



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ
ไชยยศ สอบบัญชี จำกัด
อาคารระจนาการ ชั้น 25
183 ถนนสาทรใต้
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE MANAGEMENT OF BNP PARIBAS BANGKOK BRANCH

We have audited the financial statements of BNP Paribas Bangkok Branch, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in head office and other branches of the same juristic person's equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we 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 entity's 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 entity's 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of BNP Paribas Bangkok Branch as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, as discussed in Note 3 to the financial statements, BNP Paribas Bangkok Branch has adopted Thai Accounting Standard No. 12 “Income Taxes” for the first time. The corresponding figures thus have been retrospectively restated to be in accordance with the new accounting policy.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356

BANGKOK
April 16, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

BAHT : '000

	Notes	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
ASSETS				
Cash		350	1,108	536
Interbank and money market items, net	8	1,377,052	3,398,528	3,208,714
Derivatives assets	9	26,109,430	20,577,147	29,376,685
Investments, net	10	17,246,391	12,112,690	10,867,164
Loans to customers and accrued interest receivables, net	11			
Loans to customers		4,908,408	2,851,730	2,293,185
Accrued interest receivables		14,339	7,246	19,127
Total loans to customers and accrued interest receivables		4,922,747	2,858,976	2,312,312
Less Allowance for doubtful accounts	12	(49,763)	(162,317)	(169,828)
Loans to customers and accrued interest receivables, net		4,872,984	2,696,659	2,142,484
Leasehold improvement and equipment, net	15	14,457	12,842	17,506
Intangible assets, net	16	3,214	1,140	1,432
Deferred tax assets	17	8,415	2,090	-
Accounts receivable for investments		2,195,078	50,962	733,125
Accrued interest from investment		50,871	73,365	74,135
Other assets	18	6,674	112,435	13,347
TOTAL ASSETS		51,884,916	39,038,966	46,435,128



(Monique Vialatou)
Chief Executive Officer



(Michel Andre)
Chief Operating Officer

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2013

BAHT : '000

	Notes	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY				
Deposits	19	10,548,581	5,822,062	3,228,266
Interbank and money market items	20	2,789,317	1,674,404	1,705,125
Liabilities payable on demand		8,265	6,506	855
Liabilities to deliver security		-	701,650	-
Financial instrument designated at fair value	21	1,716,446	1,738,096	2,083,440
Derivatives liabilities	9	21,938,243	20,864,682	26,982,387
Borrowings		-	-	301,103
Provisions	22 and 23	20,772	18,580	14,153
Deferred tax liabilities	3	-	-	5,100
Accounts payable for investments		2,228,945	203,856	1,921,507
Accrued expenses		118,366	98,170	151,212
Other liabilities	24	433,426	40,954	128,615
TOTAL LIABILITIES		<u>39,802,361</u>	<u>31,168,960</u>	<u>36,521,763</u>
HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY				
Fund remitted into Thailand for maintaining assets under law	7 and 26	8,101,789	5,899,633	5,899,633
Foreign currency translation		(73,931)	(530,157)	(413,601)
		<u>8,027,858</u>	<u>5,369,476</u>	<u>5,486,032</u>
Accounts with head office and other branches of the same juristic person, net		2,287,851	1,143,272	3,270,954
Other components of accounts with head office and other branches of the same juristic person		36,976	67,694	104,403
Retained earnings		1,729,870	1,289,564	1,051,976
TOTAL HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		<u>12,082,555</u>	<u>7,870,006</u>	<u>9,913,365</u>
TOTAL LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		<u>51,884,916</u>	<u>39,038,966</u>	<u>46,435,128</u>

Notes to financial statements form an integral part of these statements



BNP PARIBAS BANGKOK BRANCH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT : '000

	Notes	2013	2012 "Restated"
Interest income	30	681,267	627,837
Interest expenses	31	(429,775)	(361,702)
Net interest income		<u>251,492</u>	<u>266,135</u>
Fees and service income		97,412	89,970
Fees and service expenses		(37,432)	(32,446)
Net fees and service income	32	<u>59,980</u>	<u>57,524</u>
Gains on tradings and foreign exchange transactions	33	875,043	556,175
Losses on financial instrument designated at fair value	34	(58,624)	(115,141)
Gains on investment		-	725
Other operating income		53	1,133
Total operating income		<u>1,127,944</u>	<u>766,551</u>
Other operating expenses			
Employee's expenses		263,805	248,282
Premises and equipment expenses		39,164	37,102
Taxes and duties		8,972	7,475
Expenses shared from Head Office	26	44,958	37,280
Cost sharing from financial instruments, net	26	168,513	100,458
Others		99,499	27,396
Total other operating expenses		<u>624,911</u>	<u>457,993</u>
Impairment loss of loans (reversal)	35	(54,378)	(3,000)
Profit from operating before income tax expenses		557,411	311,558
Income tax expenses	36	(115,801)	(73,970)
NET PROFIT		<u>441,610</u>	<u>237,588</u>
Other comprehensive expenses			
Losses on remeasuring available-for-sale investment		(38,400)	(50,969)
Actuarial loss on defined benefit plan		(1,626)	-
Income tax relating to components of other comprehensive income		8,005	14,261
Net other comprehensive expenses		<u>(32,021)</u>	<u>(36,708)</u>
TOTAL COMPREHENSIVE INCOME		<u>409,589</u>	<u>200,880</u>

Notes to financial statements form an integral part of these statements



BNP PARIBAS BANGKOK BRANCH
STATEMENT OF CHANGES IN HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT : '000

	Notes	Fund remitted into Thailand for maintaining assets under law	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
"Restated"						
Balance as at January 1, 2012 - as previously reported		5,899,633	3,270,954	135,588	1,025,891	10,332,066
Effect of the change in accounting policy	3	<u>-</u>	<u>-</u>	<u>(31,185)</u>	<u>26,085</u>	<u>(5,100)</u>
Balance as at January 1, 2012 - as restated		5,899,633	3,270,954	104,403	1,051,976	10,326,966
Net decreased during the year		-	(2,127,682)	(36,709)	-	(2,164,391)
Foreign currency translation						
At beginning of year		(413,601)	-	-	-	(413,601)
Increase during the year		<u>(116,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,556)</u>
At end of year		<u>(530,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(530,157)</u>
Net profit for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>237,588</u>	<u>237,588</u>
As at December 31, 2012		<u>5,369,476</u>	<u>1,143,272</u>	<u>67,694</u>	<u>1,289,564</u>	<u>7,870,006</u>
Balance as at January 1, 2013 - as previously reported		5,899,633	1,143,272	84,619	1,270,549	8,398,073
Effect of the change in accounting policy	3	<u>-</u>	<u>-</u>	<u>(16,925)</u>	<u>19,015</u>	<u>2,090</u>
Balance as at January 1, 2013 - as restated		5,899,633	1,143,272	67,694	1,289,564	8,400,163
Net increase (decrease) during the year		2,202,156	1,144,579	(30,718)	(1,304)	3,314,713
Foreign currency translation						
At beginning of year		(530,157)	-	-	-	(530,157)
Decrease during the year		<u>456,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,226</u>
At end of year		<u>(73,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,931)</u>
Net profit for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>441,610</u>	<u>441,610</u>
As at December 31, 2013		<u>8,027,858</u>	<u>2,287,851</u>	<u>36,976</u>	<u>1,729,870</u>	<u>12,082,555</u>

Notes to financial statements form an integral part of these statements



BNP PARIBAS BANGKOK BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT : '000

	Notes	2013	2012 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses		557,411	311,558
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	15 and 16	6,989	6,290
Loss on write-off assets	15 and 16	-	265
Reversal of impairment loss of loans	35	(42,145)	(3,000)
Premium and discount on debt securities		5,662	5,230
Gain on sales of investment in securities		(31,221)	(93,194)
Gain on disposal of equipment		(47)	(1,133)
Unrealized (gain) loss on foreign exchange rate, net		456,226	(116,556)
Unrealized (gain) loss on revaluation of derivatives financial instruments, net		(4,458,723)	2,681,833
Unrealized loss (gain) on revaluation of financial instrument designated at fair value, net		(21,650)	19,656
Provision for employee benefit	23	3,420	4,644
Interest expenses	31	429,775	361,702
Interest income	30	(681,267)	(627,837)
Interest received		693,873	639,650
Interest paid		(426,822)	(473,737)
Income tax paid		(73,392)	(126,959)
Profit (loss) from operating activities before changes in operating assets and liabilities		(3,581,911)	2,588,412
(Increase) decrease in operating assets:			
Interbank and money market items		1,977,043	(168,974)
Trading securities		(821,040)	(642,901)
Loans		(2,189,669)	(563,745)
Accounts receivable for investments		(2,144,116)	682,162
Other assets		105,972	(99,087)



BNP PARIBAS BANGKOK BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Increase (decrease) in operating liabilities:			
Deposits		4,726,519	2,593,797
Interbank and money market items		1,114,913	(30,721)
Liabilities payable on demand		1,759	5,651
Liabilities to deliver security		(701,650)	701,650
Financial instrument designated at fair value		-	(365,000)
Borrowings		-	(301,103)
Provisions	23	(1,229)	(217)
Accounts payable for investments		2,025,090	(1,717,651)
Accrued expenses		-	(11,559)
Other liabilities		376,440	(27,603)
Accounts with head office and other balances of the same juristic person, net		1,184,286	(2,027,189)
Net cash from operating activities		<u>2,072,407</u>	<u>615,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of investment in securities		(15,621,600)	-13,500,000
Proceeds from sales of investment in securities		11,296,098	12,934,370
Cash paid for purchases of leasehold improvement and equipment and intangible assets		(10,678)	(1,599)
Proceeds from sales of leasehold improvement and equipment		47	1,133
Net cash used in investing activities		<u>(4,336,133)</u>	<u>(566,096)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Fund remittance from other branch of the same juristic person's equity		2,202,156	-
Net cash from financing activities		<u>2,202,156</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		(61,570)	49,826
Cash and cash equivalents as at January 1,		203,726	153,900
Cash and cash equivalents as at December 31,		<u><u>142,156</u></u>	<u><u>203,726</u></u>
Cash and cash equivalents:			
Cash		350	1,108
Interbank and money market items		31,025	67,478
Accounts with head office and other branches of the same juristic person's equity		110,781	135,140
Total cash and cash equivalents		<u><u>142,156</u></u>	<u><u>203,726</u></u>

Notes to financial statements form an integral part of these statements



BNP PARIBAS BANGKOK BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. GENERAL INFORMATION

BNP Paribas Bangkok Branch (“the Bank”) is a segment of BNP Paribas which was incorporated in France (“the Head office”). The address of BNP Paribas’ registration in Thailand, as a branch, is 29th Floor Abdulrahim Place, 990 Rama IV Road, Bangkok.

The Bank operates a Bangkok Branch. The Bank was granted a banking license by the Bank of Thailand on November 6, 1996.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Bank maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2009) “Presentation of Financial Statements”, including the Procedures, Policies and Presentation in accordance with the Bank of Thailand (“BOT”) Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 3, 2010.
- 2.3 The financial statements have been prepared under the historical cost convention except for some investments and derivative financial instruments as disclosed in the accounting policies below.
- 2.4 Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued Notifications regarding the Thai Financial Reporting Standards, which are effective for the accounting period beginning on or after January 1, 2014 onwards are as follows:

Thai Accounting Standards (TAS)

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 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible Assets



Thai Financial Reporting Standard (TFRS)

TFRS 2 (Revised 2012)	Share-Based Payment
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

Thai Accounting Standard Interpretations (TSI)

TSI 15	Operating Leases - Incentives
TSI 27	Evaluating the Substance of Transactions Involving in the legal form of a Lease
TSI 29	Disclosure - Service Concession Arrangements
TSI 32	Intangible Assets-Web Site Costs

Thai Financial Reporting Standard Interpretation (TFRI)

TFRI 1	Changes in Existing Decommissioning Restoration and Similar Liabilities
TFRI 4	Determining whether an Arrangement Contains a Lease
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets from Customers

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards, which are effective for the accounting period beginning on or after January 1, 2016 onwards as follows:

Thai Financial Reporting Standard (TFRS)

TFRS 4	Insurance contracts
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The management of the Bank anticipate that the above Thai Financial Reporting Standards (TFRSs) relevant to the Bank will be adopted in the financial statements of the Bank when they become effective. The Bank's management is in the process to assess the impact of these TFRSs on the financial statements of the Bank in the period of initial application.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2013, the Bank has firstly adopted TAS 12 "Income Taxes" by changing accounting policy relating to income tax from accrual basis based on the taxable profit for the year to deferred income tax (see Note 4.15). As a result of the adoption, the corresponding figures thus have been restated as if the new accounting standard had always been in use.



Impacts from change in the accounting policy on the financial statements are summarized as follows:

Impacts on the statement of financial position as at January 1, 2012

BAHT '000			
	Balance as at January 1, 2012 as previously reported	Increase (decrease) from change in accounting policy	Balance as at January 1, 2012 as restated
Deferred tax liabilities	-	5,100	5,100
Retained earnings	1,025,891	26,085	1,051,976
Other components of Head Office and other branches of the same juristic' s person	135,588	(31,185)	104,403

Impacts on the statement of financial position as at December 31, 2012

BAHT '000			
	Balance as at December 31, 2012 as previously reported	Increase (decrease) from change in accounting policy	Balance as at December 31, 2012 as restated
Deferred tax assets	-	2,090	2,090
Retained earnings	1,270,549	19,015	1,289,564
Other components of Head Office and other branches of the same juristic' s person	84,619	(16,925)	67,694

Impacts on the statement of financial position as at December 31, 2013

	BAHT '000
Increase in deferred tax assets	6,325
Decrease in retained earnings	(1,355)
Increase in other components of Head Office and other branches of the same juristic' s person	7,680

Impacts on the statements of comprehensive income for the years ended December 31, 2013 and 2012

	2013	BAHT '000 2012
Increase (decrease) in income tax expense	1,680	7,071
Increase (decrease) in net profit	(1,680)	(7,071)
Increase in income tax relating to components of other comprehensive income	8,005	14,261



4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Recognition of interest income

Interest income is recognized on accrual basis. Such income recognition is discontinued when reasonable doubt exists as to the timely collection or if payment of principal or interest is contractually over three months past due. Then the interest income is recognized when payment is received.

When income recognition is discontinued, the Bank reverses outstanding accrued interest income to the statement of comprehensive income.

4.2 Recognition of interest expenses

Interest on borrowings and deposits are recognized as an expense on accrual basis.

4.3 Investments

Investments are initially recognized and eliminated on the trade date.

Basis of investment classification

The Bank classifies its investments into the following categories: trading, available-for-sale, held-to-maturity and general investment. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. Investment in non-marketable equity securities are classified as general investment. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Carrying value of investments

Trading securities are carried at fair value, with differences between the carrying values and fair values being presented as unrealized gains or losses in the statement of comprehensive income.

Available-for-sale securities are carried at fair values, less allowance for impairment in value (if any). Differences between carrying values and fair values are presented as unrealized gains or losses in the Head Office and other branches of the same juristic person's equity.

Held-to-maturity debt securities are carried at amortized cost, less allowance for impairment in value in the statement of financial position (if any).

Investments in non-marketable equity securities are classified as general securities and carried at cost less allowance for impairment in value (if any).



Fair values of debt securities, which are classified as trading and available-for-sale securities are calculated with reference to the last quoted bid prices at the close of business on the statement of financial position date. Fair values of marketable equity securities are calculated with reference to the quoted bid prices of the Stock Exchange of Thailand at the close of business on the statement of financial position date.

A test for impairment is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, the impairment loss is recognized to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized to the statement of comprehensive income.

When disposing of part of a particular investment in debt or equity securities, the carrying amount of the disposed part is based on the First-In, First-Out carrying amount of the total holding of the investment.

4.4 Loans and allowance for doubtful accounts

Loans are generally stated at the principal amounts outstanding.

The allowance for doubtful accounts is provided for risks of losses incurred on loans. The allowance is increased by provisions charged to expense and decreased by write-offs, net of recoveries. The estimated losses are based on collection experience and management's evaluation of the adequacy of the allowance for doubtful accounts, which evaluation encompasses consideration of the current status of individual debtors as well as debtors in general.

4.5 Troubled debt restructurings

The Bank records assets or equities received in settlement of debts at the lower of the fair value of the assets or equities, less estimated selling expenses (if any), or the amount of investment in receivables (including accrued interest income).

When the troubled debt restructuring involves modification of terms of receivables, the fair value of the investment in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by the Minimum Lending Rates (MLR) prevailing at the restructuring date.

Losses arising from restructuring, less allowance for doubtful accounts, are recognized in the statement of comprehensive income when incurred.

Legal fees and other direct costs incurred because of the restructuring are expensed when incurred.

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4.6 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at historical cost less accumulated depreciation and impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method over the estimated useful life as follows:

Leasehold improvement	5 years
Furniture and office equipment	3 - 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the statement of financial position date.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal is recognized in the statement of comprehensive income.

4.7 Computer software

Purchased computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives 5 - 10 years.

Software maintenance costs are expenses as incurred.

4.8 Derivatives financial instruments

Derivatives financial instruments for trading purpose are recognized at fair values and net amount reported in the statement of financial position as assets or liabilities by the same counterparty and when the contracts have the same maturity date. Changes in fair values are posted to the statement of comprehensive income.

Derivatives financial instruments for hedging are used for the purpose to manage the Bank's exposures to market price movement using of derivatives. Gain or loss resulting from the change in fair values of contracts is recognized in accordance with the accounting treatment on hedged items. If hedged items are carried on an accrual basis, then hedging instruments carry the accrual consistently.



Hybrid Instrument includes a non-derivative host contract and an embedded derivative. The Bank records the host contract applied accounting standards as the classification of the host contract. An embedded derivative is separated from the host contract and measured at fair values, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are non-closely related.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The hybrid instrument is not measured at fair values through the statement of comprehensive income.

If an embedded derivative is not separated or in case there is no reliable fair values of embedded derivative, the Bank will record the hybrid instrument, applying accounting standards as the classification of the host contract.

Starting from January 1, 2010 onwards, the Bank has applied fair value option method for deposits and borrowings with embedded derivatives. The fair value changes are recognized in the statement of comprehensive income.

4.9 Operating leases - where the Bank is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized to the statement of comprehensive income on a straight-line basis over the period of the lease.

4.10 Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand, interbank and money market items and net balance of inter-office accounts with Head Office and other branches of the same juristic person's equity with initial maturity of three months or less.

4.11 Foreign currency translation

Transactions during the period denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into Baht at the exchange rates announced by the Bank of Thailand on that date.

Gains and losses resulting from translation are included in the statement of comprehensive income.

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4.12 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

4.13 Employee benefits

Provident fund

The Bank has a define contribution plan in a provident fund for employee. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Bank. Contribution to the provident fund is recognized to the statement of comprehensive income in the year to which they relate.

Long-term employee benefits

The Bank set provision for long-term employee benefits which consisted of legal severance under the Thai Labor Protection Act and long-serviced award. The liability in respect of employee's benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others.

Actuarial gains or losses will be recognized in the statement of comprehensive incomes in the period to which they are related.

In determining the appropriate discount rate, the Bank considers the interest rates in which the benefits will be paid to the staff.

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4.14 Share-based payment

Share-based payment transactions are payments based the value of BNP Paribas's shares (Head Office). The Bank grants employees the deferred share-based or share price-linked cash settled compensation plans.

The expense related to these plans is recognized in the year during which the employee rendered the corresponding services. If the payment is explicitly subject to the employee's continued presence at the vesting date, the service is presumed to have been rendered during the vesting period and the corresponding compensation expense is recognized on a pro rata basis over that period.

4.15 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

4.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

4.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

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Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank intends to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statement of comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in Head Office and other branches of the same juristic person's equity in the same or different period, they will be recognized directly in other comprehensive income.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

Risk management is key in the business of banking. At BNP Paribas, operating methods and procedures throughout the organization are geared towards effectively addressing this matter. The entire process is supervised primarily by the Group Risk Management Department (GRM), which is responsible for measuring and controlling risks at Group level. GRM is independent from the core businesses, business lines and territories and reports directly to Group Executive Management.

The risk categories reported by the Bank evolve in line with methodological developments and regulatory requirements.

5.1.1 Credit risk

Credit risk is the risk of incurring an economic loss on loans and receivables (existing or potential due to prior commitments) resulting from a change in the credit quality of the Bank's debtors, which can ultimately result in default. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

Counterparty risk is the demonstration of credit risk in market, investment and/or payment transactions that potentially expose the Bank to the default risk of the counterparty. It is a bilateral risk on a counterparty with whom a transaction is entered into and of which the amount may vary over time, in line with market parameters that impact the value of the relevant market instrument.

BNP Paribas Bangkok Branch adopts a Global Credit Risk Policy & Procedures ("Credit Risk Policy") that is detailed in accordance with the Bank of Thailand's Regulation. The credit risk policy provides guidance on credit risk management and also defines the responsibilities of each of the parties involved in credit risk management.

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5.1.2 Market risk

Market risk is the risk of incurring an economic loss as a result of adverse changes in market parameters, whether directly observable or not. Observable market parameters include, but are not limited to, foreign exchange rates, interest rate, price of security and commodity, price of derivatives, and other parameters that can be directly inferred from them, such as credit spreads, implied volatility or implied correlation. Non-observable market parameters are those based on working assumptions such as parameters contained in models or based on statistical analysis.

Market risk primarily arises in trading portfolios, but may also exist in other portfolios containing assets held in connection with the banking business, such as Equity holdings.

Liquidity is an important component of market risk. In situations of limited or no liquidity, goods or instruments may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions, or a one-way market.

The GRM's responsibility in terms of market risk management is to define measure and analyze sensitivities and risk factors, and to measure and control Value at Risk (VaR) to ensure that all business activity complies with the approved limit.

The interest rate risk and the foreign exchange rate risk are the key market risks of the Bank.

- a. Interest Rate Risk arises from a change in interest rates to have an adverse effect on the value of the Bank's financial instrument or may cause volatility on net interest earnings or cost of the Bank in the current and future years.
- b. Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings or cost of funds.

5.1.3 Liquidity risk

Liquidity risk is the risk of the Bank being unable to fulfill current or future foreseen or unforeseen cash or collateral requirements without affecting routine transactions or its financial position.

The Bank manages its liquidity position through a global liquidity policy approved by Group Executive Management and also complies with the Bank of Thailand's liquidity reserve regulations. The objective of the Group's liquidity management is to secure a balanced financing mix to support the Bank's development strategy, ensure that the Bank is always in a position to discharge its obligations to its customer, ensure that it does not trigger a systemic crisis solely by its own action, to comply with the standards set by the local banking supervisor, to keep the cost of refinancing as low as possible; and to cope with any liquidity crisis.

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Group ALM Committee authorizes implementation of the liquidity risk management policy. Responsibility for implementing the policy at both central and individual entity level has been delegated to ALM-Treasury Committee. In addition, Group Risk Management (GRM) contributes to defining liquidity policy principles. It also provides second-line control on risk indicators including regularly monitor the liquidity stress test.

5.2 Fair value estimation

The fair value represents the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable and willing parties. The financial instruments are measured using quoted market prices. Where quoted market prices are not available, fair values are based on the generally accepted models. The input parameter to the model used is taken from observable markets for similar instruments or underlyings, and includes consideration of maturity, interest rate, correlation and volatility, etc.

6. ADDITIONAL INFORMATION

6.1 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgment by using a variety of valuation techniques. The input parameters to the models used are taken from observable markets, and includes consideration of maturity, interest rate correlation and volatility, etc.

Impairment of loans and commitment and contingent liabilities

The Bank maintains an allowance for doubtful accounts and provision for contingent liabilities to reflect impairment of loans and off-statement of financial position items. They relate to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts and provision for contingent liabilities are significantly impacted by the Bank's assessment of collaterals and/or future cash inflows. Such assessment being based on consideration of historical collection experience, financial position and performance, known identified instances of default and consideration of economics.

Provision for long-term employee benefits

The Bank has commitment on provision for long-term employee benefits to employee on reaching retirement age. The present value of employee benefit liabilities recognized in the statement of financial position is determined on the present value of estimated future cash outflows for staff that is nearly reach retirement age. The assumptions used in determining the net year cost for employee benefits includes the salary and years of services of respective employees which are payable in the future and discount rate. Any changes in these assumptions will impact the net year cost recorded for employee benefits.



6.2 Capital risk management

The Bank's objectives when managing capital are to ensure that the Bank will be able to continue as a going concern while maximizing the returns to the Bank, the benefits of other stakeholders and complying with the Bank of Thailand rules of the capital fund.

7. CAPITAL FUNDS

Capital fund and assets maintained in Thailand under section 32 of the Financial Institution Act B.E 2551 as at December 31, are as follows:

	Unit : Thousand Baht	
	2013	2012
Total Asset maintained under Section 32	<u>8,189,211</u>	<u>5,999,840</u>
Total fund for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net capital for maintenance of assets under Section 32	8,027,858	5,172,268
Net balance of inter-office accounts which the branch is the debtor to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	<u>2,236,684</u>	<u>1,143,272</u>
Total	<u>10,264,542</u>	<u>6,315,540</u>
Total regulatory Capital funds	8,027,858	5,172,268
Total capital funds to risk assets ratio (%)	13.29	11.94

The Bank will disclose capital maintenance information as at December 31, 2013 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its web site at www.bnpparibas.co.th in April 2014.

On November 8, 2012, the Bank of Thailand has issued the new Notification regarding supervisory guideline on capital fund for the branch of foreign commercial bank to comply with global regulatory framework (Basel III) of Basel Committee on Banking Supervision (BCBS) which is effective by phase starting on January 1, 2013 up to January 1, 2019. During the period from January 1, 2013 to December 31, 2015, the minimum capital requirement ratio is 8.5% of total risk assets. The capital adequacy is the initial implementation with the objective to improve the quality of the bank's capital so as to be able to support the loss which may incur in the normal and crisis situation.

Capital for maintenance of assets under Section 32 above is capital fund remittance from BNP Paribas Group in term of loans, which the maturity date over than 5 years and interest rate charged as specified in the agreements. Such loans are translated into Thai Baht at the reference exchange rates established by the Bank of Thailand at the statement of financial position date.



On February 26, 2013, the Bank increased the capital fund by borrowing fund from BNP Paribas Group amounting to USD 73.7 million, equivalent to Baht 2,202 million resulting in fund remitted into Thailand for maintaining assets under law totaling of Baht 8,102 million and the Bank has maintained this additional assets under section 32 in Bank of Thailand bonds.

8. INTERBANK AND MONEY MARKET ITEMS, NET - ASSETS

Interbank and money market items, net - assets as at December 31, are as follows:

	Unit : Thousand Baht 2013		
	On demand	Term	Total
Domestic items			
The Bank of Thailand	229,280	-	229,280
Other commercial banks	10,854	-	10,854
Total	240,134	-	240,134
<u>Add</u> Accrued interest receivables	-	-	-
Total domestic items	240,134	-	240,134
Foreign items			
Singapore Dollars	4,422	-	4,422
Swedish Kroners	12,306	-	12,306
Danish Kroners	-	-	-
Australian Dollars	3,443	-	3,443
US Dollars	-	42,957	42,957
Euro	-	1,080,723	1,080,723
Total	20,171	1,123,680	1,143,851
<u>Add</u> Accrued interest receivables	-	4,304	4,304
<u>Less</u> Allowance for doubtful accounts	-	(11,237)	(11,237)
Total foreign items	20,171	1,116,747	1,136,918
Total domestic and foreign items	260,305	1,116,747	1,377,052
Unit : Thousand Baht 2012			
	On demand	Term	Total
Domestic items			
The Bank of Thailand	172,649	1,430,000	1,602,649
Other commercial banks	2,941	1,660,000	1,662,941
Total	175,590	3,090,000	3,265,590
<u>Add</u> Accrued interest receivables	-	1,721	1,721
Total domestic items	175,590	3,091,721	3,267,311
Foreign items			
Singapore Dollars	31,805	-	31,805
Swedish Kroners	18,954	-	18,954
Danish Kroners	499	-	499
Australian Dollars	13,279	-	13,279
Euro	-	67,354	67,354
Total	64,537	67,354	131,891
<u>Add</u> Accrued interest receivables	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(674)	(674)
Total foreign items	64,537	66,680	131,217
Total domestic and foreign items	240,127	3,158,401	3,398,528

9. DERIVATIVES

Derivatives held for trading

9.1 Fair value and notional amount classified by type of risks as at December 31, are as follows:

Type of Risk	Unit : Thousand Baht		
	2013		
	Fair Value		Notional amount*
Assets	Liabilities		
Exchange rate risk	18,510,955	13,972,279	626,022,899
Interest rate risk	7,598,121	7,959,272	895,206,890
Credit risk	354	6,692	573,994
Total	<u>26,109,430</u>	<u>21,938,243</u>	<u>1,521,803,783</u>

Type of Risk	Unit : Thousand Baht		
	2012		
	Fair Value		Notional amount*
Assets	Liabilities		
Exchange rate risk	9,317,465	9,606,487	400,078,750
Interest rate risk	11,257,747	11,255,759	1,164,994,657
Credit risk	1,935	2,436	555,774
Total	<u>20,577,147</u>	<u>20,864,682</u>	<u>1,565,629,181</u>

* Interest rate derivative is the contractual amount. Other derivatives are the contractual amounts under the Bank's commitment to pay.

9.2 Proportion of the notional of derivative transactions classified by counter parties as at December 31, are as follows:

Counterparty	2013	2012
	(%)	(%)
Financial institution	73	83
Group companies	18	10
Third parties	9	7
Total	<u>100</u>	<u>100</u>

10. INVESTMENTS, NET

Investments, net as at December 31, are as follows:

	Unit : Thousand Baht	
	2013	2012
	Fair value	Fair value
Trading securities		
Government and state enterprise securities	3,711,723	2,859,462
Total trading securities, net	<u>3,711,723</u>	<u>2,859,462</u>
Available-for-sale securities		
Government and state enterprise securities	13,534,668	9,253,228
Total available-for-sale securities	<u>13,534,668</u>	<u>9,253,228</u>
Total investments, net	<u><u>17,246,391</u></u>	<u><u>12,112,690</u></u>

11. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

Loans to customers and accrued interest receivables, net as at December 31, are as follows:

11.1 Grouped by type of contracts

	Unit : Thousand Baht	
	2013	2012
Overdrafts	1,595	7,378
Loans	4,904,305	2,837,025
Staff loans	<u>2,508</u>	<u>7,327</u>
Total loans	4,908,408	2,851,730
<u>Add</u> Accrued interest receivables	<u>14,339</u>	<u>7,246</u>
Total loans and accrued interest receivables	4,922,747	2,858,976
<u>Less</u> Allowance for doubtful accounts		
BOT requirement (Individual approach)	(49,084)	(160,178)
Surplus reserve	<u>(679)</u>	<u>(2,139)</u>
Loans and accrued interest receivables, net	<u><u>4,872,984</u></u>	<u><u>2,696,659</u></u>

11.2 Grouped by currency and resident

	Unit : Thousand Baht					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	4,388,215	-	4,388,215	2,587,407	-	2,587,407
US Dollar	520,193	-	520,193	259,456	4,867	264,323
Total	4,908,408	-	4,908,408	2,846,863	4,867	2,851,730

11.3 Grouped by business sector

	Unit: Thousand Baht					
	2013					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Manufacturing and commerce	3,473,492	-	-	-	-	3,473,492
Real estate and construction	1,115,394	-	-	-	-	1,115,394
Utilities and services	17,014	-	-	-	-	17,014
Housing loans	2,226	-	-	-	-	2,226
Others	300,282	-	-	-	-	300,282
Total	4,908,408	-	-	-	-	4,908,408

	Unit: Thousand Baht					
	2012					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Manufacturing and commerce	1,640,095	-	-	-	132,991	1,773,086
Real estate and construction	796,994	-	-	-	-	796,994
Utilities and services	264,456	-	-	-	-	264,456
Housing loans	6,439	-	-	-	-	6,439
Others	10,755	-	-	-	-	10,755
Total	2,718,739	-	-	-	132,991	2,851,730

11.4 Grouped by classifications

	Unit: Thousand Baht			
	2013			
	Loans and accrued interest receivables	Net amount used for set the allowance	Percentage used for set the allowance (%)	Allowance for Doubtful accounts
Minimum allowance followed BOT regulations				
Normal	4,922,747	4,908,408	1	49,084
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total	4,922,747	4,908,408		49,084
Surplus reserve				679
				49,763

Unit: Thousand Baht

	2012			
	Loans and accrued interest receivables	Net amount used for set the allowance	Percentage used for set the allowance (%)	Allowance for Doubtful accounts
Minimum allowance followed BOT regulations				
Normal	2,725,985	2,718,739	1	27,187
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	132,991	132,991	100	132,991
Total	<u>2,858,976</u>	<u>2,851,730</u>		<u>160,178</u>
Surplus reserve				<u>2,139</u>
				<u>162,317</u>

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts as at December 31, are as follows:

Unit: Thousand Baht

	2013					
	Normal	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Balance at beginning of year	29,326	-	-	-	132,991	162,317
<u>Add</u> Additional allowance (reversal) during the year	<u>20,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,991)</u>	<u>(112,554)</u>
Balance at end of year	<u>49,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,763</u>

Unit: Thousand Baht

	2012					
	Normal	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Balance at beginning of year	28,637	-	-	-	141,191	169,828
<u>Add</u> Additional allowance (reversal) during the year	<u>689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,200)</u>	<u>(7,511)</u>
Balance at end of year	<u>29,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,991</u>	<u>162,317</u>



13. PROVISIONING POLICY ON ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Bank has credit exposures in Thailand, which have been experiencing economic problems in recent years.

By letter dated December 22, 1998, the Head Office put in place a framework risk guarantee agreement for high risk countries. Under this agreement, it is stipulated that all cross-border credit transaction in a high risk country which exceeds local powers are guaranteed by BNP Paribas Head Office. This agreement applied to all outstanding credit exposures in place as of April 1, 1998, with effect as of the date thereof. By this agreement BNP Paribas Head Office guaranties to the Bank that the risks as such were defined above, for a maximum of up to 80% of all amounts expected to be owed to the Bank by the borrowers at the triggering date of the guarantee.

14. TROUBLED DEBT RESTRUCTURINGS

The Bank has outstanding receivables which have been restructured as at December 31, as follows:

	2013		2012	
	Number of loans	Outstanding balance after TDR (Million Baht)	Number of loans	Outstanding balance after TDR (Million Baht)
At beginning of year	1	133	2	141
Repaid and closed during the year	(1)	(133)	(1)	(8)
At end of year	-	-	1	133

There is no customer whose debt has been restructured during the years ended December 31, 2013 and 2012.

For the years ended December 31, 2013 and 2012, the Bank has no loss from debt restructuring. For the year ended December 31, 2013, the Bank has no interest received from restructured customer. For the year ended December 31, 2012, the Bank recognized interest received from restructured customers of Baht 0.034 million.



15. LEASEHOLD IMPROVEMENT AND EQUIPMENT, NET

Leasehold improvement and equipment, net as at December 31, are as follows:

Unit: Thousand Baht

	2013											
	Cost					Accumulated Depreciation					Net book value	
	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balance	Ending balance
Leasehold improvement	11,824	195	-	-	12,019	(8,007)	(1,379)	-	-	(9,386)	3,817	2,633
Furniture and office equipment	42,907	7,645	-	(1,231)	49,321	(33,882)	(4,846)	-	1,231	(37,497)	9,025	11,824
Total	54,731	7,840	-	(1,231)	61,340	(41,889)	(6,225)	-	1,231	(46,883)	12,842	14,457

Unit: Thousand Baht

	2012											
	Cost					Accumulated Depreciation					Net book value	
	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balance	Ending balance
Leasehold improvement	12,895	-	-	(1,071)	11,824	(7,275)	(1,600)	-	868	(8,007)	5,620	3,817
Furniture and office equipment	45,725	1,411	-	(4,229)	42,907	(33,889)	(4,163)	-	4,170	(33,882)	11,836	9,025
Motor vehicles	4,761	-	(4,761)	-	-	(4,711)	(50)	4,761	-	-	50	-
Total	63,381	1,411	(4,761)	(5,300)	54,731	(45,875)	(5,813)	4,761	5,038	(41,889)	17,506	12,842

Depreciation for the years ended December 31,

2013

2012

6,225

5,813

16. INTANGIBLE ASSETS, NET

Intangible assets, net as at December 31, are as follows:

Unit: Thousand Baht

	2013											
	Cost				Accumulated Amortization					Net book value		
	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balance	Ending balance
Computer software	4,014	2,838	-	-	6,852	(2,874)	(764)	-	-	(3,638)	1,140	3,214
Total	4,014	2,838	-	-	6,852	(2,874)	(764)	-	-	(3,638)	1,140	3,214

Unit: Thousand Baht

	2012											
	Cost				Accumulated Amortization					Net book value		
	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balances	Increase	Decrease	Write-off	Ending balances	Beginning balance	Ending balance
Computer software	3,978	188	-	(152)	4,014	(2,546)	(477)	-	149	(2,874)	1,432	1,140
Total	3,978	188	-	(152)	4,014	(2,546)	(477)	-	149	(2,874)	1,432	1,140

Amortization expenses for the years ended December 31,

2013	<u>764</u>
2012	<u>477</u>



17. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Deferred tax assets	8,415	2,090

Movements of deferred tax assets during the years are as follows:

	Unit: Thousand Baht				
	Balance as at January 1, 2013	Items as recognized into profit and loss	Items as recognized into other comprehensive income	Items as recognized into retained earnings	Balance as at December 31, 2013
Temporary differences					
General provisions	7,857	2,939	-	-	10,796
Provisions for employee expenses	7,773	(920)	-	-	6,853
Provisions for severance pay	3,716	113	-	326	4,155
Investment	(16,925)	-	7,680	-	(9,245)
Others	(331)	(3,813)	-	-	(4,144)
Total	2,090	(1,681)	7,680	326	8,415

	Unit : Thousand Baht				
	Balance as at January 1, 2012	Items as recognized into profit and loss	Items as recognized into other comprehensive income	Items as recognized into retained earnings	Balance as at December 31, 2012
Temporary differences					
General provisions	15,891	(8,034)	-	-	7,857
Provisions for employee expenses	7,333	441	-	-	7,774
Provisions for severance pay	3,255	461	-	-	3,716
Investment	(31,185)	-	14,260	-	(16,925)
Others	(394)	62	-	-	(332)
Total	(5,100)	(7,070)	14,260	-	2,090

18. OTHER ASSETS

Other assets as at December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Deposits	5,494	5,099
Other receivables	-	103,977
Others	1,180	3,359
	6,674	112,435

19. DEPOSITS

Deposits as at December 31, are as follows:

19.1 Grouped by types

	Unit: Thousand Baht	
	2013	2012
On demand	2,114,589	557,090
Savings	4,539,676	4,094,672
Term	3,894,316	1,170,300
Total deposits	<u>10,548,581</u>	<u>5,822,062</u>

19.2 Grouped by currency

	Unit: Thousand Baht	
	2013	2012
US Dollar	1,879,780	183,637
Thai Baht	8,219,529	5,480,017
Other currencies	449,272	158,408
Total deposits	<u>10,548,581</u>	<u>5,822,062</u>

20. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

Interbank and money market items - liabilities as at December 31, are as follows:

	Unit: Thousand Baht		
	2013		
	On demand	Term	Total
Domestic			
Commercial bank	66,504	-	66,504
Other financial institution	-	2,722,813	2,722,813
Total	<u>66,504</u>	<u>2,722,813</u>	<u>2,789,317</u>

	Unit: Thousand Baht		
	2012		
	On demand	Term	Total
Domestic			
Commercial bank	32,253	-	32,253
Other financial institution	-	1,642,151	1,642,151
Total	<u>32,253</u>	<u>1,642,151</u>	<u>1,674,404</u>

As at December 31, 2013 and 2012, the Bank has issued the bills of exchange with embedded derivative that are not designated at fair value to the financial institution amount of Baht 695 million and Baht 677 million, respectively.



21. FINANCIAL INSTRUMENT DESIGNATED AT FAIR VALUE

Financial instrument designated at fair value are bills of exchange with embedded derivatives as at December 31, are as follows.

	Unit: Thousand Baht	
	2013	2012
Bills of exchange with embedded derivatives	<u>1,716,446</u>	<u>1,738,096</u>
Total	<u><u>1,716,446</u></u>	<u><u>1,738,096</u></u>

The bills of exchange with embedded derivatives carry fixed interest rates and/or the floating rate which refer to the fluctuation of the swap curve or other index. The Bank also has the right to early redeem the bill of exchange with embedded derivatives following to conditions specified in the agreements.

Proportion of contractual balance by counterparty as at December 31, are as follows:

	2013	2012
	(%)	(%)
Financial institution	100	100
Fund	-	-
Total	<u><u>100</u></u>	<u><u>100</u></u>

22. PROVISIONS

Provisions as at December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Provision for post-employment benefit	18,841	16,409
Provision for long-serviced award benefit	<u>1,931</u>	<u>2,171</u>
Total	<u><u>20,772</u></u>	<u><u>18,580</u></u>



23. LONG-TERM EMPLOYEE BENEFITS

Movements in the present value of the employee benefits for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Beginning balance	18,580	14,153
Current service costs	2,992	2,049
Interest costs	741	553
Actuarial (gain) loss	(1,145)	2,042
Benefits paid	(396)	(217)
Ending balance	<u>20,772</u>	<u>18,580</u>

Expenses for employee benefit were recognized in the statements of comprehensive income for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Current service cost	2,992	2,049
Interest costs	741	553
Actuarial (gain) loss	(1,145)	2,042
Total	<u>2,588</u>	<u>4,644</u>

Significant assumptions used in the actuarial calculation are summarised as follows:

	2013	2012
Discount rate	4.25%	4%
Future salary increase rate	5%	5%
Pre-retirement mortality rate	75% of Thai Mortality Ordinary Table 2008	75% of Thai Mortality Ordinary Table 2008
Disability rate	10% of mortality rate	10% of mortality rate
Pre-retirement withdrawal rate	From Thai Withdrawal Table	From Thai Withdrawal Table
Retirement age	60 years old	60 years old

24. OTHER LIABILITIES

Other liabilities as at December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Income tax payable	97,548	15,150
Other payable - collateral	295,332	-
Other liabilities	40,546	25,804
Total other liabilities	<u>433,426</u>	<u>40,954</u>



25. COMMITMENTS AND CONTINGENT LIABILITIES

The Bank has commitments and contingent liabilities which were incurred in the normal course of business as at December 31, as follows:

	Unit: Thousand Baht					
	2013			2012		
	Thai	Foreign currency	Total	Thai	Foreign currency	Total
Letters of credit	41,143	5,977,058	6,018,201	92,196	3,136,225	3,228,421
Liabilities under unmatured bills	-	188,774	188,774	-	296,921	296,921
Other commitments	11,229,716	8,669,407	19,899,123	9,445,780	5,576,067	15,021,847
Spot exchange contracts - bought	1,794,776	7,830,227	9,625,003	4,725,457	3,116,210	7,841,667
Spot exchange contracts - sold	7,624,221	2,004,461	9,628,682	3,120,969	4,724,403	7,845,372
Forward exchange contracts - bought	10,754,762	19,654,329	30,409,091	11,509,674	28,859,793	40,369,467
Forward exchange contracts - sold	17,502,506	12,975,441	30,477,947	21,633,258	19,226,085	40,859,343
Currency swap contracts - bought	103,900,644	151,789,992	255,690,636	58,535,950	77,979,699	136,515,649
Currency swap contracts - sold	133,447,708	117,324,950	250,772,658	69,353,784	67,737,813	137,091,597
Interest rate swap contracts	617,025,078	255,812,680	872,837,758	1,007,609,877	163,586,794	1,171,196,671
Cross currency interest rate swap contracts - bought	156,302,413	159,014,285	315,316,698	108,820,108	104,533,202	213,353,310
Cross currency interest rate swap contracts - sold	115,891,330	200,780,765	316,672,095	88,852,871	124,187,259	213,040,130
Forward rate agreement - bought	-	22,641,384	22,641,384	-	-	-
Currency option instruments bought	125,600	1,302,700	1,428,300	1,400,000	1,883,843	3,283,843
Currency option instruments sold	1,464,370	1,903,189	3,367,559	310,225	1,463,308	1,773,533
Interest option instruments bought	5,300,000	-	5,300,000	7,300,000	-	7,300,000
Interest option instruments sold	5,650,000	-	5,650,000	7,450,000	-	7,450,000
Credit Default Swap	300,000	273,994	573,994	300,000	255,774	555,774
Forward exchange option - bought	1,201,538	131,254	1,332,792	1,912,265	1,378,422	3,290,687
Forward exchange option - sold	1,477,370	1,476,612	2,953,982	408,485	306,316	714,801
Unused overdrafts	-	984,408	984,408	-	918,948	918,948
Total	1,191,033,175	970,735,910	2,161,769,085	1,402,780,899	609,167,082	2,011,947,981

The management anticipates no material losses as a result of these transactions.



26. RELATED PARTY TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties. Associates and individuals owning, directly or indirectly, an interest in the voting rights of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not only the legal form.

The significant related party transactions made with Head office, fellow branches, subsidiaries, and associates of BNP Paribas are as follows:

	Unit: Thousand Baht	
	2013	2012
<u>Statements of financial positions</u>		
Interbank and money market items (net)	67,574	135,140
Loans to customers and accrued interest receivables	567,305	1,417,041
Borrowings, deposits and accrued expenses	2,736,415	2,965,452
Fund remitted into Thailand for maintaining assets under law	8,027,858	5,369,476
Contingencies	588,735,020	349,702,112
<u>Statements of comprehensive income</u>		
Interest income	3,502	2,322
Interest expenses	214,290	162,638
Gain (loss) on trading activities and foreign exchange	298,480	(169,599)
Non-interest expenses		
- Cost sharing from financial instruments, net	168,513	100,458
- Head Offices allocation expenses	44,958	37,280
- Technical assistant fee	63,007	35,308
Management remuneration		
- Short-term employee benefits	64,766	57,400
- Long-term employee benefits	631	504

Transactions between the Bank and related parties are priced at and contained similar conditions as with the Bank's general customers and conformed to normal banking practice.

The (profit) cost sharing from financial instrument includes the sharing of revenues and expenses between related parties, which may be cross-border, of the capital market activities. All these related parties will have a number of functions which can be categorized as trading, sales and marketing, management and support functions, involved in these capital market activities. The sharing principles of these agreements are based on Organization for Economic Co-operation and Development (OECD) guidelines and applied arm's length remunerations of all parties.



The Bank has not extended extraordinary monetary and/or non-monetary benefits to the Banks' executives at the level of Managing Director and higher, except for ordinary benefits to the executives such as salary, benefits, bonus (if any) and employee benefits. The Bank has not sold, given or leased any properties to the Managing Director and higher and their related parties and has not purchased or leased any assets from those persons included contingency benefits from employment agreements compensation and other benefit from those persons.

Fund remitted into Thailand for maintaining assets under law are loans from BNP Paribas Group, which the maturity date and interest rate charged are specified in the agreements (see Note 7).

27. SHARE-BASED PAYMENT

The Bank set up share-based payment for certain employees, the Bank grants employees the deferred share-based or share price-linked cash settled compensation plans which are linked to the share price of BNP Paribas shares (Head Office).

Expenses of share-based payment for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Expense of share-based payment	14,425	15,400
Total	<u>14,425</u>	<u>15,400</u>

28. OPERATING LEASE COMMITMENT

The future aggregate minimum lease payments under operating lease agreements for office building and equipment as at December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Within 1 year	3,806	9,762
Over 1 year to 5 years	4,701	6,990
Total operating lease commitment	<u>8,507</u>	<u>16,752</u>

29. THE POSITION AND THE RESULTS OF OPERATION BY DOMESTIC AND FOREIGN OPERATIONS

The Bank has been operating in a single segment, which is banking business carrying out in Thailand only. As a result, revenues, expenses, profit, assets and liabilities as reflected in the Bank's financial statements pertaining to the domestic operation.



30. INTEREST INCOME

Interest income for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Interbank and money market items	131,548	113,684
Investment and trading transactions	103,656	90,740
Investment in debt securities	345,394	338,312
Loans	97,621	85,023
Others	3,048	78
Total interest income	<u>681,267</u>	<u>627,837</u>

31. INTEREST EXPENSES

Interest expenses for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Deposits	42,352	43,379
Interbank and money market items	357,628	295,005
Contributions for deposit protection	29,521	17,765
Borrowings	-	5,293
Other	274	260
Total interest expense	<u>429,775</u>	<u>361,702</u>

32. NET FEES AND SERVICE INCOME

Net fees and service income for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Fees and service income		
Acceptance, aval and guarantees	58,796	55,517
Other	38,616	34,453
Total fees and service income	<u>97,412</u>	<u>89,970</u>
Fees and service expenses	<u>(37,432)</u>	<u>(32,446)</u>
Net fees and service income	<u>59,980</u>	<u>57,524</u>



33. GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS

Gains on tradings and foreign exchange transactions for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Gains (losses) on tradings and foreign exchange transactions		
Foreign currencies and exchange derivatives	1,297,690	291,217
Interest derivatives	(474,969)	145,234
Credit derivatives	(465)	26,614
Debt securities	52,787	93,110
Net gains on trading and foreign exchange	<u>875,043</u>	<u>556,175</u>

34. LOSSES ON FINANCIAL INSTRUMENT DESIGNATED AT FAIR VALUE

Losses on financial instrument designated at fair value for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Income (loss) from net change in fair value of bills of exchange with embedded derivatives	21,650	(19,656)
Loss on redemptions and interest expenses	<u>(80,274)</u>	<u>(95,485)</u>
Losses on financial instrument designated at fair value	<u>(58,624)</u>	<u>(115,141)</u>

35. IMPAIRMENT LOSS OF LOANS (REVERSAL)

Impairment loss of loans (reversal) for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Interbank and money market items (reversal)	10,563	(689)
Lending (reversal)	<u>(64,941)</u>	<u>(2,311)</u>
Total	<u>(54,378)</u>	<u>(3,000)</u>



36. INCOME TAX EXPENSES

Income tax for the years ended December 31, are as follows:

	Unit: Thousand Baht	
	2013	2012
Current income tax expenses for the period	(114,120)	(66,900)
Deferred tax and temporary differences	(1,681)	(7,070)
Total income tax expense	<u>(115,801)</u>	<u>(73,970)</u>

Reconciliation of effective tax rate

	2013		2012	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>557,411</u>	20	<u>311,558</u>	23
Income tax at the domestic tax rate	111,482		71,658	
<u>Add</u> Tax effect of income and expense that are not exempt for tax purposes	6,748		(4,197)	
<u>Less</u> Tax effect of income and expense that are exempt for tax purposes	<u>(2,429)</u>		<u>6,509</u>	
Income tax as statements of comprehensive income	<u>115,801</u>	21	<u>73,970</u>	24

According to the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax rates were reduced from 30% to 23% for an accounting period beginning on or after January 1, 2012 and 20% for accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

Therefore, the Bank used tax rate of 23% for the corporate income tax calculation for the year ended December 31, 2012 and used tax rate of 20% for the corporate income tax calculation for the year ended December 31, 2013 to conform to such tax rate changes.

The Bank used the tax rates of 23% and 20% for the calculation of deferred tax for the year ended December 31, 2012 and 20% for the calculation of deferred tax for the year ended December 31, 2013.



Income tax related to other comprehensive income

Income tax related to other comprehensive income for the years December 31, are as follows:

	2013			Unit : Thousand Baht 2012		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Gains (losses) on remeasuring available-for-sale investment	(38,400)	7,680	(30,720)	(50,969)	14,261	(36,708)
Gains (losses) on provision severance pay	(1,626)	325	(1,301)	-	-	-
Other comprehensive income (loss)	<u>(40,026)</u>	<u>8,005</u>	<u>(32,021)</u>	<u>(50,969)</u>	<u>14,261</u>	<u>(36,708)</u>

37. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or an equity instrument of another entity. The Bank's financial assets and liabilities comprise of cash, interbank and money market items (assets and liabilities), investment in securities, loans, deposits, borrowings and certain balances of other assets and liabilities.

37.1 Market risk

Financial assets and liabilities, analysis by maturity of interest repricing, as at December 31, are as follow:

	Unit: Million Baht						Total
	2013						
	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Non-interest bearing	
Financial Assets							
Interbank and money market items, net	743	393	-	-	-	241	1,377
Derivatives assets	-	-	-	-	-	26,109	26,109
Investment	7,659	9,480	107	-	-	-	17,246
Loans to customers	4,862	44	1	1	(35)	-	4,873
Other monetary assets	-	-	-	-	-	2,282	2,282
Total	<u>13,264</u>	<u>9,917</u>	<u>108</u>	<u>1</u>	<u>(35)</u>	<u>28,632</u>	<u>51,887</u>
Financial Liabilities							
Deposits	8,067	367	-	-	-	2,115	10,549
Interbank and money market items	1,066	-	1,050	673	-	-	2,789
Liabilities payable on demand	-	-	-	-	-	8	8
Financial instrument designated at fair value	-	-	-	1,716	-	-	1,716
Derivatives liabilities	-	-	-	-	-	21,938	21,938
Other monetary liabilities	-	-	-	-	-	2,826	2,826
Total	<u>9,133</u>	<u>367</u>	<u>1,050</u>	<u>2,389</u>	<u>-</u>	<u>26,887</u>	<u>39,826</u>



Unit: Million Baht

	2012						Total
	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Non-interest bearing	
Financial Assets							
Interbank and money market items, net	3,104	68	-	-	-	227	3,399
Derivatives assets	-	-	-	-	-	20,577	20,577
Investment	6,634	2,846	2,633	-	-	-	12,113
Loans to customers	2,375	93	246	5	133	-	2,852
Other monetary assets	-	-	-	-	-	251	251
Total	12,113	3,007	2,879	5	133	21,055	39,192
Financial Liabilities							
Deposits	5,265	-	-	-	-	557	5,822
Interbank and money market items	32	-	-	1,642	-	-	1,674
Liabilities payable on demand	-	-	-	-	-	7	7
Liabilities to deliver security	-	-	-	-	-	702	702
Financial instrument designated at fair value	-	-	-	1,738	-	-	1,738
Derivatives liabilities	-	-	-	-	-	20,865	20,865
Other monetary liabilities	-	-	-	-	-	379	379
Total	5,297	-	-	3,380	-	22,510	31,187

37.2 Liquidity risk

A contractual maturity analysis for the statement of financial position monetary assets and liabilities as at December 31, are as follows:

Unit: Million Baht

	2013						Total
	At call	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No maturity	
Monetary Assets							
Interbank and money market items, net	260	727	390	-	-	-	1,377
Investment*	-	10,298	6,948	-	-	-	17,246
Loans to customers	2	4,727	44	134	1	-	4,908
Accounts receivable for investments	-	2,195	-	-	-	-	2,195
Deferred tax assets	-	-	8	-	-	-	8
Other monetary assets	-	51	-	-	-	3	54
Total monetary assets	262	17,998	7,390	134	1	3	25,788
Monetary Liabilities							
Deposits	6,654	3,528	367	-	-	-	10,549
Interbank and money market items	66	1,000	-	1,050	673	-	2,789
Liabilities payable on demand	8	-	-	-	-	-	8
Financial instrument designated at fair value	-	-	-	-	1,716	-	1,716
Accounts payable for investments	-	2,229	-	-	-	-	2,229
Other monetary liabilities	-	406	115	8	21	-	550
Total monetary liabilities	6,728	7,163	482	1,058	2,410	-	17,841
Liquidity, net	(6,466)	10,835	6,908	(924)	(2,409)	3	7,947

Unit: Million Baht

	2012						Total
	At call	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No maturity	
Interbank and money market items, net	240	3,092	67	-	-	-	3,399
Investment*	-	6,634	2,846	2,633	-	-	12,113
Loans to customers	7	2,352	110	245	5	133	2,852
Accounts receivable for investments	-	51	-	-	-	-	51
Deferred tax assets	-	-	2	-	-	-	2
Other monetary assets	-	178	-	-	-	5	183
Total monetary assets	247	12,307	3,025	2,878	5	138	18,600
Deposits	4,652	1,170	-	-	-	-	5,822
Interbank and money market items	32	-	-	-	1,642	-	1,674
Liabilities payable on demand	7	-	-	-	-	-	7
Liabilities to deliver security	-	702	-	-	-	-	702
Financial instrument designated at fair value	-	-	-	-	1,738	-	1,738
Accounts payable for investments	-	204	-	-	-	-	204
Other monetary liabilities	-	91	23	6	19	-	139
Total monetary liabilities	4,691	2,167	23	6	3,399	-	10,286
Liquidity, net	(4,444)	10,140	3,002	2,872	(3,394)	138	8,314

* Trading securities present the analysis on the intentions to hold basis.

37.3 Fair values of financial assets and liabilities

The estimated fair value of significant financial assets and liabilities as at December 31, are as follows:

	2013		2012	
	Book value	Fair value	Book value	Fair value
Financial assets				
Interbank and money market items, net	1,377	1,377	3,399	3,399
Derivatives assets	26,109	26,109	20,577	20,577
Investments	17,246	17,246	12,113	12,113
Loans to customers and accrued interest receivables, net	4,873	4,873	2,697	2,697
Financial liabilities				
Deposits	10,549	10,549	5,822	5,822
Interbank and money market items	2,789	2,789	1,674	1,720
Liabilities to deliver security	-	-	702	702
Financial instrument designated at fair value	1,716	1,716	1,738	1,738
Derivatives liabilities	21,938	21,938	20,865	20,865

The following methods and assumptions are used to estimate the fair value of financial assets and liabilities:

- Fair values of interbank and money market items are approximate to the carrying value. For interbank and money market items with embedded derivatives for hedging, the fair value is estimated by using a valuation techniques as described in Note 6.1.
- Fair values of deposits, financial instrument designated at fair value and borrowings are approximate to the carrying value.
- Fair values of investment are calculated as described in Note 4.3.
- Loans to customers and accrued interest receivable are estimated the fair value based on the carrying amount net of allowance for doubtful accounts.
- The fair values of derivative financial instruments have been valued at their current market values, which are obtained from quoted market prices or other widely used calculation methods.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Bank's management on April 16, 2014.

