

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, 2012, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

BANGKOK
April 22, 2013

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

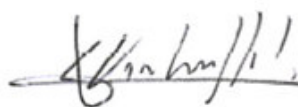
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| ASSETS | Notes | 2012 | 2011 |
|---|-------|--------------------------|--------------------------|
| Cash | | 1,108 | 536 |
| Interbank and money market items, net | 7 | 3,398,528 | 3,208,714 |
| Derivatives assets | 8 | 20,577,147 | 29,376,685 |
| Investments, net | 9 | 12,112,690 | 10,867,164 |
| Loans to customers and accrued interest receivables, net | 10 | | |
| Loans to customers | | 2,851,730 | 2,293,185 |
| Accrued interest receivables | | 7,246 | 19,127 |
| Total loans to customers and accrued interest receivables | | <u>2,858,976</u> | <u>2,312,312</u> |
| Less Allowance for doubtful accounts | 11 | <u>(162,317)</u> | <u>(169,828)</u> |
| Loans to customers and accrued interest receivables, net | | <u>2,696,659</u> | <u>2,142,484</u> |
| Leasehold improvement and equipment, net | 14 | 12,842 | 17,506 |
| Intangible assets, net | 15 | 1,140 | 1,432 |
| Accounts receivable for investments | | 50,962 | 733,125 |
| Accrued interest from investment | | 73,365 | 74,135 |
| Other assets | 16 | <u>112,435</u> | <u>13,347</u> |
| TOTAL ASSETS | | <u><u>39,036,876</u></u> | <u><u>46,435,128</u></u> |



(โมนิค เวียลาตุ)

ประธานเจ้าหน้าที่บริหารประจำประเทศไทย



(คุณรัต ฟาน ฮัฟเฟิล)

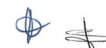
รองประธานเจ้าหน้าที่บริหารประจำประเทศไทย

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2012

| | Notes | 2012 | 2011 |
|---|--------|-------------------|-------------------|
| BAHT : '000 | | | |
| <hr/> | | | |
| LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES | | | |
| OF THE SAME JURISTIC PERSON'S EQUITY | | | |
| Deposits | 17 | 5,822,062 | 3,228,265 |
| Interbank and money market items | 18 | 1,674,404 | 1,705,125 |
| Liabilities payable on demand | | 6,506 | 855 |
| Liabilities to deliver security | | 701,650 | - |
| Financial instrument designated at fair value | 19 | 1,738,096 | 2,083,440 |
| Derivatives liabilities | 8 | 20,864,682 | 26,982,387 |
| Borrowings | 20 | - | 301,103 |
| Provisions | 21, 22 | 18,580 | 14,153 |
| Accounts payable for investments | | 203,856 | 1,921,507 |
| Accrued expenses | | 98,170 | 151,212 |
| Other liabilities | 23 | 40,954 | 128,616 |
| TOTAL LIABILITIES | | <u>31,168,960</u> | <u>36,516,663</u> |
| | | | |
| HEAD OFFICE AND OTHER BRANCHES OF | | | |
| THE SAME JURISTIC PERSON'S EQUITY | | | |
| Fund remitted into Thailand for maintaining assets under law | 6 | 5,899,633 | 5,899,633 |
| Foreign currency translation | | (530,157) | (413,601) |
| | | <u>5,369,476</u> | <u>5,486,032</u> |
| Accounts with head office and other branches of the same juristic person, net | | 1,143,272 | 3,270,954 |
| Other components of accounts with head office and other branches of the same juristic person | | 84,619 | 135,588 |
| Retained earnings | | <u>1,270,549</u> | <u>1,025,891</u> |
| TOTAL HEAD OFFICE AND OTHER BRANCHES OF | | <u>7,867,916</u> | <u>9,918,465</u> |
| THE SAME JURISTIC PERSON'S EQUITY | | <u>7,867,916</u> | <u>9,918,465</u> |
| TOTAL LIABILITIES AND HEAD OFFICE AND | | <u>39,036,876</u> | <u>46,435,128</u> |
| OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY | | <u>39,036,876</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, 2012

BAHT : '000

| | Notes | 2012 | 2011 |
|---|-------|-----------------------|-----------------------|
| Interest income | 29 | 627,837 | 573,409 |
| Interest expenses | 30 | <u>(361,702)</u> | <u>(320,064)</u> |
| Net interest income | | <u>266,135</u> | <u>253,345</u> |
| Fees and service income | | 89,970 | 45,569 |
| Fees and service expenses | | <u>(32,446)</u> | <u>(99,970)</u> |
| Net fees and service (expenses) income | 31 | <u>57,524</u> | <u>(54,401)</u> |
| Gains on tradings and foreign exchange transactions | 32 | 556,175 | 683,865 |
| Losses on financial instrument designated at fair value | 33 | (115,141) | (146,398) |
| Gains on investment | | 725 | - |
| Other operating income | | <u>1,133</u> | <u>385,023</u> |
| Total operating income | | <u>766,551</u> | <u>1,121,434</u> |
| Other operating expenses | | | |
| Employee's expenses | | 248,282 | 203,017 |
| Premises and equipment expenses | | 37,102 | 38,907 |
| Taxes and duties | | 7,475 | 6,347 |
| Expenses shared from Head Office | 25 | 37,280 | 42,549 |
| Cost sharing from financial instruments, net | 25 | 100,458 | 106,427 |
| Others | | <u>27,396</u> | <u>83,442</u> |
| Total other operating expenses | | <u>457,993</u> | <u>480,689</u> |
| Impairment loss of loans (reversal) | 34 | <u>(3,000)</u> | <u>(277,619)</u> |
| Profit from operating before income tax expenses | | 311,558 | 918,364 |
| Income tax expenses | 35 | <u>66,900</u> | <u>408,868</u> |
| NET PROFIT | | <u>244,658</u> | <u>509,496</u> |
| Other comprehensive expenses | | | |
| Losses on remeasuring available-for-sale investment | | <u>(50,969)</u> | <u>(43,345)</u> |
| Net other comprehensive expenses | | <u>(50,969)</u> | <u>(43,345)</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>193,689</u></u> | <u><u>466,151</u></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, 2012

BAHT : '000

| | 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 |
|--------------------------------|---|--|---|--------------------------|------------------|
| As at January 1, 2011 | 5,899,633 | 12,080,595 | 178,933 | 516,395 | 18,675,556 |
| Net decreased during the year | - | -8,809,641 | -43,345 | - | -8,852,986 |
| Foreign currency translation | | | | | |
| At beginning of year | -582,990 | - | - | - | -582,990 |
| Increase during the year | 169,389 | - | - | - | 169,389 |
| At end of year | -413,601 | - | - | - | -413,601 |
| Net profit for the year | - | - | - | 509,496 | 509,496 |
| As at December 31, 2011 | 5,486,032 | 3,270,954 | 135,588 | 1,025,891 | 9,918,465 |
| As at January 1, 2012 | 5,899,633 | 3,270,954 | 135,588 | 1,025,891 | 10,332,066 |
| Net decreased during the year | - | -2,127,682 | -50,969 | - | -2,178,651 |
| Foreign currency translation | | | | | |
| At beginning of year | -413,601 | - | - | - | -413,601 |
| Decrease during the year | -116,556 | - | - | - | -116,556 |
| At end of year | -530,157 | - | - | - | -530,157 |
| Net profit for the year | - | - | - | 244,658 | 244,658 |
| As at December 31, 2012 | 5,369,476 | 1,143,272 | 84,619 | 1,270,549 | 7,867,916 |



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, 2012

BAHT : '000

| | Notes | 2012 | 2011 |
|---|--------|-----------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit from operating before income tax expenses | | 311,558 | 918,364 |
| Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities | | | |
| Depreciation and amortization | 14, 15 | 6,290 | 7,673 |
| Loss on write-off assets | 14, 15 | 265 | - |
| Impairment loss of loans (reversal) | 34 | (3,000) | (277,619) |
| Premium and discount on debt securities | | 5,230 | (23,518) |
| Gain on sales of investment in securities | | (93,194) | (5,776) |
| (Gain) loss on disposal of equipment | | (1,133) | (119) |
| Unrealised (gain) loss on foreign exchange rate, net | | (116,556) | 169,389 |
| Unrealised (gain) loss on revaluation of derivatives financial instruments, net | | 2,681,833 | (3,573,387) |
| Unrealised loss on revaluation of financial instrument designated at fair value, net | | 19,656 | 57,114 |
| Provision for employee benefit | 22 | 4,644 | 3,040 |
| Interest expenses | 30 | 361,702 | 320,064 |
| Interest income | 29 | (627,837) | (573,409) |
| Interest received | | 639,650 | 564,256 |
| Interest paid | | (473,737) | (260,081) |
| Income tax paid | | (126,959) | (343,212) |
| Profit (loss) from operating activities before changes in operating assets and liabilities | | 2,588,412 | (3,017,221) |
| (Increase) decrease in operating assets: | | | |
| Interbank and money market items | | (168,974) | 6,245,776 |
| Trading securities | | (642,901) | 4,360,416 |
| Loans | | (563,745) | (362,452) |
| Accounts receivable for investments | | 682,162 | 1,863,763 |
| Other assets | | (99,087) | 16,734 |



BNP PARIBAS BANGKOK BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2012

BAHT : '000

| | Notes | 2012 | 2011 |
|--|-------|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED) | | | |
| Increase (decrease) in operating liabilities: | | | |
| Deposits | | 2,593,797 | (589,295) |
| Interbank and money market items | | (30,721) | (1,095,461) |
| Liabilities payable on demand | | 5,651 | 122 |
| Liabilities to deliver security | | 701,650 | - |
| Financial instrument designated at fair value | | (365,000) | 365,000 |
| Borrowings | | (301,103) | (154,294) |
| Provisions | 22 | (217) | (210) |
| Accounts payable for investments | | (1,717,651) | 1,421,843 |
| Accrued expenses | | (11,559) | (11,335) |
| Other liabilities | | (27,603) | (329,808) |
| Accounts with head office and other balances of the same juristic person, net | | (2,027,189) | (8,785,992) |
| Net cash from operating activities | | <u>615,922</u> | <u>(72,414)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash paid for purchases of investment in securities | | -13,500,000 | -19,135,000 |
| Proceeds from sales of investment in securities | | 12,934,370 | 19,291,404 |
| Cash paid for purchases of leasehold improvement and equipment | | (1,599) | (10,031) |
| Proceeds from sales of leasehold improvement and equipment | | 1,133 | 216 |
| Net cash from investing activities | | <u>(566,096)</u> | <u>146,589</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net increase in cash and cash equivalents | | 49,826 | 74,175 |
| Cash and cash equivalents as at January 1, | | 153,900 | 79,725 |
| Cash and cash equivalents as at December 31, | | <u>203,726</u> | <u>153,900</u> |
| Cash and cash equivalents: | | | |
| Cash | | 1,108 | 536 |
| Interbank and money market items | | 67,478 | 48,166 |
| Accounts with head office and other branches of the same juristic person | | 135,140 | 105,198 |
| Total cash and cash equivalents | | <u>203,726</u> | <u>153,900</u> |

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2012

**BNP PARIBAS BANGKOK BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 the 6th November 1996.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements are presented in accordance with Thai Accounting Standard 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.

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.

The Bank prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for the convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

Thai Financial Reporting Standards announced but not effective in 2012

The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards, which are not yet effective for the current period are as follows:

2.1.1 Thai Financial Reporting Standards which are effective for the financial statements for the periods beginning on or after January 1, 2013:

THAI ACCOUNTING STANDARDS (TAS)

TAS 12 (Revised 2009) Income Taxes

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates

THAI FINANCIAL REPORTING STANDARDS (TFRS)

TFRS 8 Operating Segments



THAI ACCOUNTING STANDARD INTERPRETATION (TSI)

| | |
|--------|---|
| TSI 10 | Government Assistance - No Specific Relation to Operating Activities |
| TSI 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| TSI 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

GUIDELINE ON ACCOUNTING

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

2.1.2 Thai Financial Reporting Standards which are effective for the financial statements for the periods beginning on or after January 1, 2014:

THAI ACCOUNTING STANDARD INTERPRETATION (TSI)

| | |
|--------|--|
| TSI 29 | Disclosure - Service Concession Arrangements |
|--------|--|

THAI FINANCIAL REPORTING INTERPRETATIONS (TFRI)

| | |
|---------|---|
| TFRI 4 | Determining Whether an Arrangement Contains a Lease |
| TFRI 12 | Service Concession Arrangements |
| TFRI 13 | Customer Loyalty Programs |

The management of the Bank anticipate that the above accounting standards and financial reporting standards relevant to the Bank will be adopted in the financial statements of the Bank when they become effective and the adoption of those accounting standards will have no material impact on the financial statements of the Bank.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

Interest income is recognised 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 recognised when payment is received.

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

3.2 Recognition of interest expenses

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

3.3 Investments

Investments are initially recognizes and eliminates 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 unrealised gains or losses in the statements 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 unrealised 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 amortised 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 statements 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 statements 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 statements of comprehensive income.

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



3.4 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.

3.5 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 recorded allowance for doubtful accounts, are recognised in the statement of income when incurred.

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

3.6 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 recognised 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 derecognised. All other repairs and maintenance are recognized to 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 improvements | 5 years |
| Furniture and office | 3 - 5 years |
| Motor vehicles | 5 years |



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

Gains or losses on disposals are recognised in the statements of comprehensive income.

3.7 Computer software

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

Software maintenance costs are expenses as incurred.

3.8 Derivatives financial instruments

Derivatives financial instruments for trading purpose are recognised at fair values and net amount reported in the statements 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 statements 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 recognised 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 statements 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 1 January 2010 onwards, the Bank has applied fair value option method for deposits and borrowings with embedded derivatives. The fair value changes are recognised in the statements of comprehensive income.

3.9 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 statements of comprehensive income on a straight-line basis over the period of the lease.

3.10 Cash and cash equivalents

For the purposes of statements 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 under the same entity with initial maturity of three months or less.

3.11 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 reporting 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 statements of comprehensive income.

3.12 Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised as interest expense.



3.13 Employee benefits

Provident fund

The Bank has a defined 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. Contributions to the provident fund are recognized to the statements 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 labor law applicable in Thailand and long-served 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 recognised in the statements 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.

3.14 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 recognised 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 recognised on a pro rata basis over that period.



4. FINANCIAL RISK MANAGEMENT

4.1 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.

4.1.1 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.

4.1.2 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.

4.1.3 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 crises.

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.



4.2 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.

5. ADDITIONAL INFORMATION

5.1 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 recognised in the statements 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.



5.2 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.

6. 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 | |
|--|----------------------------|-------------|
| | 2012 | 2011 |
| Total Asset maintained under Section 32 | 5,999,840 | 6,329,323 |
| 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 | 5,172,268 | 5,472,323 |
| 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 | 1,143,272 | 3,270,954 |
| Total | 6,315,540 | 8,743,277 |
| Total regulatory Capital funds | 5,172,268 | 5,472,323 |
| Total capital funds to risk assets ratio (%) | 11.94 | 18.09 |

The Bank will disclose capital maintenance information as at December 31, 2012 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 2013.

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. 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. The Bank has no material impact from the new guideline.

7. INTERBANK AND MONEY MARKET ITEMS, NET - ASSETS

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

| | 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 |
| Unit: Thousand Baht | | | |
| 2011 | | | |
| | On demand | Term | Total |
| Domestic items | | | |
| The Bank of Thailand | 104,757 | 2,920,000 | 3,024,757 |
| Commercial banks | 8,317 | - | 8,317 |
| Total | 113,074 | 2,920,000 | 3,033,074 |
| <u>Add</u> Accrued interest receivables | - | 440 | 440 |
| Total domestic items | 113,074 | 2,920,440 | 3,033,514 |
| Foreign items | | | |
| Singapore Dollars | 16,706 | - | 16,706 |
| Swedish Kroners | 20,333 | - | 20,333 |
| Danish Kroners | 266 | - | 266 |
| Australian Dollars | 2,543 | - | 2,543 |
| Euro | - | 136,272 | 136,272 |
| Total | 39,848 | 136,272 | 176,120 |
| <u>Add</u> Accrued interest receivables | - | 442 | 442 |
| <u>Less</u> Allowance for doubtful accounts | - | (1,362) | (1,362) |
| Total foreign items | 39,848 | 135,352 | 175,200 |
| Total domestic and foreign items | 152,922 | 3,055,792 | 3,208,714 |

8. DERIVATIVES

Derivatives held for trading

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

| 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 | 20,577,147 | 20,864,682 | 1,565,629,181 |

| Type of Risk | Unit: Thousand Baht | | |
|--------------------|---------------------|-------------------|----------------------|
| | 2011 | | |
| | Fair Value | | Notional amount* |
| Assets | Liabilities | | |
| Exchange rate risk | 14,874,809 | 12,241,502 | 412,398,661 |
| Interest rate risk | 14,500,097 | 14,716,867 | 1,371,298,507 |
| Credit risk | 1,779 | 24,018 | 564,622 |
| Total | 29,376,685 | 26,982,387 | 1,784,261,790 |

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

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

| Counterparty | 2012 (%) | 2011 (%) |
|-----------------------|------------|------------|
| Financial institution | 83 | 86 |
| Group companies | 10 | 9 |
| Third parties | 7 | 5 |
| Total | 100 | 100 |

9. INVESTMENTS, NET

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

| | Unit: Thousand Baht | |
|--|----------------------------|-------------------|
| | 2012 | 2011 |
| | Fair value | Fair value |
| Trading securities | | |
| Government and state enterprise securities | 2,859,462 | 2,124,056 |
| Total trading securities, net | 2,859,462 | 2,124,056 |
| Available-for-sale securities | | |
| Government and state enterprise securities | 9,253,228 | 8,743,108 |
| Total available-for-sale securities | 9,253,228 | 8,743,108 |
| | Unit: Thousand Baht | |
| | 2012 | 2011 |
| | Cost | Cost |
| General investments | | |
| Non-marketable equity securities | - | 37 |
| <u>Less</u> Allowance for impairment | - | (37) |
| Total general investments, net | - | - |
| Total investments, net | 12,112,690 | 10,867,164 |

10. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

10.1 Grouped by type of contracts

| | Unit: Thousand Baht | |
|--|----------------------------|-------------|
| | 2012 | 2011 |
| Overdrafts | 7,378 | - |
| Loans | 2,837,025 | 2,277,508 |
| Staff loans | 7,327 | 15,677 |
| Total loans | 2,851,730 | 2,293,185 |
| <u>Add</u> Accrued interest receivables | 7,246 | 19,127 |
| Total loans and accrued interest receivables | 2,858,976 | 2,312,312 |
| <u>Less</u> Allowance for doubtful accounts | | |
| BOT requirement (Individual approach) | (160,178) | (162,711) |
| Surplus reserve | (2,139) | (7,117) |
| Loans and accrued interest receivables, net | 2,696,659 | 2,142,484 |

10.2 Grouped by currency and resident

| | Unit: Thousand Baht | | | | | |
|--------------|---------------------|--------------|------------------|------------------|---------------|------------------|
| | 2012 | | | 2011 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Thai baht | 2,587,407 | - | 2,587,407 | 1,760,593 | - | 1,760,593 |
| US Dollar | 259,456 | 4,867 | 264,323 | 373,748 | 15,107 | 388,855 |
| Other | - | - | - | 143,737 | - | 143,737 |
| Total | 2,846,863 | 4,867 | 2,851,730 | 2,278,078 | 15,107 | 2,293,185 |

10.3 Grouped by business sector

| | 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 |

| | Unit: Thousand Baht | | | | | |
|-------------------------------|---------------------|--------------------|------------------|----------|---------------------|------------------|
| | 2011 | | | | | |
| | Normal | Special Mention | Sub- Standard | Doubtful | Doubtful of Loss | Total |
| Manufacturing and commerce | 885,468 | - | - | - | 141,191 | 1,026,659 |
| Real estate and construction | 761,994 | - | - | - | - | 761,994 |
| Utilities and services | 468,748 | - | - | - | - | 468,748 |
| Housing loans | 10,864 | - | - | - | - | 10,864 |
| Others | 24,920 | - | - | - | - | 24,920 |
| Total | 2,151,994 | - | - | - | 141,191 | 2,293,185 |

10.4 Grouped by classifications

| | 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 | 2,858,976 | 2,851,730 | | 160,178 |
| Surplus reserve | | | | 2,139 |
| | | | | 162,317 |

Unit: Thousand Baht

| | 2011 | | | |
|--|--|---------------------------------------|---|---------------------------------|
| | 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 | 2,171,121 | 2,151,994 | 1 | 21,520 |
| Special mention | - | - | 2 | - |
| Substandard | - | - | 100 | - |
| Doubtful | - | - | 100 | - |
| Doubtful of loss | 141,191 | 141,191 | 100 | 141,191 |
| Total | <u>2,312,312</u> | <u>2,293,185</u> | | <u>162,711</u> |
| Surplus reserve | | | | <u>7,117</u> |
| | | | | <u>169,828</u> |

11. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

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 | 689 | - | - | - | (8,200) | (7,511) |
| Balance at end of year | <u>29,326</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>132,991</u> | <u>162,317</u> |

Unit: Thousand Baht

| | 2011 | | | | | |
|--|---------------|-----------------|--------------|----------|------------------|----------------|
| | Normal | Special Mention | Sub-Standard | Doubtful | Doubtful of Loss | Total |
| Balance at beginning of year | 98,458 | 159,365 | - | - | 190,998 | 448,821 |
| <u>Add</u> Additional allowance (reversal) during the year | (69,821) | (159,365) | - | - | (49,807) | (278,993) |
| Balance at end of year | <u>28,637</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>141,191</u> | <u>169,828</u> |

12. 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 22 December 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 1 April 1998, with effect as of the date thereof. By this agreement BNP Paribas Head Office guaranties to BNP Paribas Bangkok Branch the risks as such were defined above, for a maximum of up to 80% of all amounts expected to be owed to BNP Paribas Bangkok by the borrowers at the triggering date of the guarantee.

13. TROUBLED DEBT RESTRUCTURINGS

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

| | 2012 | | 2011 | |
|-----------------------------------|-----------------|--|-----------------|--|
| | Number of loans | Outstanding balance after TDR (Million Baht) | Number of loans | Outstanding balance after TDR (Million Baht) |
| At beginning of year | 2 | 141 | 4 | 589 |
| Repaid and closed during the year | (1) | (8) | (2) | (448) |
| At end of year | 1 | 133 | 2 | 141 |

There is no customer whose debt has been restructured during the years ended December 31, 2012 and 2011.

For the years ended December 31, 2012 and 2011, the Bank has no losses from debt restructuring and recognised interest received from restructured customers of Baht 0.034 million and Baht 1.55 million, respectively.

14. LEASEHOLD IMPROVEMENT AND EQUIPMENT, NET

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

Unit: Thousand Baht

| | 2012 | | | | | | | | | | | | | |
|--------------------------------|--------------------|----------|----------|-----------|-------------------|--------------------------|--------------------|----------|----------|-----------|-------------------|-----------------|-------------------|----------------|
| | Cost | | | | | Accumulated Depreciation | | | | | | Net book value | | |
| | Beginning balances | Increase | Decrease | Write-off | Transfer in (out) | Ending balances | Beginning balances | Increase | Decrease | Write-off | Transfer in (out) | 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 |

Unit: Thousand Baht

| | 2011 | | | | | | | | | | | | | |
|--------------------------------|--------------------|----------|----------|-----------|-------------------|--------------------------|--------------------|----------|----------|-----------|-------------------|-----------------|-------------------|----------------|
| | Cost | | | | | Accumulated Depreciation | | | | | | Net book value | | |
| | Beginning balances | Increase | Decrease | Write-off | Transfer in (out) | Ending balances | Beginning balances | Increase | Decrease | Write-off | Transfer in (out) | Ending balances | Beginning balance | Ending balance |
| Leasehold improvement | 6,864 | 4,935 | - | - | 1,096 | 12,895 | (4,787) | (1,943) | - | - | (545) | (7,275) | 2,077 | 5,620 |
| Furniture and office equipment | 42,684 | 5,096 | - | (959) | (1,096) | 45,725 | (30,730) | (4,566) | - | 862 | 545 | (33,889) | 11,954 | 11,836 |
| Motor vehicles | 4,761 | - | - | - | - | 4,761 | (4,100) | (611) | - | - | - | (4,711) | 661 | 50 |
| Total | 54,309 | 10,031 | - | (959) | - | 63,381 | (39,617) | (7,120) | - | 862 | - | (45,875) | 14,692 | 17,506 |

Depreciation for the years

2012

5,813

2011

7,120

15. INTANGIBLE ASSETS, NET

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

| | 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 |

| | Unit: Thousand Baht | | | | | | | | | | | |
|--------------------|---------------------|----------|-----------|-----------------|--------------------------|----------|----------|-----------|-----------------|-------------------|----------------|-------|
| | 2011 | | | | | | | | | | | |
| | 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 | - | - | - | 3,978 | (1,993) | (553) | - | - | (2,546) | 1,985 | 1,432 |
| Total | 3,978 | - | - | - | 3,978 | (1,993) | (553) | - | - | (2,546) | 1,985 | 1,432 |

Amortization expenses for the years

2012

477

2011

553

16. OTHER ASSETS

Other assets as at December 31, are as follows:

| | Unit: Thousand Baht | |
|-------------------|----------------------------|---------------|
| | 2012 | 2011 |
| Deposits | 5,099 | 6,020 |
| Other receivables | 103,977 | - |
| Others | 3,359 | 7,327 |
| | <u>112,435</u> | <u>13,347</u> |

17. DEPOSITS

Deposits as at December 31, are as follows:

17.1 Grouped by types

| | Unit: Thousand Baht | |
|----------------|----------------------------|------------------|
| | 2012 | 2011 |
| On demand | 557,090 | 139,240 |
| Savings | 4,094,672 | 2,574,818 |
| Term | 1,170,300 | 514,207 |
| Total deposits | <u>5,822,062</u> | <u>3,228,265</u> |

17.2 Grouped by currency

| | Unit: Thousand Baht | |
|------------------|----------------------------|------------------|
| | 2012 | 2011 |
| US Dollar | 183,637 | 374,939 |
| Thai Baht | 5,480,017 | 2,847,888 |
| Other currencies | 158,408 | 5,438 |
| Total deposits | <u>5,822,062</u> | <u>3,228,265</u> |

18. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

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

| | 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> |

| | Unit: Thousand Baht | | |
|-----------------------------|---------------------|-----------|-----------|
| | 2011 | | |
| | On demand | Term | Total |
| Domestic | | | |
| Commercial bank | 40,624 | - | 40,624 |
| Other financial institution | - | 1,664,501 | 1,664,501 |
| Total | 40,624 | 1,664,501 | 1,705,125 |

As at December 31, 2012 and 2011, 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 677 million and Baht 758 million, respectively.

19. 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 | |
|---|---------------------|-----------|
| | 2012 | 2011 |
| Bills of exchange with embedded derivatives | 1,738,096 | 2,083,440 |
| Total | 1,738,096 | 2,083,440 |

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:

| | 2012 | 2011 |
|-----------------------|------|------|
| | (%) | (%) |
| Financial institution | 100 | 98 |
| Fund | - | 2 |
| Total | 100 | 100 |

20. BORROWINGS

Borrowings as at December 31, are as follows:

| | Unit: Thousand Baht | |
|-------------------------------|---------------------|----------|
| | 2012 | 2011 |
| | Domestic | Domestic |
| Thai Baht - Bills of exchange | - | 301,103 |
| Total | - | 301,103 |

As at December 31, 2011, the Bank has bills of exchange carry fixed rates of interest which vary from 3.00% - 3.40% p.a. and are unsecured. The maturity dates are within 30 days. (2012 : None)

21. PROVISIONS

Provisions as at December 31, are as follows:

| | Unit: Thousand Baht | |
|---|----------------------------|-------------|
| | 2012 | 2011 |
| Provision for post-employment benefit | 16,409 | 11,769 |
| Provision for long-serviced award benefit | 2,171 | 2,384 |
| Total | 18,580 | 14,153 |

22. 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 | |
|-----------------------|----------------------------|-------------|
| | 2012 | 2011 |
| Beginning balance | 14,153 | 11,323 |
| Current service costs | 2,049 | 1,916 |
| Interest costs | 553 | 338 |
| Actuarial loss | 2,042 | 786 |
| Benefits paid | (217) | (210) |
| Ending balance | 18,580 | 14,153 |

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

| | Unit: Thousand Baht | |
|----------------------|----------------------------|-------------|
| | 2012 | 2011 |
| Current service cost | 2,049 | 1,916 |
| Interest costs | 553 | 338 |
| Actuarial loss | 2,042 | 786 |
| Total | 4,644 | 3,040 |

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

| | 2012 | 2011 |
|--------------------------------|---|---|
| Discount rate | 4% | 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 |

23. OTHER LIABILITIES

Other liabilities as at December 31, are as follows:

| | Unit: Thousand Baht | |
|-------------------------|----------------------------|----------------|
| | 2012 | 2011 |
| Income tax payable | 15,150 | 75,210 |
| Other liabilities | 25,804 | 53,406 |
| Total other liabilities | <u>40,954</u> | <u>128,616</u> |



24. 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 | | | | | |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | 2012 | | | 2011 | | |
| | Thai | Foreign currency | Total | Thai | Foreign currency | Total |
| Letters of credit | 92,196 | 3,136,225 | 3,228,421 | 2,158 | 815,342 | 817,500 |
| Guarantees on loans | - | - | - | - | 256,826 | 256,826 |
| Liabilities under unmatured bills | - | 296,921 | 296,921 | - | - | - |
| Other commitments | 9,445,780 | 5,576,067 | 15,021,847 | 8,061,710 | 8,354,720 | 16,416,430 |
| Spot exchange contracts - bought | 4,725,457 | 3,116,210 | 7,841,667 | 1,613,511 | 3,411,172 | 5,024,683 |
| Spot exchange contracts - sold | 3,120,969 | 4,724,403 | 7,845,372 | 3,379,408 | 1,633,086 | 5,012,494 |
| Forward exchange contracts - bought | 11,509,674 | 28,859,793 | 40,369,467 | 13,323,493 | 32,791,120 | 46,114,613 |
| Forward exchange contracts - sold | 21,633,258 | 19,226,085 | 40,859,343 | 28,455,994 | 17,123,670 | 45,579,664 |
| Currency swap contracts - bought | 58,535,950 | 77,979,699 | 136,515,649 | 71,637,256 | 85,611,226 | 157,248,482 |
| Currency swap contracts - sold | 69,353,784 | 67,737,813 | 137,091,597 | 77,131,484 | 79,574,261 | 156,705,745 |
| Interest rate swap contracts | 1,007,609,877 | 163,586,794 | 1,171,196,671 | 1,202,605,267 | 172,213,262 | 1,374,818,529 |
| Cross currency interest rate swap contracts - bought | 108,820,108 | 104,533,202 | 213,353,310 | 101,028,900 | 101,681,756 | 202,710,656 |
| Cross currency interest rate swap contracts - sold | 88,852,871 | 124,187,259 | 213,040,130 | 74,578,702 | 127,041,568 | 201,620,270 |
| Currency option instruments bought | 1,400,000 | 1,883,843 | 3,283,843 | 1,569,045 | 1,745,503 | 3,314,548 |
| Currency option instruments sold | 310,225 | 1,463,308 | 1,773,533 | 54,340 | 116,243 | 170,583 |
| Interest option instruments bought | 7,300,000 | - | 7,300,000 | 11,350,000 | - | 11,350,000 |
| Interest option instruments sold | 7,450,000 | - | 7,450,000 | 15,300,000 | - | 15,300,000 |
| Credit Default Swap | 300,000 | 255,774 | 555,774 | 300,000 | 264,622 | 564,622 |
| Forward exchange option - bought | 1,912,265 | 1,378,422 | 3,290,687 | 1,569,045 | 1,744,703 | 3,313,748 |
| Forward exchange option - sold | 408,485 | 306,316 | 714,801 | - | 166,741 | 166,741 |
| Unused overdrafts | - | 918,948 | 918,948 | - | 950,736 | 950,736 |
| Total | 1,402,780,899 | 609,167,082 | 2,011,947,981 | 1,611,960,313 | 635,496,557 | 2,247,456,870 |

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

25. 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 | |
|---|----------------------------|-------------|
| | 2012 | 2011 |
| <u>Statements of financial positions</u> | | |
| Interbank and money market items (assets) | 135,140 | 105,197 |
| Loans to customers and accrued interest receivables | 1,417,041 | - |
| Borrowings, deposits and accrued expenses | 2,965,452 | 3,184,047 |
| Contingencies | 349,702,112 | 364,320,255 |
| <u>Statements of comprehensive income</u> | | |
| Interest income | 2,322 | 71,070 |
| Interest expenses | 162,638 | 145,906 |
| Loss on trading activities and foreign exchange | (169,599) | (470,095) |
| Non-interest expenses | | |
| - Cost sharing from financial instruments, net | 100,458 | 106,427 |
| - Head Offices allocation expenses | 37,280 | 42,549 |
| - Technical assistant fee | 35,308 | 26,521 |
| Management remuneration | | |
| - Short-term employee benefits | 57,400 | 67,149 |
| - Long-term employee benefits | 504 | 490 |

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.

26. 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 | |
|---|----------------------------|----------------|
| | 2012 | 2011 |
| Expense of share-based payment (reversal) | 15,400 | (3,629) |
| Total | <u>15,400</u> | <u>(3,629)</u> |

27. 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 | |
|----------------------------------|----------------------------|---------------|
| | 2012 | 2011 |
| Within 1 year | 9,762 | 9,108 |
| Over 1 year to 5 years | 6,990 | 10,659 |
| Total operating lease commitment | <u>16,752</u> | <u>19,767</u> |

28. 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.



29. INTEREST INCOME

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

| | Unit: Thousand Baht | |
|-------------------------------------|---------------------|----------------|
| | 2012 | 2011 |
| Interbank and money market items | 113,684 | 116,142 |
| Investment and trading transactions | 90,740 | 90,357 |
| Investment in debt securities | 338,312 | 292,203 |
| Loans | 85,023 | 74,707 |
| Others | 78 | - |
| Total interest income | <u>627,837</u> | <u>573,409</u> |

30. INTEREST EXPENSES

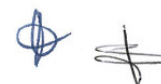
Interest expenses for the years ended December 31, are as follows:

| | Unit: Thousand Baht | |
|--------------------------------------|---------------------|----------------|
| | 2012 | 2011 |
| Deposits | 43,379 | 14,944 |
| Interbank and money market items | 295,005 | 278,635 |
| Contributions for deposit protection | 17,765 | 4,465 |
| Borrowings | 5,553 | 22,020 |
| Total interest expense | <u>361,702</u> | <u>320,064</u> |

31. NET FEES AND SERVICE INCOME

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

| | Unit: Thousand Baht | |
|--|---------------------|-----------------|
| | 2012 | 2011 |
| Fees and service income | | |
| Acceptance, aval and guarantees | 55,517 | 25,662 |
| Other | 34,453 | 19,907 |
| Total fees and service income | <u>89,970</u> | <u>45,569</u> |
| Fees and service expenses | <u>(32,446)</u> | <u>(99,970)</u> |
| Net fees and service income (expenses) | <u>57,524</u> | <u>(54,401)</u> |



32. 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 | |
|--|----------------------------|----------------|
| | 2012 | 2011 |
| Gains (losses) on tradings and foreign exchange transactions | | |
| Foreign currencies and exchange derivatives | 291,217 | 752,388 |
| Interest derivatives | 145,234 | (82,732) |
| Credit derivatives | 26,614 | (16,128) |
| Debt securities | 93,110 | 30,337 |
| Net gains on trading and foreign exchange | <u>556,175</u> | <u>683,865</u> |

33. 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 | |
|---|----------------------------|------------------|
| | 2012 | 2011 |
| Loss from net change in fair value of | | |
| bills of exchange with embedded derivatives | (19,656) | (57,114) |
| Loss on redemptions and interest expenses | <u>(95,485)</u> | <u>(89,284)</u> |
| Losses on financial instrument designated at fair value | <u>(115,141)</u> | <u>(146,398)</u> |

34. IMPAIRMENT LOSS OF LOANS (REVERSAL)

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

| | Unit: Thousand Baht | |
|---|----------------------------|------------------|
| | 2012 | 2011 |
| Interbank and money market items (reversal) | (689) | 1,363 |
| Lending (reversal) | <u>(2,311)</u> | <u>(278,982)</u> |
| Total | <u>(3,000)</u> | <u>(277,619)</u> |



35. INCOME TAX EXPENSES

Reconciliation of income tax expenses for the years ended December 31, are as follows:

| | Unit: Thousand Baht | |
|---|---------------------|------------------|
| | 2012 | 2011 |
| Income before tax | 311,558 | 918,364 |
| Income not subject to tax | (2,442) | (3,615) |
| Expenses not deductible for tax purposes (reversal) | (18,247) | 448,145 |
| Taxable income | <u>290,869</u> | <u>1,362,894</u> |
| Tax calculated at the tax rate of 30% | | <u>408,868</u> |
| Tax calculated at the tax rate of 23% | <u>66,900</u> | |

36. 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.

36.1 Market risk

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

| | Unit: Million Baht | | | | | | |
|--|--------------------|-------------------|-----------------|-----------------|------------|-------------------------|---------------|
| | 2012 | | | | | | |
| | 0 to 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | NPL | Non-interest bearing | Total |
| 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 | <u>12,113</u> | <u>3,007</u> | <u>2,879</u> | <u>5</u> | <u>133</u> | <u>21,055</u> | <u>39,192</u> |
| 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 |
| Borrowings | - | - | - | - | - | - | - |
| Other monetary liabilities | - | - | - | - | - | 379 | 379 |
| Total | <u>5,297</u> | <u>-</u> | <u>-</u> | <u>3,380</u> | <u>-</u> | <u>22,510</u> | <u>31,187</u> |

Unit: Million Baht

| | 2011 | | | | | | 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 | 2,930 | 136 | - | - | - | 143 | 3,209 |
| Derivatives assets | - | - | - | - | - | 29,377 | 29,377 |
| Investment | 4,065 | 2,944 | 3,858 | - | - | - | 10,867 |
| Loans to customers | 1,786 | 38 | 328 | 8 | 133 | - | 2,293 |
| Other monetary assets | - | - | - | - | - | 815 | 815 |
| Total | 8,781 | 3,118 | 4,186 | 8 | 133 | 30,335 | 46,561 |
| Financial Liabilities | | | | | | | |
| Deposits | 3,089 | - | - | - | - | 139 | 3,228 |
| Interbank and money market items | 40 | - | - | 1,665 | - | - | 1,705 |
| Liabilities payable on demand | - | - | - | - | - | 1 | 1 |
| Financial instrument designated at fair value | - | 65 | - | 2,018 | - | - | 2,083 |
| Derivatives liabilities | - | - | - | - | - | 26,982 | 26,982 |
| Borrowings | 301 | - | - | - | - | - | 301 |
| Other monetary liabilities | 25 | - | - | - | - | 2,152 | 2,177 |
| Total | 3,455 | 65 | - | 3,683 | - | 29,274 | 36,477 |

36.2 Liquidity risk

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

Unit: Million Baht

| | 2012 | | | | | | Total |
|---|----------------|-----------------|----------------|--------------|----------------|-------------|---------------|
| | At call | Within 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | No maturity | |
| Assets | | | | | | | |
| 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 |
| Other monetary assets | - | 178 | - | - | - | 5 | 183 |
| Total monetary assets | 247 | 12,307 | 3,023 | 2,878 | 5 | 138 | 18,598 |
| Liabilities | | | | | | | |
| 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 | 3,000 | 2,872 | (3,394) | 138 | 8,312 |

Unit: Million Baht

| | 2011 | | | | | | 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 | 154 | 2,920 | 135 | - | - | - | 3,209 |
| Investment* | - | 4,065 | 2,944 | 3,858 | - | - | 10,867 |
| Loans to customers | - | 1,721 | 38 | 394 | 7 | 133 | 2,293 |
| Accounts receivable for investments | - | 733 | - | - | - | - | 733 |
| Other monetary assets | - | 76 | - | - | - | 6 | 82 |
| Total monetary assets | 154 | 9,515 | 3,117 | 4,252 | 7 | 139 | 17,184 |
| Deposits | 2,714 | 514 | - | - | - | - | 3,228 |
| Interbank and money market items | 40 | - | - | - | 1,665 | - | 1,705 |
| Financial instrument designated at fair value | - | - | 65 | - | 2,018 | - | 2,083 |
| Borrowings | - | 301 | - | - | - | - | 301 |
| Accounts payable for investments | - | 1,922 | - | - | - | - | 1,922 |
| Other monetary liabilities | - | 97 | 90 | 29 | 39 | - | 255 |
| Total monetary liabilities | 2,754 | 2,834 | 155 | 29 | 3,722 | - | 9,494 |
| Liquidity, net | (2,600) | 6,681 | 2,962 | 4,223 | (3,715) | 139 | 7,690 |

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

36.3 Fair values of financial assets and liabilities

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

Unit: Million Baht

| | 2012 | | 2011 | |
|--|------------|------------|------------|------------|
| | Book value | Fair value | Book value | Fair value |
| Financial assets | | | | |
| Interbank and money market items, net | 3,399 | 3,399 | 3,209 | 3,209 |
| Derivatives assets | 20,577 | 20,577 | 29,377 | 29,377 |
| Investments | 12,113 | 12,113 | 10,867 | 10,867 |
| Loans to customers and accrued interest receivables, net | 2,697 | 2,697 | 2,142 | 2,142 |
| Financial liabilities | | | | |
| Deposits | 5,822 | 5,822 | 3,228 | 3,228 |
| Interbank and money market items | 1,674 | 1,720 | 1,705 | 1,781 |
| Liabilities to deliver security | 702 | 702 | - | - |
| Financial instrument designated at fair value | 1,738 | 1,738 | 2,083 | 2,083 |
| Derivatives liabilities | 20,865 | 20,865 | 26,982 | 26,982 |
| Borrowings | - | - | 301 | 301 |

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 5.1.
- 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 3.3.
- 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.

37. EVENT AFTER THE REPORTING PERIOD

In February 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.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Bank's management on April 22, 2013.

