



บริษัท ดีลอยท์ ทูเช่ โทมัทสு ไชยยศ
สอบบัญชี จำกัด
อาคารวังนาคารถ ชั้น 25-26, 28
3 ถนนสาทรใต้
แขวงยานนาวา เขตสาทร
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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, 2014, 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, 2014, 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 10, 2015

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

BAHT : '000

	Notes	As at December 31, 2014	As at December 31, 2013
ASSETS			
Cash		409	350
Interbank and money market items, net	7	2,839,142	1,377,052
Derivatives assets	8	19,183,874	26,109,430
Investments, net	9	25,648,993	17,246,391
Loans to customers and accrued interest receivables, net	10		
Loans to customers		6,563,180	4,908,408
Accrued interest receivables		5,585	14,339
Total loans to customers and interest receivables		6,568,765	4,922,747
Less Allowance for doubtful accounts	11	(69,711)	(49,763)
Loans to customers and accrued interest receivables, net		6,499,054	4,872,984
Leasehold improvement and equipment, net	14	19,039	14,457
Intangible assets, net	15	3,841	3,214
Deferred tax assets	16	25,599	8,415
Accounts receivable for investments		170,439	2,195,078
Other receivables		169,154	-
Accrued interest from investments		174,657	50,871
Other assets	17	9,824	6,674
TOTAL ASSETS		54,744,025	51,884,916



Antoine Gustin
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, 2014

BAHT : '000

	Notes	As at December 31, 2014	As at December 31, 2013
LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Deposits	18	12,493,004	10,548,581
Interbank and money market items, net	19	9,157,506	2,789,317
Liabilities payable on demand		28,451	8,265
Financial liabilities designated at fair value	20	1,369,096	1,716,446
Derivatives liabilities	8	19,080,825	21,938,243
Provisions	21 and 22	26,933	20,772
Accounts payable for investments		894,143	2,228,945
Accrued expenses		108,349	118,366
Other liabilities	23	113,402	433,426
TOTAL LIABILITIES		<u>43,271,709</u>	<u>39,802,361</u>
HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Fund remitted into Thailand for maintaining assets under law	6	8,101,789	8,101,789
Foreign currency translation		(46,486)	(73,931)
		<u>8,055,303</u>	<u>8,027,858</u>
Accounts with head office and other branches of the same juristic person, net		1,132,676	2,287,851
Other components of accounts with head office and other branches of the same juristic person		3,316	36,976
Retained earnings		2,281,021	1,729,870
TOTAL HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		<u>11,472,316</u>	<u>12,082,555</u>
TOTAL LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		<u><u>54,744,025</u></u>	<u><u>51,884,916</u></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, 2014

		BAHT : '000	
	Notes	2014	2013
Interest income	29	656,394	681,267
Interest expenses	30	(446,026)	(429,775)
Net interest income		210,368	251,492
Fees and service income		112,435	97,412
Fees and service expenses		(34,844)	(37,432)
Net fees and service income	31	77,591	59,980
Gains on tradings and foreign exchange transactions	32	1,159,616	875,043
Losses on financial instrument designated at fair value	33	(133,235)	(58,624)
Other operating income		-	53
Total operating income		1,314,340	1,127,944
Other operating expenses			
Employee's expenses		272,936	263,805
Premises and equipment		46,776	39,164
Taxes and duties		9,313	8,972
Expenses shared from Head Office	25	37,318	44,958
Cost sharing from financial instruments, net	25	114,940	168,513
Others		130,808	99,499
Total other operating expenses		612,091	624,911
Impairment loss of loans (reversal)	34	9,000	(54,378)
Profit from operating before income tax expense		693,249	557,411
Income tax expense	35	(140,234)	(115,801)
NET PROFIT		553,015	441,610
Other comprehensive expenses			
Losses on remeasuring available-for-sale investment		(42,075)	(38,400)
Actuarial loss on defined benefit plan		(2,330)	(1,627)
Income tax relating to components of other comprehensive income		8,881	8,005
Net other comprehensive expenses		(35,524)	(32,022)
TOTAL COMPREHENSIVE INCOME		517,491	409,588

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, 2014

BAHT : '000

	Note	Fund remitted into Thailand for maintaining assets under law	Accounts with head 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
				Gains (losses) on remeasuring available-for-sale investment	Income tax relating to components of other comprehensive income	Total other components of accounts with head office and other branches of the same juristic person		
Beginning balance as at January 1, 2013		5,899,633	1,143,272	84,619	(16,925)	67,694	1,289,564	8,400,163
Transactions with interbanks recorded to accounts with head office and other branches of the same juristic person	6	2,202,156	1,144,579	-	-	-	-	3,346,735
Foreign currency translation								
At beginning of year		(530,157)	-	-	-	-	-	(530,157)
Increase during the year		456,226	-	-	-	-	-	456,226
At end of year		(73,931)	-	-	-	-	-	(73,931)
Net profit for the year		-	-	-	-	-	441,610	441,610
Other comprehensive income		-	-	-38,400	7,682	(30,718)	(1,304)	(32,022)
Ending balance as at December 31, 2013		<u>8,027,858</u>	<u>2,287,851</u>	<u>46,219</u>	<u>(9,243)</u>	<u>36,976</u>	<u>1,729,870</u>	<u>12,082,555</u>
Beginning balance as at January 1, 2014		8,101,789	2,287,851	46,219	(9,243)	36,976	1,729,870	12,156,486
Transactions with interbanks recorded to accounts with head office and other branches of the same juristic person		-	(1,155,175)	-	-	-	-	(1,155,175)
Foreign currency translation								
At beginning of year		(73,931)	-	-	-	-	-	(73,931)
Increase during the year		27,445	-	-	-	-	-	27,445
At end of year		(46,486)	-	-	-	-	-	(46,486)
Net profit for the year		-	-	-	-	-	553,015	553,015
Other comprehensive income		-	-	(42,075)	8,415	(33,660)	(1,864)	(35,524)
Ending balance as at December 31, 2014		<u>8,055,303</u>	<u>1,132,676</u>	<u>4,144</u>	<u>(828)</u>	<u>3,316</u>	<u>2,281,021</u>	<u>11,472,316</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, 2014

BAHT : '000

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses		693,249	557,411
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	14, 15	7,449	6,989
Impairment loss of loans (reversal)	34	9,000	(42,145)
Premium and discount on debt securities		22,413	5,662
Gain on sales of investment in securities		(175,930)	(31,221)
Gain on disposal of equipment		-	(47)
Unrealized loss on foreign exchange rate, net		27,445	456,226
Unrealized (gain) loss on revaluation of derivatives financial instruments, net		4,068,139	(4,458,723)
Unrealized loss (gain) on revaluation of financial instrument designated at fair value, net		52,650	(21,650)
Provision for employee benefit	22	3,991	3,420
Interest expenses	30	446,026	429,775
Interest income	29	(656,394)	(681,267)
Interest received		547,380	693,873
Interest paid		(408,998)	(426,822)
Income tax paid		(97,548)	(73,392)
Profit (loss) from operating activities before changes in operating assets and liabilities		4,538,872	(3,581,911)
(Increase) decrease in operating assets:			
Interbank and money market items		(1,468,003)	1,977,043
Trading securities		(7,851,848)	(821,040)
Loans to customers		(1,654,772)	(2,189,669)
Accounts receivable for investments		2,024,639	(2,144,116)
Other receivables		(169,154)	-
Other assets		(5,143)	105,972

BNP PARIBAS BANGKOK BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

BAHT : '000

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Increase (decrease) in operating liabilities:			
Deposits		1,944,423	4,726,519
Interbank and money market items		6,368,189	1,114,913
Liabilities payable on demand		20,186	1,759
Liabilities to deliver security		-	(701,650)
Financial instrument designated at fair value		(400,000)	-
Provisions	21	(159)	(1,229)
Accounts payable for investments		(1,334,802)	2,025,090
Other liabilities		(385,357)	376,440
Accounts with head office and other balances of the same juristic person, net		(1,285,071)	1,184,286
Net cash from operating activities		<u>342,000</u>	<u>2,072,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of long-term investment in securities		(24,105,000)	(15,621,600)
Proceeds from sales of long-term investment in securities		23,665,688	11,296,098
Cash paid for purchases of leasehold improvement and equipment and computer software		(12,658)	(10,678)
Proceeds from sales of leasehold improvement and equipment		-	47
Net cash from investing activities		<u>(451,970)</u>	<u>(4,336,133)</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>-</u>	<u>2,202,156</u>
Net decrease in cash and cash equivalents		(109,970)	(61,570)
Cash and cash equivalents as at January 1,		142,156	203,726
Cash and cash equivalents as at December 31,		<u><u>32,186</u></u>	<u><u>142,156</u></u>
Cash and cash equivalents:			
Cash		409	350
Interbank and money market items		18,190	31,025
Accounts with head office and other branches of the same juristic person's equity		13,587	110,781
Total cash and cash equivalents		<u><u>32,186</u></u>	<u><u>142,156</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, 2014

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 PREPARATION AND 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 Bank’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2012) “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 Thai financial statements have been prepared on the measurement basis of historical cost except as disclosed in the accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements.

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2014 onwards 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 Venture
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Assets
TAS 38 (Revised 2012)	Intangible assets

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2012)	Share-based Payments
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 Standards Interpretations (“TSIC”)

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

Conceptual Framework for Financial Reporting (Revised 2014)

Above TFRSs have no material impact on these financial statements

- 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2015 onwards as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans

Thai Accounting Standards (“TAS”) (Continued)

TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share-based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases - Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or Its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standard (TFRS), which is effective for the accounting period beginning on or after January 1, 2016 onwards as follow:

Thai Financial Reporting Standards (“TFRS”)

TFRS 4 (Revised 2014) Insurance Contracts

The Bank’s management has assessed the effects of these TFRSs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Recognition of interest expenses

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

3.3 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.

3.4 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.

3.5 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.

3.6 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 recognized in the statement of comprehensive income when incurred.

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

3.7 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at historical cost less accumulated depreciation and impairment loss (if any).

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 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 improvement	5 years
Furniture and office	3 - 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.

3.8 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.

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

3.10 Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents include cash, interbank and money market items and net balance of inter-office accounts with Head Office and other branches under the same juristic person's equity 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 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.

3.12 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.

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. 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 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.

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 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.

3.15 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.15.1 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.

3.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the statements of financial position 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 statement of financial position 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 asset to be recovered.

The Bank measures deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the 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.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and subsidiaries intend 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 expense 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.

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 crisis.

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 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.

Actuarial gain or loss are recognized in statement of comprehensive income.

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	
	2014	2013
Total Asset maintained under Section 32	<u>8,230,907</u>	<u>8,189,211</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	8,055,303	8,027,858
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>1,132,676</u>	<u>2,236,684</u>
Total	<u>9,187,979</u>	<u>10,264,542</u>
Regulatory capital fund before deduction	8,055,303	8,027,858
Deductible amount	3,841	-
Total fund	<u>8,051,462</u>	<u>8,027,858</u>
Total capital funds to risk assets ratio (%)	13.70	13.29

The Bank will disclose capital maintenance information as at December 31, 2014 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 2015.

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.

On February 21, 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.

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 2014		
	On demand	Term	Total
Domestic items			
The Bank of Thailand	199,914	-	199,914
Other commercial banks	3,273	2,600,000	2,603,273
Total	203,187	2,600,000	2,803,187
<u>Less</u> Allowance for doubtful account	-	(79)	(79)
Total domestic items	203,187	2,599,921	2,803,108
Foreign items			
Singapore Dollars	4,740	-	4,740
Swedish Kroners	6,325	-	6,325
Danish Kroners	836	-	836
Australian Dollars	3,016	-	3,016
US Dollars	-	21,049	21,049
Total	14,917	21,049	35,966
<u>Add</u> Accrued interest receivables	-	278	278
<u>Less</u> Allowance for doubtful accounts	-	(210)	(210)
Total foreign items	14,917	21,117	36,034
Total domestic and foreign items	218,104	2,621,038	2,839,142

	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	<u>240,134</u>	<u>-</u>	<u>240,134</u>
Total domestic items	<u>240,134</u>	<u>-</u>	<u>240,134</u>
Foreign items			
Singapore Dollars	4,422	-	4,422
Swedish Kroners	12,306	-	12,306
Australian Dollars	3,443	-	3,443
US Dollars	-	42,957	42,957
Euro	-	1,080,723	1,080,723
Total	<u>20,171</u>	<u>1,123,680</u>	<u>1,143,851</u>
<u>Add</u> Accrued interest receivables	-	4,304	4,304
<u>Less</u> Allowance for doubtful accounts	-	(11,237)	(11,237)
Total foreign items	<u>20,171</u>	<u>1,116,747</u>	<u>1,136,918</u>
Total domestic and foreign items	<u>260,305</u>	<u>1,116,747</u>	<u>1,377,052</u>

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:

	Unit : Thousand Baht 2014		
	Fair Value		Notional amount*
Type of Risk	Assets	Liabilities	
Exchange rate risk	11,882,032	9,010,723	669,495,723
Interest rate risk	7,299,644	10,069,760	737,134,112
Credit risk	2,198	342	1,106,019
Total	<u>19,183,874</u>	<u>19,080,825</u>	<u>1,407,735,854</u>
	Unit : Thousand Baht 2013		
	Fair Value		Notional amount*
Type of Risk	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>

* 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	2014 (%)	2013 (%)
Financial institution	66	73
Group companies	21	18
Third parties	13	9
Total	<u>100</u>	<u>100</u>

9. INVESTMENTS, NET

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

	Unit : Thousand Baht	
	2014	2013
	Fair value	Fair value
Trading securities		
Government and state enterprise securities	11,739,500	3,711,723
Total trading securities, net	<u>11,739,500</u>	<u>3,711,723</u>
Available-for-sale securities		
Government and state enterprise securities	13,909,493	13,534,668
Total available-for-sale securities	<u>13,909,493</u>	<u>13,534,668</u>
Total investments, net	<u>25,648,993</u>	<u>17,246,391</u>

10. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

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

10.1 Grouped by type of contracts

	Unit : Thousand Baht	
	2014	2013
Overdrafts	26	1,595
Loans	6,561,890	4,904,305
Staff loans	1,264	2,508
Total loans	<u>6,563,180</u>	<u>4,908,408</u>
<u>Add</u> Accrued interest receivables	5,585	14,339
Total loans and accrued interest receivables	<u>6,568,765</u>	<u>4,922,747</u>
<u>Less</u> Allowance for doubtful accounts		
BOT requirement (Individual approach)	(65,632)	(49,084)
Surplus reserve	(4,079)	(679)
Loans and accrued interest receivables, net	<u>6,499,054</u>	<u>4,872,984</u>

10.2 Grouped by currency and resident

	Unit : Thousand Baht					
	2014			2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai baht	4,587,150	-	4,587,150	4,388,215	-	4,388,215
US Dollar	1,976,030	-	1,976,030	520,193	-	520,193
Total	<u>6,563,180</u>	<u>-</u>	<u>6,563,180</u>	<u>4,908,408</u>	<u>-</u>	<u>4,908,408</u>

10.3 Grouped by business sector

	Unit : Thousand Baht					
	2014					
	Normal	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Manufacturing and commerce	3,725,372	-	-	-	-	3,725,372
Real estate and construction	1,188,394	-	-	-	-	1,188,394
Utilities and services	1,648,150	-	-	-	-	1,648,150
Housing loans	1,212	-	-	-	-	1,212
Others	52	-	-	-	-	52
Total	<u>6,563,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,563,180</u>

	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	<u>4,908,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,908,408</u>

10.4 Grouped by classifications

	Unit : Thousand Baht			
	2014			
	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	6,568,765	6,563,180	1	65,632
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total	<u>6,568,765</u>	<u>6,563,180</u>		<u>65,632</u>
Surplus reserve				<u>4,079</u>
				<u>69,711</u>

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	<u>4,922,747</u>	<u>4,908,408</u>		49,084
Surplus reserve				<u>679</u>
				<u>49,763</u>

11. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

Unit : Thousand Baht

	2014					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Balance at beginning of year	49,763	-	-	-	-	49,763
<u>Add</u> Additional allowance during the year	<u>19,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,948</u>
Balance at end of year	<u>69,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,711</u>

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>

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 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.

13. TROUBLED DEBT RESTRUCTURINGS

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

	2014		2013	
	Number of loans	Outstanding balance after TDR (Million Baht)	Number of loans	Outstanding balance after TDR (Million Baht)
At beginning of year	-	-	1	133
Repaid and closed during the year	-	-	(1)	(133)
At end of year	-	-	-	-

There is no customer whose debt has been restructured during the years ended December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013, the Bank has no loss from debt restructuring. For the years ended December 31, 2014 and 2013, the Bank has no interest received from restructured customer.

14. LEASEHOLD IMPROVEMENT AND EQUIPMENT, NET

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

	Balance as at January 1, 2014	Additions	Disposals	Unit : Thousand Baht Balance as at December 31, 2014
Cost:				
Leasehold improvement	12,019	-	-	12,019
Furniture and Office equipment	49,321	10,999	-	60,320
Total cost	<u>61,340</u>	<u>10,999</u>	<u>-</u>	<u>72,339</u>
Accumulated depreciation:				
Leasehold improvement	(9,386)	(1,136)	-	(10,522)
Furniture and Office equipment	(37,497)	(5,281)	-	(42,778)
Total accumulated depreciation	<u>(46,883)</u>	<u>(6,417)</u>	<u>-</u>	<u>(53,300)</u>
Leasehold improvement and equipment, net	<u>14,457</u>			<u>19,039</u>
	Balance as at January 1, 2013	Additions	Disposals	Unit : Thousand Baht Balance as at December 31, 2013
Cost:				
Leasehold improvement	11,824	195	-	12,019
Furniture and Office equipment	42,907	7,645	(1,231)	49,321
Total cost	<u>54,731</u>	<u>7,840</u>	<u>(1,231)</u>	<u>61,340</u>
Accumulated depreciation:				
Leasehold improvement	(8,007)	(1,379)	-	(9,386)
Furniture and Office equipment	(33,882)	(4,846)	1,231	(37,497)
Total accumulated depreciation	<u>(41,889)</u>	<u>(6,225)</u>	<u>1,231</u>	<u>(46,883)</u>
Leasehold improvement and equipment, net	<u>12,842</u>			<u>14,457</u>
Depreciation for the years ended December 31,				
2014			Baht	<u>6,417</u>
2013			Baht	<u>6,225</u>

15. INTANGIBLE ASSETS, NET

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

	Balance as at January 1, 2014	Additions	Disposals	Unit : Thousand Baht Balance as at December 31, 2014
Cost:				
Computer Software	6,852	1,659	-	8,511
Total cost	<u>6,852</u>	<u>1,659</u>	<u>-</u>	<u>8,511</u>
Accumulated amortization:				
Computer Software	(3,638)	(1,032)	-	(4,670)
Total accumulated amortization	<u>(3,638)</u>	<u>(1,032)</u>	<u>-</u>	<u>(4,670)</u>
Intangible asset, net	<u><u>3,214</u></u>			<u><u>3,841</u></u>
	Balance as at January 1, 2013	Additions	Disposals	Unit : Thousand Baht Balance as at December 31, 2013
Cost:				
Computer Software	4,014	2,838	-	6,852
Total cost	<u>4,014</u>	<u>2,838</u>	<u>-</u>	<u>6,852</u>
Accumulated amortization:				
Software	(2,874)	(764)	-	(3,638)
Total accumulated amortization	<u>(2,874)</u>	<u>(764)</u>	<u>-</u>	<u>(3,638)</u>
Intangible asset, net	<u><u>1,140</u></u>			<u><u>3,214</u></u>
Amortization for the years ended December 31,				
2014			Baht	<u>1,032</u>
2013			Baht	<u><u>764</u></u>

16. DEFERRED TAX ASSETS

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

	Unit : Thousand Baht	
	2014	2013
Deferred tax assets	25,599	8,415

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

	Unit : Thousand Baht				
	Balance as at January 1, 2014	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, 2014
Temporary differences					
General provisions	10,796	7,275	-	-	18,071
Provisions for employee expenses	6,853	(650)	-	-	6,203
Provisions for severance pay	4,155	766	-	466	5,387
Investment	(9,245)	-	8,415	-	(830)
Others	(4,144)	912	-	-	(3,232)
Total	8,415	8,303	8,415	466	25,599

	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

17. OTHER ASSETS

Other assets as at December 31, are as follows:

	Unit : Thousand Baht	
	2014	2013
Deposits	5,768	5,494
Others	4,056	1,180
	9,824	6,674

18. DEPOSITS

Deposits as at December 31, are as follows:

18.1 Grouped by types

	Unit : Thousand Baht	
	2014	2013
On demand	1,910,701	2,114,589
Savings	3,752,443	4,539,676
Term	6,829,860	3,894,316
Total deposits	<u>12,493,004</u>	<u>10,548,581</u>

18.2 Grouped by currency

	Unit : Thousand Baht	
	2014	2013
US Dollar	3,302,095	1,879,780
Thai Baht	8,908,134	8,219,529
Other currencies	282,775	449,272
Total deposits	<u>12,493,004</u>	<u>10,548,581</u>

19. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

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

	Unit : Thousand Baht		
	2014		
	On demand	Term	Total
Domestic			
Commercial bank	118,772	-	118,772
Other financial institution	-	9,038,734	9,038,734
Total	<u>118,772</u>	<u>9,038,734</u>	<u>9,157,506</u>

	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>

As at December 31, 2014 and 2013, 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.

20. FINANCIAL LIABILITIES 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	
	2014	2013
Bills of exchange with embedded derivatives	<u>1,369,096</u>	<u>1,716,446</u>
Total	<u><u>1,369,096</u></u>	<u><u>1,716,446</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:

	<u>2014</u>	<u>2013</u>
	(%)	(%)
Financial institution	<u>100</u>	<u>100</u>
Total	<u><u>100</u></u>	<u><u>100</u></u>

21. PROVISIONS

Provisions as at December 31, are as follows:

	Unit : Thousand Baht	
	2014	2013
Provision for post-employment benefit	24,572	18,841
Provision for long-serviced award benefit	<u>2,361</u>	<u>1,931</u>
Total	<u><u>26,933</u></u>	<u><u>20,772</u></u>

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	
	2014	2013
Beginning balance	20,772	18,580
Current service costs	2,994	2,992
Interest costs	870	741
Actuarial (gain) loss	2,456	(1,145)
Benefits paid	(159)	(396)
Ending balance	<u>26,933</u>	<u>20,772</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	
	2014	2013
Current service cost	2,994	2,992
Interest costs	870	741
Actuarial (gain) loss	2,456	(1,145)
Total	<u>6,320</u>	<u>2,588</u>

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

	2014	2013
Discount rate	3.50%	4.25%
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	
	2014	2013
Income tax payable	40,175	97,548
Other payable - collateral	8,640	295,332
Other liabilities	64,587	40,546
Total other liabilities	<u>113,402</u>	<u>433,426</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					
	2014			2013		
	Thai	Foreign currency	Total	Thai	Foreign currency	Total
Letters of credit	-	2,716,858	2,716,858	41,143	5,977,058	6,018,201
Guarantees on loans	-	16,482	16,482	-	-	-
Liabilities under unmatured bills	-	75,626	75,626	-	188,774	188,774
Other commitments	11,485,293	13,837,383	25,322,676	11,229,716	8,669,407	19,899,123
Spot exchange contracts - bought	3,322,372	4,429,727	7,752,099	1,794,776	7,830,227	9,625,003
Spot exchange contracts - sold	4,192,156	3,557,513	7,749,669	7,624,221	2,004,461	9,628,682
Forward exchange contracts - bought	12,469,523	20,889,616	33,359,139	10,754,762	19,654,329	30,409,091
Forward exchange contracts - sold	14,226,646	19,270,068	33,496,714	17,502,506	12,975,441	30,477,947
Currency swap contracts - bought	67,979,474	144,875,918	212,855,392	103,900,644	151,789,992	255,690,636
Currency swap contracts - sold	127,853,158	84,734,466	212,587,624	133,447,708	117,324,950	250,772,658
Interest rate swap contracts	431,415,576	305,296,882	736,712,458	617,025,078	255,812,680	872,837,758
Cross currency interest rate swap contracts - bought	205,379,655	193,614,830	398,994,485	156,302,413	159,014,285	315,316,698
Cross currency interest rate swap contracts - sold	148,513,967	251,832,393	400,346,360	115,891,330	200,780,765	316,672,095
Forward rate agreement - bought	-	-	-	-	22,641,384	22,641,384
Forward rate agreement - sold	-	8,240,750	8,240,750	-	-	-
Currency option instruments bought	-	893,297	893,297	125,600	1,302,700	1,428,300
Currency option instruments sold	98,850	2,282,688	2,381,538	1,464,370	1,903,189	3,367,559
Interest option instruments bought	5,300,000	-	5,300,000	5,300,000	-	5,300,000
Interest option instruments sold	5,000,000	-	5,000,000	5,650,000	-	5,650,000
Credit Default Swap	300,000	206,019	506,019	300,000	273,994	573,994
Forward exchange option - bought	855,305	-	855,305	1,201,538	131,254	1,332,792
Forward exchange option - sold	2,241,034	98,889	2,339,923	1,477,370	1,476,612	2,953,982
Unused overdrafts	-	988,890	988,890	-	984,408	984,408
Total	1,040,633,009	1,057,858,295	2,098,491,304	1,191,033,175	970,735,910	2,161,769,085

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	
	2014	2013
<u>Statements of financial positions</u>		
Interbank and money market items, net	394,653	67,574
Loans to customers and accrued interest receivables	569,881	567,305
Deposits and accrued expenses	1,304,496	2,736,415
Fund remitted into Thailand for maintaining assets under law	8,055,303	8,027,858
Contingencies	392,421,937	588,735,020
<u>Statements of comprehensive income</u>		
Interest income	5,855	3,502
Interest expenses	183,373	214,290
Gain (loss) on trading activities and foreign exchange	(459,582)	298,480
Non-interest expenses		
- Cost sharing from financial instruments, net	114,940	168,513
- Head Offices allocation expenses	37,318	44,958
- Technical assistant fee	70,358	63,007
Management remuneration		
- Short-term employee benefits	65,830	64,766
- Long-term employee benefits	623	631

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	
	2014	2013
Expense of share-based payment (reversal)	8,253	14,425
Total	<u>8,253</u>	<u>14,425</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	
	2014	2013
Within 1 year	12,553	3,806
Over 1 year to 5 years	15,534	4,701
Total operating lease commitment	<u>28,087</u>	<u>8,507</u>

Minimum lease payment recognized as expenses for the years ended December 31, 2014 and 2013 are Baht 12.40 million and Baht 10.89 million, respectively.

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	
	2014	2013
Interbank and money market items	73,220	131,548
Investment and trading transactions	141,001	103,656
Investment in debt securities	348,203	345,394
Loans	93,450	97,621
Others	520	3,048
Total interest income	<u>656,394</u>	<u>681,267</u>

30. INTEREST EXPENSES

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

	Unit : Thousand Baht	
	2014	2013
Deposits	53,334	42,352
Interbank and money market items	352,039	357,628
Contributions for deposit protection	38,357	29,521
Other	2,296	274
Total interest expense	<u>446,026</u>	<u>429,775</u>

31. NET FEES AND SERVICE INCOME

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

	Unit : Thousand Baht	
	2014	2013
Fees and service income		
Acceptance, aval and guarantees	78,611	58,796
Other	33,824	38,616
Total fees and service income	<u>112,435</u>	<u>97,412</u>
Fees and service expenses	<u>(34,844)</u>	<u>(37,432)</u>
Net fees and service income	<u>77,591</u>	<u>59,980</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	
	2014	2013
Gains (losses) on tradings and foreign exchange transactions		
Foreign currencies and exchange derivatives	3,807,454	1,297,690
Interest derivatives	(2,830,093)	(474,969)
Credit derivatives	12,304	(465)
Debt securities	169,951	52,787
Net gains on trading and foreign exchange	<u>1,159,616</u>	<u>875,043</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	
	2014	2013
Income (loss) from net change in fair value of bills of exchange with embedded derivatives	(52,650)	21,650
Loss on redemptions and interest expenses	<u>(80,585)</u>	<u>(80,274)</u>
Losses on financial instrument designated at fair value	<u>(133,235)</u>	<u>(58,624)</u>

34. IMPAIRMENT LOSS OF LOANS (REVERSAL)

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

	Unit : Thousand Baht	
	2014	2013
Interbank and money market items (reversal)	(10,947)	10,563
Lending (reversal)	<u>19,947</u>	<u>(64,941)</u>
Total	<u>9,000</u>	<u>(54,378)</u>

35. INCOME TAX EXPENSE

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

	Unit : Thousand Baht	
	2014	2013
Current income tax expense for the period	148,537	114,120
Deferred tax and temporary differences	<u>(8,303)</u>	<u>1,681</u>
Total income tax expense	<u>140,234</u>	<u>115,801</u>

Reconciliation of effective tax rate

	2014		2013	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>693,249</u>	20	<u>557,411</u>	20
Income tax at the domestic tax rate	138,650		111,482	
<u>Add</u> Tax effect of income and expense that are not exempt for tax purposes	9,935		6,748	
<u>Less</u> Tax effect of income and expense that are exempt for tax purposes	<u>(8,351)</u>		<u>(2,429)</u>	
Income tax expense as statements of comprehensive income	<u>140,234</u>	20	<u>115,801</u>	21

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 was reduced from 30% to 23% of net income, for an accounting period beginning on or after January 1, 2012 and 20% of net income, for two consecutive accounting period beginning on or after January 1, 2013 and according to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rates were reduced from 30% to 20% of net income for an accounting period beginning on or after January 1, 2015, up to December 31, 2015.

Therefore, the Bank used tax rate of 20% for the corporate income tax calculation for the years ended December 31, 2013 and 2014 to conform to such tax rate changes.

Income tax related to other comprehensive income

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

	2014			Unit : Thousand Baht 2013		
	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	(42,075)	8,415	(33,660)	(38,400)	7,680	(30,720)
Gains (losses) on provision severance pay	(2,330)	466	(1,864)	(1,626)	325	(1,301)
Other comprehensive income (expense)	<u>(44,405)</u>	<u>8,881</u>	<u>(35,524)</u>	<u>(40,026)</u>	<u>8,005</u>	<u>(32,021)</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						
	0 to 3 months	3 to 12 months	1 to 5 years	2014 Over 5 years	NPL	Non-interest bearing	Total
Financial Assets							
Interbank and money market items, net	2,630	-	-	-	-	209	2,839
Derivatives assets	-	-	-	-	-	19,184	19,184
Investment	3,763	10,507	9,249	2,130	-	-	25,649
Loans to customers	6,211	351	-	1	-	-	6,563
Other monetary assets	-	-	-	-	-	520	520
Total	<u>12,604</u>	<u>10,858</u>	<u>9,249</u>	<u>2,131</u>	<u>-</u>	<u>19,913</u>	<u>54,755</u>
Financial Liabilities							
Deposits	8,929	1,653	-	-	-	1,911	12,493
Interbank and money market items, net	7,369	-	1,399	390	-	-	9,158
Liabilities payable on demand	-	-	-	-	-	28	28
Financial instrument designated at fair value	-	-	-	1,369	-	-	1,369
Derivatives liabilities	-	-	-	-	-	19,081	19,081
Provisions	-	-	-	-	-	27	27
Other monetary liabilities	-	-	-	-	-	1,072	1,072
Total	<u>16,298</u>	<u>1,653</u>	<u>1,399</u>	<u>1,759</u>	<u>-</u>	<u>22,119</u>	<u>43,228</u>

Unit : Million Baht

	2013						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	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	13,264	9,917	108	1	(35)	28,632	51,887
Financial Liabilities							
Deposits	8,067	367	-	-	-	2,115	10,549
Interbank and money market items, net	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	9,133	367	1,050	2,389	-	26,887	39,826

36.2 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

	2014						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	218	2,621	-	-	-	-	2,839
Investment*	-	15,501	9,545	603	-	-	25,649
Loans to customers	-	6,211	351	-	1	-	6,563
Accounts receivable for investments	-	170	-	-	-	-	170
Other monetary assets	169	175	-	-	-	6	350
Total monetary assets	387	24,678	9,896	603	1	6	35,571
Deposits	5,663	5,177	1,653	-	-	-	12,493
Interbank and money market items, net	119	7,250	-	1,399	390	-	9,158
Liabilities payable on demand	28	-	-	-	-	-	28
Financial instrument designated at fair value	-	-	-	-	1,369	-	1,369
Accounts payable for investments	-	894	-	-	-	-	894
Other monetary liabilities	9	129	40	-	27	-	205
Total monetary liabilities	5,819	13,450	1,693	1,399	1,786	-	24,147
Liquidity, net	(5,432)	11,228	8,203	(796)	(1,785)	6	11,424

Unit : Million Baht

	2013						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	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
Deposits	6,654	3,528	367	-	-	-	10,549
Interbank and money market items, net	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

* 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

	2014		2013	
	Book value	Fair value	Book value	Fair value
Financial assets				
Interbank and money market items, net	2,839	2,839	1,377	1,377
Derivatives assets	19,184	19,184	26,109	26,109
Investments	25,649	25,649	17,246	17,246
Loans to customers and accrued interest receivables, net	6,499	6,499	4,873	4,873
Financial liabilities				
Deposits	12,493	12,493	10,549	10,549
Interbank and money market items, net	9,158	9,158	2,789	2,789
Financial instrument designated at fair value	1,369	1,369	1,716	1,716
Derivatives liabilities	19,081	19,081	21,938	21,938

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 4.2.
- 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. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Bank's management on April 10, 2015.