BNP PARIBAS BANGKOK BRANCH

Financial Statements

Year ended December 31, 2017

Deloitte.

บริษัท ดีลอยท์ ทู้ช โธมัทสุ ไชยยศ
สอบบัญชี จำกัด
เอไอเอ สาทร ทาวเวอร์ ชั้น 23-27
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE MANAGEMENT OF BNP PARIBAS BANGKOK BRANCH

Opinion

We have audited the financial statements of BNP Paribas Bangkok Branch (the "Bank"), which comprise the statement of financial position as at December 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in head office and other branches of the same juristic person's equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BNP Paribas Bangkok Branch as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
April 12, 2018

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
ASSETS			
Cash		656	595
Interbank and money market items, net	8	4,400,774	5,343,079
Derivatives assets	9	16,760,136	31,340,647
Investments, net	10	15,987,764	18,454,348
Loans to customers and accrued interest receivables, net	11		
Loans to customers		7,896,302	5,913,910
Accrued interest receivables		14,563	4,429
Total loans to customers and accrued interest receivables		7,910,865	5,918,339
Less Deferred income		(6,346)	-
Less Allowance for doubtful accounts	12	(79,913)	(64,222)
Loans to customers and accrued interest receivables, net		7,824,606	5,854,117
Leasehold improvement and equipment, net	14	22,479	20,152
Intangible assets, net	15	2,022	3,391
Deferred tax assets	16	17,953	32,324
Account receivable for investments		3,869,696	4,534,732
Other receivables		879,768	-
Accrued interest from investments		29,377	21,039
Other assets	17	16,555	10,326
TOTAL ASSETS		49,811,786	65,614,750

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Deposits	18	15,551,624	10,903,613
Interbank and money market items, net	19	1,758,649	1,716,292
Liabilities payable on demand		45,059	46,245
Commitment to return securities		211,106	184,011
Financial liabilities designated at fair value	20	432,133	434,741
Derivatives liabilities	9	17,880,573	35,233,555
Provisions	21 and 22	43,675	37,741
Accounts payable for investments		3,659,355	4,069,215
Accrued expenses		117,665	110,487
Other payable		11,757	1,789,220
Other liabilities	23	23,593	63,673
TOTAL LIABILITIES		39,735,189	54,588,793
HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Fund remitted into Thailand for maintaining assets under law	7.2	9,184,389	9,265,942
Foreign currency translation		28,286	641,883
		9,212,675	9,907,825
Accounts with head office and other branches of the same juristic person, net		334,062	494,750
Other components of accounts with head office and other branches of the same juristic person		4,446	(22,240)
Retained earnings		525,414	645,622
TOTAL HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		10,076,597	11,025,957
TOTAL LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		49,811,786	65,614,750

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
Interest income	29	586,398	625,645
Interest expenses	30	(524,473)	(467,132)
Net interest income		61,925	158,513
Fees and service income		114,564	121,352
Fees and service expenses		(33,656)	(31,167)
Net fees and service income	31	80,908	90,185
Gains on tradings and foreign exchange transactions	32	696,597	634,749
Losses on financial instrument designated at fair value	33	(14,960)	(16,466)
Other operating income		-	11
Total operating income		824,470	866,992
Other operating expenses			
Employee's expenses		290,021	292,900
Premises and equipment		47,722	48,137
Taxes and duties		11,869	9,712
Expenses shared from Head Office	25	54,212	66,346
Cost sharing from financial instruments, net	25	108,068	21,432
Others		127,241	112,154
Total other operating expenses		639,133	550,681
Impairment loss of loans	34	20,000	-
Profit from operating before income tax expense		165,337	316,311
Income tax expense	35	(39,923)	(70,689)
NET PROFIT		125,414	245,622

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that are or may be reclassified to profit or loss			
Gain (loss) on remeasuring available-for-sale investments		33,357	(38,270)
Income tax expense relating to components of other comprehensive income (loss)		(6,671)	7,654
		26,686	(30,616)
Net other comprehensive income (loss)		26,686	(30,616)
TOTAL COMPREHENSIVE INCOME		152,100	215,006

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, 2017

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 other components of accounts with head office and other branches of the same juristic person		
Beginning balance as at January 1, 2016	7,970,942	419,771	8,376	8,376	1,854,207	10,253,296
Increase during the year	1,295,000	-	-	-	-	1,295,000
Repatriation	-	-	-	-	(1,454,207)	(1,454,207)
Transactions with inter-office accounts with head office and other branches of the same juristic person	-	74,979	-	-	-	74,979
Foreign currency translation						
At beginning of year	658,525	-	-	-	-	658,525
Decrease during the year	(16,642)	-	-	-	-	(16,642)
At end of year	641,883	-	-	-	-	641,883
Net profit for the year	-	-	-	-	245,622	245,622
Other comprehensive loss	-	-	(30,616)	(30,616)	-	(30,616)
Ending balance as at December 31, 2016	9,907,825	494,750	(22,240)	(22,240)	645,622	11,025,957

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, 2017

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 other components of accounts with head office and other branches of the same juristic person		
Beginning balance as at January 1, 2017	9,265,942	494,750	(22,240)	(22,240)	645,622	10,384,074
Decrease during the year	(81,553)	-	-	-	-	(81,553)
Repatriation	-	-	-	-	(245,622)	(245,622)
Transactions with inter-office accounts with head office and other branches of the same juristic person	-	(160,688)	-	-	-	(160,688)
Foreign currency translation						
At beginning of year	641,883	-	-	-	-	641,883
Decrease during the year	(613,597)	-	-	-	-	(613,597)
At end of year	28,286					28,286
Net profit for the year	-	-	-	-	125,414	125,414
Other comprehensive gain	-	-	26,686	26,686	-	26,686
Ending balance as at December 31, 2017	9,212,675	334,062	4,446	4,446	525,414	10,076,597

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, 2017

BAHT : '000

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses		165,337	316,311
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	14 and 15	8,908	8,919
Impairment loss of loans	34	20,000	-
Premium and discount on debt securities		31,538	31,526
(Gain) loss on sales of investment in securities		(60,571)	13,501
Gain on disposal of equipment		(24)	-
Loss on write off of equipment		1	-
Unrealized gain on foreign exchange rate, net		(613,597)	(16,642)
Unrealized gain on revaluation of derivatives financial instruments, net		(2,772,471)	(4,978,811)
Unrealized gain on revaluation of financial instrument designated at fair value, net		(2,609)	(9,195)
Provision for employee benefit	22	6,106	5,659
Interest expenses	30	524,473	467,132
Interest income	29	(586,398)	(625,645)
Interest received		564,547	657,531
Interest paid		(525,296)	(480,872)
Income tax paid		(20,848)	(9,884)
Loss from operating activities before changes in operating assets and liabilities		(3,260,904)	(4,620,470)
(Increase) decrease in operating assets:			
Interbank and money market items		931,222	3,499,391
Trading securities		(1,131,884)	(1,258,453)
Loans to customers		(1,976,045)	320,068
Accounts receivable for investments		665,036	(4,534,732)
Other receivables		(879,768)	-
Other assets		(3,456)	(5,312)

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Increase (decrease) in operating liabilities:			
Deposits		4,648,011	(1,740,573)
Interbank and money market items		42,356	51,162
Liabilities payable on demand		(1,186)	(12,019)
Commitment to return securities		27,096	184,011
Financial instrument designated at fair value		-	(300,000)
Provisions for long-term employee benefits	22	(172)	(201)
Accounts payable for investments		(409,860)	3,973,756
Accrued expenses		7,178	14,624
Other payables		(1,777,463)	(152,013)
Other liabilities		(53,379)	(42,899)
Accounts with head office and other balances of the same juristic person, net		(138,999)	125,609
Net cash used in operating activities		(3,312,217)	(4,498,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of long-term investment in securities		(7,662,634)	(12,487,278)
Proceeds from sales of long-term investment in securities		11,323,493	17,211,000
Cash paid for purchases of leasehold improvement and equipment and computer software		(9,868)	(1,783)
Proceeds from sales of leasehold improvement and equipment		24	-
Net cash from investing activities		3,651,015	4,721,939

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT : '000

	Notes	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in borrowing from other branch of the same juristic person's equity		(81,553)	1,295,000
Fund remittance to Head Office		(245,622)	(1,454,207)
Net cash used in financing activities		(327,175)	(159,207)
Net increase in cash and cash equivalents		11,623	64,681
Cash and cash equivalents as at January 1,		97,265	32,584
Cash and cash equivalents as at December 31,		108,888	97,265
Cash and cash equivalents:			
Cash		656	595
Interbank and money market items		27,518	33,751
Accounts with head office and other branches of the same juristic person's equity		80,714	62,919
Total cash and cash equivalents		108,888	97,265

Notes to financial statements form an integral part of these statements

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 2016) "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.

During the year, the Bank has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank 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 Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

In addition, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Bank's management will adopt such TFRSs in the preparation of the Bank's financial statements when it becomes effective. The Bank's management is in the process to assess the impact of these TFRSs on the financial statements of the Bank in the period of initial application.

3. 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.

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 statement of other comprehensive income.

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.

3.11 Foreign currency translation

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets, liabilities and fund remitted into Thailand for maintaining assets under law 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 define contribution plan in a provident fund for employee. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Bank. Contribution to the provident fund is recognized to the statement of 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.

The Bank 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 (see Notes 8 and 18).

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

Unit : Million Baht

	2017						
	0 to 3 months	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**NPL**	**Non-interest bearing**	**Total**
Financial Assets							
Interbank and money market items, net	3,985	176	-	-	-	240	4,401
Investments	5,995	7,898	2,095	-	-	-	15,988
Loans to customers	6,404	403	219	864	-	-	7,890
Account receivable for investments	-	-	-	-	-	3,870	3,870
Other monetary assets	-	-	-	-	-	915	915
Total	16,384	8,477	2,314	864	-	5,025	33,064
Financial Liabilities							
Deposits	14,495	33	1	-	-	1,023	15,552
Interbank and money market items, net	44	1,268	95	352	-	-	1,759
Liabilities payable on demand	-	-	-	-	-	45	45
Commitment to deliver securities	-	-	-	-	-	211	211
Financial liabilities designated at fair value	-	-	432	-	-	-	432
Accounts payable for investments	-	-	-	-	-	3,659	3,659
Other monetary liabilities	-	-	-	-	-	129	129
Total	14,539	1,301	528	352	-	5,067	21,787

Unit : Million Baht

	2016						
	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Non-interest bearing	Total
Financial Assets							
Interbank and money market items, net	5,054	55	-	-	-	234	5,343
Investments	5,989	11,080	-	1,385	-	-	18,454
Loans to customers	5,553	120	241	-	-	-	5,914
Account receivable for investments	-	-	-	-	-	4,535	4,535
Other monetary assets	-	-	-	-	-	24	24
Total	16,596	11,255	241	1,385	-	4,793	34,270
Financial Liabilities							
Deposits	9,388	555	-	-	-	961	10,904
Interbank and money market items, net	81	-	1,303	332	-	-	1,716
Liabilities payable on demand	-	-	-	-	-	46	46
Commitment to deliver securities	-	-	-	-	-	184	184
Financial liabilities designated at fair value	-	-	435	-	-	-	435
Accounts payable for investments	-	-	-	-	-	4,069	4,069
Other monetary liabilities	-	-	-	-	-	1,923	1,923
Total	9,469	555	1,738	332	-	7,183	19,277

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:

Unit : Million Baht

	2017						
	At call	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No maturity	Total
Interbank and money market items, net	247	3,979	175	-	-	-	4,401
Investments, net*	3,111	2,884	7,898	2,095	-	-	15,988
Loans to customers	-	6,404	403	1,083			7,890
Account receivable for investments	-	3,870	-	-	-	-	3,870
Other monetary assets	880	29	-	6			915
Total monetary assets	4,238	17,166	8,476	3,184	-	-	33,064
Deposits	9,682	5,837	33	-		-	15,552
Interbank and money market items, net	44	-	1,268	95	352	-	1,759
Liabilities payable on demand	45	-	-	-	-	-	45
Commitment to deliver securities	-	211	-	-	-	-	211
Financial liabilities designated at fair value	-	-	-	432	-	-	432
Accounts payable for investments	-	3,659	-	-	-	-	3,659
Other monetary liabilities	-	129	-	-	-	-	129
Total monetary liabilities	9,771	9,836	1,301	527	352	-	21,787
Liquidity, net	(5,533)	7,330	7,175	2,657	(352)	-	11,277

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

Unit : Million Baht

	2016						
	At call	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No maturity	Total
Interbank and money market items, net	234	5,054	55	-	-	-	5,343
Investments net*	-	5,989	11,080	1,385	-	-	18,454
Loans to customers	-	5,553	120	241	-	-	5,914
Account receivable for investments	-	4,535	-	-	-	-	4,535
Other monetary assets	-	18	-	6	-	-	24
Total monetary assets	234	21,149	11,255	1,632	-	-	34,270
Deposits	7,220	3,129	555	-	-	-	10,904
Interbank and money market items, net	81	-	-	1,303	332	-	1,716
Liabilities payable on demand	46	-	-	-	-	-	46
Commitment to deliver securities	-	184	-	-	-	-	184
Financial liabilities designated at fair value	-	-	-	322	113	-	435
Accounts payable for investments	-	4,069	-	-		-	4,069
Other monetary liabilities	-	1,923	-	-	-	-	1,923
Total monetary liabilities	7,347	9,305	555	1,625	445	-	19,277
Liquidity, net	(7,113)	11,844	10,700	7	(445)	-	14,993

* 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 entirely, 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 at December 31, are as follows:

Unit : Thousand Baht

	2017		
	Level 1	**Level 2**	**Total**
Financial Assets			
Derivative assets	-	16,760,136	16,760,136
Trading securities	-	3,111,423	3,111,423
Available-for-sale securities	-	12,876,341	12,876,341
Total financial assets	-	32,747,900	32,747,900
Financial liabilities			
Derivative liabilities	-	17,880,573	17,880,573
Financial liabilities designated at fair value	-	432,133	432,133
Total financial liabilities	-	18,312,706	18,312,706

There was no transfer between levels of the fair value hierarchy during the year ended December 31, 2017.

Unit : Thousand Baht

	2016		
	Level 1	Level 2	Total
Financial Assets			
Derivative assets	-	31,340,647	31,340,647
Trading securities	-	1,918,968	1,918,968
Available-for-sale securities	-	16,535,380	16,535,380
Total financial assets	-	49,794,995	49,794,995
Financial liabilities			
Derivative liabilities	-	35,233,555	35,233,555
Financial liabilities designated at fair value	-	434,741	434,741
Total financial liabilities	-	35,668,296	35,668,296

There was no transfer between levels of the fair value hierarchy during the year ended December 31, 2016.

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 by the level in the fair value hierarchy into which the fair value is categorized as at December 31, are as follows:

Unit : Thousand Baht

	2017		
	Level 1	Level 2	Total
Financial assets			
Interbank and money market, net	-	4,400,774	4,400,774
Loans to customers and accrued interest receivable, net	-	7,824,606	7,824,606
Total financial assets	-	12,225,380	12,225,380
Financial liabilities			
Deposits	-	15,551,624	15,551,624
Interbank and money market, net	-	1,758,649	1,758,649
Total financial liabilities	-	17,310,273	17,310,273

Unit : Thousand Baht

	2016		
	Level 1	Level 2	Total
Financial assets			
Interbank and money market, net	-	5,343,079	5,343,079
Loans to customers and accrued interest receivable, net	-	5,854,117	5,854,117
Total financial assets	-	11,197,196	11,197,196
Financial liabilities			
Deposits	-	10,903,613	10,903,613
Interbank and money market, net	-	1,716,292	1,716,292
Total financial liabilities	-	12,619,905	12,619,905

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

7.1 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	
	2017	2016
Total Asset maintained under Section 32	9,556,349	9,952,597
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	9,298,481	9,877,090
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	324,421	494,750
Total	9,622,902	10,371,840
Regulatory capital fund before deduction	9,298,481	9,877,090
Deductible amount	2,021	3,391
Total capital fund	9,296,460	9,873,699
Total capital funds to risk assets ratio (%)	16.77	16.11
Bank of Thailand regulatory capital ratio requirement (%)	9.75	9.125
Capital after deducting capital add-on arising from Single Lending Limit *	9,296,460	9,838,963
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)*	16.77	16.06

* Effective in January 2015

The Bank will disclose capital maintenance information as at December 31, 2017 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 2018.

On November 8, 2012, the Bank of Thailand has issued the new Notification regarding supervisory guideline on capital fund for the branch of foreign commercial bank to comply with global regulatory framework (Basel III) of Basel Committee on Banking Supervision (BCBS) which is effective by phase starting on January 1, 2013 up to January 1, 2019. The Bank of Thailand regulatory capital ratio requirement is 8.50% as at January 1, 2013 until reaching 11.00% in 2019. The capital adequacy is the initial implementation with the objective to improve the quality of the Bank's capital so as to be able to support the loss which may incur in the normal and crisis situation.

On August 1, 2016, the Bank increased the capital fund by borrowing fund from BNP Paribas Group amounting to USD 37.00 million, equivalent to Baht 1,295.00 million resulting in fund remitted into Thailand and the Bank has maintained this additional assets under section 32 in Bank of Thailand bonds (2017 : Nil).

7.2 Fund remitted into Thailand for maintaining assets under law

Movements in the value of fund remitted into Thailand for maintaining assets under law for the years ended December 31, are as follows:

Unit : Thousand Baht

	2017	2016
Beginning balance	9,907,825	8,629,467
Increased during the years (see Note 7.1)	-	1,295,000
Loss on exchange rate	(695,150)	(16,642)
Ending balance	9,212,675	9,907,825

8. INTERBANK AND MONEY MARKET ITEMS, NET - ASSETS

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

Unit : Thousand Baht

	2017		
	On demand	Term	Total
Domestic items			
The Bank of Thailand	219,066	-	219,066
Other commercial banks*	14,892	3,650,000	3,664,892
Total	233,958	3,650,000	3,883,958
Add Accrued interest receivables	-	531	531
Total domestic items	233,958	3,650,531	3,884,489
Foreign items			
Singapore Dollars	5,446	-	5,446
Swedish Kroners	3,670	-	3,670
Danish Kroners	1,126	-	1,126
Australian Dollars	2,383	-	2,383
US Dollars	-	510,469	510,469
Total	12,625	510,469	523,094
Add Accrued interest receivables	-	3	3
Less Deferred income	-	(1,725)	(1,725)
Less Allowance for doubtful accounts	-	(5,087)	(5,087)
Total foreign items	12,625	503,660	516,285
Total domestic and foreign items	246,583	4,154,191	4,400,774

Unit : Thousand Baht

	2016		
	On demand	Term	Total
Domestic items			
The Bank of Thailand	200,233	431,000	631,233
Other commercial banks*	12,521	4,600,000	4,612,521
Total	212,754	5,031,000	5,243,754
Add Accrued interest receivables	-	441	441
Total domestic items	212,754	5,031,441	5,244,195
Foreign items			
Singapore Dollars	8,809	-	8,809
Swedish Kroners	2,379	-	2,379
Danish Kroners	185	-	185
Australian Dollars	9,857	-	9,857
US Dollars	-	77,798	77,798
Total	21,230	77,798	99,028
Add Accrued interest receivables	-	634	634
Less Deferred income			
Less Allowance for doubtful accounts	-	(778)	(778)
Total foreign items	21,230	77,654	98,884
Total domestic and foreign items	233,984	5,109,095	5,343,079

* 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.

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:

Unit : Thousand Baht

Type of Risk	2017		
	Fair Value		
	Assets	Liabilities	Notional amount*
Exchange rate risk	12,389,403	12,051,462	798,104,642
Interest rate risk	4,365,955	5,829,111	699,458,842
Credit risk	4,778	-	1,104,256
Total	16,760,136	17,880,573	1,498,667,740

Unit : Thousand Baht

Type of Risk	2016		
	Fair Value		
	Assets	Liabilities	Notional amount*
Exchange rate risk	27,035,138	28,563,925	967,125,206
Interest rate risk	4,300,082	6,669,630	768,312,932
Credit risk	5,427	-	523,942
Total	31,340,647	35,233,555	1,735,962,080

* 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:

Counterparties	2017 (%)	2016 (%)
Financial institutions	58	61
Group companies	31	28
Third parties	11	11
Total	100	100

10. INVESTMENTS, NET

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

Unit : Thousand Baht

	2017 Fair value	2016 Fair value
Trading securities		
Government and state enterprise securities	3,111,423	1,918,968
Total trading securities	3,111,423	1,918,968
Available-for-sale securities		
Government and state enterprise securities	12,876,341	16,535,380
Total available-for-sale securities	12,876,341	16,535,380
Total investments, net	15,987,764	18,454,348

11. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

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

11.1 Grouped by type of contracts

Unit : Thousand Baht

	2017	2016
Overdrafts	16,734	8
Loans	7,878,967	5,913,131
Staff loans	601	771
Less Deferred income	(6,346)	-
Total loans net of deferred income	7,889,956	5,913,910
Add Accrued interest receivables	14,563	4,429
Total loans net of deferred income plus accrued interest receivables	7,904,519	5,918,339
Less Allowance for doubtful accounts		
BOT requirement (Individual approach)	(78,900)	(59,139)
Surplus reserve	(1,013)	(5,083)
Loans and accrued interest receivables, net	7,824,606	5,854,117

11.2 Grouped by currency and resident

Unit : Thousand Baht

	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	5,313,707	27,139	5,340,846	4,809,783	-	4,809,783
US Dollar	1,634,045	915,065	2,549,110	1,104,127	-	1,104,127
Total	6,947,752	942,204	7,889,956	5,913,910	-	5,913,910

11.3 Grouped by business sector

Unit : Thousand Baht

	2017					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	-	-	-	-	-	-
Manufacturing and commerce	4,679,497	-	-	-	-	4,679,497
Utilities and services	3,134,858	-	-	-	-	3,134,858
Real estate and construction	75,000	-	-	-	-	75,000
Housing loans	601	-	-	-	-	601
Total	7,889,956	-	-	-	-	7,889,956

Unit : Thousand Baht

	2016					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	-	-	-	-	-	-
Manufacturing and commerce	2,025,558	-	-	-	-	2,025,558
Utilities and services	3,374,920	-	-	-	-	3,374,920
Real estate and construction	512,661	-	-	-	-	512,661
Housing loans	771	-	-	-	-	771
Total	5,913,910	-	-	-	-	5,913,910

11.4 Grouped by classifications

Unit : Thousand Baht

	2017			
	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	7,904,519	7,889,956	1	78,900
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total	7,904,519	7,889,956		78,900
Surplus reserve				1,013
				79,913

Unit : Thousand Baht

	2016			
	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	5,918,339	5,913,910	1	59,139
Special mention	-	-	2	-
Substandard	-	-	100	-
Doubtful	-	-	100	-
Doubtful of loss	-	-	100	-
Total	5,918,339	5,913,910		59,139
Surplus reserve				5,083
				64,222

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

Unit : Thousand Baht

	2017					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Balance at beginning of year	64,222	-	-	-	-	64,222
Add Additional allowance during the year	15,691	-	-	-	-	15,691
Balance at end of year	79,913	-	-	-	-	79,913

Unit : Thousand Baht

	2016					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Balance at beginning of year	63,723	-	-	-	-	63,723
Add Additional allowance during the year	499	-	-	-	-	499
Balance at end of year	64,222	-	-	-	-	64,222

13. TROUBLED DEBT RESTRUCTURINGS

The Bank has no receivables which have been restructured during the years ended December 31, 2017 and 2016.

For the years ended December 31, 2017 and 2016, 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, 2017

Unit : Thousand Baht

	Balance as at January 1, 2017	Additions	Disposals /Write off	Balance as at December 31, 2017
Cost:				
Leasehold improvement	12,922	292	(5,433)	7,781
Furniture and office equipment	66,575	9,575	(19,430)	56,720
Total cost	79,497	9,867	(24,863)	64,501
Accumulated depreciation:				
Leasehold improvement	(8,580)	(529)	5,433	(3,676)
Furniture and office equipment	(50,765)	(7,010)	19,429	(38,346)
Total accumulated depreciation	(59,345)	(7,539)	24,862	(42,022)
Leasehold improvement and equipment, net	20,152			22,479

As at December 31, 2016

Unit : Thousand Baht

	Balance as at January 1, 2016	Additions	Disposals	Balance as at December 31, 2016
Cost:				
Leasehold improvement	12,922	-	-	12,922
Furniture and office equipment	64,792	1,783	-	66,575
Total cost	77,714	1,783	-	79,497
Accumulated depreciation:				
Leasehold improvement	(7,827)	(753)	-	(8,580)
Furniture and office equipment	(44,015)	(6,750)	-	(50,765)
Total accumulated depreciation	(51,842)	(7,503)	-	(59,345)
Leasehold improvement and equipment, net	25,872			20,152

Depreciation for the years ended December 31,		
2017	**Baht**	7,539
2016	**Baht**	7,503

As at December 31, 2017 and 2016, there are leasehold improvement and furniture and office equipment items which have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounting to Baht 25.61 million and Baht 42.28 million, respectively.

15. INTANGIBLE ASSETS, NET

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

As at December 31, 2017

Unit : Thousand Baht

	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost:				
Computer software	10,749	-	-	10,749
Total cost	10,749	-	-	10,749
Accumulated amortization:				
Computer software	(7,358)	(1,369)	-	(8,727)
Total accumulated amortization	(7,358)	(1,369)	-	(8,727)
Intangible assets, net	3,391			2,022

As at December 31, 2016

Unit : Thousand Baht

	Balance as at January 1, 2016	Additions	Disposals	Balance as at December 31, 2016
Cost:				
Computer software	10,749	-	-	10,749
Total cost	10,749	-	-	10,749
Accumulated amortization:				
Computer software	(5,942)	(1,416)	-	(7,358)
Total accumulated amortization	(5,942)	(1,416)	-	(7,358)
Intangible assets, net	4,807			3,391

Amortization for the years ended December 31,		
2017	**Baht**	1,369
2016	**Baht**	1,416

16. DEFERRED TAX ASSETS

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

Unit : Thousand Baht

	2017	2016
Deferred tax assets	21,309	32,324
Deferred tax liabilities	(3,356)	-
Deferred tax - net	17,953	32,324

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

Unit : Thousand Baht

	Balance as at January 1, 2017	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, 2017
Deferred tax assets					
Temporary differences					
Loan	13,091	(5,136)	-	-	7,955
Provisions	7,547	1,187	-	-	8,734
Other	6,672	(2,052)	-	-	4,620
Total	27,310	(6,001)	-	-	21,309
Deferred tax liabilities					
Temporary differences					
Investments	5,014	(1,699)	(6,671)	-	(3,356)
Total	5,014	(1,699)	(6,671)	-	(3,356)
Deferred tax - net	32,324	(7,700)	(6,671)	-	17,953

Unit : Thousand Baht

	Balance as at January 1, 2016	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, 2016
Deferred tax assets					
Temporary differences					
Loan	20,522	(7,431)	-	-	13,091
Investments	(2,359)	(281)	7,654	-	5,014
Provisions	6,456	1,091	-	-	7,547
Other	6,901	(229)	-	-	6,672
Deferred tax - net	31,520	(6,850)	7,654	-	32,324

17. OTHER ASSETS

Other assets as at December 31, are as follows:

Unit : Thousand Baht

	2017	2016
Deposits	5,989	5,786
Others	10,566	4,540
Total	16,555	10,326

18. DEPOSITS

Deposits as at December 31, are as follows:

18.1 Grouped by types

Unit : Thousand Baht

	2017	2016
On demand	1,023,080	960,685
Savings	9,042,782	6,258,625
Term	5,485,762	3,684,303
Total deposits	15,551,624	10,903,613

18.2 Grouped by currency

Unit : Thousand Baht

	2017	2016
US Dollar	4,687,793	3,119,559
Thai Baht	10,358,677	7,264,864
Other currencies	505,154	519,190
Total deposits	15,551,624	10,903,613

19. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

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

Unit : Thousand Baht

	2017		
	On demand	Term	Total
Domestic			
Commercial bank	43,955	-	43,955
Other financial institution	-	1,714,694	1,714,694
Total	43,955	1,714,694	1,758,649

Unit : Thousand Baht

	2016		
	On demand	Term	Total
Domestic			
Commercial bank	81,617	-	81,617
Other financial institution	-	1,634,675	1,634,675
Total	81,617	1,634,675	1,716,292

As at December 31, 2017 and 2016, the Bank has outstanding balance of the bills of exchange with embedded derivative that are not designated at fair value to the financial institution amount of Baht 395 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

	2017	2016
Bills of exchange with embedded derivatives	432,133	434,741
Total	432,133	434,741

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:

	2017 (%)	2016 (%)
Financial institution	100	100
Total	100	100

21. PROVISIONS

Provisions as at December 31, are as follows:

	Unit : Thousand Baht	
	2017	2016
Provision for post-employment benefit	40,712	35,168
Provision for long-serviced award benefit	2,963	2,573
Total	43,675	37,741

22. LONG-TERM EMPLOYEE BENEFITS

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

	Unit : Thousand Baht	
	2017	2016
Beginning balance	37,741	32,283
Current service costs	4,977	4,682
Interest costs	1,129	977
Benefits paid	(172)	(201)
Ending balance	43,675	37,741

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

	Unit : Thousand Baht	
	2017	2016
Included in retained earnings:		
As at January 1,	(5,554)	(5,554)
Recognized during the years	-	-
As at December 31,	(5,554)	(5,554)

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

	2017	2016
Discount rate	3%	3%
Future salary growth rate	5%	5%
Price inflation rate	3%	3%
Gold price inflation rate	6%	6%
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:

	Unit : Thousand Baht	
	2017	**2016**
Effect increase (decrease) on defined benefit obligations		
+1% discount rate	(4,669)	(4,033)
-1% discount rate	5,395	4,660
+1% salary growth rate	5,231	4,519
-1% salary growth rate	(4,627)	(3,997)

23. OTHER LIABILITIES

Other liabilities as at December 31, are as follows:

	Unit : Thousand Baht	
	2017	**2016**
Income tax payable	-	20,848
Other liabilities	23,593	42,825
Total other liabilities	23,593	63,673

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

	2017			2016		
	Thai Baht	Foreign currency	Total	Thai Baht	Foreign currency	Total
Letters of credit	-	2,200,795	2,200,795	3,062	3,286,249	3,289,311
Guarantees on loans	-	65,362	65,362	-	53,746	53,746
Liabilities under unmatured bills	-	7,387	7,387	536	44,139	44,675
Other commitments	11,658,443	17,874,075	29,532,518	14,205,918	19,287,967	33,493,885
Spot exchange contracts - bought	2,000,898	8,123,459	10,124,357	9,816,076	5,840,447	15,656,523
Spot exchange contracts - sold	8,120,148	2,005,943	10,126,091	5,588,966	10,065,053	15,654,019
Forward exchange contracts - bought	18,981,451	99,867,366	118,848,817	24,329,595	49,587,271	73,916,866
Forward exchange contracts - sold	48,576,662	70,898,600	119,475,262	21,278,558	52,895,022	74,173,580
Currency swap contracts - bought	70,354,691	112,783,432	183,138,123	68,538,633	184,458,438	252,997,071
Currency swap contracts - sold	91,513,921	92,596,927	184,110,848	159,389,870	93,050,141	252,440,011
Interest rate swap contracts	478,520,166	220,743,676	699,263,842	457,218,016	310,299,916	767,517,932
Cross currency interest rate swap contracts - bought	236,429,231	249,191,982	485,621,213	290,222,647	307,018,627	597,241,274
Cross currency interest rate swap contracts - sold	191,696,924	293,636,979	485,333,903	220,533,468	381,654,320	602,187,788
Currency option instruments - bought	1,547,200	1,418,351	2,965,551	352,360	937,901	1,290,261
Currency option instruments - sold	6,790	68,630	75,420	3,500	1,684,041	1,687,541
Credit Default Swap	300,000	204,256	504,256	300,000	223,942	523,942
Forward exchange option - bought	1,456,730	1,496,785	2,953,515	72,000	1,257,656	1,329,656
Forward exchange option - sold	69,315	6,536	75,851	783,082	869,823	1,652,905
Unused committed loan	-	1,634,045	1,634,045	-	1,791,533	1,791,533
Total	1,161,232,570	1,174,824,586	2,336,057,156	1,272,636,287	1,424,306,232	2,696,942,519

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	
	As at December 31,	
	2017	2016
Statements of financial positions		
Assets		
Loans to customers and accrued interest receivables, net	961,413	622,418
Liabilities		
Deposits	165	16,207
Interbank and money market items, net	1,094,470	1,003,767
Accrued expenses	200,840	97,193
Fund remitted into Thailand for maintaining assets under law	9,212,675	9,907,824
Contingencies	546,177,962	565,436,167

	For the years ended December 31,	
	2017	2016
Statements of profit or loss and other comprehensive income		
Interest income	16,527	13,220
Interest expenses	269,424	212,892
Non-interest expenses		
- Cost sharing from financial instruments, net	108,068	21,432
- Head Offices allocation expenses	54,212	66,346
- Inter-office charge	95,674	82,478
Management remuneration		
- Short-term employee benefits	66,904	65,105
- Long-term employee benefits	922	876

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:

	Unit : Thousand Baht	
	2017	**2016**
Expense of share-based payment	5,590	12,230
Total	5,590	12,230

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	
Periods	**2017**	**2016**
Within 1 year	12,986	13,024
Over 1 year to 5 years	12,966	22,824
Total operating lease commitment	25,952	35,848

Minimum lease payment recognized as expenses for the years ended December 31, 2017 and 2016 are Baht 13.65 million and Baht 12.81 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	
	2017	2016
Interbank and money market items	68,022	144,845
Investment and trading transactions	96,761	106,178
Investment in debt securities	213,944	255,106
Loans	205,500	119,436
Others	2,171	80
Total interest income	586,398	625,645

30. INTEREST EXPENSES

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

	Unit : Thousand Baht	
	2017	2016
Deposits	59,727	67,258
Interbank and money market items	400,830	327,878
Contributions for deposit protection	42,394	49,832
Other	21,522	22,164
Total interest expense	524,473	467,132

31. NET FEES AND SERVICE INCOME

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

	Unit : Thousand Baht	
	2017	2016
Fees and service income		
Acceptance, aval and guarantees	80,853	83,318
Other	33,711	38,034
Total fees and service income	114,564	121,352
Fees and service expenses	(33,656)	(31,167)
Net fees and service income	80,908	90,185

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	
	2017	2016
Gains (losses) on tradings and foreign exchange transactions		
Foreign currencies and exchange derivatives	744,210	1,234,049
Interest derivatives	(145,158)	(589,327)
Credit derivatives	3,640	9,843
Debt securities	93,905	(19,816)
Net gains on trading and foreign exchange	696,597	634,749

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	
	2017	2016
Income (loss) from net change in fair value of bills of exchange with embedded derivatives	2,609	9,194
Loss on redemptions and interest expenses	(17,569)	(25,660)
Losses on financial instrument designated at fair value	(14,960)	(16,466)

34. IMPAIRMENT LOSS OF LOANS

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

	Unit : Thousand Baht	
	2017	2016
Interbank and money market items (reversal)	4,309	(499)
Lending	15,691	499
Total	20,000	-

35. INCOME TAX EXPENSE

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

	Unit : Thousand Baht	
	2017	2016
Current income tax expense for the period	32,223	63,839
Deferred tax and temporary differences	7,700	6,850
Total income tax expense	39,923	70,689

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

	Unit : Thousand Baht					
	2017			2016		
	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	33,357	(6,671)	26,686	(38,270)	7,654	(30,616)
Other comprehensive income (expense)	33,357	(6,671)	26,686	(38,270)	7,654	(30,616)

Reconciliation of effective tax rate

	2017 (in Thousand Baht)	Rate (%)	2016 (in Thousand Baht)	Rate (%)
Profit before income tax expense	165,337	20	316,311	20
Income tax at the domestic tax rate	33,067		63,262	
Tax effect of income and expense that are not taxable income or not deductible in determining Taxable profit, net	6,856		7,427	
Income tax expense as statements of comprehensive income	39,923	24	70,689	22

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, 2017 and 2016 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 12, 2018.