

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

Financial statements for the year ended  
31 December 2014  
and  
Independent Auditor's Report





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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 2014, 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.





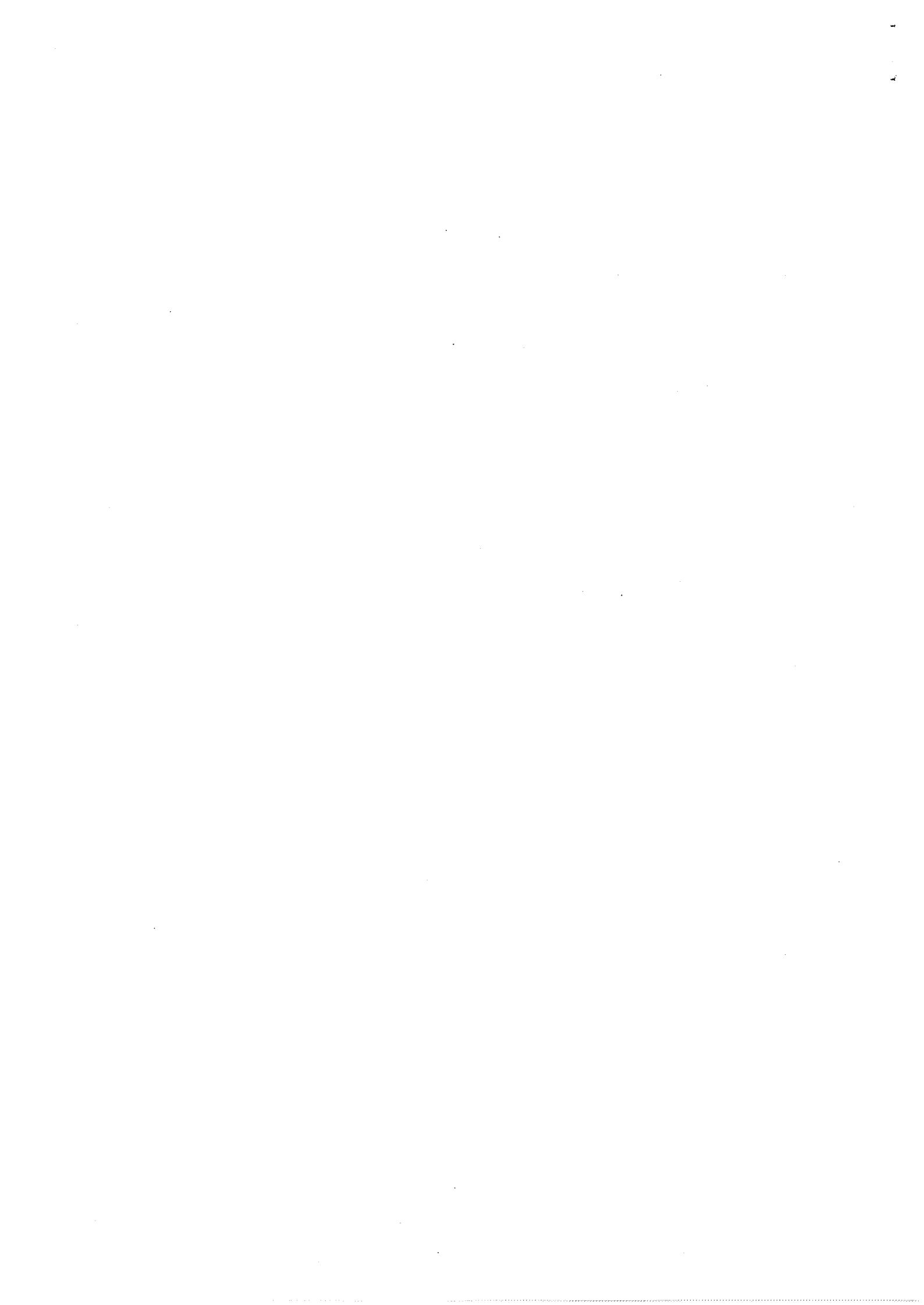
*Opinion*

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 2014, 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 2015



## Citibank, N.A. Bangkok Branch

### Statement of financial position

Assets	Note	31 December	
		2014	2013
		<i>(in thousand Baht)</i>	
Cash		322,567	257,563
Interbank and money market items, net	8, 25	43,836,697	24,516,678
Derivative assets	9, 25	22,494,248	24,904,627
Investments, net	10, 23	47,086,716	58,372,334
Loans to customers and accrued interest receivable, net	11, 12, 25		
Loans to customers		89,248,329	86,321,078
Accrued interest receivable		175,699	174,565
Total loans to customers and accrued interest receivable		89,424,028	86,495,643
Less deferred revenue		(11,140)	(11,497)
Less allowance for doubtful accounts	11.4, 13	(3,066,845)	(2,889,901)
Less revaluation allowance for debt restructuring	11.4, 14	(523,514)	(398,346)
Total loans to customers and accrued interest receivable, net		<b>85,822,529</b>	<b>83,195,899</b>
Leasehold building improvements and equipment, net	15	488,048	806,168
Deferred tax assets, net	16	247,307	215,091
Other assets, net	17, 25	3,704,832	4,780,672
<b>Total assets</b>		<b><u>204,002,944</u></b>	<b><u>197,049,032</u></b>

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

## Citibank, N.A. Bangkok Branch

### Statement of financial position

	Note	31 December	
		2014	2013
<b>Liabilities and accounts with head office and other branches of the same juristic person</b>		<i>(in thousand Baht)</i>	
<b>Liabilities</b>			
Deposits	19, 25	128,026,266	115,657,519
Interbank and money market items	20, 25	12,477,689	10,703,066
Liabilities payable on demand		4,235,013	5,145,630
Financial liabilities designated at fair value through profit and loss		-	298,717
Derivative liabilities	9, 25	24,242,370	24,646,994
Employee benefit obligations	21	405,502	359,093
Accrued expenses	25	2,453,617	2,899,386
Other liabilities	22, 25	4,441,553	7,068,185
<b>Total liabilities</b>		<b>176,282,010</b>	<b>166,778,590</b>
<b>Accounts with head office and other branches of the same juristic person</b>			
Funds brought into maintain assets under the Act	7	21,743,094	17,753,450
Balance of inter-office accounts with head office and other branches of the same juristic person, net	7, 25	1,112,443	2,521,046
Other components of accounts with head office and other branches of the same juristic person	10	59,027	99,714
Retained earnings		4,806,370	9,896,232
<b>Total accounts with head office and other branches of the same juristic person</b>		<b>27,720,934</b>	<b>30,270,442</b>
<b>Total liabilities and accounts with head office and other branches of the same juristic person</b>		<b>204,002,944</b>	<b>197,049,032</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	
		2014	2013
		<i>(in thousand Baht)</i>	
Interest income	25, 27	10,030,998	11,070,866
Interest expense	25, 28	1,431,454	1,990,507
<b>Net interest income</b>		<b>8,599,544</b>	<b>9,080,359</b>
Fees and service income	25	5,290,070	5,325,143
Fees and service expenses	25	1,764,479	1,646,948
<b>Net fees and service income</b>	29	<b>3,525,591</b>	<b>3,678,195</b>
Gains on trading and foreign exchange transactions	30	2,137,601	1,849,820
Net loss from financial liabilities designated at fair value		-	(3,689)
Net gain from investments	31	268,350	131,730
Other operating income		833,015	960,984
<b>Total operating income</b>		<b>15,364,101</b>	<b>15,697,399</b>
Other operating expenses			
Employee expenses	25, 33	2,597,069	2,458,735
Premises and equipment expenses		883,724	898,557
Taxes and duties		515,357	484,113
Intragroup charges	25	486,846	414,227
Others	25, 34	2,727,669	3,002,812
<b>Total other operating expenses</b>		<b>7,210,665</b>	<b>7,258,444</b>
Bad debts, allowance for doubtful accounts and impairment loss	32	2,315,719	1,781,028
<b>Operating profit before income tax expense</b>		<b>5,837,717</b>	<b>6,657,927</b>
Income tax expense	35	1,231,326	1,411,236
<b>Net profit</b>		<b>4,606,391</b>	<b>5,246,691</b>
Other comprehensive income			
Gains (losses) on remeasuring of available-for-sale investments	10	(50,858)	55,557
Actuarial gains (losses)	21	(19,535)	22,968
Income tax on other comprehensive income	35	14,077	(15,704)
<b>Total other comprehensive income for the year, net of income tax</b>		<b>(56,316)</b>	<b>62,821</b>
<b>Total comprehensive income for the year</b>		<b>4,550,075</b>	<b>5,309,512</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**

	Note	Funds brought into maintenance of assets under the Act	Balance of inter-office accounts with head office and other branches of the same juristic person, net	Other components of accounts with head office and other branches of the same juristic person	Retained earnings	Total
<b>Balance at 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>Comprehensive income for the year</b>						
Net profit					5,246,691	5,246,691
Other comprehensive income						
Gains on remeasuring of available-for-sale investments, net of income tax	35			44,446		44,446
Actuarial gains, net of income tax	35				18,375	18,375
Total other comprehensive income				44,446	18,375	62,821
<b>Total comprehensive income for the year</b>				<b>44,446</b>	<b>5,265,066</b>	<b>5,309,512</b>
Movement 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	25				(3,600,000)	(3,600,000)
Income tax on remitted profits	25				(400,000)	(400,000)
<b>Balances as at 31 December 2013 and 1 January 2014</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>
<b>Comprehensive income for the year</b>						
Net profit					4,606,391	4,606,391
Other comprehensive income						
Losses on remeasuring of available-for-sale investments, net of income tax	35			(40,687)		(40,687)
Actuarial losses, net of income tax	35				(15,629)	(15,629)
Total other comprehensive income				(40,687)	(15,629)	(56,316)
<b>Total comprehensive income for the year</b>				<b>(40,687)</b>	<b>4,590,762</b>	<b>4,550,075</b>
Increase in fund	7	3,989,644			(3,989,644)	
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net			(1,408,603)			(1,408,603)
Profit remitted to head office	25				(4,722,916)	(4,722,916)
Income tax on remitted profits and increase in fund	25				(968,064)	(968,064)
<b>Balance as at 31 December 2014</b>		<b>21,743,094</b>	<b>1,112,443</b>	<b>59,027</b>	<b>4,806,370</b>	<b>27,720,934</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

2014 2013

(in thousand Baht)

### *Cash flows from operating activities*

Operating profit before income tax expenses	5,837,717	6,657,927
<i>Adjustments to reconcile operating profit before income tax expense to cash received (paid) from operating activities</i>		
Depreciation and amortisation	236,159	223,626
Bad debts, allowance for doubtful accounts and impairment loss	2,316,079	1,779,598
Net gain from investments	(268,350)	(131,730)
Net loss (gain) on disposal and written off leasehold building improvements and equipments	(5)	1,893
Unrealized losses (gains) on forward and derivatives contracts, net	2,005,755	(3,636,716)
Losses on translation of foreign currencies	56,030	3,188,261
Provision for employee benefits	39,047	37,875
Employee benefit obligation paid	(12,173)	-
Net interest income	(8,599,544)	(9,080,359)
Interest received	10,022,459	11,260,719
Interest paid	(1,537,147)	(2,135,638)
Income tax paid	(1,452,078)	(1,402,488)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>8,643,949</b>	<b>6,762,968</b>
<i>Decrease (increase) in operating assets</i>		
Interbank and money market items	(19,455,591)	20,656,830
Investments in securities held for trading	926,588	(3,592,424)
Loans to customers	(4,839,171)	(7,997,291)
Other assets	1,313,725	2,022,041
<i>Increase (decrease) in operating liabilities</i>		
Deposits	12,370,363	(21,071,796)
Interbank and money market items	1,774,608	(7,661,060)
Liabilities payable on demand	(910,617)	(831,095)
Debts issued and borrowings	-	(1,047,560)
Other liabilities	(2,779,393)	(3,743,497)
<b>Net cash used in operating activities</b>	<b>(2,955,539)</b>	<b>(16,502,884)</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	
	2014	2013
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from investing activities</i></b>		
Net proceeds from purchase and sale of available-for-sale investments	10,489,492	21,365,525
Purchases of equipment	(85,057)	(188,782)
Proceeds from sales of equipment	43,137	5,261
<b>Net cash provided by investing activities</b>	<b>10,447,572</b>	<b>21,182,004</b>
<b><i>Cash flows from financing activities</i></b>		
Financial liabilities designated at fair value through profit on loss	(298,717)	(844,099)
Profit remitted to head office	(4,722,916)	(3,600,000)
Income tax paid on profit remitted to head office and increase in fund	(968,064)	(400,000)
Increase (decrease) in balance of inter-office accounts with head office and other branches of the same juristic person, net	(1,437,332)	221,199
<b>Net cash used in financing activities</b>	<b>(7,427,029)</b>	<b>(4,622,900)</b>
<b>Net decrease in cash</b>	<b>65,004</b>	<b>56,220</b>
Cash at 1 January	257,563	201,343
<b>Cash at 31 December</b>	<b>322,567</b>	<b>257,563</b>
<b><i>Non-cash transactions</i></b>		
Funds brought in to maintain assets under the Act transferred from retained earning which remitted profit to head office	3,898,644	-

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 2015.

### 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”) guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with the Bank of Thailand 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 new and revised TFRS relevant to the Branch’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRIC 13	Customer Loyalty Programmes

The initial application of these new and revised TFRS has resulted in changes in certain of the Branch’s accounting policies. The effects of these changes are disclosed in note 3.

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

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

In addition to the above revised TFRS, the FAP had issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 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 36.

#### **(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:

- derivatives 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;

#### **(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 9	Derivatives
Note 12	Troubled debt restructuring
Note 13	Allowance for doubtful accounts

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

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

From 1 January 2014, 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 customer loyalty programmes

Details of this new accounting policies adopted by the Branch are included in note 3 (b). 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 customer loyalty programmes**

From 1 January 2014, the Branch has adopted TFRIC 13 - Customer Loyalty Programmes.

TFRIC 13 addresses the accounting for an entity'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's accounting policy for customer loyalty programmes is as follows:

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

#### **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 at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rates at the reporting 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.



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

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

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

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

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

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

#### *Initial recognition*

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

#### *Disposal of investments*

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

If the Branch disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the 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.

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

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

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

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

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

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

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

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

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

#### **(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.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

#### *Subsequent costs*

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

#### *Depreciation*

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

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

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

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

#### *Reversals of impairment*

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

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

#### **(i) Financial instruments**

##### *Derivative*

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.

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

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

#### **(j) Employee benefits**

##### *Post employment benefits*

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

##### *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 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**

#### *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) Customer loyalty programmes**

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

#### **(n) Interest expense**

The Branch recognises interest expenses on an accruals basis.

#### **(o) Income tax**

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

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

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

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

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

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

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

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

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.

#### **(p) *Loan origination costs***

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

#### **(q) *Offsetting***

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

## **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:

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

### 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.

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 derivatives contracts will not adhere to the terms of the contract with the Branch when settlement becomes due.

Derivatives contracts classified by type and at regulatory credit equivalent values as at 31 December 2014 and 2013 were as follows:

	2014	2013
	<i>(in million Baht)</i>	
Forward exchange contracts	7,590	8,313
Forward interest rate contracts	5,518	6,101
Commodity option	2,094	1,596
<b>Total</b>	<b>15,202</b>	<b>16,010</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 prices, 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 2014 and 2013 is as follows:

	2014	2013
	<i>(in million Baht)</i>	
Fixed interest rate	74,503	72,444
Floating interest rate	14,745	13,865
<b>Total loans</b>	<b><u>89,248</u></b>	<b><u>86,309</u></b>

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

	31 December 2014			
	Floating rate	Fixed rate	Non-interest bearing	Total
	<i>(in thousand Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	322,567	322,567
Interbank and money market items*	-	44,090,931	-	44,090,931
Investments, net	-	47,086,716	-	47,086,716
Loans to customer and accrued interest receivable**	14,745,076	74,503,253	164,559	89,412,888
<b>Total financial assets</b>	<b><u>14,745,076</u></b>	<b><u>165,680,900</u></b>	<b><u>487,126</u></b>	<b><u>180,913,102</u></b>
<b>Financial liabilities</b>				
Deposits	-	114,804,967	13,221,299	128,026,266
Interbank and money market items	-	8,379,349	4,098,340	12,477,689
Liabilities payable on demand	-	-	4,235,013	4,235,013
<b>Total financial liabilities</b>	<b><u>-</u></b>	<b><u>123,184,316</u></b>	<b><u>21,554,652</u></b>	<b><u>144,738,968</u></b>
Avals to bill and guarantee on loan	-	-	2,185,235	2,185,235
Letters of credit	-	-	3,828,221	3,828,221
Other contingencies	-	-	167,319,743	167,319,743

\* Excluding allowance for doubtful accounts amounting to Baht 254.2 million

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

	31 December 2013			
	Floating rate	Fixed rate	Non-interest bearing	Total
	<i>(in thousand Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	257,563	257,563
Interbank and money market items*	-	24,667,689	-	24,667,689
Investments, net	-	58,372,092	242	58,372,334
Loans to customer and accrued interest receivable**	13,865,144	72,444,437	174,565	86,484,146
<b>Total financial assets</b>	<b><u>13,865,144</u></b>	<b><u>155,484,218</u></b>	<b><u>432,370</u></b>	<b><u>169,781,732</u></b>
<b>Financial liabilities</b>				
Deposits	-	103,401,068	12,256,451	115,657,519
Interbank and money market items	-	6,027,434	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><u>298,717</u></b>	<b><u>109,428,502</u></b>	<b><u>22,077,713</u></b>	<b><u>131,804,932</u></b>
Avals to bill and guarantee on loan	-	-	1,941,877	1,941,877
Letters of credit	-	-	838,873	838,873
Other contingencies	-	-	167,441,580	167,441,580

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

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

**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 2014 and 2013 were as follows:

	2014						Average interest rate (% per annum)		
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing		Non-accrual loans	Total
<i>Financial assets</i>									
Cash	-	-	-	-	-	-	-	322,567	-
Interbank and money market items*	1,238,724	42,852,207	-	-	-	-	-	44,090,931	1.28
Investments, net	-	8,534,166	24,015,675	14,507,134	29,741	-	-	47,086,716	2.34
Loans to customers and accrued interest receivable**	70,977,931	5,693,010	3,360,415	6,076,721	765,653	164,559	2,374,599	89,412,888	10.10
<b>Total financial assets</b>	<b>72,216,655</b>	<b>57,079,383</b>	<b>27,376,090</b>	<b>20,583,855</b>	<b>795,394</b>	<b>487,126</b>	<b>2,374,599</b>	<b>180,913,102</b>	
<i>Financial liabilities</i>									
Deposits	102,639,364	8,373,882	3,661,417	130,304	-	13,221,299	-	128,026,266	0.73
Interbank and money market items	5,998,711	2,380,638	-	-	-	4,098,340	-	12,477,689	1.12
Liabilities payable on demand	-	-	-	-	-	4,235,013	-	4,235,013	-
<b>Total financial liabilities</b>	<b>108,638,075</b>	<b>10,754,520</b>	<b>3,661,417</b>	<b>130,304</b>	<b>-</b>	<b>21,554,652</b>	<b>-</b>	<b>144,738,968</b>	
Avals to bill and guarantee on loan	-	-	-	-	-	2,185,235	-	2,185,235	
Letters of credit	-	-	-	-	-	3,828,221	-	3,828,221	
Other contingencies	-	-	-	-	-	167,319,743	-	167,319,743	

\* Excluding allowance for doubtful accounts amounting to Baht 254.2 million

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

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

	2013						Average interest rate (% per annum)	
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Non-accrual loans	Total
	<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
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**	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>
Avals to bill and guarantee on loan	-	-	-	-	-	9,327,840	-	9,327,840
Letters of credit	-	-	-	-	-	348,348	-	348,348
Other contingencies	-	-	-	-	-	160,546,142	-	160,546,142

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

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

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

#### b) Foreign exchange risk

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

As at 31 December 2014 and 2013, the Branch has net open position assets (liabilities) denominated in the various currencies as follows;

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Net foreign currency exposure**</b>		
US Dollar	1,814,943	2,383,699
EURO	(18,097)	(308,654)
Yen	18,489	13,296
Others	26,604	51,995

\*\* Excluding non-performing loans amounting to 253.2 million (2013: Baht 151.0 million)

#### 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.

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

Details of the maturities of financial assets and liabilities as at 31 December 2014 and 2013 were as follows:

	At call	Less than 3 months	3 months to 1 year	2014			Total
				1 to 5 years	Over 5 years	No maturity	
	<i>(in thousand Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	322,567	322,567
Interbank and money market items*	1,238,724	42,852,207	-	-	-	-	44,090,931
Derivative assets	-	-	6,448,742	13,044,471	-	-	22,494,248
Investments, net	-	8,534,166	24,015,675	14,507,134	3,001,035	-	47,086,716
Loans to customers and accrued interest receivable**	63,793,682	12,205,881	4,083,290	8,564,383	765,652	-	89,412,888
Other assets, net	-	3,058,067	-	-	-	-	3,058,067
<b>Total financial assets</b>	<b>65,032,406</b>	<b>66,650,321</b>	<b>34,547,707</b>	<b>36,115,988</b>	<b>3,796,428</b>	<b>322,567</b>	<b>206,465,417</b>
<b>Financial liabilities</b>							
Deposits	115,860,663	8,373,882	3,661,417	130,304	-	-	128,026,266
Interbank and money market items	10,097,052	2,380,637	-	-	-	-	12,477,689
Liabilities payable on demand	4,235,013	-	-	-	-	-	4,235,013
Derivative liabilities	-	-	7,214,871	13,744,678	3,282,821	-	24,242,370
Other liabilities	-	4,183,306	-	-	-	-	4,183,306
<b>Total financial liabilities</b>	<b>130,192,728</b>	<b>14,937,825</b>	<b>10,876,288</b>	<b>13,874,982</b>	<b>3,282,821</b>	<b>-</b>	<b>173,164,644</b>
<b>Net liquidity gap</b>	<b>(65,160,322)</b>	<b>51,712,496</b>	<b>23,671,419</b>	<b>22,241,006</b>	<b>513,607</b>	<b>322,567</b>	<b>33,300,773</b>

\* Excluding allowance for doubtful accounts amounting to Baht 254.3 million

\*\* Including non-performing loans

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

	At call	Less than 3 months	3 months to 1 year	2013			Total
				1 to 5 years	Over 5 years	No maturity	
<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>
<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

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**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 2014 and 2013 were as follows:

	2014		2013	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in thousand Baht)</i>			
<b><i>Financial assets</i></b>				
Cash	322,567	322,567	257,563	257,563
Interbank and money market items*	44,090,931	44,090,931	24,667,689	24,667,689
Derivative assets	22,494,248	22,494,248	24,904,627	24,904,627
Investments, net	47,086,716	47,086,716	58,372,334	58,372,334
Loans to customers and accrued interest receivable**	85,822,529	85,822,529	83,195,899	83,195,899
<b>Total financial assets</b>	<b>199,816,991</b>	<b>199,816,991</b>	<b>191,398,112</b>	<b>191,398,112</b>
<b><i>Financial liabilities</i></b>				
Deposits	128,026,266	128,026,266	115,657,519	115,657,519
Interbank and money market items	12,477,689	12,477,689	10,703,066	10,703,066
Liabilities payable on demand	4,235,013	4,235,013	5,145,630	5,145,630
Financial liabilities designated at fair value through profit or loss	-	-	298,717	298,717
Derivatives liabilities	-	-	24,646,994	24,646,994
<b>Total financial liabilities</b>	<b>144,738,968</b>	<b>144,738,968</b>	<b>156,451,926</b>	<b>156,451,926</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 254.2 million (2013: Baht 151.0 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:

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

The fair values of loans to customers and accrued interest receivables are considered to be materially consistent with carrying values as the majority are of short tenor 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.

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The fair value of derivatives 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 2014 and 2013, can be summarised as follows:

	2014	2013
	<i>(in million Baht)</i>	
Government bonds	21,743	17,753
<b>Total</b>	<b><u>21,743</u></b>	<b><u>17,753</u></b>

As at 31 December 2014 and 2013, the Branch's capital fund can be summarised as follow:

	2014	2013
	<i>(in million Baht)</i>	
<b>Assets maintained under Section 32</b>	<b><u>21,743</u></b>	<b><u>17,753</u></b>
<b>Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts</b>		
Net fund brought into maintenance assets under Section 32	21,743	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	1,112	2,521
<b>Total</b>	<b><u>22,855</u></b>	<b><u>20,274</u></b>
<b>Capital Fund <i>(in million Baht)</i></b>	<b>21,743</b>	<b>17,753</b>
<b>Capital Adequacy Ratio (%)</b>	<b>15.19</b>	<b>12.60</b>

As at 31 December 2014 and 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 2014 and 2013, the Branch met the minimum Capital Adequacy Ratio requirements set down by the Bank of Thailand, which is in compliance with "Basel III" for total capital at minimum of 8.5%.

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 2014 within 4 months after the year end date as indicated in the notification through the Branch's website [www.citibank.co.th](http://www.citibank.co.th).

In 2014, the Bank of Thailand approved the increased in capital of the Branch amounting from amount of Baht 17,753 million to amount of Baht 21,743 million being effective on 24 September 2014. The Branch transferred the amount from retained earnings with the approved from head office.



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

	At call	2014 Term (in thousand Baht)	Total
<b>Domestic</b>			
Bank of Thailand	478,397	-	478,397
Commercial banks	746,826	24,751,560	25,498,386
Other financial institutions	430	-	430
<b>Total</b>	<b>1,225,653</b>	<b>24,751,560</b>	<b>25,977,213</b>
<i>Add</i> accrued interest receivable	-	9,523	9,523
<i>Less</i> allowance for doubtful accounts	-	(254,234)	(254,234)
<b>Total domestic</b>	<b>1,225,653</b>	<b>24,506,849</b>	<b>25,732,502</b>
<b>Foreign</b>			
US Dollar	-	17,490,330	17,490,330
Euro	-	600,794	600,794
Other currencies	13,071	-	13,071
<b>Total foreign</b>	<b>13,071</b>	<b>18,091,124</b>	<b>18,104,195</b>
<b>Total domestic and foreign</b>	<b>1,238,724</b>	<b>42,597,973</b>	<b>43,836,697</b>
	At call	2013 Term (in thousand Baht)	Total
<b>Domestic</b>			
Bank of Thailand	2,241,535	-	2,241,535
Commercial banks	795,920	14,267,105	15,063,025
Other financial institutions	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</b>	<b>3,038,044</b>	<b>14,134,938</b>	<b>17,172,982</b>
<b>Foreign</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</b>	<b>3,461</b>	<b>7,340,235</b>	<b>7,343,696</b>
<b>Total domestic and foreign</b>	<b>3,041,505</b>	<b>21,475,173</b>	<b>24,516,678</b>

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

**9.1 Trading derivatives**

As at 31 December 2014 and 2013, the fair value and notional amount of derivatives classified by type of risk are as follows:

Type of risk	Fair value		2014		Total
	Assets	Liabilities	Notional amount		
			Up to 1 year (in thousand Baht)	Over 1 year	
Forward exchange contracts	5,189,776	6,596,805	537,224,455	51,903,108	589,127,563
Forward interest rate contracts	16,022,227	16,363,320	546,194,792	971,002,259	1,517,197,051
Commodity option	1,282,245	1,282,245	20,944,658	-	20,944,658
<b>Total</b>	<b>22,494,248</b>	<b>24,242,370</b>	<b>1,104,363,905</b>	<b>1,022,905,367</b>	<b>2,127,269,272</b>

Type of risk	Fair value		2013		Total
	Assets	Liabilities	Notional amount		
			Up to 1 year (in thousand Baht)	Over 1 year	
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>

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 2014 and 2013, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	2014	2013
	(% )	
Financial institutions	93	91
Third parties	7	9
<b>Total</b>	<b>100</b>	<b>100</b>

**10 Investments, net**

**10.1 Classification of investment in securities**

As at 31 December 2014 and 2013, the Branch classifies investment types, as follows:

	2014	2013
	Fair value (in thousand Baht)	Fair value
<b>Trading investments</b>		
Government and state enterprise securities	10,442,474	11,387,592
<b>Total</b>	<b>10,442,474</b>	<b>11,387,592</b>
<b>Available-for-sale investments</b>		
Government and state enterprise securities	36,644,010	46,984,500
<b>Total</b>	<b>36,644,010</b>	<b>46,984,500</b>

# Citibank, N.A. Bangkok Branch

## Notes to the financial statements

	Cost/ Amortised cost (in thousand Baht)	Cost/ Amortised cost (in thousand Baht)
<b>Held-to-maturity debt instruments</b>		
Government and state enterprise securities	-	805
Less allowance for impairment	-	(805)
<b>Net</b>	<b>-</b>	<b>-</b>
<b>General investments</b>		
Non-marketable equity securities	1,000	1,000
Less allowance for impairment	(768)	(758)
<b>Net</b>	<b>232</b>	<b>242</b>
<b>Total investments, net</b>	<b>47,086,716</b>	<b>58,372,334</b>

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

### 10.2 Unrealised gains on fair value changes in available-for-sale investments, are as follows:

	2014 (in thousand Baht)	2013 (in thousand Baht)
Unrealised gains on fair value change in available-for-sale investments	73,784	124,642
Less deferred income tax	(14,757)	(24,928)
<b>Net</b>	<b>59,027</b>	<b>99,714</b>

### 10.3 Debt instruments classified by the remaining contractual maturity period are as follows:

	2014 Maturity over 1 to 5 years (in thousand Baht)	Total
<b>Available-for-sale investments</b>		
Government and state enterprise bonds	23,924,083	36,570,226
Add unrealised gains on fair value changes of investments	39,152	73,784
<b>Total</b>	<b>23,963,235</b>	<b>36,644,010</b>
<b>2013</b>		
	Maturity over 1 to 5 years (in thousand Baht)	Total
<b>Available-for-sale investments</b>		
Government and state enterprise bonds	29,049,173	46,859,858
Add unrealised gains on fair value changes of investments	17,344	124,642
<b>Total</b>	<b>29,066,517</b>	<b>46,984,500</b>

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

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

**11.1 Classified by type of loans**

	2014	2013
	<i>(in thousand Baht)</i>	
Overdrafts	468,703	501,698
Loans	87,493,433	84,313,087
Bills	1,286,193	1,506,293
Less deferred revenue	<u>(11,140)</u>	<u>(11,497)</u>
Total loans net from deferred revenue	89,237,189	86,309,581
Add accrued interest receivable	<u>175,699</u>	<u>174,565</u>
Total loans net of deferred revenue and accrued interest receivable	89,412,888	86,484,146
Less allowance for doubtful accounts		
- BoT's minimum requirement		
- individual approach	(1,685,698)	(1,676,095)
- collective approach	(966,765)	(893,076)
- Allowance in excess	(414,382)	(320,730)
Less revaluation allowance for debt restructuring	<u>(523,514)</u>	<u>(398,346)</u>
<b>Total loans to customers and accrued interest receivable, net</b>	<b><u>85,822,529</u></b>	<b><u>83,195,899</u></b>

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

	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	85,348,407	-	85,348,407	84,055,251	-	84,055,251
US Dollar	2,682,225	913,890	3,596,115	1,441,002	629,438	2,070,440
Other currencies	<u>125,189</u>	<u>167,478</u>	<u>292,667</u>	<u>135,191</u>	<u>48,699</u>	<u>183,890</u>
<b>Total*</b>	<b><u>88,155,821</u></b>	<b><u>1,081,368</u></b>	<b><u>89,237,189</u></b>	<b><u>85,631,444</u></b>	<b><u>678,137</u></b>	<b><u>86,309,581</u></b>

\* Loans to customers net of deferred revenue

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

	2014					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and Mining	877,089	-	-	-	-	877,089
Manufacturing and Commerce	17,519,118	3,328,358	-	-	808,159	21,655,635
Property development and construction	120,000	15	-	-	-	120,015
Infrastructure and services	620,849	4,265	-	-	-	625,114
Housing loans	766,042	-	-	-	433	766,475
Others**	<u>61,555,546</u>	<u>2,071,309</u>	<u>1,330,500</u>	<u>105,073</u>	<u>130,433</u>	<u>65,192,861</u>
<b>Total*</b>	<b><u>81,458,644</u></b>	<b><u>5,403,947</u></b>	<b><u>1,330,500</u></b>	<b><u>105,073</u></b>	<b><u>939,025</u></b>	<b><u>89,237,189</u></b>

\* Loans to customers net of deferred revenue.

\*\* Consist of credit cards and other retail lending.

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

\*\* Consist of credit cards and other retail lending.

**11.4 Classified by loan grade**

	2014			
	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 (%)	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Allowance as per BoT's minimum requirements				
-Pass	81,613,836	79,792,897	1	902,677**
-Special mention	5,424,454	5,287,154	2	153,127**
-Substandard	1,330,500	1,080,720	100	1,080,720
-Doubtful	105,073	105,073	100	105,073
-Doubtful loss	939,025	934,380	100	934,380
<b>Total</b>	<b>89,412,888</b>	<b>87,200,224</b>		<b>3,175,977</b>
Allowance in excess				414,382
<b>Total*</b>				<b>3,590,359</b>

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

\*\* This also includes provision for other items i.e. trouble debt restructuring which are classified as pass or special mention.

	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 (%)	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
<b>Total</b>	<b>86,484,146</b>	<b>84,380,117</b>		<b>2,967,517</b>
Allowance in excess				320,730
<b>Total*</b>				<b>3,288,247</b>

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

\*\* This also includes provision for other items i.e. trouble debt restructuring which are classified as pass or special mention.

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**11.5 Non-performing loans**

As of 31 December 2014 and 2013 the Branch has non-performing loans (“NPLs Gross”) on accrual basis (including financial institutions) based on the BoT notification as follows:

	2014	2013
Non-performing loans, gross ( <i>in thousand Baht</i> )	2,374,599	2,213,554
Total loans used for NPLs ratio calculation <sup>(1)</sup> ( <i>in thousand Baht</i> )	114,173,873	100,818,768
Percentage of total loans <sup>(2)</sup>	2.08	2.20

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

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

As of 31 December 2014 and 2013, non-performing loans, net (“NPLs Net”) (including financial institutions) based on the BoT notification are as follows:

	2014	2013
Non-performing loans, net ( <i>in thousand Baht</i> )	253,342	220,056
Total loans used for NPLs net ratio calculation <sup>(1)</sup> ( <i>in thousand Baht</i> )	110,329,281	97,379,510
Percentage of total loans <sup>(2)</sup>	0.23	0.23

<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 2014, allowance for doubtful account of 2,120 million (2013: Baht 1,993 million) have been provided against the Branch’s non-performing loans classified as substandard, doubtful and doubtful loss.

**12 Troubled debt restructuring**

For the years ended 31 December 2014 and 2013, the Branch engaged in debt restructuring contracts as follows:

	2014		2013	
	Cases	Total outstanding debt before restructuring ( <i>in thousand Baht</i> )	Cases	Total outstanding debt before restructuring ( <i>in thousand Baht</i> )
Debt restructuring contracts that incurred losses	9,172	1,029,175	6,479	687,010
<b>Total</b>	<b>9,172</b>	<b>1,029,175</b>	<b>6,479</b>	<b>687,010</b>

Losses on debt restructuring for the year ended 31 December 2014 and 2013 were as follows:

Types of Restructuring	Cases*	2014 Outstanding debt		Loss on debt restructuring
		Before restructuring	After restructuring ( <i>in thousand Baht</i> )	
Changes of repayment conditions	9,172	1,029,175	849,032	149,492
<b>Total</b>	<b>9,172</b>	<b>1,029,175</b>	<b>849,032</b>	<b>149,492</b>

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Types of Restructuring	Cases*	2013 Outstanding debt		Loss on debt restructuring
		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>

\* incurred during the year

As at 31 December 2014 and 2013, the Branch has balances of restructured loans as follows:

	2014		2013	
	Cases	Total outstanding debt before restructuring <i>(in thousand Baht)</i>	Cases	Total outstanding debt before restructuring <i>(in thousand Baht)</i>
Restructured loans which are classified as NPLs		350,165		278,435
Restructured loans which are not classified as NPLs		1,143,681		1,053,981
<b>Total</b>	<b>23,545</b>	<b>1,493,846</b>	<b>25,202</b>	<b>1,332,416</b>

The Branch recognised interest income from debt restructuring for the years ended 31 December 2014 and 2013 as follows:

	2014 <i>(in thousand Baht)</i>	2013 <i>(in thousand Baht)</i>
Interest income	86,273	96,306
<b>Total</b>	<b>86,273</b>	<b>96,306</b>

### 13 Allowance for doubtful accounts

Movements in the allowance for doubtful accounts for loans to customers during the year ended 31 December 2014 and 2013 consisted of:

	2014						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance over BoT's minimum requirement	
<b>Beginning balance</b>	757,065	97,196	761,296	10,418	943,196	320,730	2,889,901
Doubtful accounts	24,021	4,172	60,067	19,234	944,991	93,652	1,146,137
Recovery	-	-	-	-	(780,521)	-	(780,521)
Bad debts written off	-	-	-	-	(188,993)	-	(188,993)
Others	-	-	-	-	321	-	321
<b>Ending balance</b>	<b>781,086</b>	<b>101,368</b>	<b>821,363</b>	<b>29,652</b>	<b>918,994</b>	<b>414,382</b>	<b>3,066,845</b>

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	2013						Total
	Pass	Special mention	Sub standard	Doubtful	Doubtful loss	Excess of allowance over BoT's minimum requirement	
	<i>(in thousand Baht)</i>						
<b>Beginning 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>
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>

**14 Revaluation allowance for debt restructuring**

	2014	2013
	<i>(in thousand Baht)</i>	
Beginning balance	398,346	482,143
Increase	211,441	12,509
Amortisation of interest income	(86,273)	(96,306)
<b>Ending balance</b>	<b>523,514</b>	<b>398,346</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:

	2014	2013
	<i>(in thousand Baht)</i>	
Deferred tax assets	268,257	256,162
Deferred tax liabilities	<u>(20,950)</u>	<u>(41,071)</u>
<b>Net</b>	<b><u>247,307</u></b>	<b><u>215,091</u></b>

Movements in deferred tax assets and liabilities during the year ended 31 December 2014 and 2013 were as follows:

	At 1 January 2014	<u>(Charged)/credited to:</u>		At 31 December 2014
		Profit or loss <i>(Note 35)</i>	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<b><i>Deferred tax assets</i></b>				
Interest income	5,094	5,328	-	10,422
Allowance for doubtful accounts	160	(160)	-	-
Provision for employee benefit and deferred revenue on customer loyalty programme	250,483	2,923	3,907	257,313
Others	425	97	-	522
<b>Total</b>	<b><u>256,162</u></b>	<b><u>8,188</u></b>	<b><u>3,907</u></b>	<b><u>268,257</u></b>
<b><i>Deferred tax liabilities</i></b>				
Equipment depreciation	11,821	(6,242)	-	5,579
Gain from trading securities	4,322	(3,708)	-	614
Unrealised gain on fair value changes of available-for-sale securities	24,928	-	(10,171)	14,757
<b>Total</b>	<b><u>41,071</u></b>	<b><u>(9,950)</u></b>	<b><u>(10,171)</u></b>	<b><u>20,950</u></b>
<b>Net</b>	<b><u>215,091</u></b>	<b><u>18,138</u></b>	<b><u>14,078</u></b>	<b><u>247,307</u></b>

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

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

**17 Other assets, net**

	2014	2013
<i>(in thousand Baht)</i>		
Other accounts receivable	2,612,561	3,896,787
Accrued income	350,600	322,808
Margin call - derivatives	250,888	158,419
Prepaid expenses and deferred expenses	206,559	206,265
Refundable deposits	16,873	17,975
Others	267,351	178,418
<b>Total</b>	<b>3,704,832</b>	<b>4,780,672</b>

**18 Classified assets**

As of 31 December 2014 and 2013, 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:

	2014			Total
	Investments	Interbank and money market	Loans to customers and accrued interest receivables	
<i>(in thousand Baht)</i>				
Pass	-	24,920,357	81,613,836	106,534,193
Special mention	-	25,886	5,424,453	5,450,339
Sub-standard	-	-	1,330,500	1,330,500
Doubtful	-	-	105,073	105,073
Doubtful loss	1,844	-	939,026	940,870
<b>Total</b>	<b>1,844</b>	<b>24,946,243</b>	<b>89,412,888</b>	<b>114,360,975</b>

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

	2013			Total
	Investments	Interbank and money market (in thousand Baht)	Loans to customers and accrued interest receivables	
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>

**19 Deposits**

**19.1 Classified by type of deposits**

	2014	2013
	(in thousand Baht)	
Current	13,221,299	12,256,451
Savings	102,639,364	89,330,851
Term		
- Less than 6 months	7,248,973	8,325,339
- More than 6 months but less than 1 year	3,830,135	4,612,900
- 1 year and over	1,086,495	1,131,978
<b>Total</b>	<b>128,026,266</b>	<b>115,657,519</b>

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

	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	104,424,518	5,025,243	109,449,761	95,230,055	5,085,989	100,316,044
US Dollar	17,021,032	803,435	17,824,467	13,893,097	903,444	14,796,541
Other currencies	618,816	133,222	752,038	497,119	47,815	544,934
<b>Total</b>	<b>122,064,366</b>	<b>5,961,900</b>	<b>128,026,266</b>	<b>109,620,271</b>	<b>6,037,248</b>	<b>115,657,519</b>

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

	At call	2014	Total
		Term	
	(in thousand Baht)		
<b>Domestic</b>			
Other financial institutions	6,104,270	2,000,000	8,104,270
<b>Total domestic</b>	<b>6,104,270</b>	<b>2,000,000</b>	<b>8,104,270</b>
<b>Foreign</b>			
Baht	3,163,074	-	3,163,074
Yen	-	380,638	380,638
US Dollar	3,331	-	3,331
Others	826,376	-	826,376
<b>Total foreign</b>	<b>3,992,781</b>	<b>380,638</b>	<b>4,373,419</b>
<b>Total domestic and foreign</b>	<b>10,097,051</b>	<b>2,380,638</b>	<b>12,477,689</b>

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

	At call	2013 Term (in thousand Baht)	Total
<b>Domestic</b>			
Other financial institutions	5,934,983	-	5,934,983
<b>Total domestic</b>	<b>5,934,983</b>	<b>-</b>	<b>5,934,983</b>
<b>Foreign</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</b>	<b>4,611,562</b>	<b>156,521</b>	<b>4,768,083</b>
<b>Total domestic and foreign</b>	<b>10,546,545</b>	<b>156,521</b>	<b>10,703,066</b>

**21 Employee benefit obligations**

	2014 (in thousand Baht)	2013 (in thousand Baht)
<b>Statement of financial position obligation for:</b>		
Defined benefit plan		
- Post-employment benefits (Legal Severance Payment Plan)	405,502	359,093
- Other long-term employee benefits*	57,057	56,800
<b>Total</b>	<b>462,559</b>	<b>415,893</b>

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

	2014 (in thousand Baht)	2013 (in thousand Baht)
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit and loss</b>		
Defined benefit plan		
- Post-employment benefits (Legal Severance Payment Plan)	39,047	37,874
- Other long-term employee benefits	2,022	923
<b>Total</b>	<b>41,069</b>	<b>38,797</b>
<b>Recognised in other comprehensive income</b>		
Actuarial losses (gains) recognised during the year	19,535	(22,968)
<b>Total</b>	<b>60,604</b>	<b>15,829</b>

The statement of financial position obligation was determined as follow:

	2014 (in thousand Baht)	2013 (in thousand Baht)
Present value of unfunded obligations	405,502	359,093
<b>Statement of financial position obligation</b>	<b>405,502</b>	<b>359,093</b>

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

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

	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	359,093	344,187
Current service cost	24,730	25,309
Interest cost	14,317	12,565
Benefits paid	(12,173)	-
Actuarial losses (gains) recognised in other comprehensive income	19,535	(22,968)
<b>At 31 December</b>	<b><u>405,502</u></b>	<b><u>359,093</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
As at 1 January	56,800	53,022
Provision made for the years	257	3,778
<b>As at 31 December</b>	<b><u>57,057</u></b>	<b><u>56,800</u></b>

Expense recognised in profit or loss:

	2014	2013
	<i>(in thousand Baht)</i>	
Post-employee benefit		
- Current service cost	24,730	25,309
- Interest cost	14,317	12,565
Other long-term benefit	257	3,778
<b>Total</b>	<b><u>39,304</u></b>	<b><u>41,652</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	144,548	162,923
Recognised during the year	15,629	(18,375)
<b>At 31 December</b>	<b><u>160,177</u></b>	<b><u>144,548</u></b>

Principal actuarial assumptions

	2014	2013
Discount rate (%)	3.1	4.2
Future salary increase (%)	4.0-8.0	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.

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

**22 Other liabilities**

	2014	2013
	<i>(in thousand Baht)</i>	
Other accounts payable	4,039,186	6,152,272
Unearned income	192,058	188,652
Withholding tax payable	44,671	460,022
VAT payable	21,517	101,907
Others	144,121	165,332
<b>Total</b>	<b><u>4,441,553</u></b>	<b><u>7,068,185</u></b>

**23 Assets pledged as collateral**

	2014	2013
	<i>(in thousand Baht)</i>	
Government bonds (at face value)	<b><u>3,005,399</u></b>	<b><u>1,311,391</u></b>

**24 Commitments and contingent liabilities**

**(a) Lease and service agreement**

At 31 December 2014 and 2013, 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 as follows:

	2014	2013
	<i>(in million Baht)</i>	
Within one year	213	198
After one year but within five years	902	741
After five years	403	479
<b>Total</b>	<b><u>1,518</u></b>	<b><u>1,418</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Loan guarantees	2,028,834	1,482,069
Other guarantees	8,600,479	7,845,711
Liabilities under unmatured import bills	176,313	532,632
Letters of credit	2,409,119	348,348
Unused credit lines of overdraft	12,359,053	12,034,835
<b>Total</b>	<b><u>25,573,798</u></b>	<b><u>22,243,595</u></b>

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.

## Citibank, N.A. Bangkok Branch

### Notes to the financial statements

#### 25 Related parties

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

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

Name of entities/personnel	Country of incorporation/ nationality	Nature of relationships
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 Overseas Investment Corporation
Citicorp Leasing (Thailand) Ltd.	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
Citi Consumer Products (Thailand) Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
B.E.S. Limited	Thailand	The same major shareholder which is Citibank Overseas Investment Corporation
Citigroup Global Markets Limited	United Kingdom	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	Hongkong	Subsidiaries of Citigroup Inc.
Citi (Nominees) Limited	United States of America	Subsidiaries of Citigroup Inc.
Citibank N.A. Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citicorp Investment Bank Singapore	Singapore	Subsidiaries of Citigroup Inc.
Citibank 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.



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

<b>Name of entities/personel</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Citibank N.A. Jersey Branch	United States of America	Subsidiaries of Citigroup Inc.
Citibank N.A. Sydney	Australia	Subsidiaries of Citigroup Inc.

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>	
Interest expense	Market rate
Fees and service expenses	Contractually agreed price
Other expenses	Contractually agreed price
Intragroup charges	Contractually agreed price

Significant related parties transactions for the years ended 31 December 2014 and 2013 were as follows:

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Related companies</b>		
<b>Interest income</b>		
Citibank, N.A. New York	642	190
Citicorp Leasing (Thailand) Limited	70,474	64,031
Citicorp Consumer Products (Thailand) Limited	14,562	20,245
Citibank Channel Island	-	2,737
Citibank N.A. Jersey Branch	1,376	-
Citicorp Investment Singapore	22,707	23,091
Citibank N.A. Sydney	665	790
Citicorp International Ltd.	702	2,061
Others	603	23
<b>Total</b>	<b>111,731</b>	<b>113,168</b>
<b>Fees and service income</b>		
B.E.S. Limited	97,700	106,273
Citicorp Leasing (Thailand) Ltd.	98,349	162,067
Citi Consumer Products (Thailand) Limited	26,618	40,641
Others	2,791	2,878
<b>Total</b>	<b>225,458</b>	<b>311,859</b>
<b>Interest expense</b>		
Citicorp Securities (Thailand) Limited	7,535	8,255
Others	3,991	3,476
<b>Total</b>	<b>11,526</b>	<b>11,731</b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
<b><i>Fees and services expenses</i></b>		
Citi Consumer Products (Thailand) Limited	-	129,918
B.E.S. Limited	371,044	362,424
Citibank, N.A. Singapore	234,953	122,748
Citicorp Leasing (Thailand) Limited	15,201	16,891
Others	-	15,852
<b>Total</b>	<b><u>621,198</u></b>	<b><u>647,833</u></b>
<b><i>Other expenses</i></b>		
Citicorp Leasing (Thailand) Limited	3,808	-
Citicorp Securities (Thailand) Limited	168	2,352
Citibank, N.A. Hong Kong	-	12,110
Citibank, N.A. Singapore	-	115,268
<b>Total</b>	<b><u>3,976</u></b>	<b><u>129,730</u></b>
<b><i>Intra group charges</i></b>	<b><u>486,846</u></b>	<b><u>414,227</u></b>

The above fees and service expenses, other expense and intra group charges includes the charges relating to the services provided by the head office and other related entities.

***Profit remitted***

Citibank, N.A. New York	<b><u>5,247,682</u></b>	<b><u>4,000,000</u></b>
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***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:

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Key management personnel compensation</b>		
Short-term employee benefits	335,682	275,986
Post-employment benefits	6,533	5,603
Other long-term benefits	34,722	25,596
<b>Total key management personnel compensation</b>	<b><u>376,937</u></b>	<b><u>307,185</u></b>

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Loans to key management personnel</b>	<b><u>14</u></b>	<b><u>47</u></b>

Significant balances as at 31 December 2014 and 2013 with related parties were as follows:

	2014	2013
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
<b><i>Interbank and money market items</i></b>		
Citicorp Investment Bank Singapore	17,305,575	6,004,889
Citicorp Leasing (Thailand) Limited	2,190,000	2,190,000
Citi Consumer Products (Thailand) Limited	400,000	600,000
Citibank Channel Island Limited	-	1,035,498
Citicorp International Limited	600,794	58,355
<b>Total</b>	<b><u>20,496,369</u></b>	<b><u>9,888,742</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
<b><i>Derivative assets</i></b>		
Citi NY Commodity	671,789	262,234
Citibank, N.A. Singapore	29,952	431,413
Citibank, N.A. London	838,488	1,083,308
Citibank, N.A. New York	2,322,812	2,480,655
Citigroup Inc.	-	296,504
Citicorp Leasing (Thailand) Limited	29,860	-
Citigroup Global Markets Limited	16,809	317
Citibank Japan Limited	107,812	-
Citibank N.A. Hongkong	52,690	-
Citibank, BHD. Kuala Lumpur	2,802	-
<b>Total</b>	<b><u>4,073,014</u></b>	<b><u>4,554,431</u></b>
<b><i>Accrued interest receivable</i></b>		
Citicorp Leasing (Thailand) Limited	30,185	25,185
Others	128	115
<b>Total</b>	<b><u>30,313</u></b>	<b><u>25,300</u></b>
<b><i>Other assets</i></b>		
Others	23,031	20,066
<b>Total</b>	<b><u>23,031</u></b>	<b><u>20,066</u></b>
<b>Liabilities</b>		
<b><i>Deposits and interbank and money market items</i></b>		
Citicorp Leasing (Thailand) Limited	465,540	671,874
B.E.S. Limited	461,719	261,105
Citicorp Securities (Thailand) Limited	864,577	1,105,777
Citi Consumer Products (Thailand) Limited	130,613	262,471
Citigroup Global Market Inc.	55,567	33,851
Citibank Global Consumer Banking	1	22,628
Citibank Japan Limited	406,147	181,506
Citibank, BHD. Kuala Lumpur	171,367	207,311
Citibank Europe Plc.	7,749	61,889
Citigroup Inc.	47,534	47,534
<b>Total</b>	<b><u>2,610,814</u></b>	<b><u>2,855,946</u></b>
<b><i>Derivative liabilities</i></b>		
Citicorp Leasing (Thailand) Limited	47,234	176,230
Citigroup Global Market Limited	33,346	-
Citigroup Inc.	182,006	274,946
Citigroup Investment Bank Singapore	24,105	-
Citibank, N.A. Singapore	2,140,720	1,222,592
Citibank, N.A. London	909,140	1,601,563
Citibank, N.A. New York	1,541,278	2,323,596
Others	726,469	36,868
<b>Total</b>	<b><u>5,604,298</u></b>	<b><u>5,635,795</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
<b><i>Accrued interest expense</i></b>		
Citicorp Securities (Thailand) Limited	3,665	3,884
Others	109	127
<b>Total</b>	<b>3,774</b>	<b>4,011</b>
<b><i>Other liabilities</i></b>		
B.E.S. Limited	33,776	63,770
Others	25,236	17,768
<b>Total</b>	<b>59,012</b>	<b>81,538</b>
<b><i>Significant balances of inter-office accounts with head office and other branches of same juristic person</i></b>		
Citibank, N.A. New York	1,138,028	2,161,001
Citibank, N.A. Hong Kong	25,452	139,513
Citibank (Nominees) Limited	51,130	211,307
Others	(102,167)	9,225
<b>Total</b>	<b>1,112,443</b>	<b>2,521,046</b>
<b><i>Commitments</i></b>		
Citicorp Leasing (Thailand) Limited	5,848,413	8,722,836
Citigroup Inc.	2,915,531	13,180,103
Citigroup Global Market Limited	2,381,406	133,683
Citigroup Global Market Inc.	252,062	67,576
Citigroup Global Market Hongkong	599,721	-
Citi Consumer Products (Thailand) Limited	93,051	93,051
Citibank, N.A. Hong Kong	7,928,417	-
Citibank (Nominees) Limited	3	53,202
B.E.S. Limited	971	-
Citi NY Commodity	7,658,603	-
Citibank Japan Limited	599,721	-
Citibank, BHD. Kuala Lumpur	116,655	-
Citibank, N.A. Singapore	78,372,689	-
Citibank, N.A. New York	93,218,314	-
Citibank, N.A. London	55,839,273	-
Citicorp Investment Bank Singapore	218,539	-
Citicorp Securities (Thailand) Limited	401	-
<b>Total</b>	<b>256,043,770</b>	<b>22,250,451</b>

As at 31 December 2014, loans to related parties were due to mature on 5 January 2015 and 28 July 2017 (2013: 28 February 2014 and 30 July 2014) and carried interest at 2.49% - 3.29% per annum (2013: 2.74% - 2.99% per annum).

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

As at 31 December 2014, commitments with related parties were due to mature on 2 January 2015 - 20 January 2049 (2013: 2 January 2014 - 25 December 2020).

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

*Significant agreements with related parties*

(a) *Operational support service agreements*

The Branch entered into a service agreement with related companies. Under the terms of the agreement, the Branch provides the related party several services including technological support, financial control, staff training, quality assurance, compliance and others. The agreement is open-ended. However, it can be terminated by either party by giving at least three months prior written notice to the other party. For the year ended 31 December 2014, the Branch earned service fees of Baht 233.8 million (2013: Baht 226.0 million).

(b) *Collection service agreement*

The Branch entered into a collection service agreement with a related company. Under these agreements which is annually renewed, the Branch has collection service expenses for the year ended 31 December 2014 of Baht 369.1 million (2013: Baht 362.4 million).

**26 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.

**27 Interest income**

	2014	2013
	<i>(in thousand Baht)</i>	
Interbank and money market items	573,736	736,090
Investment in debt securities	1,172,080	1,967,122
Loans	8,284,699	8,365,649
Hire purchase	483	2,005
<b>Total</b>	<b><u>10,030,998</u></b>	<b><u>11,070,866</u></b>

**28 Interest expense**

	2014	2013
	<i>(in thousand Baht)</i>	
Deposits	809,368	1,245,283
Interbank and money market items	66,589	127,017
Contribution to Deposit Protection Agency	555,497	614,922
Borrowings	-	3,285
<b>Total</b>	<b><u>1,431,454</u></b>	<b><u>1,990,507</u></b>

**29 Net fees and service income**

	2014	2013
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	210,163	57,748
- Credit card, ATM and others	2,863,792	3,027,960
- Others	2,216,115	2,239,435
<b>Total</b>	<b><u>5,290,070</u></b>	<b><u>5,325,143</u></b>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Fees and service expense		
- Fees from related parties	750,872	897,568
- Others	1,013,607	749,380
<b>Total</b>	<u>1,764,479</u>	<u>1,646,948</u>
<b>Net</b>	<u><b>3,525,591</b></u>	<u><b>3,678,195</b></u>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange currency and foreign currency related derivatives	1,756,215	1,895,162
- Interest rate related derivatives	292,932	(49,631)
- Equity securities	-	4,293
- Others	88,454	(4)
<b>Total</b>	<u><b>2,137,601</b></u>	<u><b>1,849,820</b></u>

**31 Net gains from investments**

	2014	2013
	<i>(in thousand Baht)</i>	
Gain from sale of available for sale investment	151,658	142,036
Gain (loss) from sale of trading investments	135,231	(28,162)
Gain (loss) on remeasuring of fair value on trading investments	(18,529)	17,866
Impairment on general investment	(10)	(10)
<b>Total</b>	<u><b>268,350</b></u>	<u><b>131,730</b></u>

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

	2014	2013
	<i>(in thousand Baht)</i>	
Interbank and money market items and loans to customers	2,122,775	1,713,520
Loss on troubled debt restructuring	192,944	67,508
<b>Total</b>	<u><b>2,315,719</b></u>	<u><b>1,781,028</b></u>

**33 Employee expenses**

	<i>Note</i>	2014	2013
		<i>(in thousand Baht)</i>	
Wages, salaries and bonus		1,758,202	1,690,256
Post employment benefit - defined benefit plans	21	39,047	37,874
Post employment benefit - defined contribution plans		127,116	93,784
Others		672,704	636,821
<b>Total</b>		<u><b>2,597,069</b></u>	<u><b>2,458,735</b></u>

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.

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

**34 Other expenses**

	2014	2013
	<i>(in thousand Baht)</i>	
Sales and marketing expenses	1,465,266	1,500,237
Amortisation for acquisition cost of loans	155,003	292,530
Others	1,107,400	1,210,045
<b>Total</b>	<b>2,727,669</b>	<b>3,002,812</b>

**35 Income tax**

*Income tax recognised in profit or loss*

	Note	2014	2013
		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>			
Current year		1,244,155	1,441,345
Under provided in prior year		5,309	5,201
		<b>1,249,464</b>	<b>1,446,546</b>
<b>Deferred tax expense</b>			
Movements in temporary differences	16	(18,138)	(35,310)
<b>Total</b>		<b>1,231,326</b>	<b>1,411,236</b>

*Income tax recognised in other comprehensive income*

	Before tax	2014 Tax benefit	Net of tax	Before Tax	2013 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale investments	(50,858)	10,171	(40,687)	55,557	(11,111)	44,446
Actuarial gains (losses)	(19,535)	3,906	(15,629)	22,968	(4,593)	18,375
<b>Total</b>	<b>(70,393)</b>	<b>14,077</b>	<b>(56,316)</b>	<b>78,525</b>	<b>(15,704)</b>	<b>62,821</b>

*Reconciliation of effective tax rate*

	Rate (%)	2014 <i>(in thousand Baht)</i>	Rate (%)	2013 <i>(in thousand Baht)</i>
Profit before tax		5,837,717		6,657,927
Income tax using the Thai corporation tax rate	20.0	1,167,543	20.0	1,331,585
Expenses not deductible for tax purposes	1.0	59,149	1.0	68,292
Under provided in prior year	0.1	5,309	0.1	5,201
Others	0.0	(675)	0.1	6,158
<b>Total</b>	<b>21.1</b>	<b>1,231,326</b>	<b>21.2</b>	<b>1,411,236</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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

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

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

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Branch's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Branch does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 13	Fair Value Measurement	2015

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:

***TFRS 13 - Fair Value Measurement***

TFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value guidance that is currently dispersed throughout TFRS. Subject to limited exceptions, TFRS 13 is applied when fair measurements or disclosures are required or permitted by other TFRS. The Branch is currently reviewing its methodologies in determining fair values.





