

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

Financial statements for the year ended  
31 December 2013

and

Independent Auditor's Report





**KPMG Phoomchai Audit Ltd.**

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## **Independent Auditor's Report**

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

I have audited the accompanying financial statements of Citibank, N.A. Bangkok Branch (the "Branch") which comprise the statement of financial position as at 31 December 2013, the statements of 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.

#### *Management's Responsibility for the Financial Statements*

Management of the Branch is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the financial statements 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 entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.





*Opinion*

In my opinion, the 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 2013, and its financial performance and cash flows in Thailand for the year then ended in accordance with Thai Financial Reporting Standards.

*Chanchai S.*

(Chanchai Sakulkoedsin)  
Certified Public Accountant  
Registration No. 6827

KPMG Phoomchai Audit Ltd.  
Bangkok  
30 April 2014



## Citibank, N.A. Bangkok Branch

### Statement of financial position

Assets	Note	31 December	
		2013	2012
		<i>(in thousand Baht)</i>	
Cash		257,563	201,343
Interbank and money market items, net	8, 27	24,516,678	44,606,901
Derivative assets	9, 27	24,904,627	18,228,565
Investments, net	10, 25	58,372,334	75,958,138
Loans to customers and accrued interest receivable, net	11, 12, 27		
Loans to customers		86,321,078	79,928,158
Accrued interest receivable		174,565	149,000
Total loans to customers and accrued interest receivable		86,495,643	80,077,158
Less deferred revenue		(11,497)	(12,313)
Less allowance for doubtful accounts	11.4, 13	(2,889,901)	(2,605,104)
Less revaluation allowance for debt restructuring	11.4, 14	(398,346)	(482,143)
Total loans to customers and accrued interest receivable, net		83,195,899	76,977,598
Leasehold building improvements and equipment, net	15	806,168	848,166
Deferred tax assets, net	16	215,091	195,485
Other assets, net	17, 27	4,780,672	7,011,021
<b>Total assets</b>		<b>197,049,032</b>	<b>224,027,217</b>

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

## Citibank, N.A. Bangkok Branch

### Statement of financial position

	Note	31 December	
		2013	2012
<b>Liabilities and accounts with head office and other branches of the same juristic person</b>		<i>(in thousand Baht)</i>	
<i>Liabilities</i>			
Deposits	19, 27	115,657,519	137,355,368
Interbank and money market items	20, 27	10,703,066	18,363,508
Liabilities payable on demand		5,145,630	5,976,725
Financial liabilities designated at fair value through profit or loss	21	298,717	1,143,971
Derivative liabilities	9, 27	24,646,994	19,442,031
Debt issued and borrowings	22	-	1,047,560
Employee benefit obligations	23	359,093	344,187
Accrued expenses	27	2,899,386	2,816,025
Other liabilities	24, 27	7,068,185	8,759,836
<b>Total liabilities</b>		<b>166,778,590</b>	<b>195,249,211</b>
<i>Accounts with head office and other branches of the same juristic person</i>			
Funds brought into maintain assets under the Act	7	17,753,450	17,753,450
Balance of inter-office accounts with head office and other branches of the same juristic person, net	7, 27	2,521,046	2,338,122
Other components of accounts with head office and other branches of the same juristic person	10	99,714	55,268
Retained earnings		9,896,232	8,631,166
<b>Total accounts with head office and other branches of the same juristic person</b>		<b>30,270,442</b>	<b>28,778,006</b>
<b>Total liabilities and accounts with head office and other branches of the same juristic person</b>		<b>197,049,032</b>	<b>224,027,217</b>

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



## Citibank, N.A. Bangkok Branch

### Statement of comprehensive income

	Note	For the year ended 31 December	
		2013	2012
		<i>(in thousand Baht)</i>	
Interest income	27, 29	11,070,866	11,277,731
Interest expense	27, 30	1,990,507	2,372,395
<b>Net interest income</b>		<b>9,080,359</b>	<b>8,905,336</b>
Fees and service income		5,325,143	4,537,856
Fees and service expenses		1,646,948	2,090,217
<b>Net fees and service income</b>	27, 31	<b>3,678,195</b>	<b>2,447,639</b>
Net gains on trading and foreign exchange transactions	32	1,849,820	1,791,488
Net loss from financial liabilities designated at fair value		(3,689)	(28,792)
Net gain from investments	33	131,730	257,473
Other operating income		960,984	1,185,795
<b>Total operating income</b>		<b>15,697,399</b>	<b>14,558,939</b>
Other operating expenses			
Employee expenses	27, 35	2,458,735	2,662,344
Premises and equipment expenses		898,557	783,148
Taxes and duties		484,113	489,490
Expenses allocated from head office	27	414,227	509,102
Others	27, 36	3,002,812	2,751,919
<b>Total other operating expenses</b>		<b>7,258,444</b>	<b>7,196,003</b>
Bad debts, allowance for doubtful accounts and impairment loss	34	1,781,028	1,650,679
<b>Operating profit before income tax expense</b>		<b>6,657,927</b>	<b>5,712,257</b>
Income tax expense	37	1,411,236	1,407,906
<b>Net profit</b>		<b>5,246,691</b>	<b>4,304,351</b>
Other comprehensive income			
Gains on revaluation of available-for-sale investments	10	55,557	71,838
Actuarial gains	23	22,968	54,705
Income tax on other comprehensive income	37	(15,704)	(25,581)
<b>Total other comprehensive income, net of income tax</b>		<b>62,821</b>	<b>100,962</b>
<b>Total comprehensive income</b>		<b>5,309,512</b>	<b>4,405,313</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	Gain (losses) on revaluation of available-for-sale investments <i>(in thousand Baht)</i>	Retained earnings	Total
<b>Balance at 1 January 2012</b>	<b>17,753,450</b>	<b>1,369,670</b>	<b>(2,120)</b>	<b>6,284,228</b>	<b>25,405,228</b>
<b>Other comprehensive income for the year</b>					
Net profit					
Other comprehensive income, net of income tax					
Gains on revaluation of available-for-sale investments			57,388	-	57,388
Actuarial gains			-	43,574	43,574
Total other comprehensive income, net of income tax			57,388	43,574	100,962
Change in balance of inter-office accounts with head office and other branches of the same juristic person, net			57,388	4,347,925	4,405,313
Profit remitted to head office		968,452	-	-	968,452
Income tax on remitted profits			-	(1,800,890)	(1,800,890)
<b>Balances at 31 December 2012 and 1 January 2013</b>	<b>17,753,450</b>	<b>2,338,122</b>	<b>55,268</b>	<b>8,631,166</b>	<b>28,778,006</b>
<b>Other comprehensive income for the year</b>					
Net profit					
Other comprehensive income, net of income tax					
Gains on revaluation of available-for-sale investments			44,446	-	44,446
Actuarial gains			-	18,375	18,375
Total other comprehensive income, net income tax			44,446	18,375	62,821
Total comprehensive income			44,446	5,265,066	5,309,512
Change in balance of inter-office accounts with head office and other branches of the same juristic person, net		182,924	-	-	182,924
Profit remitted to head office			-	(3,600,000)	(3,600,000)
Income tax on remitted profits			-	(400,000)	(400,000)
<b>Balance at 31 December 2013</b>	<b>17,753,450</b>	<b>2,521,046</b>	<b>99,714</b>	<b>9,896,232</b>	<b>30,270,442</b>

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



## Citibank, N.A. Bangkok Branch

### Statement of cash flows

For the year ended 31 December

2013                      2012

(in thousand Baht)

#### *Cash flows from financing activities*

Debts issued and borrowings	(844,099)	(1,975,511)
Profit remitted to head office	(3,600,000)	(1,800,891)
Income tax paid on profit remitted to head office	(400,000)	(200,099)
Increase in balance of inter-office accounts with head office and other branches of the same juristic person, net	221,199	997,101
<b>Net cash used in financing activities</b>	<b>(4,622,900)</b>	<b>(2,979,400)</b>
<b>Net increase (decrease) in cash</b>	<b>56,220</b>	<b>(10,366)</b>
Cash at 1 January	201,343	211,709
<b>Cash at 31 December</b>	<b>257,563</b>	<b>201,343</b>

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

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

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# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

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 and are consistent with Thai language statutory financial statements, and both English and Thai language financial statements were approved and authorised for issue by the management of Citibank, N.A. Bangkok Branch (“the Branch”) on 30 April 2014.

### 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 (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with the Bank of Thailand (“BoT”) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, 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”, and any other supplementary BoT notification.

The FAP has issued the following revised TFRS relevant to the Branch’s operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The adoption of this revised TFRS has resulted in changes in the Branch’s accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above revised TFRS, the FAP had issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Branch’s operations are disclosed in note 38.

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

### **Notes to the financial statements**

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value;
- trading and available-for-sale financial assets are measured at fair value;
- present value of the defined benefit obligation.

#### **(c) Functional and presentation currency**

The financial statements are 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 estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 12	Troubled debt restructuring
Note 13	Allowance for doubtful accounts

### **3 Changes in accounting policies**

#### **(a) Overview**

From 1 January 2013, consequent to the adoption of revised TFRS as set out in note 2, the Branch has changed its accounting policies in the following areas:

- Accounting for the effects of changes in foreign exchange rates

Details of the new accounting policies adopted by the Branch are included in notes 3(b) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Branch.

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

### **Notes to the financial statements**

#### **(b) *Accounting for the effects of changes in foreign exchange rates***

From 1 January 2013, the Branch has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the Branch operates. TAS 21 (revised 2009) requires the Branch to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the Branch's functional currency.

Management has determined that the functional currency of the Branch is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Branch's reported assets, liabilities or retained earnings.

#### **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

##### **(a) *Foreign currency***

###### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currency (Thai Baht) at the dates of the transactions.

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

##### **(b) *Cash***

Cash comprises cash on hand and cash on collection.

##### **(c) *Investments***

###### *Investments in debt securities and equity securities*

Debt securities and marketable equity securities held for trading are classified as trading securities and 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.



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

### **Notes to the financial statements**

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.

#### *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.

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

### **Notes to the financial statements**

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

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

#### **(f) *Troubled debt restructuring***

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

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

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

#### **(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 of leasehold improvements and equipment.

Gains or losses on disposal of an item of leasehold building improvements and equipment are determined by difference between the proceeds from disposal and 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.

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or replacement 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.

### *(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.

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

### **Notes to the financial statements**

#### *Reversals of impairment*

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

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

#### **(i) Derivative financial instruments**

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**

##### *Post employment benefits*

The Branch operates a number of employee benefit plans as follows:

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

### **Notes to the financial statements**

#### *Define contribution plan*

A defined contribution plan is a post-employment benefit plan under which the Branch pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Branch's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Branch's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an actuary using the projected unit credit method.

The Branch recognises all actuarial gains and losses in other comprehensive income.

#### *Other Long-term employee benefits - Share-based payment*

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 recognized 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 benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

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

### **Notes to the financial statements**

#### *Provision for merchandise redemption*

The Branch provides for merchandise redemption for local credit card customers in accordance with the “Citibank Rewards Program”. The provision is calculated based on accumulated points that local credit card members earned from using their cards, estimating the percentage of points used for merchandise redemption and the cost of merchandise per one point. The estimate is derived from historical information. The Branch records expenses for merchandise redemption in profit or loss and records the provision for merchandise redemption under liabilities in the statement of financial position.

#### *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 accruals 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 accruals basis. Discounts received on the purchase of debt securities are recognised on a straight-line basis over the period to maturity.

#### **(m) Interest expense**

The Branch recognises interest expenses on an accruals basis.

#### **(n) 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 jointly-controlled entities 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.

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

### **Notes to the financial statements**

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.

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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

#### **(o) *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 amortized over the maturities of the related loans.

#### **(p) *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.

## **5 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:

#### **5.1 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.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

In respect of recognized 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 off-financial reporting financial instruments will not adhere to the terms of the contract with the Branch when settlement becomes due.

Off-financial reporting financial instruments classified by type and at regulatory credit equivalent values as at 31 December 2013 and 2012 were as follows:

	2013	2012
	<i>(in million Baht)</i>	
Forward exchange contracts	8,313	7,601
Forward interest rate contracts	6,101	4,721
Commodity option	1,596	3,731
Equity option	-	18
<b>Total</b>	<b>16,010</b>	<b>16,071</b>

#### 5.2 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 price), the correlations among them and their levels of volatility.

The Branch is 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 interest rates to have an adverse effect on the net interest earnings of the Branch in the current reporting period, 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.



**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

An analysis of loans to customers at fixed and floating interest rates as at 31 December 2013 and 2012 is as follows:

	2013	2012
	<i>(in million Baht)</i>	
Fixed interest rate	72,449	66,272
Floating interest rate	13,861	13,644
<b>Total loans</b>	<b>86,310</b>	<b>79,916</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

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 2013 and 2012 were as follows:

	2013						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		Non-accrual loans
<b>Financial assets</b>								
Cash	-	-	-	-	-	257,563	-	257,563
Interbank and money market items*	3,041,505	21,543,419	82,765	-	-	-	-	24,667,689
Investments, net	-	20,635,467	14,212,433	22,137,672	1,386,520	242	-	58,372,334
Loans to customers and accrued interest receivable** (less deferred revenue)	62,561,774	10,372,551	4,095,569	6,382,030	684,103	174,565	2,213,554	86,484,146
<b>Total financial assets</b>	<b>65,603,279</b>	<b>52,551,437</b>	<b>18,390,767</b>	<b>28,519,702</b>	<b>2,070,623</b>	<b>432,370</b>	<b>2,213,554</b>	<b>169,781,732</b>
<b>Financial liabilities</b>								
Deposits	89,330,851	10,345,631	3,103,685	620,901	-	12,256,451	-	115,657,519
Interbank and money market items	5,870,913	156,521	-	-	-	4,675,632	-	10,703,066
Liabilities payable on demand	-	-	-	-	-	5,145,630	-	5,145,630
Financial liabilities designated at fair value through profit or loss	-	-	298,717	-	-	-	-	298,717
<b>Total financial liabilities</b>	<b>95,201,764</b>	<b>10,502,152</b>	<b>3,402,402</b>	<b>620,901</b>	<b>-</b>	<b>22,077,713</b>	<b>-</b>	<b>131,804,932</b>
On-financial reporting items, net	(29,598,485)	42,049,285	14,988,365	27,898,801	2,070,623	(21,645,343)	2,213,554	37,976,800
Off-financial reporting items, net	-	(5,008,556)	133,980,171	(83,019,771)	(49,337,295)	4,744,036	-	1,358,585

\* Excluding allowance for doubtful accounts amounting to Baht 151.0 million

\*\* Including non-performing loans

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

2012

	On demand	Less than 3 months	3 months to 1 year	1 to 5 years (in thousand Baht)	Over 5 years	Non-interest bearing	Non-accrual loans	Total	Average interest rate (% per annum)
<b>Financial assets</b>									
Cash	-	-	-	-	-	201,343	-	201,343	-
Interbank and money market items*	1,720,687	42,959,357	112,568	-	-	-	-	44,792,612	2.28
Investments, net	-	15,173,273	25,112,720	34,789,098	882,794	252	-	75,958,137	3.04
Loans to customers and accrued interest receivable** (less deferred revenue)	59,842,716	12,504,343	3,373,238	1,644,802	534,664	149,000	2,016,082	80,064,845	11.10
<b>Total financial assets</b>	<b>61,563,403</b>	<b>70,636,973</b>	<b>28,598,526</b>	<b>36,433,900</b>	<b>1,417,458</b>	<b>350,595</b>	<b>2,016,082</b>	<b>201,016,937</b>	
<b>Financial liabilities</b>									
Deposits	103,689,630	15,512,968	4,846,060	680,550	-	12,626,160	-	137,355,368	1.19
Interbank and money market items	6,834,265	6,720,008	-	-	-	4,809,235	-	18,363,508	1.46
Liabilities payable on demand	-	-	-	-	-	5,976,725	-	5,976,725	-
Financial liabilities designated at fair value through profit or loss	-	346,650	797,321	-	-	-	-	1,143,971	2.74
Debt issued and borrowings	-	1,047,560	-	-	-	-	-	1,047,560	3.75
<b>Total financial liabilities</b>	<b>110,523,895</b>	<b>23,627,186</b>	<b>5,643,381</b>	<b>680,550</b>	<b>-</b>	<b>23,412,120</b>	<b>-</b>	<b>163,887,132</b>	
<b>On-financial reporting items, net</b>	<b>(48,960,492)</b>	<b>47,009,787</b>	<b>22,955,145</b>	<b>35,753,350</b>	<b>1,417,458</b>	<b>(23,061,525)</b>	<b>2,016,082</b>	<b>37,129,805</b>	
<b>Off-financial reporting items, net</b>	<b>-</b>	<b>(93,707,971)</b>	<b>319,118,935</b>	<b>(180,289,464)</b>	<b>(43,085,433)</b>	<b>1,478,673</b>	<b>-</b>	<b>3,514,740</b>	

\* Excluding allowance for doubtful accounts amounting to Baht 185.7 million

\*\* Including non-performing loans

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**(b) Foreign currency 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 2013 and 2012, financial assets and liabilities denominated in various currencies, in Baht equivalent, were as follows:

	USD	EURO	2013		Total
			Yen	Others	
<i>(in thousand Baht)</i>					
<b>Financial assets</b>					
Cash	6,849	840	200	3,955	11,844
Interbank and money market items*	6,246,382	1,035,512	11,740	61,833	7,355,467
Loans to customers and accrued interest receivable**	2,073,143	50,240	127,456	6,858	2,257,697
Other assets, net	251,018	-	59	-	251,077
<b>Total financial assets</b>	<b>8,577,392</b>	<b>1,086,592</b>	<b>139,455</b>	<b>72,646</b>	<b>9,876,085</b>
<b>Financial liabilities</b>					
Deposits	14,796,541	355,415	14,010	175,508	15,341,474
Interbank and money market items	4,713,321	-	172,782	898,141	5,784,244
Other liabilities	651,228	1	47	3,480	654,756
<b>Total financial liabilities</b>	<b>20,161,090</b>	<b>355,416</b>	<b>186,839</b>	<b>1,077,129</b>	<b>21,780,474</b>
<b>On-financial reporting items, net</b>	<b>(11,583,698)</b>	<b>731,176</b>	<b>(47,384)</b>	<b>(1,004,483)</b>	<b>(11,904,389)</b>
<b>Off-financial reporting items, net</b>	<b>10,996,396</b>	<b>28,626</b>	<b>59,431</b>	<b>(245,849)</b>	<b>10,838,604</b>

\* Excluding allowance for doubtful accounts amounting to Baht 151.0 million

\*\* Including non-performing loans

	USD	EURO	2012		Total
			Yen	Others	
<i>(in thousand Baht)</i>					
<b>Financial assets</b>					
Cash	2,546	110	14	3,852	6,522
Interbank and money market items*	24,261,089	162,225	-	65,726	24,489,040
Loans to customers and accrued interest receivable**	1,245,695	900	162,559	-	1,409,154
Other assets, net	328,188	1	38	-	328,227
<b>Total financial assets</b>	<b>25,837,518</b>	<b>163,236</b>	<b>162,611</b>	<b>69,578</b>	<b>26,232,943</b>

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

	USD	EURO	2012		Total
			Yen	Others	
	<i>(in thousand Baht)</i>				
<b>Financial liabilities</b>					
Deposits	28,696,150	213,215	56,506	143,823	29,109,694
Interbank and money market items	8,763	-	6,360	100	15,223
Financial liabilities designated at fair value through profit or loss	53,514	-	-	-	53,514
Other liabilities	322,429	674	44	54	323,201
<b>Total financial liabilities</b>	<b>29,080,856</b>	<b>213,889</b>	<b>62,910</b>	<b>143,977</b>	<b>29,501,632</b>
<b>On-financial reporting items, net</b>	<b>(3,243,338)</b>	<b>(50,653)</b>	<b>99,701</b>	<b>(74,399)</b>	<b>(3,268,689)</b>
<b>Off-financial reporting items, net</b>	<b>4,017,665</b>	<b>215,424</b>	<b>7,120</b>	<b>152,591</b>	<b>4,392,800</b>

\* Excluding allowance for doubtful accounts amounting to Baht 185.7 million

\*\* Including non-performing loans

### 5.3 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.

Details of the maturities of financial assets and liabilities as at 31 December 2013 and 2012 were as follows:

	At call	Less than 3 months	3 months to 1 year	2013		No Maturity	Total
				1 to 5 years	over 5 years		
	<i>(in thousand Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	257,563	257,563
Interbank and money market items*	3,041,505	21,543,419	82,765	-	-	-	24,667,689
Derivative assets	-	-	13,260,258	9,850,556	1,793,813	-	24,904,627
Investments, net	-	20,635,467	14,212,433	22,137,672	1,386,520	242	58,372,334
Loans to customers and accrued interest receivable**	64,800,625	8,323,562	6,251,490	6,435,863	684,103	-	86,495,643
Other assets, net	-	4,395,989	-	-	-	-	4,395,989
<b>Total financial assets</b>	<b>67,842,130</b>	<b>54,898,437</b>	<b>33,806,946</b>	<b>38,424,091</b>	<b>3,864,436</b>	<b>257,805</b>	<b>199,093,845</b>

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

	At call	Less than 3 months	3 months to 1 year	2013 1 to 5 years	over 5 years	No Maturity	Total
	<i>(in thousand Baht)</i>						
<b>Financial liabilities</b>							
Deposits	101,587,302	10,345,631	3,103,685	620,901	-	-	115,657,519
Interbank and money market items	10,546,545	156,521	-	-	-	-	10,703,066
Liabilities payable on demand	5,145,630	-	-	-	-	-	5,145,630
Financial liabilities designated at fair value through profit or loss	-	-	-	-	298,717	-	298,717
Derivative liabilities	-	-	11,630,670	11,018,150	1,998,174	-	24,646,994
Other liabilities	-	6,343,197	-	-	-	-	6,343,197
<b>Total financial liabilities</b>	<b>117,279,477</b>	<b>16,845,349</b>	<b>14,734,355</b>	<b>11,639,051</b>	<b>2,296,891</b>	<b>-</b>	<b>162,795,123</b>
<b>Net liquidity gap</b>	<b>(49,437,347)</b>	<b>38,053,088</b>	<b>19,072,591</b>	<b>26,785,040</b>	<b>1,567,545</b>	<b>257,805</b>	<b>36,298,722</b>

\* Excluding allowance for doubtful accounts amounting to Baht 151.0 million

\*\* Including non-performing loans

	At call	Less than 3 months	3 months to 1 year	2012 1 to 5 years	over 5 years	No Maturity	Total
	<i>(in thousand Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	201,343	201,343
Interbank and money market items*	1,720,687	42,959,357	112,568	-	-	-	44,792,612
Derivative assets	-	-	8,464,595	6,932,619	2,831,351	-	18,228,565
Investments, net	-	15,173,273	25,112,720	34,789,098	882,794	252	75,958,137
Loans to customers and accrued interest receivable**	61,883,281	6,883,188	5,439,336	5,336,689	534,664	-	80,077,158
Other assets, net	-	6,550,281	-	-	-	-	6,550,281
<b>Total financial assets</b>	<b>63,603,968</b>	<b>71,566,099</b>	<b>39,129,219</b>	<b>47,058,406</b>	<b>4,248,809</b>	<b>201,595</b>	<b>225,808,096</b>
<b>Financial liabilities</b>							
Deposits	116,315,791	15,512,965	4,846,061	680,551	-	-	137,355,368
Interbank and money market items	11,643,508	6,720,000	-	-	-	-	18,363,508
Liabilities payable on demand	5,976,725	-	-	-	-	-	5,976,725
Financial liabilities designated at fair value through profit or loss	-	146,650	197,321	-	800,000	-	1,143,971
Derivative liabilities	-	-	8,566,685	8,012,327	2,863,019	-	19,442,031
Debt issued and borrowings	-	1,047,560	-	-	-	-	1,047,560
Other liabilities	-	8,467,364	-	-	-	-	8,467,364
<b>Total financial liabilities</b>	<b>133,936,024</b>	<b>31,894,539</b>	<b>13,610,067</b>	<b>8,692,878</b>	<b>3,663,019</b>	<b>-</b>	<b>191,796,527</b>
<b>Net liquidity gap</b>	<b>(70,332,056)</b>	<b>39,671,560</b>	<b>25,519,152</b>	<b>38,365,528</b>	<b>585,790</b>	<b>201,595</b>	<b>34,011,569</b>

\* Excluding allowance for doubtful accounts amounting to Baht 185.7 million

\*\* Including non-performing loans

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**6 Fair value of financial instruments**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Branch takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The fair values of financial instruments have been estimated by the Branch using available market information and appropriate valuation methodologies. Hence, estimated fair values from different technique may vary significantly.

The carrying value and estimated fair values of financial instruments as at 31 December 2013 and 2012 were as follows:

	2013		2012	
	Carrying value	Fair value <i>(in thousand Baht)</i>	Carrying value	Fair value
<b><i>Financial assets</i></b>				
Cash	257,563	257,563	201,343	201,343
Interbank and money market items*	24,667,689	24,667,689	44,792,611	44,792,611
Derivative assets	24,904,627	24,904,627	18,228,565	18,228,565
Investments, net	58,372,334	58,372,334	75,958,138	75,958,138
Loans to customers and accrued interest receivable**	83,195,899	83,195,899	76,977,598	76,977,598
<b>Total financial assets</b>	<b>191,398,112</b>	<b>191,398,112</b>	<b>216,158,255</b>	<b>216,158,255</b>
<b><i>Financial liabilities</i></b>				
Deposits	115,657,519	115,657,519	137,355,368	137,355,368
Interbank and money market items	10,703,066	10,703,066	18,363,508	18,363,508
Liabilities payable on demand	5,145,630	5,145,630	5,976,725	5,976,725
Financial liabilities designated at fair value through profit or loss	298,717	298,717	1,143,971	1,143,971
Derivatives liabilities	24,646,994	24,646,994	19,442,031	19,442,031
Debt issued and borrowings	-	-	1,047,560	1,047,560
<b>Total financial liabilities</b>	<b>156,451,926</b>	<b>156,451,926</b>	<b>183,329,163</b>	<b>183,329,163</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 151.0 million (2012: Baht 185.7 million).

\*\* Including non-performing loans

The following methods and assumptions are used by the Branch in estimating fair values of financial assets and liabilities as disclosed herein:

***On-financial reporting financial instruments***

The fair values of cash, interbank and money market items (assets and liabilities), deposits, liabilities payable on demand and debt issued and borrowings 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 are short term.

Derivatives, investments and financial liabilities designated at fair value through profit or loss are stated according to the Branch's accounting policies mentioned in Note 4.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

The fair values of loans to customers and accrued interest receivables are considered to be materially consistent with carrying values as these are short term and are at market rates of interest, and the allowance for doubtful debts is considered to materially reflect the credit risk inherent in the portfolio at the statement of financial position date.

***Off-financial reporting financial instruments***

Unrecognised financial instruments are presented in a class or classes separate from recognised items and are offset only to the extent that they meet the offsetting criteria.

The fair value of off-financial reporting financial instruments is normally determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, net of estimated transaction costs.

**7 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 2013, can be summarised as follows:

	2013 <i>(in million Baht)</i>
Government bonds	17,753
<b>Total</b>	<u>17,753</u>

As at 31 December 2013, the Branch's capital fund can be summarised as follow:

	2013 <i>(in million Baht)</i>
<b>Assets maintained under Section 32</b>	<u>17,753</u>
<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	17,753
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	<u>2,521</u>
<b>Total</b>	<u>20,274</u>

	2013 <i>(in million Baht)</i>
<b>Capital Fund <i>(in million Baht)</i></b>	17,753
<b>Capital Adequacy Ratio (%)</b>	12.60

As at 31 December 2013, the Branch adopted the Standardised Approach for credit risk and operational risk and a combination of Standardised and Internal Models for market risk as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification to calculate minimum capital requirements.

As at 31 December 2013, the Branch met the minimum Capital Adequacy Ratio requirements set down by the Bank of Thailand, which is in compliance with "Basel III" at the first time for total capital at minimum of 8.5%.



## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

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 2013 within 4 months after the year end date as indicated in the notification through the Branch's website www.citibank.co.th.

#### 8 Interbank and money market items, net (assets)

	At call	2013 Term (in thousand Baht)	Total
<b>Domestic items</b>			
Bank of Thailand	2,241,535	-	2,241,535
Commercial banks	795,920	14,267,105	15,063,025
Other Financial Institution*	589	-	589
<b>Total</b>	<b>3,038,044</b>	<b>14,267,105</b>	<b>17,305,149</b>
<i>Add</i> accrued interest receivable	-	18,844	18,844
<i>Less</i> allowance for doubtful accounts	-	(151,011)	(151,011)
<b>Total domestic items</b>	<b>3,038,044</b>	<b>14,134,938</b>	<b>17,172,982</b>
<b>Foreign items</b>			
US Dollar	-	6,246,382	6,246,382
Euro	-	1,035,498	1,035,498
Other currencies	3,461	58,355	61,816
<b>Total foreign items</b>	<b>3,461</b>	<b>7,340,235</b>	<b>7,343,696</b>
<b>Total domestic and foreign items</b>	<b>3,041,505</b>	<b>21,475,173</b>	<b>24,516,678</b>
	At call	2012 Term (in thousand Baht)	Total
<b>Domestic items</b>			
Bank of Thailand	335,360	-	335,360
Commercial banks	1,382,750	16,571,044	17,953,794
Other Financial Institution*	-	2,000,000	2,000,000
<b>Total</b>	<b>1,718,110</b>	<b>18,571,044</b>	<b>20,289,154</b>
<i>Add</i> accrued interest receivable	-	14,417	14,417
<i>Less</i> allowance for doubtful accounts	-	(185,710)	(185,710)
<b>Total domestic items</b>	<b>1,718,110</b>	<b>18,399,751</b>	<b>20,117,861</b>
<b>Foreign items</b>			
US Dollar	-	24,260,225	24,260,225
Euro	-	162,225	162,225
Other currencies	2,577	63,140	65,717
<b>Total</b>	<b>2,577</b>	<b>24,485,590</b>	<b>24,488,167</b>
<i>Add</i> accrued interest receivable	-	873	873
<b>Total foreign items</b>	<b>2,577</b>	<b>24,486,463</b>	<b>24,489,040</b>
<b>Total domestic and foreign items</b>	<b>1,720,687</b>	<b>42,886,214</b>	<b>44,606,901</b>

\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**9 Derivatives**

**9.1 Trading derivatives**

As at 31 December 2013 and 2012, the fair value and notional amount of derivatives classified by type of risk are as follows;

Type of risk	Fair value		2013		Total
	Assets	Liabilities	Up to 1 year	Notional amount	
			(in thousand Baht)		
Forward exchange contracts	12,951,733	12,616,713	588,614,231	61,592,106	650,206,337
Forward interest rate contracts	11,494,314	11,571,701	380,543,495	1,092,305,080	1,472,848,575
Commodity option	458,580	458,580	14,512,021	1,207,365	15,719,386
<b>Total</b>	<b>24,904,627</b>	<b>24,646,994</b>	<b>983,669,747</b>	<b>1,155,104,551</b>	<b>2,138,774,298</b>

  

Type of risk	Fair value		2012		Total
	Assets	Liabilities	Up to 1 year	Notional amount	
			(in thousand Baht)		
Forward exchange contracts	6,437,974	7,486,662	529,260,117	56,371,931	585,632,048
Forward interest rate contracts	9,562,620	9,780,914	348,669,099	807,570,400	1,156,239,499
Commodity option	2,174,455	2,174,455	35,776,775	1,280,555	37,057,330
Equity option	53,516	-	307,315	-	307,315
<b>Total</b>	<b>18,228,565</b>	<b>19,442,031</b>	<b>914,013,306</b>	<b>865,222,886</b>	<b>1,779,236,192</b>

The Branch was a party to financial instruments with off-financial reporting credit risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to transactions in interest rates and foreign exchange rates. These financial instruments included foreign exchange forward and other derivative contracts.

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 2013 and 2012, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	2013	2012
	(% )	
Financial institutions	91	91
Third parties	9	9
<b>Total</b>	<b>100</b>	<b>100</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**10 Investments, net**

**10.1 Classification of investment in securities**

As at 31 December 2013 and 2012, the Branch classifies investment types, as follow;

	2013 Fair value <i>(in thousand Baht)</i>	2012 Fair value <i>(in thousand Baht)</i>
<b>Trading investments</b>		
Government and state enterprise securities	11,387,592	7,805,464
<b>Total</b>	<b>11,387,592</b>	<b>7,805,464</b>
<b>Available-for-sale investments</b>		
Government and state enterprise securities	46,984,500	68,152,422
<b>Total</b>	<b>46,984,500</b>	<b>68,152,422</b>
<b>Held-to-maturity debt instruments</b>		
Government and state enterprise securities	805	1,505
Less allowance for impairment	(805)	(1,505)
<b>Net</b>	<b>-</b>	<b>-</b>
<b>General investments</b>		
Non-marketable equity securities	1,000	1,000
Less allowance for impairment	(758)	(748)
<b>Net</b>	<b>242</b>	<b>252</b>
<b>Total investments, net</b>	<b>58,372,334</b>	<b>75,958,138</b>

**10.2 Unrealised gains (losses) on revaluation of investments in available-for-sale securities, as followed**

	2013 <i>(in thousand Baht)</i>	2012 <i>(in thousand Baht)</i>
Unrealised gains on revaluation of investments in debt instruments	124,642	85,443
Unrealised losses on revaluation of investments in debt Instruments	-	(16,358)
<b>Total</b>	<b>124,642</b>	<b>69,085</b>
Less deferred income tax	(24,928)	(13,817)
<b>Net</b>	<b>99,714</b>	<b>55,268</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**10.3 Debt instruments classified by the remaining contractual maturity period**

	Within 1 year	2013 Maturity over 1 to 5 years (in thousand Baht)	Total
<b>Available-for-sale investments</b>			
Government and state enterprise bonds	29,049,173	17,810,685	46,859,858
<b>Total</b>	<b>29,049,173</b>	<b>17,810,685</b>	<b>46,859,858</b>
Unrealised gains on revaluation of investments	17,344	107,298	124,642
<b>Total</b>	<b>29,066,517</b>	<b>17,917,983</b>	<b>46,984,500</b>

  

	Within 1 year	2012 Maturity Over 1 to 5 years (in thousand Baht)	Total
<b>Available-for-sale investments</b>			
Government and state enterprise bonds	36,903,474	31,179,863	68,083,337
Unrealised gains on revaluation of investments	12,874	56,211	69,085
<b>Total</b>	<b>36,916,348</b>	<b>31,236,074</b>	<b>68,152,422</b>

Trading securities have contractual maturities of 1 to 15 years. However, these are expected to be liquidated on a short term basis.

**11 Loans to customers and accrued interest receivable, net**

**11.1 Classified by type of loans**

	2013 (in thousand Baht)	2012
Overdrafts	501,698	571,509
Loans	84,313,087	77,822,095
Bills	1,506,293	1,534,554
Less deferred revenue	(11,497)	(12,313)
Total loans net from deferred revenue	86,309,581	79,915,845
Add accrued interest receivable	174,565	149,000
Total loans net from deferred revenue and accrued interest receivable	86,484,146	80,064,845
Less allowance for doubtful accounts		
- BoT's minimum requirement		
- individual approach	(1,676,095)	(1,628,436)
- collective approach	(893,076)	(696,589)
- Allowance in excess	(320,730)	(280,079)
Less revaluation allowance for debt restructuring	(398,346)	(482,143)
<b>Total loans to customers and accrued interest receivable, net</b>	<b>83,195,899</b>	<b>76,977,598</b>

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

### 11.2 Classified by currency and residency of debtors

	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	<i>(in thousand Baht)</i>					
Baht	84,055,251	-	84,055,251	78,509,468	-	78,509,468
US Dollar	1,441,002	629,438	2,070,440	1,042,650	200,541	1,243,191
Other currencies	135,191	48,699	183,890	107,837	55,349	163,186
<b>Total*</b>	<b>85,631,444</b>	<b>678,137</b>	<b>86,309,581</b>	<b>79,659,955</b>	<b>255,890</b>	<b>79,915,845</b>

\* Loans to customers net of deferred revenue

### 11.3 Classified by type of business and loan classification

	2013					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	494,789	-	-	-	-	494,789
Manufacturing and Commerce	13,990,367	3,101,765	-	-	827,220	17,919,352
Property development and construction	185,018	-	-	-	-	185,018
Infrastructure and Services	920,100	379,583	-	-	-	1,299,683
Housing loans	687,591	-	-	-	658	688,249
Others**	62,878,581	1,458,233	1,182,253	64,103	139,320	65,722,490
<b>Total*</b>	<b>79,156,446</b>	<b>4,939,581</b>	<b>1,182,253</b>	<b>64,103</b>	<b>967,198</b>	<b>86,309,581</b>

\* Loans to customers net of deferred revenue

\*\* Others predominantly consist of credit cards and other retail lendings.

	2012					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	3,776	-	-	-	-	3,776
Manufacturing and Commerce	14,137,074	3,409,716	258	357	827,806	18,375,211
Property development and construction	140,005	70,000	-	-	-	210,005
Infrastructure and Services	1,486,793	12,356	-	1,693	13,413	1,514,255
Housing loans	537,069	-	-	-	658	537,727
Others**	56,941,186	1,161,789	958,655	69,387	143,854	59,274,871
<b>Total*</b>	<b>73,245,903</b>	<b>4,653,861</b>	<b>958,913</b>	<b>71,437</b>	<b>985,731</b>	<b>79,915,845</b>

\* Loans to customers net of deferred revenue

\*\* Others predominantly consist of credit cards and other retail lendings.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**11.4 Classified by loan grade**

	2013			
	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	79,313,174	77,579,586	1	841,795
-Special mention	4,957,418	4,807,186	2	132,377
-Substandard	1,182,253	969,996	100	969,996
-Doubtful	64,103	64,103	100	64,103
-Doubtful loss	967,198	959,246	100	959,246
Total				<u>2,967,517</u>
Allowance in excess				<u>320,730</u>
<b>Total*</b>	<b><u>86,484,146</u></b>	<b><u>84,380,117</u></b>		<b><u>3,288,247</u></b>

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

	2012			
	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	73,381,103	71,720,266	1	816,286
-Special mention	4,667,660	4,504,380	2	133,526
-Substandard	958,913	806,449	100	806,449
-Doubtful	71,437	70,562	100	70,562
-Doubtful loss	985,732	980,345	100	980,345
Total				<u>2,807,168</u>
Allowance in excess				<u>280,079</u>
<b>Total*</b>	<b><u>80,064,845</u></b>	<b><u>78,082,002</u></b>		<b><u>3,087,247</u></b>

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

**11.5 Non-performing loans**

As of 31 December 2013 and 2012 the Branch has non-performing loans ("NPLs Gross") on accrual basis (including financial institutions) based on the BoT notification are as follows:

	2013	2012
Non-performing loans, gross <i>(in thousand Baht)</i>	2,213,554	2,016,082
Total loans used for NPLs ratio calculation <sup>(1)</sup> <i>(in thousand Baht)</i>	100,818,768	98,486,884
Percentage of total loans <sup>(2)</sup> (%)	2.20	2.05

<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.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

As of 31 December 2013 and 2012, non-performing loans, net (“NPLs Net”) (including financial institutions) based on the BoT notification are as follows:

	2013	2012
Non-performing loans, net <i>(in thousand Baht)</i>	220,056	158,529
Total loans used for NPLs net ratio calculation <sup>(1)</sup> <i>(in thousand Baht)</i>	97,379,510	95,213,928
Percentage of total loans <sup>(2)</sup> (%)	0.23	0.17

<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 2013, allowance for doubtful account of 1,993 million (2012: Baht 1,857 million) have been provided against the Brand’s non-performing loans classified as substand, doubtful and doubtful loss.

## 12 Troubled debt restructuring

For the years ended 31 December 2013 and 2012, the Branch engaged in debt restructuring contracts as follows:

	2013		2012	
	Cases	Total outstanding debt before restructuring <i>(in thousandBaht)</i>	Cases	Total outstanding debt before restructuring <i>(in thousandBaht)</i>
Debt restructuring contracts that incurred losses	6,479	687,010	6,783	696,782
<b>Total</b>	<b>6,479</b>	<b>687,010</b>	<b>6,783</b>	<b>696,782</b>

Losses on debt restructuring for the year ended 31 December 2013 and 2012 were as follows:

Types of Restructuring	Cases *	2013		Loss on debt restructuring
		Outstanding debt		
		Before restructuring	After restructuring <i>(in thousand Baht)</i>	
Changes of repayment conditions	6,479	687,010	565,245	67,125
<b>Total</b>	<b>6,479</b>	<b>687,010</b>	<b>565,245</b>	<b>67,125</b>

  

Types of Restructuring	Cases *	2012		Loss on debt restructuring
		Outstanding debt		
		Before restructuring	After restructuring <i>(in thousand Baht)</i>	
Changes of repayment conditions	6,783	696,782	552,188	50,070
<b>Total</b>	<b>6,783</b>	<b>696,782</b>	<b>552,188</b>	<b>50,070</b>

\* incurred during the year

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

As at 31 December 2013 and 2012, the Branch has balances of restructured loans as follows:

	2013		2012	
	Cases	Total outstanding debt before restructuring (in thousand Baht)	Cases	Total outstanding debt before restructuring (in thousand Baht)
Restructured loans which are classified as NPLs		278,435		322,546
Restructured loans which are not classified as NPLs		1,053,981		1,237,369
<b>Total</b>	<b>25,202</b>	<b>1,332,416</b>	<b>31,187</b>	<b>1,559,915</b>

The Branch recognised interest income from debt restructuring for the years ended 31 December 2013 and 2012 as follows:

	2013 (in thousand Baht)	2012 (in thousand Baht)
Interest income	96,306	181,503
<b>Total</b>	<b>96,306</b>	<b>181,503</b>

**13 Allowance for doubtful accounts**

Movements in the allowance for doubtful accounts for loans to customers during the year ended 31 December 2013 and 2012 consisted of:

	2013						Total
	Pass	Special mention	Sub standard	Doubtful (in thousand Baht)	Doubtful loss	Excess of allowance over minimum requirement	
<b>Beginning balance</b>	706,550	83,666	562,403	12,391	960,016	280,078	2,605,104
Doubtful accounts	50,515	13,530	198,893	(1,973)	1,404,716	40,652	1,706,333
Recovery	-	-	-	-	(949,305)	-	(949,305)
Bad debts written off	-	-	-	-	(476,916)	-	(476,916)
Others	-	-	-	-	4,685	-	4,685
<b>Ending balance</b>	<b>757,065</b>	<b>97,196</b>	<b>761,296</b>	<b>10,418</b>	<b>943,196</b>	<b>320,730</b>	<b>2,889,901</b>

  

	2012						Total
	Pass	Special mention	Sub Standard	Doubtful (in thousand Baht)	Doubtful loss	Excess of allowance over minimum requirement	
<b>Beginning balance</b>	645,053	94,472	607,713	237,960	879,432	127,037	2,591,667
Doubtful accounts	61,497	(10,806)	(44,283)	(184,596)	1,845,238	153,041	1,820,091
Recovery	-	-	(1,027)	(40,973)	(668,868)	-	(710,868)
Bad debts written off	-	-	-	-	(1,091,300)	-	(1,091,300)
Others	-	-	-	-	(4,486)	-	(4,486)
<b>Ending balance</b>	<b>706,550</b>	<b>83,666</b>	<b>562,403</b>	<b>12,391</b>	<b>960,016</b>	<b>280,078</b>	<b>2,605,104</b>



**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**14 Revaluation allowance for debt restructuring**

	2013	2012
	<i>(in thousand Baht)</i>	
Beginning balance	482,143	757,246
Decrease	(55,710)	(180,887)
Amortisation of interest income	(96,306)	(181,503)
Others	68,219	87,287
<b>Ending balance</b>	<b><u>398,346</u></b>	<b><u>482,143</u></b>



**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**16 Deferred tax assets, net**

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

	2013	2012
	<i>(in thousand Baht)</i>	
Deferred tax assets	256,162	225,694
Deferred tax liabilities	(41,071)	(30,209)
<b>Net</b>	<b><u>215,091</u></b>	<b><u>195,485</u></b>

Movements in deferred tax assets and liabilities during the year ended 31 December 2013 and 2012 were as follows:

	At 1 January 2013	(Charged)/credited to:		At 31 December 2013
		Profit or loss <i>(Note 37)</i>	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<b><i>Deferred tax assets</i></b>				
Interest income	9,970	(4,876)	-	5,094
Allowance for doubtful accounts	300	(140)	-	160
Provision for employee and the program of reward redemption	211,984	43,092	(4,593)	250,483
Others	3,440	(3,015)	-	425
<b>Total</b>	<b><u>225,694</u></b>	<b><u>35,061</u></b>	<b><u>(4,593)</u></b>	<b><u>256,162</u></b>
<b><i>Deferred tax liabilities</i></b>				
Equipment depreciation	15,506	(3,685)	-	11,821
Gain from trading securities	819	3,503	-	4,322
Unrealised gain on revaluation of available-for-sale securities	13,817	-	11,111	24,928
Others	67	(67)	-	-
<b>Total</b>	<b><u>30,209</u></b>	<b><u>(249)</u></b>	<b><u>11,111</u></b>	<b><u>41,071</u></b>
<b>Net</b>	<b><u>195,485</u></b>	<b><u>35,310</u></b>	<b><u>(15,704)</u></b>	<b><u>215,091</u></b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	At 1 January 2012	(Charged)/credited to:		At 31 December 2012
		Profit or loss (Note 37) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Interest income	24,164	(14,194)	-	9,970
Allowance for doubtful accounts	819	(519)	-	300
Provision for employee and the program of reward redemption	207,111	16,004	(11,131)	211,984
Unrealised loss on revaluation of available-for-sale securities	633	-	(633)	-
Others	180	3,260	-	3,440
<b>Total</b>	<b>232,907</b>	<b>4,551</b>	<b>(11,764)</b>	<b>225,694</b>
<b>Deferred tax liabilities</b>				
Equipment depreciation	19,052	(3,546)	-	15,506
Gain from trading securities	12,420	(11,601)	-	819
Unrealised gain on revaluation of available-for-sale securities	-	-	13,817	13,817
Others	2,864	(2,797)	-	67
<b>Total</b>	<b>34,336</b>	<b>(17,944)</b>	<b>13,817</b>	<b>30,209</b>
<b>Net</b>	<b>198,571</b>	<b>22,495</b>	<b>(25,581)</b>	<b>195,485</b>

**17 Other assets, net**

	2013	2012
	(in thousand Baht)	
Other accounts receivable	3,896,787	5,684,423
Accrued income	322,808	538,202
Margin call - derivatives	158,419	306,042
Prepaid expenses and deferred expenses	206,265	271,416
Refundable deposits	17,975	21,597
Others	178,418	189,341
<b>Total</b>	<b>4,780,672</b>	<b>7,011,021</b>

**18 Classified assets**

As of 31 December 2013 and 2012, 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:

	2013			Total
	Investments	Interbank and money market	Loans to customers and accrued interest receivables	
	(in thousand Baht)			
Pass	-	14,526,367	79,313,174	93,839,541
Special mention	-	1,548	4,957,418	4,958,966
Sub-standard	-	-	1,182,253	1,182,253
Doubtful	-	-	64,103	64,103
Doubtful loss	1,719	-	967,198	968,917
<b>Total</b>	<b>1,719</b>	<b>14,527,915</b>	<b>86,484,146</b>	<b>101,013,780</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	2012			Total
	Investments	Interbank and money market (in thousand Baht)	Loans to customers and accrued interest receivables	
Pass	-	18,585,462	73,381,103	91,966,565
Special mention	-	-	4,667,660	4,667,660
Sub-standard	-	-	958,913	958,913
Doubtful	-	-	71,437	71,437
Doubtful loss	19,213	-	985,732	1,004,945
<b>Total</b>	<b>19,213</b>	<b>18,585,462</b>	<b>80,064,845</b>	<b>98,669,520</b>

**19 Deposits**

**19.1 Classified by type of deposits**

	2013	2012
	(in thousand Baht)	
Current	12,256,451	12,626,160
Savings	89,330,851	103,689,630
Term		
- Less than 6 months	8,325,339	10,890,551
- More than 6 months but less than 1 year	4,612,900	8,232,549
- 1 year and over	1,131,978	1,916,478
<b>Total</b>	<b>115,657,519</b>	<b>137,355,368</b>

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

	2013			2012		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(in thousand Baht)					
Baht	95,230,055	5,085,989	100,316,044	102,875,944	5,369,730	108,245,674
US Dollar	13,893,097	903,444	14,796,541	27,760,697	935,453	28,696,150
Other currencies	497,119	47,815	544,934	403,629	9,915	413,544
<b>Total</b>	<b>109,620,271</b>	<b>6,037,248</b>	<b>115,657,519</b>	<b>131,040,270</b>	<b>6,315,098</b>	<b>137,355,368</b>

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

	At call	2013	Total
		Term	
	(in thousand Baht)		
<b>Domestic items</b>			
Other financial institutions*	5,934,983	-	5,934,983
<b>Total domestic items</b>	<b>5,934,983</b>	<b>-</b>	<b>5,934,983</b>
<b>Foreign items</b>			
Baht	3,596,842	-	3,596,842
Yen	16,261	156,521	172,782
US Dollar	100,318	-	100,318
Others	898,141	-	898,141
<b>Total foreign items</b>	<b>4,611,562</b>	<b>156,521</b>	<b>4,768,083</b>
<b>Total domestic and foreign items</b>	<b>10,546,545</b>	<b>156,521</b>	<b>10,703,066</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	At call	2012 Term (in thousand Baht)	Total
<b>Domestic items</b>			
Commercial banks	313	6,720,008	6,720,321
Other financial institutions*	6,768,780	-	6,768,780
<b>Total domestic items</b>	<b>6,769,093</b>	<b>6,720,008</b>	<b>13,489,101</b>
<b>Foreign items</b>			
Baht	4,859,184	-	4,859,184
Yen	6,360	-	6,360
US Dollar	8,763	-	8,763
Others	100	-	100
<b>Total foreign items</b>	<b>4,874,407</b>	<b>-</b>	<b>4,874,407</b>
<b>Total domestic and foreign items</b>	<b>11,643,500</b>	<b>6,720,008</b>	<b>18,363,508</b>

\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League.

**21 Financial liabilities designated at fair value**

Financial liabilities designated at fair value as of 31 December 2013 and 2012 consisted of:

	2013 (in thousand Baht)	2012
<b>Borrowings</b>	<b>298,717</b>	<b>1,143,971</b>

Proportion of transactions classified by the contract parties based on the amount of the contract as of 31 December 2013 and 2012 consisted of:

	2013 Proportion (%)	2012
<b>Counterparties</b>		
Financial institutions	<b>100</b>	<b>100</b>

**22 Debt issued and borrowings**

	Maturity	2012 (in thousand Baht)
<b>Domestic</b>		
Bills of exchange	Within 1 year	1,047,560
<b>Total - domestic</b>		<b>1,047,560</b>

At 31 December 2012, borrowings of Baht 1,048 million are bills of exchange issued by the Branch in Thai Baht and have interest rates 2.40% - 3.58% per annum.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**23 Employee benefit obligations**

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligation for:</b>		
Defined benefit plan		
- Post-employment benefits (Legal Severance Payment Plan)	359,093	344,187
- Other long-term employee benefits *	56,800	53,022
<b>Total</b>	<b>415,893</b>	<b>397,209</b>

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

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Statement of comprehensive income:</b>		
<b><i>Recognised in profit and loss</i></b>		
Defined benefit plan		
- Post-employment benefits (Legal Severance Payment Plan)	37,874	44,290
- Other long-term employee benefits	923	1,018
<b>Total</b>	<b>38,797</b>	<b>45,308</b>
<b><i>Recognised in other comprehensive income</i></b>		
Actuarial gains recognised during the year	(22,968)	(54,705)
<b>Total</b>	<b>15,829</b>	<b>(9,397)</b>

The statement of financial position obligation was determined as follow:

	2013	2012
	<i>(in thousand Baht)</i>	
Present value of unfunded obligations	359,093	344,187
<b>Statement of financial position obligation</b>	<b>359,093</b>	<b>344,187</b>

Movement in the present value of defined benefit obligations - post-employment benefits (Legal Severance Payment Plan):

	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	344,187	368,374
Current service cost	25,309	28,139
Interest cost	12,565	16,151
Benefits paid	-	(13,772)
Actuarial gains recognised in other comprehensive income	(22,968)	(54,705)
<b>At 31 December</b>	<b>359,093</b>	<b>344,187</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

Movement in the present value of defined benefit plan - other long-term employee benefit:

	2013	2012
	<i>(in thousand Baht)</i>	
As at 1 January	53,022	50,104
Provision made for the years	3,778	2,918
<b>As at 31 December</b>	<b><u>56,800</u></b>	<b><u>53,022</u></b>

Expense recognised in profit or loss:

	2013	2012
	<i>(in thousand Baht)</i>	
Post-employee benefit		
- Current service cost	25,309	28,139
- Interest cost	12,565	16,151
Other long-term benefit	3,778	2,918
<b>Total</b>	<b><u>41,652</u></b>	<b><u>47,208</u></b>

Actuarial gain recognised in other comprehensive income (net of deferred tax):

	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	162,923	206,497
Recognised during the year	(18,375)	(43,574)
<b>At 31 December</b>	<b><u>144,548</u></b>	<b><u>162,923</u></b>

Principal actuarial assumptions

	2013	2012
Discount rate (%)	4.20	3.70
Future salary increase (%)	4.0-7.0	4.0-7.0
Retirement age ( <i>years old</i> )	55-60	55-60

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary 2008 (2012: TMO 2008).

**24 Other liabilities**

	2013	2012
	<i>(in thousand Baht)</i>	
Other accounts payable	6,152,272	8,269,749
Unearned income	188,652	199,192
Withholding tax payable	460,022	30,329
VAT payable	101,907	47,096
Others	165,332	213,470
<b>Total</b>	<b><u>7,068,185</u></b>	<b><u>8,759,836</u></b>



**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**25 Assets pledged as collateral**

	2013	2012
	<i>(in thousand Baht)</i>	
Government bonds (at face value)	<u>1,311,391</u>	<u>2,599,084</u>

**26 Commitments and contingent liabilities**

*(a) Lease and service agreement*

At 31 December 2013 and 2012, the Branch had 12 year lease and service agreements in respect of new office premises and utilities. Under the terms of the above agreements, the Branch has committed to pay annual rental and service fees are as follows:

	2013	2012
	<i>(in million Baht)</i>	
Within one year	198	202
After one year but within five years	741	545
After five years	479	817
<b>Total</b>	<u>1,418</u>	<u>1,564</u>

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

	2013	2012
	<i>(in thousand Baht)</i>	
Loan guarantees	1,482,069	1,044,944
Other guarantees	7,845,711	8,301,643
Liabilities under unmatured import bills	532,632	506,825
Letters of credit	348,348	1,583,186
Unused credit lines of overdraft	12,034,835	12,089,292
<b>Total</b>	<u>22,243,595</u>	<u>23,525,890</u>

In 1998 a local financial institution sued the Branch to pay the net amount of certain forward contracts. The court of first instance found for the plaintiffs and ordered the Branch to pay the plaintiff Baht 192.2 million, plus interest at 7.5% (not exceeding Baht 168 million). The case was referred to the Court of Appeal, who made a decision in favour of the Branch. The plaintiff has now been granted the right to appeal the case at the Supreme Court. The case is currently under the consideration of the Supreme Court and a ruling is expected in approximately 3 years. No provision has been recorded as management and the Branch's external legal counsel believe that the Branch is expected to win in this case.

**27 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 entities that had joint executives and /or shareholders with the Branch, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

Relationships with related parties were as follows:

<b>Name of entities/personel</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thai/ Foreigners	Persons having authority and responsibilities 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 Oversea Investment Corporation
Citicorp Leasing (Thailand) Ltd.	Thailand	The same major shareholder which is Citibank Oversea Investment Corporation
Citi Consumer Products (Thailand) Limited	Thailand	The same major shareholder which is Citibank Oversea Investment Corporation
B.E.S. Limited.	Thailand	The same major shareholder which is Citibank Oversea Investment Corporation
Citigroup Global Markets Limited	England	Subsidiaries of Citigroup Inc.
Citigroup Global Markets Inc.	United States of America	Subsidiaries of Citigroup Inc.
Citigroup Global Markets Financial Products LLC	United States of America	Company in subsidiaries of Citigroup Inc.
Citibank, N.A. Hong Kong	United States of America	Subsidiaries of Citigroup Inc.
Citi (Nominees) Limited	United States of America	Subsidiaries of Citigroup Inc.
Citigroup N.A. Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citicorp Investment Bank Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citibank Channel Island Limited	United States of America	Subsidiaries of Citigroup Inc.
Citicorp International Limited	United States of America	Subsidiaries of Citigroup Inc.
Citibank Japan Ltd.	Japan	Subsidiaries of Citigroup Inc.
Citibank, BHD. Kuala Lumpur	Malaysia	Subsidiaries of Citigroup Inc.
Citibank Europe Plc.	Ireland	Subsidiaries of Citigroup Inc.
Citi NY Commodity	United States of America	Subsidiaries of Citigroup Inc.
Citibank, N.A. London	United Kingdom	Subsidiaries of Citigroup Inc.
Citi UK Chief Dealer	United Kingdom	Subsidiaries of Citigroup Inc.

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

The pricing policies for particular types of transactions 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>	
Fees and service expenses	Contractually agreed price
Other expenses	Contractually agreed price
Expense allocated from Head office / Branch	Contractually agreed price

Significant related parties transactions for the years ended 31 December 2013 and 2012 were as follows:

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Related companies</b>		
<b>Interest income</b>		
Citibank, N.A. New York	190	143,489
Citicorp Leasing (Thailand) Limited	64,031	68,701
Citicorp Consumer Products (Thailand) Limited	20,245	25,993
Others	23	94
<b>Total</b>	<b>84,489</b>	<b>238,277</b>
<b>Fees and service income</b>		
B.E.S. Limited	106,273	135,424
Citicorp Leasing (Thailand) Ltd.	162,067	106,740
Citi Consumer Products (Thailand) Limited	40,641	63,819
Others	2,878	29,372
<b>Total</b>	<b>311,859</b>	<b>335,355</b>
<b>Interest expense</b>		
Citicorp Securities (Thailand) Limited	8,255	49,736
Others	3,476	4,802
<b>Total</b>	<b>11,731</b>	<b>54,538</b>
<b>Fees and services expenses</b>		
Citi Consumer Products (Thailand) Limited	129,918	373,982
B.E.S. Limited	362,424	405,162
Citibank, N.A. Singapore	122,748	49,808
Citibank, N.A. Hong Kong	-	15,089
Citigroup N.A. New York	-	10,245
Citicorp Leasing (Thailand) Limited	16,891	8,034
Others	15,852	248
<b>Total</b>	<b>647,833</b>	<b>862,568</b>
<b>Other expenses</b>		
Citicorp Leasing (Thailand) Limited	-	25,266
Citibank, N.A. Hong Kong	12,110	20,238
Citibank, N.A. Singapore	115,268	205,563
Others	-	9,894
<b>Total</b>	<b>127,378</b>	<b>260,961</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Expense allocated from Head office/Branch</b>	<u>414,227</u>	<u>509,102</u>
<b>Profit remitted</b>		
Citibank, N.A. New York	<u>4,000,000</u>	<u>2,000,989</u>

**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:

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Key management personnel compensation</b>		
Short-term employee benefits	275,986	257,386
Post-employment benefits	5,603	6,595
Other long-term benefits	25,596	22,664
<b>Total key management personnel compensation</b>	<u>307,185</u>	<u>286,645</u>

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Loans to key management personnel</b>	<u>47</u>	<u>2,651</u>

Significant balances as at 31 December 2013 and 2012 with related parties were as follows:

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
<b>Interbank and money market items</b>		
Citicorp Investment Bank Singapore	6,004,889	24,294,769
Citicorp Leasing (Thailand) Ltd.	2,190,000	2,100,000
Citi Consumer Products (Thailand) Limited	600,000	730,000
Citibank Channel Island Limited	1,035,498	162,225
Citibank, N.A. Hong Kong	-	141,908
Citibank, N.A. New York	-	15,904
Citicorp International Limited	58,355	28,598
<b>Total</b>	<u>9,888,742</u>	<u>27,473,404</u>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Derivative assets</b>		
Citi NY Commodity	262,234	415,785
Citi UK Chief Dealer	278,164	371,532
Citibank, N.A., Singapore	431,413	101,052
Citibank, N.A. London	805,144	943,861
Citibank, N.A. New York	2,480,655	3,595,986
Citigroup Inc.	296,504	6,581
Citicorp Leasing (Thailand) Ltd.	-	242,391
Citigroup Global Markets Ltd.	317	1,102,660
<b>Total</b>	<b>4,554,431</b>	<b>6,779,848</b>
<b>Accrued interest receivable</b>		
Citicorp Leasing (Thailand) Ltd.	25,185	30,231
Others	115	9,710
<b>Total</b>	<b>25,300</b>	<b>39,941</b>
<b>Other assets</b>		
Citicorp Leasing (Thailand) Ltd.	-	242,391
Citigroup Inc.	-	6,581
Others	20,066	3,064
<b>Total</b>	<b>20,066</b>	<b>252,036</b>
<b>Liabilities</b>		
<b>Deposits and interbank and money market items</b>		
Citicorp Leasing (Thailand) Ltd.	671,874	745,041
B.E.S. Limited	261,105	255,072
Citicorp Securities (Thailand) Ltd.	1,105,777	2,149,867
Citi Consumer Products (Thailand) Limited	262,471	198,227
Citigroup Global Market Inc.	33,851	33,508
Citibank Global Consumer Banking	22,628	-
Citibank Japan Ltd.	181,506	159,348
Citibank, BHD. Kuala Lumpur	207,311	55,597
Citibank Europe Plc.	61,889	69,482
Citigroup Inc.	47,534	47,534
Citibank, N.A. New York	-	46,385
Citibank (Nominees) Limited	-	106,311
<b>Total</b>	<b>2,855,946</b>	<b>3,866,372</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

	2013	2012
	<i>(in thousand Baht)</i>	
<b>Derivative liabilities</b>		
Citicorp Leasing (Thailand) Limited	176,230	92,129
Citigroup Global Market Ltd.	-	311,121
Citigroup Inc.	274,946	457,556
Citigroup Investment Bank Singapore	-	45,906
Citi UK Chief Dealer	666	391,839
Citibank, N.A., Singapore	1,222,592	983,461
Citibank, N.A. London	1,600,897	482,033
Citibank, N.A. New York	2,323,596	3,424,593
Others	36,868	14,960
<b>Total</b>	<b>5,635,795</b>	<b>6,203,598</b>
<b>Accrued interest expense</b>		
Citicorp Securities (Thailand) Limited	3,884	2,898
Citibank, N.A. Hong Kong	-	10,089
Others	127	305
<b>Total</b>	<b>4,011</b>	<b>13,292</b>
<b>Other liabilities</b>		
Citi Consumer Products (Thailand) Limited	-	49,549
B.E.S. Co., Ltd.	63,770	69,954
Others	17,768	20,117
<b>Total</b>	<b>81,538</b>	<b>139,620</b>
<b>Significant balances of inter-office accounts with head office and other branches of same juristic person</b>		
Citibank, N.A. New York	2,161,001	1,967,615
Citibank, N.A. Hong Kong	139,513	10,331
Citibank (Nominees) Limited	211,307	106,311
Others	9,225	253,865
<b>Total</b>	<b>2,521,046</b>	<b>2,338,122</b>
<b>Commitments</b>		
Citicorp Leasing (Thailand) Ltd.	8,722,836	23,466,456
Citigroup Inc.	13,180,103	12,735,897
Citigroup Global Market Ltd.	133,683	7,126,536
Citigroup Global Market Inc.	67,576	728,123
Citi Consumer Products (Thailand) Ltd.	93,051	-
Citibank, N.A. Hong Kong	-	1,383,991
Citibank (Nominees) Limited	53,202	141,039
<b>Total</b>	<b>22,250,451</b>	<b>45,582,042</b>

As at 31 December 2013, loans to related parties were due to mature on 28 February 2014 and 30 July 2014 (2012: 30 July 2013 and 30 July 2014) and carried interest at 2.74% - 2.99% per annum (2012: 3.13% - 3.39% per annum).

Commitments to related parties comprise the notional amounts of derivatives assets and liabilities disclosed under note 9.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

As at 31 December 2013, commitments with related parties were due to mature on 2 January 2014 - 25 December 2020 (2012: 2 January 2013 - 4 April 2017).

#### Significant agreements with related parties

##### (a) Operational support service agreements

The Company entered into a service agreement with related companies. Under the terms of the agreement, the Company 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 2013, the Company earned service fees of Baht 226.0 million (2012: Baht 250.5 million).

##### (b) Collection service agreement

The Company entered into a collection service agreement with a related company. Under these agreement which is annually renewed, the Company has collection service expenses for the year ended 31 December 2013 of Baht 362.4 million (2012: Baht 405.2 million).

## 28 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.

## 29 Interest income

	2013	2012
	<i>(in thousand Baht)</i>	
Interbank and money market items	736,090	728,486
Investment in debt securities	1,967,122	2,403,419
Loans	8,365,649	8,139,621
Hire purchase	2,005	6,205
<b>Total</b>	<b>11,070,866</b>	<b>11,277,731</b>

## 30 Interest expense

	2013	2012
	<i>(in thousand Baht)</i>	
Deposits	1,245,283	1,320,825
Interbank and money market items	127,017	208,257
Contribution to Deposit Protection Agency	614,922	584,937
Borrowings	3,285	258,376
<b>Total</b>	<b>1,990,507</b>	<b>2,372,395</b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**31 Net fees and service income**

	2013	2012
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	57,748	64,840
- Credit card, ATM and others	3,027,960	2,523,195
- Others	2,239,435	1,949,821
	<u>5,325,143</u>	<u>4,537,856</u>
Fees and service expense		
- Fees from related parties	647,833	862,568
- Others	999,115	1,227,649
	<u>1,646,948</u>	<u>2,090,217</u>
<b>Total</b>	<b><u>3,678,195</u></b>	<b><u>2,447,639</u></b>

**32 Net gains on tradings and foreign exchange transactions**

	2013	2012
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange currency and foreign currency related derivatives	1,895,162	1,810,923
- Interest rate related derivatives	(49,631)	(35,681)
- Equity securities	4,293	31,840
- Others	(4)	(15,594)
<b>Total</b>	<b><u>1,849,820</u></b>	<b><u>1,791,488</u></b>

**33 Net gains from investments**

	2013	2012
	<i>(in thousand Baht)</i>	
Gain from sale of available for sale investment	142,036	215,933
Gain (loss) from sale of trading securities	(28,162)	43,248
Valuation of fair value on trading securities	17,866	(1,744)
Valuation on General investment	(10)	36
<b>Total</b>	<b><u>131,730</u></b>	<b><u>257,473</u></b>

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

	2013	2012
	<i>(in thousand Baht)</i>	
Interbank and money market items and loans to customers	1,713,520	1,633,685
Loss on troubled debt restructuring	67,508	16,994
<b>Total</b>	<b><u>1,781,028</u></b>	<b><u>1,650,679</u></b>



**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

**35 Employee expenses**

	Note	2013	2012
<i>(in thousand Baht)</i>			
Wages, salaries and bonus		1,690,256	1,897,829
Post employment benefit - defined benefit plans	23	37,874	44,290
Post employment benefit - defined contribution plans		93,784	235,354
Others		636,821	484,871
<b>Total</b>		<b><u>2,458,735</u></b>	<b><u>2,662,344</u></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 10% 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.

**36 Other expenses**

	2013	2012
<i>(in thousand Baht)</i>		
Sales and marketing expenses	1,500,237	1,411,129
Amortisation for acquisition cost of loans	292,530	341,183
Others	1,210,045	999,607
<b>Total</b>	<b><u>3,002,812</u></b>	<b><u>2,751,919</u></b>

**37 Income tax**

*Income tax recognised in profit or loss*

	Note	2013	2012
<i>(in thousand Baht)</i>			
<i>Current tax expense</i>			
Current year		1,441,345	1,432,913
Adjustments for prior year under (over)		5,201	(2,512)
		<b><u>1,446,546</u></b>	<b><u>1,430,401</u></b>
<i>Deferred tax expense</i>			
Movements in temporary differences		(35,310)	(51,719)
Income tax rate reduction - deferred		-	29,224
	16	<b><u>(35,310)</u></b>	<b><u>(22,495)</u></b>
<b>Total</b>		<b><u>1,411,236</u></b>	<b><u>1,407,906</u></b>

*Income tax recognised in other comprehensive income*

	Before tax	2013 Tax expense	Net of tax	Before Tax	2012 Tax expense	Net of tax
<i>(in thousand Baht)</i>						
Available-for-sale financial assets	55,557	(11,111)	44,446	71,838	(14,450)	57,388
Actuarial gains (losses)	22,968	(4,593)	18,375	54,705	(11,131)	43,574
<b>Total</b>	<b><u>78,525</u></b>	<b><u>(15,704)</u></b>	<b><u>62,821</u></b>	<b><u>126,543</u></b>	<b><u>(25,581)</u></b>	<b><u>100,962</u></b>

**Citibank, N.A. Bangkok Branch**  
**Notes to the financial statements**

<i>Reconciliation of effective tax rate</i>	2013		2012	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax		6,657,927		5,712,257
Income tax using the Thai corporation tax rate	20.0	1,331,585	23.0	1,313,819
Income tax reduction - deferred	-	-	0.5	29,224
Expenses not deductible for tax purposes	1.0	68,292	1.4	77,364
Adjustment for prior year-deferred	-	-	(0.3)	(14,591)
Adjustments for prior year in current year tax	0.1	5,201	(0.1)	(2,512)
Others	0.1	6,158	0.1	4,602
<b>Total</b>	<b>21.2</b>	<b>1,411,236</b>	<b>24.6</b>	<b>1,407,906</b>

**Income tax reduction**

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

**38 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Branch has not adopted the new and revised TFRS that have been issued as of the reporting date but are not yet effective. Those new and revised TFRS that are applicable to the Branch's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRIC 13	Customer Loyalty Programmes	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 32	Intangible Assets-Web Site Costs	2014

**Citibank, N.A. Bangkok Branch**  
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Management expects to adopt and apply this new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Branch's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application other than the following:

***TFRIC 13 – Customer Loyalty Programmes***

TFRIC 13 addresses the accounting for a branch's obligation to provide free or discounted goods or services ('awards') in the future under a customer loyalty programme. TFRIC 13 requires that award credits are accounted for as a separately identified component of the sales transactions in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The revenue and costs ascribed to the awards are only recognised when the award credits are redeemed or the entity otherwise fulfils its obligations in respect of the awards.

The Branch will adopt TFRIC 13 with effect from 1 January 2014. The effects of the change will be recognised retrospectively in the financial statements. Management is currently in the process of estimating the impact and expects there will be no material impact on the financial statements in the period of initial application.

**39 Reclassification of accounts**

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements as follows:

	Before reclassification	<b>2012</b> Reclassification <i>(in thousand Baht)</i>	After reclassification
<b><i>Statement of comprehensive income</i></b>			
Fee and service expense	1,685,055	405,162	2,090,217
Other expense	3,157,081	<u>(405,162)</u>	2,751,919
		<u><u>-</u></u>	

