

**BNP PARIBAS BANGKOK BRANCH**

**Financial Statements**

**Year ended December 31, 2015**

## 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, 2015, and the statements of profit or loss and other 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

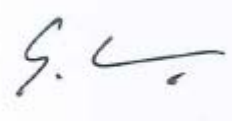
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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, 2015, 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 11, 2016

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

**BAHT : '000**

	Notes	2015	2014
<b>ASSETS</b>			
Cash		379	409
Interbank and money market items, net	8	8,814,286	2,839,142
Derivatives assets	9	37,559,613	19,183,874
Investments, net	10	22,002,913	25,648,993
Loans to customers and accrued interest receivables, net	11		
Loans to customers		6,233,978	6,563,180
Accrued interest receivables		9,249	5,585
Total loans to customers and interest receivables		<u>6,243,227</u>	<u>6,568,765</u>
Less Allowance for doubtful accounts	12	<u>(63,723)</u>	<u>(69,711)</u>
Loans to customers and accrued interest receivables, net		<u>6,179,504</u>	<u>6,499,054</u>
Leasehold improvement and equipment, net	14	25,872	19,039
Intangible assets, net	15	4,807	3,841
Deferred tax assets	16	31,520	25,599
Accounts receivable for investments		-	170,439
Other receivables		-	169,154
Accrued interest from investments		47,332	174,657
Other assets	17	8,331	9,824
<b>TOTAL ASSETS</b>		<u><u>74,674,557</u></u>	<u><u>54,744,025</u></u>

Notes to financial statements form an integral part of these statements

**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2015**

**BAHT : '000**

	Notes	2015	2014
<b>LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES</b>			
<b>OF THE SAME JURISTIC PERSON'S EQUITY</b>			
Deposits	18	12,644,186	12,493,004
Interbank and money market items, net	19	1,665,130	9,157,506
Liabilities payable on demand		58,264	28,451
Financial liabilities designated at fair value	20	743,936	1,369,096
Derivatives liabilities	9	46,431,332	19,080,825
Provisions	21 and 22	32,283	26,933
Accounts payable for investments		95,459	894,143
Accrued expenses		95,863	108,349
Other payable		1,941,233	8,640
Other liabilities	23	55,050	104,762
<b>TOTAL LIABILITIES</b>		<u>63,762,736</u>	<u>43,271,709</u>
<b>HEAD OFFICE AND OTHER BRANCHES OF</b>			
<b>THE SAME JURISTIC PERSON'S EQUITY</b>			
Fund remitted into Thailand for maintaining assets under law	7	7,970,942	8,101,789
Foreign currency translation		658,525	(46,486)
		<u>8,629,467</u>	<u>8,055,303</u>
Accounts with head office and other branches of the same juristic person, net		419,771	1,132,676
Other components of accounts with head office and other branches of the same juristic person		8,376	3,316
Retained earnings		1,854,207	2,281,021
<b>TOTAL HEAD OFFICE AND OTHER BRANCHES OF</b>		<u>10,911,821</u>	<u>11,472,316</u>
<b>THE SAME JURISTIC PERSON'S EQUITY</b>		<u>10,911,821</u>	<u>11,472,316</u>
<b>TOTAL LIABILITIES AND HEAD OFFICE AND OTHER</b>		<u>74,674,557</u>	<u>54,744,025</u>
<b>BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY</b>		<u>74,674,557</u>	<u>54,744,025</u>



Antoine Gustin  
Chief Executive Officer



Michel Andre  
Chief Operating Officer

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**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**BAHT : '000**

	Notes	2015	2014
Interest income	29	619,105	656,394
Interest expenses	30	<u>(428,427)</u>	<u>(446,026)</u>
Net interest income		<u>190,678</u>	<u>210,368</u>
Fees and service income		105,485	112,435
Fees and service expenses		<u>(33,407)</u>	<u>(34,844)</u>
Net fees and service income	31	<u>72,078</u>	<u>77,591</u>
Gains on tradings and foreign exchange transactions	32	450,231	1,159,616
Losses on financial instrument designated at fair value	33	(21,993)	(133,235)
Other operating income		698	-
Total operating income		<u>691,692</u>	<u>1,314,340</u>
Other operating expenses			
Employee's expenses		290,614	272,936
Premises and equipment		50,448	46,776
Taxes and duties		8,555	9,313
Expenses shared from Head Office	25	45,008	37,318
Cost sharing from financial instruments, net	25	83,826	114,940
Others		<u>128,947</u>	<u>130,808</u>
Total other operating expenses		<u>607,398</u>	<u>612,091</u>
Impairment loss of loans (reversal)	34	<u>(5,000)</u>	<u>9,000</u>
Profit from operating before income tax expense		89,294	693,249
Income tax expense	35	<u>(22,723)</u>	<u>(140,234)</u>
<b>NET PROFIT</b>		<u>66,571</u>	<u>553,015</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Items that are or may be reclassified to profit or loss			
Gain (loss) on remeasuring available-for-sale investments		6,325	(42,075)
Income tax expense relating to components of other comprehensive income		<u>(1,265)</u>	<u>8,415</u>
		<u>5,060</u>	<u>(33,660)</u>
Items that will never be reclassified to profit or loss			
Actuarial loss on defined benefit plan		(1,598)	(2,330)
Income tax relating to components of other comprehensive income		319	466
		<u>(1,279)</u>	<u>(1,864)</u>
Net other comprehensive income (loss)		<u>3,781</u>	<u>(35,524)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>70,352</u>	<u>517,491</u>



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**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, 2015**

BAHT : '000

	<b>Fund remitted into Thailand for maintaining assets under law</b>	<b>Accounts with head office and other branches of the same juristic person, net</b>	<b>Other components of accounts with head office and other branches of the same juristic person</b>		<b>Retained earnings</b>	<b>Total</b>
			<b>Gains (losses) on remeasuring available-for-sale investments</b>	<b>Total</b>		
Beginning balance as at January 1, 2014	8,101,789	2,287,851	36,976	36,976	1,729,870	12,156,486
Transactions with inter-office 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	-	-	(33,660)	(33,660)	(1,864)	(35,524)
<b>Ending balance as at December 31, 2014</b>	<b>8,055,303</b>	<b>1,132,676</b>	<b>3,316</b>	<b>3,316</b>	<b>2,281,021</b>	<b>11,472,316</b>

**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF CHANGES IN HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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
			Gains (losses) on remeasuring available-for-sale investments	Total		
Beginning balance as at January 1, 2015	8,101,789	1,132,676	3,316	3,316	2,281,021	11,518,802
Increase (decrease) during the year	(130,847)	-	-	-	-	(130,847)
Repatriation	-	-	-	-	(492,106)	(492,106)
Transactions with inter-office accounts with head office and other branches of the same juristic person	-	(712,905)	-	-	-	(712,905)
Foreign currency translation						
At beginning of year	(46,486)	-	-	-	-	(46,486)
Increase during the year	705,011	-	-	-	-	705,011
At end of year	658,525	-	-	-	-	658,525
Net profit for the year	-	-	-	-	66,571	66,571
Other comprehensive income	-	-	5,060	5,060	(1,279)	3,781
<b>Ending balance as at December 31, 2015</b>	<b>8,629,467</b>	<b>419,771</b>	<b>8,376</b>	<b>8,376</b>	<b>1,854,207</b>	<b>10,911,821</b>

Notes to financial statements form an integral part of these statements



Antoine Gustin  
Chief Executive Officer



Michel Andre  
Chief Operating Officer



**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**BAHT : '000**

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit from operating before income tax expenses		89,294	693,249
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	14, 15	10,045	7,449
Impairment loss of loans (reversal)	34	(5,000)	9,000
Premium and discount on debt securities		51,005	22,413
Gain on sales of investment in securities		(44,961)	(175,930)
Gain on disposal of equipment		(26)	-
Loss on write off of equipment		31	-
Unrealized loss on foreign exchange rate, net		705,011	27,445
Unrealized loss on revaluation of derivatives financial instruments, net		8,974,767	4,068,139
Unrealized loss (gain) on revaluation of financial instrument designated at fair value, net		(25,160)	52,650
Provision for employee benefit	22	3,989	3,991
Interest expenses	30	428,427	446,026
Interest income	29	(619,105)	(656,394)
Interest received		739,287	547,380
Interest paid		(418,398)	(408,998)
Income tax paid		(40,175)	(97,548)
Profit from operating activities before changes in operating assets and liabilities		9,849,031	4,538,872
(Increase) decrease in operating assets:			
Interbank and money market items		(5,987,459)	(1,468,003)
Trading securities		11,110,447	(7,851,848)
Loans to customers		329,202	(1,654,772)
Accounts receivable for investments		170,439	2,024,639
Other receivables		169,154	(169,154)
Other assets		3,439	(5,143)

**BNP PARIBAS BANGKOK BRANCH**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**BAHT : '000**

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>			
Increase (decrease) in operating liabilities:			
Deposits		151,182	1,944,423
Interbank and money market items		(7,492,376)	6,368,189
Liabilities payable on demand		29,813	20,186
Financial instrument designated at fair value		(600,000)	(400,000)
Provisions	21	(237)	(159)
Accounts payable for investments		(798,685)	(1,334,802)
Other payable		1,932,593	-
Other liabilities		(60,135)	(385,357)
Accounts with head office and other balances of the same juristic person, net		(701,120)	(1,285,071)
Net cash from operating activities		<u>8,105,288</u>	<u>342,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of long-term investment in securities		(22,882,086)	(24,105,000)
Proceeds from sales of long-term investment in securities		15,418,000	23,665,688
Cash paid for purchases of leasehold improvement and equipment and computer software		(17,875)	(12,658)
Proceeds from sales of leasehold improvement and equipment		26	-
Net cash from investing activities		<u>(7,481,935)</u>	<u>(451,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in borrowing from other branch of the same juristic person's equity		(130,848)	-
Fund remittance to Head Office		(492,107)	-
Net cash from financing activities		<u>(622,955)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		398	(109,970)
Cash and cash equivalents as at January 1,		32,186	142,156
<b>Cash and cash equivalents as at December 31,</b>		<u><u>32,584</u></u>	<u><u>32,186</u></u>
<b>Cash and cash equivalents:</b>			
Cash		379	409
Interbank and money market items		6,839	18,190
Accounts with head office and other branches of the same juristic person's equity		25,366	13,587
Total cash and cash equivalents		<u><u>32,584</u></u>	<u><u>32,186</u></u>



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Chief Executive Officer



Michel Andre  
Chief Operating Officer

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, 2015**

**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 29<sup>th</sup> 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 2014) “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 4, 2015”.
- 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, 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

**Thai Accounting Standards (“TAS”) (Continued)**

TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
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 TAS 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

Above TFRSs have no material impact on these financial statements, except for the followings:

### New Standard on Fair Value Measurement

#### *Impact of the application of TFRS 13*

The Bank has applied TFRS 13 for the first time in the current year. TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements.

TFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under TFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, TFRS 13 includes extensive disclosure requirements. In addition, the Bank has determined additional accounting policy for fair value measurement that presented in Note 6.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015 onwards. Other than the additional disclosures, the application of TFRS 13 has not had any material impact on the amounts recognised in the financial statements.

In addition, The Federation of Accounting Professions has issued the Notifications regarding the Conceptual Framework for Financial Reporting (Revised 2015) which was announced in the Royal Gazette and effective on November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014). The Conceptual Framework have no material impact to the Bank's 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, 2016 onwards as follows:

##### **Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosure
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements

**Thai Accounting Standards (“TAS”) (Continued)**

TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interest in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

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TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Entity or its Shareholders
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TSIC 29 (Revised 2015)	Disclosures - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Website Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized to the statement of profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other comprehensive income 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 profit or loss and other 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 profit or loss and other 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. ADDITIONAL INFORMATION**

##### **4.1 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 profit or loss and other comprehensive income.

##### **4.2 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.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

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

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

#### 5.1.1 Credit risk

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

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

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

#### 5.1.2 Market risk

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

The Group Risk Management (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.

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

	Unit : Million Baht						
	2015						
	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Non-interest bearing	Total
<b>Financial Assets</b>							
Interbank and money market items, net	8,487	90	-	-	-	238	8,815
Derivatives assets	-	-	-	-	-	37,560	37,560
Investment	10,314	11,134	555	-	-	-	22,003
Loans to customers	5,922	115	196	1	-	-	6,234
Other monetary assets	-	-	-	-	-	53	53
<b>Total</b>	<b>24,723</b>	<b>11,339</b>	<b>751</b>	<b>1</b>	<b>-</b>	<b>37,851</b>	<b>74,665</b>
<b>Financial Liabilities</b>							
Deposits	9,838	1,169	1	-	-	1,636	12,644
Interbank and money market items, net	106	-	1,246	313	-	-	1,665
Financial instrument designated at fair value	-	-	629	115	-	-	744
Derivatives liabilities	-	-	-	-	-	46,431	46,431
Other monetary liabilities	-	-	-	-	-	2,264	2,264
<b>Total</b>	<b>9,944</b>	<b>1,169</b>	<b>1,876</b>	<b>428</b>	<b>-</b>	<b>50,331</b>	<b>63,748</b>
	Unit : Million Baht						
	2014						
	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Non-interest bearing	Total
<b>Financial Assets</b>							
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
<b>Total</b>	<b>12,604</b>	<b>10,858</b>	<b>9,249</b>	<b>2,131</b>	<b>-</b>	<b>19,913</b>	<b>54,755</b>
<b>Financial Liabilities</b>							
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
Provision	-	-	-	-	-	27	27
Other monetary liabilities	-	-	-	-	-	1,072	1,072
<b>Total</b>	<b>16,298</b>	<b>1,653</b>	<b>1,399</b>	<b>1,759</b>	<b>-</b>	<b>22,119</b>	<b>43,228</b>

### 5.1.3 Liquidity risk

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

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

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) provides second-line control on risk indicators including regularly monitor the liquidity stress test.

A contractual maturity analysis for the significant monetary assets and liabilities as at December 31, are as follows:

	2015						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	242	8,483	22	68	-	-	8,815
Investment*	-	10,314	11,134	555	-	-	22,003
Loans to customers	-	5,922	115	196	1	-	6,234
Other monetary assets	-	47	-	-	-	6	53
<b>Total monetary assets</b>	<b>242</b>	<b>24,766</b>	<b>11,271</b>	<b>819</b>	<b>1</b>	<b>6</b>	<b>37,105</b>
Deposits	9,084	2,610	950	-	-	-	12,644
Interbank and money market items, net	106	-	-	1,228	331	-	1,665
Financial instrument designated at fair value	-	-	-	629	115	-	744
Accounts payable for investments	-	95	-	-	-	-	95
Other monetary liabilities	-	2,147	12	10	-	-	2,169
<b>Total monetary liabilities</b>	<b>9,190</b>	<b>4,852</b>	<b>962</b>	<b>1,867</b>	<b>446</b>	<b>-</b>	<b>17,317</b>
<b>Liquidity, net</b>	<b>(8,948)</b>	<b>19,914</b>	<b>10,309</b>	<b>(1,048)</b>	<b>(445)</b>	<b>6</b>	<b>19,788</b>

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



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
<b>Total monetary assets</b>	<b>387</b>	<b>24,678</b>	<b>9,896</b>	<b>603</b>	<b>1</b>	<b>6</b>	<b>35,571</b>
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
<b>Total monetary liabilities</b>	<b>5,819</b>	<b>13,450</b>	<b>1,693</b>	<b>1,399</b>	<b>1,786</b>	<b>-</b>	<b>24,147</b>
<b>Liquidity, net</b>	<b>(5,432)</b>	<b>11,228</b>	<b>8,203</b>	<b>(796)</b>	<b>(1,785)</b>	<b>6</b>	<b>11,424</b>

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

## 6. FAIR VALUE OF ASSETS AND LIABILITIES

From January 1, 2015, the Bank adopted TFRS 13 regarding Fair Value Measurement.

The Bank measure fair values using the following fair value hierarchy based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 Fair values are determined using directly quoted prices in active markets for identical assets or liabilities.
- Level 2 Fair values are determined using significant inputs other than quoted prices included within level 1, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Fair values are determined using valuation techniques for which significant inputs are unobservable.

A transfer between the hierarchy occurs when the source or level of observability of input data in fair value measurement has changed.

## 6.1 Financial instruments carried at fair value

Financial assets, financial liabilities and derivatives measured at fair value.

The fair value hierarchy of financial instruments and derivatives measured at fair value on a recurring basis as of December 31, 2015 are as follows:

	<b>Unit : Thousand Baht</b>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Financial Assets</b>			
Derivative assets	-	37,559,613	37,559,613
Trading securities	-	674,015	674,015
Available-for-sale securities	-	21,328,898	21,328,898
<b>Total financial assets</b>	<u>-</u>	<u>59,562,526</u>	<u>59,562,526</u>
<b>Financial liabilities</b>			
Derivative liabilities	-	46,431,332	46,431,332
Financial liabilities designated at fair value	-	743,936	743,936
<b>Total financial liabilities</b>	<u>-</u>	<u>47,175,268</u>	<u>47,175,268</u>

There was no transfer between levels of the fair value hierarchy during the year ended December 31, 2015.

The Bank determines Level 2 of recurring fair value measurement are as follows:

Level 2 fair values for debt securities is determined by using the Bond Yield Curve or the bid price from Thai Bond Market Association Government as of the reporting date. If not available, the Government Bond Yield Curve for the same period is used, adjusted by an appropriate risk premium.

Level 2 fair value of structure notes and the over-the-counter derivatives financial instruments is determined by using the valuation techniques incorporating observable market data. The Bank uses a variety of methods and makes assumption that based on market conditions existing at the end of the reporting period. These valuation techniques are primarily market and income approaches encompassing generally accepted models, such as the estimated discounted cash flows, are used to determine fair value of the financial instrument.

## 6.2 Financial instruments not measured at fair value

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value is categorized.

	<b>Unit : Thousand Baht</b>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Financial assets</b>			
Interbank and money market, net	-	8,814,286	8,814,286
Loans to customers and accrued interest receivable, net	-	6,179,504	6,179,504
<b>Total financial assets</b>	<u>-</u>	<u>14,993,790</u>	<u>14,993,790</u>
<b>Financial liabilities</b>			
Deposits	-	12,644,186	12,644,186
Interbank and money market, net	-	1,665,130	1,665,130
<b>Total financial liabilities</b>	<u>-</u>	<u>14,309,316</u>	<u>14,309,316</u>

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.
- Loans to customers and accrued interest receivable are estimated the fair value based on the carrying amount net of allowance for doubtful accounts.
- Fair values of deposits are approximate to the carrying value.

## 7. CAPITAL FUNDS

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Total Asset maintained under Section 32	<u>8,526,593</u>	<u>8,230,907</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	8,629,467	8,055,303
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>419,771</u>	<u>1,132,676</u>
Total	<u>9,049,238</u>	<u>9,187,979</u>
Regulatory capital fund before deduction	8,526,593	8,055,303
Deductible amount	<u>4,807</u>	<u>3,841</u>
Total capital fund	<u>8,521,786</u>	<u>8,051,462</u>
Total capital funds to risk assets ratio (%)	13.17	13.70
Capital after deducting capital add-on arising from Single Lending Limit *	8,219,528	-
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)*	12.70	-

\* Effective in January 2015

The Bank will disclose capital maintenance information as at December 31, 2015 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](http://www.bnpparibas.co.th) in April 2016.

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 24, 2015, capital fund borrowing USD 25.00 million, equivalent to Baht 1,026.34 million, has matured; hence, the Bank entered into a new capital fund borrowing from BNP Paribas Group USD 25.00 million, equivalent to Baht 895.49 million, resulting a decrease in total fund remitted into Thailand for maintaining assets under law Baht 130.85 million.

**8. INTERBANK AND MONEY MARKET ITEMS, NET - ASSETS**

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

	<b>Unit : Thousand Baht 2015</b>		
	<b>On demand</b>	<b>Term</b>	<b>Total</b>
<b>Domestic items</b>			
The Bank of Thailand	235,738	3,245,000	3,480,738
Other commercial banks	2,764	3,300,000	3,302,764
Specialized financial institutions*		1,900,000	1,900,000
Total	<u>238,502</u>	<u>8,445,000</u>	<u>8,683,502</u>
<u>Add</u> Accrued interest receivables	-	302	302
<u>Less</u> Allowance for doubtful account	-	-	-
Total domestic items	<u>238,502</u>	<u>8,445,302</u>	<u>8,683,804</u>
<b>Foreign items</b>			
Singapore Dollars	455	-	455
Swedish Kroners	322	-	322
Danish Kroners	417	-	417
Australian Dollars	2,881	-	2,881
US Dollars	-	127,684	127,684
Total	<u>4,075</u>	<u>127,684</u>	<u>131,759</u>
<u>Add</u> Accrued interest receivables	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1,277)	(1,277)
Total foreign items	<u>4,075</u>	<u>126,407</u>	<u>130,482</u>
Total domestic and foreign items	<u>242,577</u>	<u>8,571,709</u>	<u>8,814,286</u>

\* Specialized financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation.

<b>Unit : Thousand Baht</b>			
<b>2014</b>			
	<b>On demand</b>	<b>Term</b>	<b>Total</b>
<b>Domestic items</b>			
The Bank of Thailand	199,914	-	199,914
Other commercial banks	3,273	2,600,000	2,603,273
<b>Total</b>	<b>203,187</b>	<b>2,600,000</b>	<b>2,803,187</b>
<u>Less</u> Allowance for doubtful account	-	(79)	(79)
<b>Total domestic items</b>	<b>203,187</b>	<b>2,599,921</b>	<b>2,803,108</b>
<b>Foreign items</b>			
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
<b>Total</b>	<b>14,917</b>	<b>21,049</b>	<b>35,966</b>
<u>Add</u> Accrued interest receivables	-	278	278
<u>Less</u> Allowance for doubtful accounts	-	(210)	(210)
<b>Total foreign items</b>	<b>14,917</b>	<b>21,117</b>	<b>36,034</b>
<b>Total domestic and foreign items</b>	<b>218,104</b>	<b>2,621,038</b>	<b>2,839,142</b>

## 9. DERIVATIVES

Derivatives held for trading

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

<b>Unit : Thousand Baht</b>			
<b>2015</b>			
	<b>Fair Value</b>		<b>Notional amount*</b>
	<b>Assets</b>	<b>Liabilities</b>	
<b>Type of Risk</b>			
Exchange rate risk	31,499,133	37,217,412	1,060,696,135
Interest rate risk	6,058,670	9,211,561	891,807,006
Credit risk	1,810	2,359	525,553
<b>Total</b>	<b>37,559,613</b>	<b>46,431,332</b>	<b>1,953,028,694</b>
<b>Unit : Thousand Baht</b>			
<b>2014</b>			
	<b>Fair Value</b>		<b>Notional amount*</b>
	<b>Assets</b>	<b>Liabilities</b>	
<b>Type of Risk</b>			
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
<b>Total</b>	<b>19,183,874</b>	<b>19,080,825</b>	<b>1,407,735,854</b>

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

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

<b>Counterparty</b>	<b>2015</b> <b>(%)</b>	<b>2014</b> <b>(%)</b>
Financial institution	64	66
Group companies	27	21
Third parties	9	13
<b>Total</b>	<u><u>100</u></u>	<u><u>100</u></u>

## 10. INVESTMENTS, NET

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
	<b>Fair value</b>	<b>Fair value</b>
<b>Trading securities</b>		
Government and state enterprise securities	674,015	11,739,500
<b>Total trading securities, net</b>	<u>674,015</u>	<u>11,739,500</u>
<b>Available-for-sale securities</b>		
Government and state enterprise securities	21,328,898	13,909,493
<b>Total available-for-sale securities</b>	<u>21,328,898</u>	<u>13,909,493</u>
<b>Total investments, net</b>	<u><u>22,002,913</u></u>	<u><u>25,648,993</u></u>

## 11. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

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

11.1 Grouped by type of contracts

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Overdrafts	-	26
Loans	6,233,042	6,561,890
Staff loans	936	1,264
<b>Total loans</b>	<u>6,233,978</u>	<u>6,563,180</u>
<u>Add</u> Accrued interest receivables	<u>9,249</u>	<u>5,585</u>
<b>Total loans and accrued interest receivables</b>	<u>6,243,227</u>	<u>6,568,765</u>
<u>Less</u> Allowance for doubtful accounts		
BOT requirement (Individual approach)	(62,340)	(65,632)
Surplus reserve	(1,383)	(4,079)
<b>Loans and accrued interest receivables, net</b>	<u><u>6,179,504</u></u>	<u><u>6,499,054</u></u>

## 11.2 Grouped by currency and resident

	Unit : Thousand Baht					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai baht	4,465,188	-	4,465,188	4,587,150	-	4,587,150
US Dollar	1,768,790	-	1,768,790	1,976,030	-	1,976,030
Total	<u>6,233,978</u>	<u>-</u>	<u>6,233,978</u>	<u>6,563,180</u>	<u>-</u>	<u>6,563,180</u>

## 11.3 Grouped by business sector

	Unit : Thousand Baht					
	2015					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	687,476	-	-	-	-	687,476
Manufacturing and commerce	4,376,872	-	-	-	-	4,376,872
Real estate and construction	1,168,694	-	-	-	-	1,168,694
Housing loans	936	-	-	-	-	936
Total	<u>6,233,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,233,978</u>

	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>

## 11.4 Grouped by classifications

	Unit : Thousand Baht			
	2015			
	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	6,243,227	6,233,978	1	62,340
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total	<u>6,243,227</u>	<u>6,233,978</u>		<u>62,340</u>
Surplus reserve				<u>1,383</u>
				<u>63,723</u>



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>

## 12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	2015					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Balance at beginning of year	69,711	-	-	-	-	69,711
<u>Add</u> Additional allowance during the year	<u>(5,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,988)</u>
Balance at end of year	<u>63,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,723</u>

	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>

### 13. TROUBLED DEBT RESTRUCTURINGS

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

	2015		2014	
	Number of loans	Outstanding balance after TDR (Million Baht)	Number of loans	Outstanding Balance after TDR (Million Baht)
At beginning of year	-	-	-	-
Repaid and closed during the year	-	-	-	-
At end of year	-	-	-	-

There is no customer whose debt has been restructured during the years ended December 31, 2015 and 2014.

For the years ended December 31, 2015 and 2014, the Bank has no loss from debt restructuring and interest received from restructured customer.

### 14. LEASEHOLD IMPROVEMENT AND EQUIPMENT, NET

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

As at December 31, 2015

	Balance as at January 1, 2015	Additions	Unit : Thousand Baht	
			Disposals	Balance as at December 31, 2015
<b>Cost:</b>				
Leasehold improvement	12,019	4,879	(3,976)	12,922
Furniture and office equipment	60,320	10,758	(6,286)	64,792
Total cost	72,339	15,637	(10,262)	77,714
<b>Accumulated depreciation:</b>				
Leasehold improvement	(10,522)	(1,281)	3,976	(7,827)
Furniture and office equipment	(42,778)	(7,492)	6,255	(44,015)
Total accumulated depreciation	(53,300)	(8,773)	10,231	(51,842)
Leasehold improvement and equipment, net	19,039			25,872

**As at December 31, 2014**

	<b>Balance as at January 1, 2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>Unit : Thousand Baht Balance as at December 31, 2014</b>
<b>Cost:</b>				
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>
<b>Accumulated depreciation:</b>				
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>
<b>Depreciation for the years ended December 31,</b>				
2015			<b>Baht</b>	<u>8,773</u>
2014			<b>Baht</b>	<u>6,417</u>

**15. INTANGIBLE ASSETS, NET**

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

**As at December 31, 2015**

	<b>Balance as at January 1, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Unit : Thousand Baht Balance as at December 31, 2015</b>
<b>Cost:</b>				
Computer Software	8,511	2,238	-	10,749
Total cost	<u>8,511</u>	<u>2,238</u>	<u>-</u>	<u>10,749</u>
<b>Accumulated amortization:</b>				
Computer Software	(4,670)	(1,272)	-	(5,942)
Total accumulated amortization	<u>(4,670)</u>	<u>(1,272)</u>	<u>-</u>	<u>(5,942)</u>
Intangible assets, net	<u>3,841</u>			<u>4,807</u>

**As at December 31, 2015**

	<b>Balance as at January 1, 2014</b>	<b>Additions</b>	<b>Disposals</b>	<b>Unit : Thousand Baht Balance as at December 31, 2014</b>
<b>Cost:</b>				
Computer Software	6,852	1,659	-	8,511
Total cost	<u>6,852</u>	<u>1,659</u>	<u>-</u>	<u>8,511</u>
<b>Accumulated amortization:</b>				
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 assets, net	<u>3,214</u>			<u>3,841</u>
<b>Amortization for the years ended December 31,</b>				
2015			<b>Baht</b>	<u>1,272</u>
2014			<b>Baht</b>	<u>1,032</u>

## 16. DEFERRED TAX ASSETS

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Deferred tax assets	<u>31,520</u>	<u>25,599</u>

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

	<b>Unit : Thousand Baht</b>				
	<b>Balance as at January 1, 2015</b>	<b>Items as recognized into profit and loss</b>	<b>Items as recognized into other comprehensive income</b>	<b>Items as Recognized Into retained earnings</b>	<b>Balance as at December 31, 2015</b>
Temporary differences					
Loan	18,071	2,451	-	-	20,522
Investments	(4,062)	2,968	(1,265)	-	(2,359)
Provisions	5,387	750	-	319	6,456
Other	6,203	698	-	-	6,901
Total	<u>25,599</u>	<u>6,867</u>	<u>(1,265)</u>	<u>319</u>	<u>31,520</u>

	<b>Unit : Thousand Baht</b>				
	<b>Balance as at January 1, 2014</b>	<b>Items as recognized into profit and Loss</b>	<b>Items as recognized into other comprehensive income</b>	<b>Items as recognized Into retained earnings</b>	<b>Balance as at December 31, 2014</b>
Temporary differences					
Loan	10,796	7,275	-	-	18,071
Investments	(13,389)	912	8,415	-	(4,062)
Provisions	4,155	766	-	466	5,387
Others	6,853	(650)	-	-	6,203
Total	<u>8,415</u>	<u>8,303</u>	<u>8,415</u>	<u>466</u>	<u>25,599</u>

## 17. OTHER ASSETS

Other assets as at December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Deposits	5,768	5,768
Others	2,563	4,056
	<u>8,331</u>	<u>9,824</u>

## 18. DEPOSITS

Deposits as at December 31, are as follows:

### 18.1 Grouped by types

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
On demand	1,636,417	1,910,701
Savings	7,447,553	3,752,443
Term	3,560,216	6,829,860
Total deposits	<u>12,644,186</u>	<u>12,493,004</u>

### 18.2 Grouped by currency

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
US Dollar	4,665,322	3,302,095
Thai Baht	7,867,932	8,908,134
Other currencies	110,932	282,775
Total deposits	<u>12,644,186</u>	<u>12,493,004</u>

## 19. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

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

	<b>Unit : Thousand Baht</b>		
	<b>2015</b>		
	<b>On demand</b>	<b>Term</b>	<b>Total</b>
Domestic			
Commercial bank	106,002	-	106,002
Other financial institution	-	1,559,128	1,559,128
Total	<u>106,002</u>	<u>1,559,128</u>	<u>1,665,130</u>
	<b>Unit : Thousand Baht</b>		
	<b>2014</b>		
	<b>On demand</b>	<b>Term</b>	<b>Total</b>
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>

As at December 31, 2015 and 2014, 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 395 million and Baht 695 million, respectively.

**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:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Bills of exchange with embedded derivatives	743,936	1,369,096
Total	<u>743,936</u>	<u>1,369,096</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:

	<b>2015</b>	<b>2014</b>
	(%)	(%)
Financial institution	100	100
Total	<u>100</u>	<u>100</u>

**21. PROVISIONS**

Provisions as at December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Provision for post-employment benefit	30,028	24,572
Provision for long-serviced award benefit	2,255	2,361
Total	<u>32,283</u>	<u>26,933</u>

**22. LONG-TERM EMPLOYEE BENEFITS**

Movements in the present value of the defined benefit obligation for the years ended December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Beginning balance	26,933	20,772
Current service costs	3,377	2,994
Interest costs	939	870
Actuarial loss from updated assumptions		
- Financial assumptions	1,271	2,456
Benefits paid	(237)	(159)
Ending balance	<u>32,283</u>	<u>26,933</u>

Actuarial loss from updated assumptions recognised in the other comprehensive income for the years ended December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Included in retained earnings:		
As at January 1,	(3,956)	(1,626)
Recognised during the year	<u>(1,598)</u>	<u>(2,330)</u>
As at December 31,	<u><u>(5,554)</u></u>	<u><u>(3,956)</u></u>

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

	<b>2015</b>	<b>2014</b>
Discount rate	3.00%	3.50%
Future salary growth rate	5%	5%
Price inflation rate	3%	3%
Gold price inflation rate	3%	3%
Retirement age	60 years old	60 years old

Sensitivity analysis

Reasonably possible changes at the reporting date to the individual actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as at December 31, by the amounts shown below:

	<b>Unit : Thousand Baht</b>
	<b>2015</b>
Effect increase (decrease) on defined benefit obligations	
+1% discount rate	(3,443)
-1% discount rate	3,979
+1% salary growth rate	3,858
-1% salary growth rate	(3,413)

### **23. OTHER LIABILITIES**

Other liabilities as at December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Income tax payable	14,934	40,175
Other liabilities	<u>40,116</u>	<u>64,587</u>
Total other liabilities	<u><u>55,050</u></u>	<u><u>104,762</u></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					
	2015			2014		
	Thai	Foreign currency	Total	Thai	Foreign currency	Total
Letters of credit	11,702	4,644,832	4,656,534	-	2,716,858	2,716,858
Guarantees on loans	1,100	36,089	37,189	-	16,482	16,482
Liabilities under unmatured bills	-	122,921	122,921	-	75,626	75,626
Other commitments	11,909,947	15,378,291	27,288,238	11,485,293	13,837,383	25,322,676
Spot exchange contracts - bought	1,010,080	1,183,496	2,193,576	3,322,372	4,429,727	7,752,099
Spot exchange contracts - sold	1,182,341	1,012,321	2,194,662	4,192,156	3,557,513	7,749,669
Forward exchange contracts - bought	20,002,236	22,946,829	42,949,065	12,469,523	20,889,616	33,359,139
Forward exchange contracts - sold	9,086,948	33,733,259	42,820,207	14,226,646	19,270,068	33,496,714
Currency swap contracts - bought	98,579,770	236,198,712	334,778,482	67,979,474	144,875,918	212,855,392
Currency swap contracts - sold	201,871,201	133,684,291	335,555,492	127,853,158	84,734,466	212,587,624
Interest rate swap contracts	515,604,627	378,449,663	894,054,290	431,415,576	305,296,882	736,712,458
Cross currency interest rate swap contracts - bought	312,124,237	333,614,439	645,738,676	205,379,655	193,614,830	398,994,485
Cross currency interest rate swap contracts - sold	236,625,711	418,622,988	655,248,699	148,513,967	251,832,393	400,346,360
Forward rate agreement - sold	-	-	-	-	8,240,750	8,240,750
Currency option instruments bought	154,580	234,576	389,156	-	893,297	893,297
Currency option instruments sold	60,440	36,089	96,529	98,850	2,282,688	2,381,538
Interest option instruments bought	4,000,000	-	4,000,000	5,300,000	-	5,300,000
Interest option instruments sold	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Credit Default Swap	300,000	225,553	525,553	300,000	206,019	506,019
Forward exchange option - bought	234,800	158,790	393,590	855,305	-	855,305
Forward exchange option - sold	35,000	61,351	96,351	2,241,034	98,889	2,339,923
Unused committed loan	-	2,887,084	2,887,084	-	988,890	988,890
<b>Total</b>	<b>1,417,794,720</b>	<b>1,583,231,574</b>	<b>3,001,026,294</b>	<b>1,040,633,009</b>	<b>1,057,858,295</b>	<b>2,098,491,304</b>

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:

	<b>Unit : Thousand Baht</b>	
	<b>As at</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<u>Statements of financial positions</u>		
Interbank and money market items, net	201	394,653
Loans to customers and accrued interest receivables	626,200	569,881
Deposits and accrued expenses	1,045,769	1,304,496
Fund remitted into Thailand for maintaining assets under law	8,629,467	8,055,303
Contingencies	651,442,898	392,421,937
	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<u>Statements of comprehensive income</u>		
Interest income	9,190	5,855
Interest expenses	167,652	183,373
Gain (loss) on trading activities and foreign exchange	(1,024,669)	(459,582)
Non-interest expenses		
- Cost sharing from financial instruments, net	83,826	114,940
- Head Offices allocation expenses	45,008	37,318
- Inter-office charge	103,207	70,358
Management remuneration		
- Short-term employee benefits	66,409	65,830
- Long-term employee benefits	706	623

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 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:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Expense of share-based payment	15,606	8,253
Total	<u>15,606</u>	<u>8,253</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:

	<b>Unit : Thousand Baht</b>	
<b>Periods</b>	<b>2015</b>	<b>2014</b>
Within 1 year	12,862	12,553
Over 1 year to 5 years	5,250	15,534
Total operating lease commitment	<u>18,112</u>	<u>28,087</u>

Minimum lease payment recognized as expenses for the years ended December 31, 2015 and 2014 are Baht 12.31 million and Baht 12.40 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:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Interbank and money market items	63,189	73,220
Investment and trading transactions	191,331	141,001
Investment in debt securities	242,719	348,203
Loans	120,472	93,450
Others	1,394	520
Total interest income	<u>619,105</u>	<u>656,394</u>

**30. INTEREST EXPENSES**

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Deposits	52,538	53,334
Interbank and money market items	326,553	352,039
Contributions for deposit protection	39,113	38,357
Other	10,223	2,296
Total interest expense	<u>428,427</u>	<u>446,026</u>

**31. NET FEES AND SERVICE INCOME**

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Fees and service income		
Acceptance, aval and guarantees	74,272	78,611
Other	31,213	33,824
Total fees and service income	<u>105,485</u>	<u>112,435</u>
Fees and service expenses	<u>(33,407)</u>	<u>(34,844)</u>
Net fees and service income	<u>72,078</u>	<u>77,591</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:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Gains (losses) on tradings and foreign exchange transactions		
Foreign currencies and exchange derivatives	2,134,457	3,807,454
Interest derivatives	(1,719,273)	(2,830,093)
Credit derivatives	1,502	12,304
Debt securities	33,545	169,951
Net gains on trading and foreign exchange	<u>450,231</u>	<u>1,159,616</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:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Income (loss) from net change in fair value of bills of exchange with embedded derivatives	25,160	(52,650)
Loss on redemptions and interest expenses	(47,153)	(80,585)
Losses on financial instrument designated at fair value	<u>(21,993)</u>	<u>(133,235)</u>

**34. IMPAIRMENT LOSS OF LOANS (REVERSAL)**

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

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Interbank and money market items (reversal)	988	(10,947)
Lending (reversal)	(5,988)	19,947
Total	<u>(5,000)</u>	<u>9,000</u>

### 35. INCOME TAX EXPENSE

Income tax recognised in profit or loss for the years ended December 31, are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2015</b>	<b>2014</b>
Current income tax expense for the period	29,589	148,537
Deferred tax and temporary differences	<u>(6,866)</u>	<u>(8,303)</u>
Total income tax expense	<u>22,723</u>	<u>140,234</u>

Income tax recognised in other comprehensive income for the years ended December 31, are as follows:

	<b>Unit : Thousand Baht</b>					
	<b>2015</b>			<b>2014</b>		
	<b>Amount</b>	<b>Tax</b>	<b>Net</b>	<b>Amount</b>	<b>Tax</b>	<b>Net</b>
	<b>before tax</b>	<b>income</b>	<b>amount</b>	<b>before tax</b>	<b>income</b>	<b>amount</b>
		<b>(expenses)</b>	<b>After tax</b>		<b>(expenses)</b>	<b>After tax</b>
Gains (losses) on remeasuring available-for-sale investment	6,325	(1,265)	5,060	(42,075)	8,415	(33,660)
Gains (losses) on provision severance pay	<u>(1,598)</u>	<u>319</u>	<u>(1,279)</u>	<u>(2,330)</u>	<u>466</u>	<u>(1,864)</u>
Other comprehensive income (expense)	<u>4,727</u>	<u>(946)</u>	<u>3,781</u>	<u>(44,405)</u>	<u>8,881</u>	<u>(35,524)</u>

#### Reconciliation of effective tax rate

	<b>2015</b>		<b>2014</b>	
	<b>(in million</b>	<b>Rate</b>	<b>(in million</b>	<b>Rate</b>
	<b>Baht)</b>	<b>(%)</b>	<b>Baht)</b>	<b>(%)</b>
Profit before income tax expense	<u>89,294</u>	20	<u>693,249</u>	20
Income tax at the domestic tax rate	17,859		138,650	
Tax effect of income and expense that are not taxable income or not deductible in determining Taxable profit, net	<u>4,864</u>		<u>1,584</u>	
Income tax expense as statements of comprehensive income	<u>22,723</u>	25	<u>140,234</u>	20

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.

According to the Act amending the Revenue Code No. 42 B.E. 2559 issued under the Revenue Code regarding the corporate income tax rate reduction effective on March 3, 2016, the corporate income tax rate is 20% of net profit for an accounting period beginning on or after January 1, 2016 onwards.

Therefore, the Bank used tax rate of 20% for the corporate income tax and deferred tax calculation for the years ended December 31, 2015 and 2014 in order to comply with such change.

**36. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issue by the Bank's management on April 11, 2016.