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	3,801,291	3,801,291
Other comprehensive income					
Net change in fair value of available-for-sale investments, net of income tax	-	-	(188,408)	-	(188,408)
Defined benefit plan actuarial gain, net of income tax	-	-	-	36,419	36,419
Total other comprehensive income	-	-	(188,408)	36,419	(151,989)
<b>Total comprehensive income for the year</b>	-	-	(188,408)	3,837,710	3,649,302
<b>Balance as at 31 December 2016</b>	<b>21,743,094</b>	<b>1,036,783</b>	<b>(189,594)</b>	<b>4,126,694</b>	<b>26,716,977</b>

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**

	Year ended 31 December 2017	Balance 1 January 2017	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 Fair value changes in available-for-sale investments (in thousand Baht)	Retained earnings	Total
<b>Transactions with head office and other branches, recorded directly in head office and other branches of the same juristic person</b>							
<b>Contributions by and distributions to head office and other branches of the same juristic person of the Branch</b>							
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	23		-	-	-	(3,416,407)	(3,416,407)
Income tax on remitted profits	23		-	-	-	(379,601)	(379,601)
<b>Total contributions by and distributions to head office and other branches of the same juristic person of the Branch</b>			-	1,154,056	-	(3,796,008)	(2,641,952)
<b>Comprehensive income for the year</b>							
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	33		-	-	208,882	-	208,882
Defined benefit plan actuarial gain, net of income tax	33		-	-	-	1,992	1,992
Total other comprehensive income			-	-	208,882	1,992	210,874
<b>Total comprehensive income for the year</b>			-	-	208,882	4,499,170	4,708,052
<b>Balance as at 31 December 2017</b>			<b>21,743,094</b>	<b>2,190,839</b>	<b>19,288</b>	<b>4,829,856</b>	<b>28,783,077</b>

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



# Citibank, N.A. Bangkok Branch

## Statement of cash flows

	Year ended 31 December	
	2017	2016
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit from operations before income tax	5,691,684	4,800,501
<b><i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i></b>		
Depreciation and amortisation	113,450	117,442
Bad debts, allowance for doubtful accounts and impairment loss	2,108,307	2,089,106
Net gain from investments	(297,482)	(112,031)
Net (gain) loss on disposal and written-off leasehold building improvements and equipments	(861)	1,282
Unrealised loss (gain) on forward and derivatives contracts, net	973,361	(1,906,713)
Unrealised loss on translation of foreign currencies	-	16,992
Provision for employee benefits	42,239	41,794
Employee benefit obligation paid	(5,424)	(13,205)
Net interest income	(8,448,100)	(8,157,107)
Interest received	9,541,800	9,284,236
Interest paid	(1,042,808)	(1,096,306)
Income tax paid	(1,166,298)	(826,183)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>7,509,868</b>	<b>4,239,808</b>
<b><i>Decrease (increase) in operating assets</i></b>		
Interbank and money market items	2,089,699	18,476,658
Investments in securities held for trading	998,937	(2,474,834)
Loans to customers	(5,722,108)	3,740,710
Other assets	(460,786)	991,616
<b><i>Increase (decrease) in operating liabilities</i></b>		
Deposits	(180,527)	(4,896,126)
Interbank and money market items	(3,792,286)	4,085,911
Liabilities payable on demand	188,127	(604,364)
Other liabilities	448,302	(651,077)
<b>Net cash provided by operating activities</b>	<b>1,079,226</b>	<b>22,908,302</b>

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

# Citibank, N.A. Bangkok Branch

## Statement of cash flows

Year ended 31 December

2017                      2016

(in thousand Baht)

### *Cash flows from investing activities*

Net proceeds from purchase and sale of available-for-sale investments	3,051,802	(18,325,937)
Purchases of equipment	(45,688)	(155,366)
Proceeds from sales of equipment	593	133
<b>Net cash provided by (used in) investing activities</b>	<b>3,006,707</b>	<b>(18,481,170)</b>

### *Cash flows from financing activities*

Profit remitted to head office	(3,416,407)	(3,450,516)
Income tax paid on profit remitted to head office	(379,601)	(383,391)
Increase (decrease) in balance of inter-office accounts with head office and other branches of the same juristic person, net	1,154,056	(579,892)
<b>Net cash used in financing activities</b>	<b>(2,641,952)</b>	<b>(4,413,799)</b>

<b>Net increase in cash</b>	<b>1,443,981</b>	<b>13,333</b>
Cash at 1 January	338,001	324,668
<b>Cash at 31 December</b>	<b>1,781,982</b>	<b>338,001</b>

### **Supplementary disclosures of cash flows information**

#### Non-cash transactions

Net change in fair value of available-for-sales investment	261,103	(235,510)
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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 2017**

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**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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 30 April 2018.

**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 transactions 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 (“FAP”); and presented as prescribed by the Bank of Thailand 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 group of companies offering financial services”.

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2017. 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 to the above new and revised TFRSs, the FAP has issued a number of other new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Branch has made a preliminary assessment of the potential initial impact on the financial statements of these revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

**(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 financial instruments	Fair value
Trading and available-for-sale financial assets	Fair value

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(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.

**(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 amounts recognised in the financial statements 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.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**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.

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 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.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*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 FIFO method applied to the carrying value of the total holding of the investment.

**(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.

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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.

**(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	5 - 15 years
Furniture, fixtures and equipment	2 - 10 years
Vehicles	5 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.



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**(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.

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.

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**(i) *Financial instruments***

*Derivative*

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

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.

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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.

*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.

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**(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.

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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. 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.

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Derivatives contracts classified by type and at regulatory credit equivalent values as at 31 December 2017 and 2016 were as follows:

	2017	2016
	<i>(in million Baht)</i>	
Forward exchange contracts	10,505	10,912
Forward interest rate contracts	6,655	5,504
Commodity option	1,642	2,355
<b>Total</b>	<b><u>18,802</u></b>	<b><u>18,771</u></b>

**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 recognized 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 utilization 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 2017 and 2016 is as follows:

	2017	2016
	<i>(in million Baht)</i>	
Fixed interest rate	78,903	69,358
Floating interest rate	11,088	16,933
<b>Total loans</b>	<b><u>89,991</u></b>	<b><u>86,291</u></b>

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

	31 December 2017			Total
	Floating rate	Fixed rate (in thousand Baht)	Non-interest bearing	
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<b>11,088,426</b>	<b>175,558,959</b>	<b>4,049,667</b>	<b>190,697,052</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>110,717,299</b>	<b>4,512,514</b>	<b>37,455,415</b>	<b>152,685,228</b>
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

	31 December 2016			Total
	Floating rate	Fixed rate (in thousand Baht)	Non-interest bearing	
<b>Financial assets</b>				
Cash	-	-	338,001	338,001
Interbank and money market items*	-	37,937,874	1,573	37,939,447
Investments, net	-	64,300,186	200	64,300,386
Loans to customer and accrued interest receivables**	16,932,833	69,357,953	2,460,849	88,751,635
<b>Total financial assets</b>	<b>16,932,833</b>	<b>171,596,013</b>	<b>2,800,623</b>	<b>191,329,469</b>
<b>Financial liabilities</b>				
Deposits	110,882,404	7,401,224	16,902,291	135,185,919
Interbank and money market items	6,947,923	3,613,860	6,055,748	16,617,531
Liabilities payable on demand	-	-	4,666,464	4,666,464
<b>Total financial liabilities</b>	<b>117,830,327</b>	<b>11,015,084</b>	<b>27,624,503</b>	<b>156,469,914</b>
Guarantee of loans	-	-	2,208,650	2,208,650
Letters of credit	-	-	1,349,573	1,349,573
Other contingencies	-	-	9,892,752	9,892,752

\* Excluding allowance for doubtful accounts amounting to Baht 44.2 million

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

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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 2017 and 2016 were as follows:

	2017						Total	Average interest rate (% per annum)
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years (in thousand Baht)	Over 5 years	Non-interest bearing		
<b>Financial assets</b>								
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	92,253,864	9.16
<b>Total financial assets</b>	<b>57,111,753</b>	<b>63,329,138</b>	<b>19,241,994</b>	<b>44,933,698</b>	<b>2,030,802</b>	<b>1,855,220</b>	<b>190,697,052</b>	
<b>Financial liabilities</b>								
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	-
<b>Total financial liabilities</b>	<b>110,717,299</b>	<b>2,645,877</b>	<b>1,679,075</b>	<b>187,562</b>	<b>-</b>	<b>37,455,415</b>	<b>152,685,228</b>	
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



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	2016						Average interest rate
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	(% per annum)
				(in thousand Baht)		loans	
<b>Financial assets</b>							
Cash	-	-	-	-	-	-	-
Interbank and money market items*	1,977,384	35,950,945	9,545	-	-	338,001	0.90
Investments, net	-	5,026,038	10,945,978	45,929,668	2,398,502	-	1.50
Loans to customers and accrued interest receivables**	71,278,996	6,621,759	6,649,869	1,250,307	489,855	2,377,737	9.23
<b>Total financial assets</b>	<b>73,256,380</b>	<b>47,598,742</b>	<b>17,605,392</b>	<b>47,179,975</b>	<b>2,888,357</b>	<b>2,377,737</b>	<b>191,329,469</b>
<b>Financial liabilities</b>							
Deposits	110,882,404	5,399,141	1,797,652	204,431	-	-	0.39
Interbank and money market items	6,947,923	3,613,860	-	-	-	-	0.64
Liabilities payable on demand	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>117,830,327</b>	<b>9,013,001</b>	<b>1,797,652</b>	<b>204,431</b>	<b>-</b>	<b>27,624,503</b>	<b>156,469,914</b>
Guarantee of loans	-	-	-	-	-	2,208,650	2,208,650
Letters of credit	-	-	-	-	-	1,349,573	1,349,573
Other contingencies	-	-	-	-	-	9,892,752	9,892,752

\* Excluding allowance for doubtful accounts amounting to Baht 44.2 million

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

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**(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 2017 and 2016, the Branch has net open position assets (liabilities) denominated in the various currencies as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
<b>Net foreign currency exposure</b>		
US Dollar	(157,443)	267,369
EURO	23,140	(55,430)
Yen	9,822	754
Others	(178,279)	(145,338)

**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.

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Details of the maturities of financial assets and liabilities as at 31 December 2017 and 2016 were as follows:

	At call	Less than 3 months	3 months to 1 year	2017		Over 5 years	No maturity	Total
				1 to 5 years	(in thousand Baht)			
<b>Financial assets</b>								
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	-	2,759,941	-	-	-	-	-	2,759,941
<b>Total financial assets</b>	<b>67,457,290</b>	<b>59,052,659</b>	<b>22,147,822</b>	<b>53,907,309</b>	<b>4,476,678</b>	<b>1,782,147</b>	<b>208,823,905</b>	
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>148,172,714</b>	<b>12,949,687</b>	<b>4,788,095</b>	<b>5,844,534</b>	<b>2,223,184</b>	<b>1,782,147</b>	<b>173,978,214</b>	
<b>Net liquidity gap</b>	<b>(80,715,424)</b>	<b>46,102,972</b>	<b>17,359,727</b>	<b>48,062,775</b>	<b>2,253,494</b>	<b>1,782,147</b>	<b>34,845,691</b>	

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

\*\* Including non-performing loans

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	At call	Less than 3 months	3 months to 1 year	2016			No maturity	Total
				1 to 3 years	Over 5 years			
<i>(in thousand Baht)</i>								
<b>Financial assets</b>								
Cash	-	-	-	-	-	338,001	-	338,001
Interbank and money market items*	1,977,384	35,952,517	9,546	-	-	-	-	37,939,447
Derivative assets	-	6,118,754	3,863,792	7,438,948	2,572,078	-	-	19,993,572
Investments, net	-	5,026,038	10,945,978	45,929,667	2,398,502	200	-	64,300,385
Loans to customers and accrued interest receivables**	68,099,249	8,955,896	5,582,915	5,623,720	489,855	-	-	88,751,635
Other assets, net	-	2,449,284	-	-	-	-	-	2,449,284
<b>Total financial assets</b>	<b>70,076,633</b>	<b>58,502,489</b>	<b>20,402,231</b>	<b>58,992,335</b>	<b>5,460,435</b>	<b>338,201</b>	<b>-</b>	<b>213,772,324</b>
<b>Financial liabilities</b>								
Deposits	127,784,694	5,399,141	1,797,652	204,432	-	-	-	135,185,919
Interbank and money market items	13,003,671	3,613,860	-	-	-	-	-	16,617,531
Liabilities payable on demand	4,666,464	-	-	-	-	-	-	4,666,464
Derivative liabilities	-	5,979,196	3,281,847	8,215,126	2,387,088	-	-	19,863,257
Other liabilities	-	4,754,249	-	-	-	-	-	4,754,249
<b>Total financial liabilities</b>	<b>145,454,829</b>	<b>19,746,446</b>	<b>5,079,499</b>	<b>8,419,558</b>	<b>2,387,088</b>	<b>-</b>	<b>-</b>	<b>181,087,420</b>
<b>Net liquidity gap</b>	<b>(75,378,196)</b>	<b>38,756,043</b>	<b>15,322,732</b>	<b>50,572,777</b>	<b>3,073,347</b>	<b>338,201</b>	<b>-</b>	<b>32,684,904</b>

\* Excluding allowance for doubtful accounts amounting to Baht 44.2 million

\*\* Including non-performing loans

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**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>			
<b>31 December 2017</b>				
<b><i>Financial assets</i></b>				
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
<b><i>Financial liabilities</i></b>				
Derivative liabilities				
- Foreign exchange rate	-	7,635	-	7,635
- Interest rate	-	8,100	-	8,100
- Commodity option	-	475	-	475
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
<b>31 December 2016</b>				
<b><i>Financial assets</i></b>				
Derivative assets				
- Foreign exchange rate	-	9,076	-	9,076
- Interest rate	-	9,725	-	9,725
- Commodity option	-	1,192	-	1,192
Trading investments	-	4,954	-	4,954
Available-for-sale investments	-	59,346	-	59,346
<b><i>Financial liabilities</i></b>				
Derivative liabilities				
- Foreign exchange rate	-	9,023	-	9,023
- Interest rate	-	9,649	-	9,649
- Commodity option	-	1,192	-	1,192

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The Branch determine Level 2 fair values for trading and available-for-sale investments are based on quoted market prices, where available. If quoted market prices are not available, market value is based on quoted market prices of comparable instruments after adjustment for the risk involved.

Level 2 fair values for simple over-the-counter derivative are based on inputs which are observable from independent and reliable market data sources. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of derivative financial assets reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the counterparty when appropriate.

The Branch recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 December 2017 and 2016.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRSs, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

**5.2 Financial assets and liabilities not measured at fair value**

The following table analyses financial assets and liabilities not measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Fair value			Total	Carrying amount
	Level 1	Level 2	Level 3		
	<i>(in million Baht)</i>				
<b>31 December 2017</b>					
<b>Financial assets</b>					
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
<b>Financial liabilities</b>					
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

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	Fair value			Total	Carrying amount
	Level 1	Level 2	Level 3 <i>(in million Baht)</i>		
<b>31 December 2016</b>					
<b><i>Financial assets</i></b>					
Cash	-	338	-	338	338
Interbank and money market items*	-	37,939	-	37,939	37,939
Loan to customers**	-	-	88,548	88,548	88,693
<b><i>Financial liabilities</i></b>					
Deposits	-	135,185	-	135,185	135,186
Interbank and money market items	-	16,618	-	16,618	16,618
Liabilities payable on demand	-	4,666	-	4,666	4,666

\* Excluding allowance for doubtful accounts amounting to Baht 44.2 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.

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**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 2017 and 2016, can be summarised as follows:

	2017	2016
	<i>(in million Baht)</i>	
Government bonds	21,743	21,743
<b>Total</b>	<b><u>21,743</u></b>	<b><u>21,743</u></b>

As at 31 December 2017 and 2016, the Branch's capital fund can be summarised as follow:

	2017	2016
	<i>(in million Baht)</i>	
<b>Assets maintained under Section 32</b>	<b><u>21,743</u></b>	<b><u>21,743</u></b>
<b>Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts</b>		
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	2,214	1,346
<b>Total</b>	<b><u>23,957</u></b>	<b><u>23,089</u></b>
Capital fund before deductible items	21,743	21,743
Deductible items	(36)	(48)
<b>Capital Fund <i>(in million Baht)</i></b>	<b><u>21,707</u></b>	<b><u>21,695</u></b>
<b>Capital Adequacy Ratio (%)</b>	<b><u>14.64</u></b>	<b><u>14.75</u></b>

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 2017 and 2016, the Branch does not have a capital add-on arising from single lending limit.

As at 31 December 2017 and 2016, 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.



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As at 31 December 2017 and 2016, 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 9.75% and 9.125%, respectively. This includes capital conservation buffer as required by the BoT commencing 1 January 2016.

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 2017 within 4 months after the year end date as indicated in the notification through the Branch's website [www.citibank.co.th](http://www.citibank.co.th).

**7 Interbank and money market items, net (assets)**

	At call	2017 Term (in thousand Baht)	Total
<b>Domestic items</b>			
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
<b>Total</b>	<b>2,049,810</b>	<b>11,287,521</b>	<b>13,337,331</b>
Add accrued interest receivables	-	2,363	2,363
Less allowance for doubtful accounts	-	(112,943)	(112,943)
<b>Total domestic items, net</b>	<b>2,049,810</b>	<b>11,176,941</b>	<b>13,226,751</b>
<b>Foreign items</b>			
US Dollar	-	20,196,796	20,196,796
Euro	-	1,795,253	1,795,253
Other currencies	78,930	439,865	518,795
<b>Total</b>	<b>78,930</b>	<b>22,431,914</b>	<b>22,510,844</b>
Add accrued interest receivables	-	2,436	2,436
<b>Total foreign items, net</b>	<b>78,930</b>	<b>22,434,350</b>	<b>22,513,280</b>
<b>Total domestic and foreign items, net</b>	<b>2,128,740</b>	<b>33,611,291</b>	<b>35,740,031</b>
	At call	2016 Term (in thousand Baht)	Total
<b>Domestic items</b>			
Bank of Thailand	1,181,899	-	1,181,899
Commercial banks	691,443	6,054,011	6,745,454
Specialised financial institutions	3,840	-	3,840
Other financial institutions	5,956	-	5,956
<b>Total</b>	<b>1,883,138</b>	<b>6,054,011</b>	<b>7,937,149</b>
Add accrued interest receivables	-	428	428
Less allowance for doubtful accounts	-	(40,270)	(40,270)
<b>Total domestic items, net</b>	<b>1,883,138</b>	<b>6,014,169</b>	<b>7,897,307</b>
<b>Foreign items</b>			
US Dollar	-	28,144,606	28,144,606
Euro	-	1,321,518	1,321,518
Other currencies	94,246	440,355	534,601
<b>Total</b>	<b>94,246</b>	<b>29,906,479</b>	<b>30,000,725</b>
Add accrued interest receivables	-	1,145	1,145
Less allowance for doubtful accounts	-	(3,881)	(3,881)
<b>Total foreign items, net</b>	<b>94,246</b>	<b>29,903,743</b>	<b>29,997,989</b>
<b>Total domestic and foreign items, net</b>	<b>1,977,384</b>	<b>35,917,912</b>	<b>37,895,296</b>

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**8 Derivatives**

**8.1 Trading derivatives**

As at 31 December 2017 and 2016, the fair value and notional amount of derivatives classified by type of risk are as follows:

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

  

Type of risk	Fair value		2016		Total
	Assets	Liabilities	Notional amount		
			Up to 1 year	Over 1 year	
			<i>(in thousand Baht)</i>		
Forward exchange contracts	9,076,174	9,022,753	725,531,455	85,209,286	810,740,741
Forward interest rate contracts	9,725,460	9,648,566	638,887,016	920,044,902	1,558,931,918
Commodity option	1,191,938	1,191,938	22,652,710	784,227	23,436,937
<b>Total</b>	<b>19,993,572</b>	<b>19,863,257</b>	<b>1,387,071,181</b>	<b>1,006,038,415</b>	<b>2,393,109,596</b>

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 2017 and 2016, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	2017	2016
	<i>(%)</i>	
Financial institutions	97	94
Third parties	3	6
<b>Total</b>	<b>100</b>	<b>100</b>

**9 Investments, net**

**9.1 Classification of investment in securities**

As at 31 December 2017 and 2016, the Branch classifies investment types, as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
<b>Trading investments - Fair value</b>		
Government and state enterprise securities	4,074,613	4,953,809
<b>Total</b>	<b>4,074,613</b>	<b>4,953,809</b>

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	2017 <i>(in thousand Baht)</i>	2016
<i>Available-for-sale investments - Fair value</i>		
Government and state enterprise securities	<u>56,733,454</u>	<u>59,346,377</u>
<b>Total</b>	<b><u>56,733,454</u></b>	<b><u>59,346,377</u></b>
<i>General investments - Cost</i>		
Non-marketable equity securities	1000	1,000
Less allowance for impairment	<u>(835)</u>	<u>(800)</u>
<b>Net</b>	<b><u>165</u></b>	<b><u>200</u></b>
<b>Total investments, net</b>	<b><u>60,808,232</u></b>	<b><u>64,300,386</u></b>

Trading securities have contractual maturities of 23 days to 25 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:**

	2017 <i>(in thousand Baht)</i>	2016
Unrealised gain (loss) on fair value change of available-for-sale investments, net	24,110	(236,993)
Less deferred income tax	<u>(4,822)</u>	<u>47,399</u>
<b>Net</b>	<b><u>19,288</u></b>	<b><u>(189,594)</u></b>

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

	2017 Maturity	2016 Maturity	Total
	Within 1 year	over 1 to 5 years <i>(in thousand Baht)</i>	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	<u>5,327</u>	<u>18,783</u>	<u>24,110</u>
<b>Total</b>	<b><u>16,467,226</u></b>	<b><u>40,266,228</u></b>	<b><u>56,733,454</u></b>
<i>Available-for-sale investments</i>			
Government and state enterprise debt securities	13,713,960	45,869,410	59,583,370
Unrealised loss on fair value changes of available-for-sale investments	<u>(949)</u>	<u>(236,044)</u>	<u>(236,993)</u>
<b>Total</b>	<b><u>13,713,011</u></b>	<b><u>45,633,366</u></b>	<b><u>59,346,377</u></b>

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**10 Loans to customers and accrued interest receivables, net**

**10.1 Classified by type of loans**

	2017	2016
	<i>(in thousand Baht)</i>	
Overdrafts	232,996	308,977
Loans	91,548,122	87,753,272
Bills	428,893	630,810
Less deferred revenue	<u>(24,421)</u>	<u>(24,536)</u>
Total loans net from deferred revenue	92,185,590	88,668,523
Add accrued interest receivables	<u>68,274</u>	<u>83,112</u>
Total loans net of deferred revenue and accrued interest receivables	92,253,864	88,751,635
Less allowance for doubtful accounts		
- BoT's minimum requirement		
- individual approach	(1,674,246)	(1,671,272)
- collective approach	(1,071,292)	(1,199,080)
- Allowance in excess	(397,844)	(391,609)
Less revaluation allowance for debt restructuring	<u>(652,868)</u>	<u>(696,705)</u>
<b>Total loans to customers and accrued interest receivables, net</b>	<b><u>88,457,614</u></b>	<b><u>84,792,969</u></b>

On 15 December 2016, the Branch entered into an asset purchase agreement with a related company, Citi Consumer Products (Thailand) Limited (the "Seller"), whereby the Seller transferred rights, title, interest, obligations and liabilities in relation to the performing credit cards to the Branch. The selling price of the transaction was the book value as at 31 December 2016 amounting to Baht 149.85 million, which was paid on 28 February 2017.

**10.2 Classified by currency and residency of debtors**

	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	89,694,356	432,358	90,126,714	84,465,684	405,198	84,870,882
US Dollar	1,949,784	-	1,949,784	3,566,480	17,581	3,584,061
Other currencies	<u>87,837</u>	<u>21,255</u>	<u>109,092</u>	<u>143,380</u>	<u>70,200</u>	<u>213,580</u>
<b>Total*</b>	<b><u>91,731,977</u></b>	<b><u>453,613</u></b>	<b><u>92,185,590</u></b>	<b><u>88,175,544</u></b>	<b><u>492,979</u></b>	<b><u>88,668,523</u></b>

\* Loans to customers net of deferred revenue

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**10.3 Classified by type of business and loan classification**

	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
<b>Total**</b>	<b>87,366,362</b>	<b>2,624,781</b>	<b>1,201,643</b>	<b>96,416</b>	<b>896,388</b>	<b>92,185,590</b>

\* Consist of credit cards and other retail lending.

\*\* Loans to customers net of deferred revenue.

	2016					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	365,262	-	-	-	-	365,262
Manufacturing and Commerce	22,907,609	1,308,577	-	-	793,685	25,009,871
Property development and construction	47,219	-	-	-	-	47,219
Infrastructure and services	887,332	20,261	-	-	-	907,593
Housing loans	487,817	3,482	51	-	-	491,350
Others*	58,418,195	1,845,032	1,360,372	103,128	120,501	61,847,228
<b>Total**</b>	<b>83,113,434</b>	<b>3,177,352</b>	<b>1,360,423</b>	<b>103,128</b>	<b>914,186</b>	<b>88,668,523</b>

\* Consist of credit cards and other retail lending.

\*\* Loans to customers net of deferred revenue.

**10.4 Classified by loan grade**

	2017			
	Loans to customers and accrued interest receivable	Net amount for setting allowance for doubtful accounts	Rate used for setting allowance for doubtful accounts (%)	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
<b>Total</b>	<b>92,253,864</b>	<b>91,460,471</b>		<b>3,398,406</b>
Allowance in excess				<b>397,844</b>
<b>Total*</b>				<b>3,796,250</b>

\* 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**  
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	2016			
	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	83,184,051	82,113,437	1	1,024,553
- Special mention	3,189,847	3,137,926	2	170,145
- Substandard	1,360,423	1,360,423	100	1,360,423
- Doubtful	103,128	103,128	100	103,128
- Doubtful loss	914,186	908,808	100	908,808
Total	<u>88,751,635</u>	<u>87,623,722</u>		<u>3,567,057</u>
Allowance in excess				<u>391,609</u>
Total*				<u><u>3,958,666</u></u>

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

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

### 10.5 Non-performing loans

As of 31 December 2017 and 2016, the Branch has non-performing loans ("NPLs Gross") on accrual basis (including financial institutions) based on the BoT notification as follows:

	2017	2016
Non-performing loans, gross <i>(in thousand Baht)</i>	2,194,447	2,377,737
Total loans used for NPLs ratio calculation <sup>(1)</sup> <i>(in thousand Baht)</i>	103,479,842	94,925,523
Percentage of total loans <sup>(2)</sup>	2.12	2.50

<sup>(1)</sup> 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.

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

As of 31 December 2017 and 2016, non-performing loans, net ("NPLs Net") (including financial institutions) based on the BoT notification are as follows:

	2017	2016
Non-performing loans, net <i>(in thousand Baht)</i>	5,168	5,373
Total loans used for NPLs net ratio calculation <sup>(1)</sup> <i>(in thousand Baht)</i>	99,559,085	90,922,706
Percentage of total loans <sup>(2)</sup>	0.01	0.01

<sup>(1)</sup> 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.

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

As at 31 December 2017, allowance for doubtful account of 2,201 million (2016: Baht 2,372 million) have been provided against the Branch's non-performing loans classified as substandard, doubtful and doubtful loss.

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**11 Troubled debt restructuring**

Losses on debt restructuring for the year ended 31 December 2017 and 2016 were as follows:

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

  

Types of Restructuring	Cases*	2016		Loss on debt restructuring
		Outstanding debt		
		Before restructuring	After restructuring <i>(in thousand Baht)</i>	
Changes of repayment conditions	8,995	1,033,482	831,361	216,541
<b>Total</b>	<b>8,995</b>	<b>1,033,482</b>	<b>831,361</b>	<b>216,541</b>

\* incurred during the year.

As at 31 December 2017 and 2016, the Branch has balances of restructured loans as follows:

	2017		2016	
	Cases	Total outstanding debt before restructuring <i>(in thousand Baht)</i>	Cases	Total outstanding debt before restructuring <i>(in thousand Baht)</i>
Restructured loans which are classified as NPLs		346,918		384,571
Restructured loans which are not classified as NPLs		1,235,430		1,284,567
<b>Total</b>	<b>22,391</b>	<b>1,582,348</b>	<b>23,177</b>	<b>1,669,138</b>

The Branch recognised interest income from debt restructuring for the years ended 31 December 2017 and 2016 as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Interest income	127,469	122,289
<b>Total</b>	<b>127,469</b>	<b>122,289</b>

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**12 Allowance for doubtful accounts**

Movements in the allowance for doubtful accounts for loans to customers during the year ended 31 December 2017 and 2016 consisted of:

	2017						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance	
	<i>(in thousand Baht)</i>						
<b>Beginning balance</b>	<b>830,770</b>	<b>52,594</b>	<b>1,066,419</b>	<b>27,329</b>	<b>893,240</b>	<b>391,609</b>	<b>3,261,961</b>
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)
<b>Ending balance</b>	<b>860,152</b>	<b>43,186</b>	<b>936,824</b>	<b>29,102</b>	<b>876,274</b>	<b>397,844</b>	<b>3,143,382</b>

  

	2016						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance	
	<i>(in thousand Baht)</i>						
<b>Beginning balance</b>	<b>847,524</b>	<b>73,871</b>	<b>827,101</b>	<b>36,937</b>	<b>910,292</b>	<b>471,196</b>	<b>3,166,921</b>
Doubtful accounts	(16,754)	(21,277)	239,318	(9,608)	1,496,483	(79,587)	1,608,575
Bad debts written off	-	-	-	-	(1,507,558)	-	(1,507,558)
Others	-	-	-	-	(5,977)	-	(5,977)
<b>Ending balance</b>	<b>830,770</b>	<b>52,594</b>	<b>1,066,419</b>	<b>27,329</b>	<b>893,240</b>	<b>391,609</b>	<b>3,261,961</b>

**13 Revaluation allowance for debt restructuring**

	2017	2016
	<i>(in thousand Baht)</i>	
Beginning balance	696,705	646,391
Increase	83,632	172,603
Amortisation of interest income	(127,469)	(122,289)
<b>Ending balance</b>	<b>652,868</b>	<b>696,705</b>



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**14 Leasehold building improvements and equipment, net**

Changes in leasehold building improvements and equipment during the year ended 31 December 2017 and 2016 were as follows:

	Net book value as of 1 January 2017	Cost				Ending balance (in thousand Baht)	Beginning balance	Accumulated depreciation		Ending balances	Net book value as of 31 December 2017
		Beginning balance	Additions	Transfers	Disposals			Depreciation	Transfer/ Disposals		
Leasehold building improvements	261,024	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	18,090	6,253	(42,491)	913,878	746,492	55,128	(43,374)	758,246	155,632
Asset under construction	1	1	15,447	(6,253)	-	9,195	-	-	-	-	9,195
<b>Total</b>	<b>446,559</b>	<b>1,514,388</b>	<b>45,688</b>	<b>-</b>	<b>(52,704)</b>	<b>1,507,372</b>	<b>1,067,829</b>	<b>113,649</b>	<b>(53,171)</b>	<b>1,128,307</b>	<b>379,065</b>

  

	Net book value as of 1 January 2016	Cost				Ending balance (in thousand Baht)	Beginning balance	Accumulated depreciation		Ending balances	Net book value as of 31 December 2016
		Beginning balance	Additions	Transfers	Disposals			Depreciation	Transfer/ Disposals		
Leasehold building improvements	267,324	536,407	75,186	(26,297)	(2,935)	582,361	269,083	55,610	(3,356)	321,337	261,024
Furniture, fixtures and equipment	141,997	851,676	106,842	116	(26,608)	932,026	709,679	61,831	(25,018)	746,492	185,534
Asset under construction	728	728	2,985	(3,712)	-	1	-	-	-	-	1
<b>Total</b>	<b>410,049</b>	<b>1,388,811</b>	<b>185,013</b>	<b>(29,893)</b>	<b>(29,543)</b>	<b>1,514,388</b>	<b>978,762</b>	<b>117,441</b>	<b>(28,374)</b>	<b>1,067,829</b>	<b>446,559</b>

The cost of the Branch's fully depreciated leasehold building improvements and equipment that was still in use as at 31 December 2017 amounted to Baht 968.5 million (2016: Baht 606.3 million).

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**15 Deferred tax assets, net**

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

	2017	2016
	<i>(in thousand Baht)</i>	
Deferred tax assets	315,262	319,049
Deferred tax liabilities	<u>(9,138)</u>	<u>(5,722)</u>
<b>Net</b>	<b><u>306,124</u></b>	<b><u>313,327</u></b>

Movements in deferred tax assets and liabilities during the year ended 31 December 2017 and 2016 were as follows:

	At	<u>(Charged)/credited to:</u>		At
	1 January	Profit	Other	31 December
	2017	or loss	comprehensive	2017
		<i>(Note 33)</i>		
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
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
<b>Total</b>	<b><u>319,049</u></b>	<b><u>44,110</u></b>	<b><u>(47,897)</u></b>	<b><u>315,262</u></b>
<b><i>Deferred tax liabilities</i></b>				
Equipment depreciation	5,722	(2,980)	-	2,742
Unrealised gain on fair value changes of available-for-sale securities	-	-	4,822	4,822
Gain from trading securities	-	1,574	-	1,574
<b>Total</b>	<b><u>5,722</u></b>	<b><u>(1,406)</u></b>	<b><u>4,822</u></b>	<b><u>9,138</u></b>
<b>Net</b>	<b><u>313,327</u></b>	<b><u>45,516</u></b>	<b><u>(52,719)</u></b>	<b><u>306,124</u></b>

**Citibank, N.A. Bangkok Branch**  
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	At 1 January 2016	(Charged)/credited to:		At 31 December 2016
		Profit or loss	Other comprehensive income	
		(Note 33)		
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Interest income	17,576	5,337	-	22,913
Provision for employee benefit and deferred revenue on customer loyalty programme	278,064	(23,299)	(9,105)	245,660
Unrealised loss on fair value changes of available-for-sale securities	297	-	47,102	47,399
Loss from trading securities	-	2,461	-	2,461
Others	565	51	-	616
<b>Total</b>	<b>296,502</b>	<b>(15,450)</b>	<b>37,997</b>	<b>319,049</b>
<b>Deferred tax liabilities</b>				
Equipment depreciation	7,205	(1,483)	-	5,722
Gain from trading securities	312	(312)	-	-
<b>Total</b>	<b>7,517</b>	<b>(1,795)</b>	<b>-</b>	<b>5,722</b>
<b>Net</b>	<b>288,985</b>	<b>(13,655)</b>	<b>37,997</b>	<b>313,327</b>

**16 Other assets, net**

	2017	2016
	(in thousand Baht)	
Other accounts receivable	1,908,805	1,998,754
Accrued income	330,431	344,621
Prepaid expenses and deferred expenses	346,509	222,303
Refundable deposits	16,640	16,266
Others	520,705	105,909
<b>Total</b>	<b>3,123,090</b>	<b>2,687,853</b>

**17 Classified assets**

As of 31 December 2017 and 2016, 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:

	2017			Total
	Investments	Interbank and money market	Loans to customers and accrued interest receivables	
	(in thousand Baht)			
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
<b>Total</b>	<b>7,183</b>	<b>11,296,615</b>	<b>92,253,864</b>	<b>103,557,662</b>

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	Investments	2016		Total
		Interbank and money market (in thousand Baht)	Loans to customers and accrued interest receivables	
Pass	-	6,257,478	83,184,051	89,441,529
Special mention	-	-	3,189,847	3,189,847
Sub-standard	-	-	1,360,423	1,360,423
Doubtful	-	-	103,128	103,128
Doubtful loss	252,529	-	914,186	1,166,715
<b>Total</b>	<b>252,529</b>	<b>6,257,478</b>	<b>88,751,635</b>	<b>95,261,642</b>

**18 Deposits**

**18.1 Classified by type of deposits**

	2017	2016
	(in thousand Baht)	
Current	26,494,762	16,902,291
Savings	103,998,116	110,882,404
Term		
- Less than 6 months	1,925,221	3,937,427
- 6 months but less than 1 year	2,108,979	2,755,264
- 1 year and over	478,314	708,533
<b>Total</b>	<b>135,005,392</b>	<b>135,185,919</b>

**18.2 Classified by currency and residency of depositors**

	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	107,417,874	4,903,013	112,320,887	103,009,000	4,879,689	107,888,689
US Dollar	15,896,926	4,560,288	20,457,214	24,838,550	704,891	25,543,441
Other currencies	703,027	1,524,264	2,227,291	765,941	987,848	1,753,789
<b>Total</b>	<b>124,017,827</b>	<b>10,987,565</b>	<b>135,005,392</b>	<b>128,613,491</b>	<b>6,572,428</b>	<b>135,185,919</b>

**19 Interbank and money market items (liabilities)**

	At call	2017	Total
		Term (in thousand Baht)	
<b>Domestic items</b>			
Commercial banks	1,762	-	1,762
Other financial institutions	6,551,291	-	6,551,291
<b>Total domestic items</b>	<b>6,553,053</b>	<b>-</b>	<b>6,553,053</b>
<b>Foreign items</b>			
Baht	5,437,508	-	5,437,508
US Dollar	7,604	-	7,604
Other currencies	827,080	-	827,080
<b>Total foreign items</b>	<b>6,272,192</b>	<b>-</b>	<b>6,272,192</b>
<b>Total domestic and foreign items</b>	<b>12,825,245</b>	<b>-</b>	<b>12,825,245</b>

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	At call	2016 Term (in thousand Baht)	Total
<b>Domestic items</b>			
Commercial banks	1,753	-	1,753
Specialised financial institutions	366	-	366
Other financial institutions	6,766,288	-	6,766,288
<b>Total domestic items</b>	<b>6,768,407</b>	<b>-</b>	<b>6,768,407</b>
<b>Foreign items</b>			
Baht	5,361,483	-	5,361,483
Yen	855	30,795	31,650
US Dollar	3,544	3,583,065	3,586,609
Other currencies	869,382	-	869,382
<b>Total foreign items</b>	<b>6,235,264</b>	<b>3,613,860</b>	<b>9,849,124</b>
<b>Total domestic and foreign items</b>	<b>13,003,671</b>	<b>3,613,860</b>	<b>16,617,531</b>

**20 Employee benefit obligations**

	2017 (in thousand Baht)	2016 (in thousand Baht)
<b>Statement of financial position obligations for:</b>		
Post-employment benefits (Legal Severance Payment Plan)	444,250	409,925
Other long-term employee benefits*	56,612	62,021
<b>Total</b>	<b>500,862</b>	<b>471,946</b>

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

**Year ended 31 December**

**Statement of profit or loss and other comprehensive income:**

**Recognised in profit or loss:**

Post-employment benefits (Legal Severance Payment Plan)	42,239	41,794
Other long-term employee benefits	(4,062)	1,198
<b>Total</b>	<b>38,177</b>	<b>42,992</b>

**Recognised in other comprehensive income:**

Actuarial gain recognised in the year	(2,490)	(45,524)
<b>Total</b>	<b>35,687</b>	<b>(2,532)</b>

The statement of financial position obligation was determined as follow:

	2017 (in thousand Baht)	2016 (in thousand Baht)
Present value of unfunded obligations	444,250	409,925
<b>Statement of financial position obligation</b>	<b>444,250</b>	<b>409,925</b>

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Movement in the present value of defined benefit obligations:

	<i>Notes</i>	2017 <i>(in thousand Baht)</i>	2016
At 1 January		409,925	426,860
<b>Include in profit or loss:</b>			
Current service cost		30,885	30,198
Interest on obligation		11,354	11,596
	31	<u>42,239</u>	<u>41,794</u>
<b>Include in other comprehensive income</b>			
Actuarial gain		(2,490)	(45,524)
<b>Other:</b>			
Benefit paid		<u>(5,424)</u>	<u>(13,205)</u>
<b>At 31 December</b>		<u><b>444,250</b></u>	<u><b>409,925</b></u>

Actuarial gain recognised in other comprehensive income arising from:

	2017 <i>(in thousand Baht)</i>	2016
Demographic assumptions	6,711	(85)
Financial assumptions	9,621	-
Experience adjustment	<u>(18,822)</u>	<u>(45,439)</u>
<b>Total</b>	<u><b>(2,490)</b></u>	<u><b>(45,524)</b></u>

***Actuarial assumptions***

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

	2017	2016
Discount rate (%)	2.6	2.8
Future salary growth (%)	4.0 - 10.0	4.0 - 8.0
Retirement age ( <i>years</i> )	55 - 60	55 - 60

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



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**(b) Commitments and contingent liabilities were as follows:**

	2017	2016
	<i>(in thousand Baht)</i>	
Guarantees of loans	2,204,767	2,208,650
Liabilities under unmatured import bills	454,184	495,870
Letters of credit	354,035	1,349,573
Other contingencies		
- Undrawn committed line	192,408,129	176,407,390
- Other guarantees	9,446,387	7,814,468
- Others	2,080,880	1,582,414
<b>Total</b>	<b><u>206,948,382</u></b>	<b><u>189,858,365</u></b>

**23 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 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) Ltd.	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
B.E.S. Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation (The Company has registered dissolution on 1 February 2017 and is in the liquidation process)
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.



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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Citicorp Investment Bank Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citicorp International Limited	United States of America	Subsidiaries of Citigroup Inc.
Citibank, N.A. Tokyo Branch	Japan	Subsidiaries of Citigroup Inc.
Citibank, BHD. Kuala Lumpur	Malaysia	Subsidiaries of Citigroup Inc.
Citibank Europe Plc.	Ireland	Subsidiaries of Citigroup Inc.
Citibank, N.A. London	United Kingdom	Subsidiaries of Citigroup Inc.
Citibank Finance Limited (Singapore)	Singapore	Subsidiaries of Citigroup Inc.
Citibank Technology Inc. (CTI)	United States of America	Subsidiaries of Citigroup Inc.
Citibank Taiwan Limited	Taiwan	Subsidiaries of Citigroup Inc.
Citigroup Global Market 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. Sydney	Australia	Subsidiaries of Citigroup Inc.
Citibank, N.A. Philippines	Philippines	Subsidiaries of Citigroup Inc.
Citibank Europe Public limited	Luxembourg	Subsidiaries of Citigroup Inc.
Citibank Dublin-Ireland	Ireland	Subsidiaries of Citigroup Inc.
Citibank (China) Co. limited	China	Subsidiaries of Citigroup Inc.
Citibank Europe Plc - Paris	France	Subsidiaries of Citigroup Inc.
Citibank AG, Frankfurt	Germany	Subsidiaries of Citigroup Inc.
Citigroup Global Market Japan Inc.	Japan	Subsidiaries of Citigroup Inc.

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

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

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

	2017	2016
	<i>(in thousand Baht)</i>	
<b>Related companies</b>		
<b>Interest income</b>		
Citicorp Leasing (Thailand) Limited	52,972	55,508
Citicorp Investment Bank Singapore	102,398	56,891
Citibank Taiwan Limited	117,012	53,443
Others	10,524	14,732
<b>Total</b>	<b>282,906</b>	<b>180,574</b>

**Citibank, N.A. Bangkok Branch**  
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	2017	2016
	<i>(in thousand Baht)</i>	
<b><i>Fees and service income</i></b>		
B.E.S. Limited	8,952	107,746
Citicorp Leasing (Thailand) Ltd.	85,895	92,040
Citi Consumer Products (Thailand) Limited	123,351	17,376
Others	238,273	242,977
<b>Total</b>	<b>456,471</b>	<b>460,139</b>
<b><i>Interest expense</i></b>		
Others	<b>39,879</b>	<b>30,882</b>
<b><i>Fees and services expenses</i></b>		
Citibank, N.A. Singapore	374,432	410,342
B.E.S. Limited	19,696	247,135
Citi Consumer Products (Thailand) Limited	185,532	-
Others	14,198	13,520
<b>Total</b>	<b>593,858</b>	<b>670,997</b>
<b><i>Intragroup charges</i></b>		
Others	<b>747,602</b>	<b>683,792</b>
<b><i>Other expenses</i></b>		
Citibank Finance Limited (Singapore)	372,364	314,594
Citigroup Technology Inc. (CTI)	141,848	96,986
Citibank, N.A. Singapore	35,754	6,681
Others	80,358	74,828
<b>Total</b>	<b>630,324</b>	<b>493,089</b>

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.

	2017	2016
	<i>(in thousand Baht)</i>	
<b><i>Profit remitted</i></b>		
Citibank, N.A. New York	<b>3,796,008</b>	<b>3,833,907</b>

***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:

	2017	2016
	<i>(in thousand Baht)</i>	
<b>Key management personnel compensation</b>		
Short-term employee benefits	177,464	273,604
Post-employment benefits	3,052	3,006
Other long-term benefits	6,360	14,538
<b>Total</b>	<b>186,876</b>	<b>291,148</b>

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Significant balances as at 31 December 2017 and 2016 with related parties were as follows:

	2017 <i>(in thousand Baht)</i>	2016
<b>Assets</b>		
<b><i>Loans and interbank and money market items</i></b>		
Citicorp Investment Bank Singapore	-	24,365,774
Citibank Taiwan Limited	22,434,350	5,345,104
Citicorp Leasing (Thailand) Limited	2,350,043	2,100,013
Citi Consumer Products (Thailand) Limited	-	300,000
Others	1,335	1,512
<b>Total</b>	<b>24,785,728</b>	<b>32,112,403</b>
<b><i>Derivative assets</i></b>		
Citibank, N.A. London	537,067	2,749,191
Citibank, N.A. New York	835,635	1,382,851
Citigroup Global Markets Limited	544,837	510,942
Citibank, N.A. Singapore	868,075	297,720
Citicorp Leasing (Thailand) Limited	122,902	52,479
Citibank N.A. Tokyo Branch	54,091	51,221
Others	32,825	59,440
<b>Total</b>	<b>2,995,432</b>	<b>5,103,844</b>
<b><i>Accrued interest receivable</i></b>		
Others	<b>10,200</b>	<b>10,710</b>
<b><i>Other assets</i></b>		
Others	<b>21,815</b>	<b>45,705</b>
<b>Liabilities</b>		
<b><i>Deposits and interbank and money market items</i></b>		
Citibank Taiwan Limited	-	3,613,860
Citicorp Securities (Thailand) Limited	1,161,396	1,099,346
Citicorp Leasing (Thailand) Limited	410,147	994,924
Citi Consumer Products (Thailand) Limited	327,054	107,375
B.E.S. Limited	-	532,765
Citigroup Global Markets Limited	334,134	183,726
Citigroup Global Markets Inc.	115,456	82,648
Citigroup Global Market Hong Kong	153,569	26
Citibank N.A. Tokyo Branch	-	124,292
Citibank Europe Public limited	98,984	290,808
Citibank, BHD. Kuala Lumpur	66,233	89,682
Citibank Dublin-Ireland	77,616	79,830
Citibank (China) Co. limited	22,922	283,538
Citibank Europe Plc - Paris	73,334	79,946
Citibank AG, Frankfurt	74,565	3,892
Others	119,245	192,267
<b>Total</b>	<b>3,034,655</b>	<b>7,758,925</b>
<b><i>Derivative liabilities</i></b>		
Citicorp Leasing (Thailand) Limited	7	16,084
Citigroup Global Market Limited	783,796	440,181
Citigroup Inc.	-	21,486
Citibank, N.A. Singapore	1,932,689	861,026
Citibank, N.A. London	269,005	998,489
Citibank, N.A. New York	1,028,741	1,805,546
Citibank N.A. Tokyo Branch	-	103,298
Others	6,659	26,014
<b>Total</b>	<b>4,020,897</b>	<b>4,272,124</b>

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	2017	2016
	<i>(in thousand Baht)</i>	
<b>Accrued interest expense</b>		
<b>Others</b>	<u>3,920</u>	<u>3,401</u>
<b>Other liabilities</b>		
Citigroup Global Markets Inc.	51,279	141,565
Others	<u>63,123</u>	<u>48,132</u>
<b>Total</b>	<u>114,402</u>	<u>189,697</u>
<b>Balances of inter-office accounts with head office and other branches of same juristic person</b>		
Citibank, N.A. New York	1,538,462	977,300
Citibank, N.A. London	136,607	569,780
N.C.B. Trust Limited	87,739	76,643
Citi (Nominees) Limited	110,799	56,071
Citibank, N.A. Singapore	49,271	(351,935)
Citibank, N.A. Philippines	200,055	(338)
Citibank, N.A. Hong Kong	(64,551)	(275,326)
Citibank, N.A. Tokyo Branch	84,019	-
Others	<u>48,438</u>	<u>(15,412)</u>
<b>Total</b>	<u>2,190,839</u>	<u>1,036,783</u>
<b>Commitments</b>		
Citicorp Leasing (Thailand) Limited	2,227,954	4,996,961
Citigroup Global Market Limited	75,450,407	103,466,894
Citigroup Global Market Inc.	18,887	1,178,735
Citibank, N.A. Hong Kong	212,504	276,294
Citibank N.A. Tokyo Branch	2,305,934	4,226,435
Citibank, Korea Inc.	733,401	3,299,718
Citibank, N.A. Singapore	1,300,548,865	203,770,053
Citibank, N.A. New York	118,848,400	81,757,069
Citibank, N.A. London	47,023,515	86,048,330
Citicorp Investment Bank Singapore	163,405	179,153
Citigroup Global Market Japan Inc.	406,200	-
Others	<u>383,802</u>	<u>121,051</u>
<b>Total</b>	<u>1,548,323,274</u>	<u>489,320,693</u>

As at 31 December 2017, loans to related parties were due to mature on 29 July 2019 and 28 September 2020 (2016: 29 July 2019) and carried interest at 1.44% - 2.40% per annum (2016: 2.47% per annum).

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

As at 31 December 2017, commitments with related parties were due to mature on 2 January 2018 - 20 January 2049 (2016: 3 January 2017 - 20 January 2049).

**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 2017, the Branch earned service fees of Baht 214.9 million (2016: Baht 215.4 million).

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(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 2017 of Baht 205.2 million (2016: Baht 247.1 million).

**24 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.

**25 Interest income**

	2017	2016
	<i>(in thousand Baht)</i>	
Interbank and money market items	654,762	400,100
Investment in debt securities	874,876	897,248
Loans to customers	7,971,890	7,938,528
<b>Total</b>	<u>9,501,528</u>	<u>9,235,876</u>

**26 Interest expense**

	2017	2016
	<i>(in thousand Baht)</i>	
Deposits	374,036	417,775
Interbank and money market items	77,578	67,037
Contribution to Deposit Protection Agency	601,814	593,957
<b>Total</b>	<u>1,053,428</u>	<u>1,078,769</u>

**27 Net fees and service income**

	2017	2016
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	196,836	199,198
- Credit card, ATM and others	3,026,145	2,948,937
- Others	2,042,607	1,871,756
<b>Total</b>	<u>5,265,588</u>	<u>5,019,891</u>
Fees and service expense		
- Fees from related parties	593,858	670,997
- Others	908,655	856,773
<b>Total</b>	<u>1,502,513</u>	<u>1,527,770</u>
<b>Net</b>	<u>3,763,075</u>	<u>3,492,121</u>

**Citibank, N.A. Bangkok Branch**  
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**28 Gains on tradings and foreign exchange transactions**

	2017	2016
	<i>(in thousand Baht)</i>	
Gains on trading and foreign exchange transactions		
- Foreign exchange currency and foreign currency related derivatives	2,233,250	2,211,972
- Interest rate related derivatives	243,197	102,059
<b>Total</b>	<b>2,476,447</b>	<b>2,314,031</b>

**29 Net gains from investments**

	2017	2016
	<i>(in thousand Baht)</i>	
Gain from sale of available for sale investment	177,776	157,866
Gain (loss) from sale of trading investments	100,495	(31,867)
Unrealised gain (loss) on remeasuring of fair value on trading investments, net	19,246	(13,950)
Impairment on general investment	(35)	(18)
<b>Total</b>	<b>297,482</b>	<b>112,031</b>

**30 Bad debts, allowance for doubtful accounts and impairment loss**

	2017	2016
	<i>(in thousand Baht)</i>	
Interbank and money market items	68,792	(229,777)
Loans to customers	1,897,417	2,101,561
Loss on troubled debt restructuring	142,098	216,714
<b>Total</b>	<b>2,108,307</b>	<b>2,088,498</b>

**31 Employee expenses**

	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Wages, salaries and bonus		1,656,662	1,653,949
Post employment benefit - defined benefit plans	20	42,239	41,794
Post employment benefit - defined contribution plans		128,987	122,980
Others		755,103	853,131
<b>Total</b>		<b>2,582,991</b>	<b>2,671,854</b>

The defined contribution plan comprises a provident fund established by the Branch for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Branch at rates ranging from 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

**Citibank, N.A. Bangkok Branch**  
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**32 Other expenses**

	2017	2016
	<i>(in thousand Baht)</i>	
Sales and marketing expenses	2,094,882	1,643,431
Amortisation for acquisition cost of loans	285,088	243,807
Others	1,097,343	1,380,475
<b>Total</b>	<b><u>3,477,313</u></b>	<b><u>3,267,713</u></b>

**33 Income tax**

*Income tax recognised in profit or loss*

	Note	2017	2016
		<i>(in thousand Baht)</i>	
<b>Current tax</b>			
Current year		1,240,022	991,624
Over provided in prior year		-	(6,069)
		<u>1,240,022</u>	<u>985,555</u>
<b>Deferred tax</b>			
Movements in temporary differences	15	(45,516)	13,655
<b>Total</b>		<b><u>1,194,506</u></b>	<b><u>999,210</u></b>

*Income tax recognised in other comprehensive income*

	Before tax	2017 Tax (expense) benefit	Net of tax	Before Tax	2016 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale investments	261,103	(52,221)	208,882	(235,510)	47,102	(188,408)
Actuarial gains	2,490	(498)	1,992	45,524	(9,105)	36,419
<b>Total</b>	<b><u>263,593</u></b>	<b><u>(52,719)</u></b>	<b><u>210,874</u></b>	<b><u>(189,986)</u></b>	<b><u>37,997</u></b>	<b><u>(151,989)</u></b>

*Reconciliation of effective tax rate*

	Rate (%)	2017 <i>(in thousand Baht)</i>	Rate (%)	2016 <i>(in thousand Baht)</i>
Profit before tax		5,691,684		4,800,501
Income tax using the Thai corporation tax rate	20.0	1,138,337	20.0	960,100
Expenses not deductible for tax purposes	0.9	51,208	0.9	44,287
Over provided in prior year	-	-	(0.1)	(6,069)
Others	0.1	4,961	0.0	892
<b>Total</b>	<b><u>21.0</u></b>	<b><u>1,194,506</u></b>	<b><u>20.8</u></b>	<b><u>999,210</u></b>

*Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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**34 Event after reporting period**

On 30 March 2018, the Branch signed an agreement with TISCO Financial Group Public Company Limited (“TISCO Group”) to acquire Unsecured Personal Loans from TISCO Bank Company Limited (“TISCO”) and Credit Cards portfolio from ALL-WAYS Company Limited (“ALL-WAYS”). These portfolios were a part of Standard Chartered Bank (Thai) Public Company Limited’s (“SCBT”) entire consumer franchise, which were sold to TISCO and ALL-WAYS in October 2017. TISCO and ALL-WAYS are wholly-owned subsidiaries of TISCO Group. According to the agreement, approximately 130,000 receivables accounts amounting to approximately US Dollar 150 million (approximately equivalent to Baht 4,960 million) will be transferred to the Branch. The transfer of the Unsecured Personal Loans portfolio is expected to be completed in the second quarter of 2018, and the Credit Cards portfolio before the end of 2018.

**35 Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2016 and the statement of cash flows for the year ended 31 December 2016 have been reclassified to conform to the presentation in the 2017 financial statements. The reclassifications were as follows:

	<b>2016</b>		
	Before reclassification	Reclassification	After reclassification
	<i>(in thousand Baht)</i>		
<b><i>Statement of financial position</i></b>			
Other assets, net	3,248,122	(560,269)	2,687,853
Balance of inter-office accounts with head office and other branches of the same juristic person, net	1,597,052	(560,269)	1,036,783
<b><i>Statement of cash flows</i></b>			
Other assets, net	804,230	187,386	991,616
Balance of inter-office accounts with head office and other branches of the same juristic person, net	(392,506)	(187,386)	(579,892)

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