BNP PARIBAS BANGKOK BRANCH

Financial Statements

Year ended December 31, 2023

Deloitte.

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

TO THE MANAGEMENT

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, 2023, 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

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 Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 the Bank of Thailand's regulations, 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 Bank'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.

Nisakorn Songmanee

Nisakorn Songmanee
Certified Public Accountant (Thailand)
Registration No. 5035
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
April 10, 2024

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
ASSETS			
Cash		-	1,519
Interbank and money market items, net	10	15,931,024	13,110,759
Financial assets measured at fair value through profit or loss	11	630,395	209,204
Derivatives assets	12	44,259,657	54,540,110
Investments, net	13	19,611,130	19,713,262
Loans to customers and accrued interest receivables, net	14	11,197,390	13,066,741
Leasehold improvement and equipment, net	17	64,965	20,762
Intangible assets, net	18	8,225	7,133
Deferred tax assets	19	22,391	15,445
Account receivable for investments		1,542,225	3,232,709
Other receivables		-	73,734
Accrued interest from investments		173,412	29,949
Other assets	20	51,442	14,369
TOTAL ASSETS		93,492,256	104,035,696

Notes to financial statements form an integral part of these statements

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Deposits	21	23,858,155	24,036,625
Interbank and money market items, net	22	679,674	577,069
Liabilities payable on demand		75,450	55,529
Derivatives liabilities	12	48,566,232	52,047,057
Provisions	23	66,302	61,612
Accounts payable for investments		1,492,561	3,284,604
Accrued expenses		374,229	192,272
Other payables		2,418,129	2,524,440
Other liabilities		45,260	15,350
TOTAL LIABILITIES		77,575,992	82,794,558
HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY			
Fund remitted into Thailand for maintaining assets under law		12,394,461	12,164,171
Foreign currency translation adjustments		(144,398)	(13,093)
	7.2	12,250,063	12,151,078
Accounts with head office and other branches of the same juristic person, net		2,274,364	7,579,656
Other components of accounts with head office and other branches of the same juristic person		664	5,616
Retained earnings		1,391,173	1,504,788
TOTAL HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		15,916,264	21,241,138
TOTAL LIABILITIES AND HEAD OFFICE AND OTHER BRANCHES OF THE SAME JURISTIC PERSON'S EQUITY		93,492,256	104,035,696

Notes to financial statements form an integral part of these statements

…..... …..

(Somlak Tinmanee) (Daniel Dalban)

Chief Executive Officer Chief Operating Officer

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
Interest income	29	1,374,862	582,781
Interest expenses	30	(1,200,522)	(477,683)
Net interest income		174,340	105,098
Fees and service income		60,891	59,117
Fees and service expenses		(64,398)	(68,359)
Net fees and service expense	31	(3,507)	(9,242)
Gain on financial instruments measured at fair value through profit or loss, net	32	1,455,397	1,461,990
Other income		5,547	2,115
Total operating income		1,631,777	1,559,961
Other operating expenses			
Employee's expenses		354,313	334,130
Premises and equipment expenses		75,367	52,960
Taxes and duties		23,919	13,707
Expenses shared from Head Office	25	-	24,807
Cost sharing from financial instruments, net	25	94,191	43,053
Others		248,837	188,219
Total other operating expenses		796,627	656,876
Expected credit loss (reversal)	33	(271,599)	(54,067)
Profit from operating before income tax expenses		1,106,749	957,152
Income tax expenses	34	(217,414)	(195,876)
NET PROFIT		889,335	761,276

BNP PARIBAS BANGKOK BRANCH

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

FOR THE YEAR ENDED DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that are or may be reclassified to profit or loss			
Gain (loss) on investments in debt instruments at fair value through other comprehensive income	13.2	(6,190)	6,836
Income tax relating to components of other comprehensive income (loss)	13.2	1,238	(1,367)
		(4,952)	5,469
Items that will never be reclassified to profit or loss			
Actuarial gain (loss) on defined benefit plan	23.1	(1,812)	4,971
Income tax relating to components of other comprehensive income (loss)		362	(994)
		(1,450)	3,977
Net other comprehensive income (loss)		(6,402)	9,446
TOTAL COMPREHENSIVE INCOME		882,933	770,722

Notes to financial statements form an integral part of these statements

…..... …..

(Somlak Tinmanee) (Daniel Dalban)

Chief Executive Officer Chief Operating Officer

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, 2023

BAHT : '000

	Note	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
				Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Total other components of accounts with head office and other branches of the same juristic person		
Beginning balance as at January 1, 2022		9,227,542	1,938,964	147	147	739,535	11,906,188
Increase during the year		2,936,629	-	-	-	-	2,936,629
Repatriation		-	-	-	-	-	-
Transactions with inter-office accounts with head office and other branches of the same juristic person		-	5,640,692	-	-	-	5,640,692
Foreign currency translation adjustments							
At beginning balance of the year		149,042	-	-	-	-	149,042
Decrease during the year		(162,135)	-	-	-	-	(162,135)
At ending balance of the year		(13,093)	-	-	-	-	(13,093)
Net profit for the year		-	-	-	-	761,276	761,276
Other comprehensive income	13.2	-	-	5,469	5,469	3,977	9,446
Ending balance as at December 31, 2022		12,151,078	7,579,656	5,616	5,616	1,504,788	21,241,138

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, 2023

BAHT : '000

	Note	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
				Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Total other components of accounts with head office and other branches of the same juristic person		
Beginning balance as at January 1, 2023		12,164,171	7,579,656	5,616	5,616	1,504,788	21,254,231
Increase during the year		230,290	-	-	-	-	230,290
Repatriation		-	-	-	-	(1,001,500)	(1,001,500)
Transactions with inter-office accounts with head office and other branches of the same juristic person		-	(5,305,292)	-	-	-	(5,305,292)
Foreign currency translation adjustments							
At beginning balance of the year		(13,093)	-	-	-	-	(13,093)
Decrease during the year		(131,305)	-	-	-	-	(131,305)
At ending balance of the year		(144,398)	-	-	-	-	(144,398)
Net profit for the year		-	-	-	-	889,335	889,335
Other comprehensive income	13.2	-	-	(4,952)	(4,952)	(1,450)	(6,402)
Ending balance as at December 31, 2023		12,250,063	2,274,364	664	664	1,391,173	15,916,264

Notes to financial statements form an integral part of these statements

…..... …..

(Somlak Tinmanee) (Daniel Dalban)

Chief Executive Officer Chief Operating Officer

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses		1,106,749	957,152
Adjustments to reconcile profit (loss) from operation before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	17, 18 and 20.1	24,120	23,517
Loss on write-off fixed assets		3,519	21
Gain on disposal of equipment		(2)	(36)
Expected credit loss (reversal)	33	(271,599)	(54,067)
Premium (discount) on debt securities		2,003	(61,295)
(Gain) loss on sales of investment in securities		141,911	(28,780)
Unrealized gain on foreign exchange rate, net		(119,038)	(171,802)
(Gain) loss on financial intrument measured at fair value through profir or loss, net		6,799,628	(600,072)
Employee benefit expenses	23.1 and 23.2	9,615	8,266
Interest income	29	(1,374,862)	(582,781)
Interest expenses	30	1,200,522	477,683
Interest received		1,224,647	527,024
Interest paid		(1,533,507)	(549,838)
Income tax paid		(93,641)	(163,466)
Profit (loss) from operations before changes in operating assets and liabilities		7,120,065	(218,474)
(Increase) decrease in operating assets :			
Interbank and money market items		(823,492)	(1,576,245)
Financial assets measured at fair value through profit or loss		(563,103)	1,135,933
Loans to customers		2,145,220	(1,827,998)
Account receivable for investments		1,690,484	(558,821)
Other receivables		73,734	(73,734)
Other assets		(47,309)	1,188
Increase (decrease) in operating liabilities :			
Deposits		(178,470)	1,882,740
Interbank and money market items		102,605	131,431
Liabilities payable on demand		19,921	15,662

BNP PARIBAS BANGKOK BRANCH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

BAHT : '000

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)			
Employee benefit paid	23.1 and 23.2	(4,561)	(6,465)
Accounts payable for investment in securities		(1,792,043)	668,222
Accrued expenses		275,599	195,276
Other payables		(106,311)	(293,227)
Other liabilities		(159,286)	(181,428)
Accounts with head office and other branches of the same juristic person, net		(4,909,374)	5,580,353
Net cash from operating activities		2,843,679	4,874,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of investment in debt securities		(16,590,890)	(34,430,714)
Proceeds from sales of investment in debt securities		16,684,830	27,898,200
Cash paid for purchases of leasehold improvement and equipment and computer software		(63,018)	(11,577)
Proceeds from sales of leasehold improvement and equipment		321	385
Net cash from investing activities		31,243	(6,543,706)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Fund remitted into Thailand for maintaining assets under law	9	230,290	2,936,629
Fund remittance to Head Office	9	(1,001,500)	-
Cash paid for repayment of lease liabilities	9	(9,710)	(12,046)
Net cash from financing activities		(780,920)	2,924,583
Net increase in cash and cash equivalents		2,094,002	1,255,290
Cash and cash equivalents as at January 1,		1,542,445	287,155
Cash and cash equivalents as at December 31,		3,636,447	1,542,445
Cash and cash equivalents:			
Cash		-	1,519
Interbank and money market items		3,487,306	1,479,498
Accounts with head office and other branches of the same juristic person's equity		149,141	61,428
Total cash and cash equivalents		3,636,447	1,542,445

Notes to financial statements form an integral part of these statements

…..... …..

(Somlak Tinmanee) (Daniel Dalban)

Chief Executive Officer Chief Operating Officer

BNP PARIBAS BANGKOK BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

On July 31, 2023, the Bank changed address from 990, 29th floor, Abdulrahim Place, Rama IV Road, Bangrak, Bangkok to 548, 41st floor, One City Centre, Phloen Chit Road, Lumpini, Pathumwan, Bangkok. The Bank has registered the change of address with the Ministry of Commerce.

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's statutory financial statements are in Thai Baht and the Thai language and prepared in accordance with Thai Financial Reporting Standards, accounting treatment guidance promulgated by Thailand Federation of Accounting Professions ("TFAC"), accounting practices generally accepted in Thailand including relevant the Bank of Thailand ("BOT")'s Notifications.

2.2 The Bank's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification SorNorSor. 21/2561 regarding "the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated October 31, 2018".

2.3 The financial statements have been prepared on the measurement basis of historical cost except as disclosed in the significant accounting policies (see Note 3).

2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Bank has adopted the revised financial reporting standards issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2023. 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 clarification of accounting requirements. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

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

Thai Financial Reporting Standard which will be effective for the financial statements for the period beginning on or after January 1, 2024, onwards

On August 8, 2023, the revised TFRSs have been announced in the Royal Gazette which mostly are the amendments of wordings and the references of Thai Financial Reporting Standard No.17 "Insurance Contracts". TFRSs which have been amended and are relevant to the Bank are as follows:

Thai Accounting Standard No.1 "Presentation of Financial Statements"

The amendments change the requirements regarding the disclosure of accounting policies from "significant accounting policies" to "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Thai Accounting Standard No.8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The amendments change the definition of accounting estimates to be "monetary amounts in financial statements that are subject to measurement uncertainty", to help an entity to be able to segregate the difference of "change in accounting estimates" from "change in accounting policies".

Thai Accounting Standard No.12 "Income Taxes"

The amendments add the requirements for the initial recognition of deferred tax, which give rise to equal taxable and deductible temporary differences such as right-of-use assets and lease liabilities and decommissioning obligation. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes a deferred tax asset, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and a deferred tax liability for all deductible and taxable temporary differences associated with such transactions.

In addition, such amendments also add the exemption for the International Tax Reform - Pillar Two Model. An entity should not recognize and not disclose the deferred tax assets and deferred tax liability which are relevant to Pillar Two income tax.

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 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 the Head Office and other branches under the same juristic person's equity with initial maturity of three months or less.

3.2 Financial instruments

The Bank recognizes financial assets and financial liabilities in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.2.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirely at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI);

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Bank may make the following irrevocable election at initial recognition of a financial asset;

- The Bank may irrevocable designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (3) below).

(1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized in profit or loss and is included in the "Interest income" line item.

(2) Debt instruments classified as at FVTOCI

The debt instruments held by the Bank are classified as at FVTOCI. The debt instruments are initially measured at fair value plus transaction costs. Subsequently changes in the carrying amount of these instruments as a result of foreign exchange gains and losses, impairment gains or losses (see below), and interest income calculated using the effective interest method (see (1) above) are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these instruments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(3) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (1) to (2) above) are measured at FVTPL. Specifically;

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (1) and (2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Bank has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Gain on financial instrument measured at fair value through profit or loss, net" line item. Fair value is determined in the manner described in Note 3.8.

Impairment of financial assets

The Bank recognizes allowance for expected credit losses for interbank and money market items (assets), loans to customers and financial guarantee contracts. The expected credit losses on these financial assets are estimated using a provision matrix based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The amount of expect credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Bank recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Write-off policy

The Bank derecognizes all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or the Bank transfer the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset.

(2) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Bank's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For a financial guarantee contracts, as the Bank is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder, the debtor or any other parties.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Bank has elected on initial recognition to measure at FVTOCI, the reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.2.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Bank, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (1) contingent consideration of an acquirer in a business combination (2) held for trading or (3) it is designated as at FVTPL.

A financial liability is classified as held for trading if;

- It has been acquired principally for the purpose of repurchasing it in the near term; or

- On initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Bank that are designated by the Bank as at FVTPL are recognized in profit or loss. Fair value is determined in the manner described in Note 3.8.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between; (1) the carrying amount of the liability before the modification; and (2) the present value of cash flows after modification should be recognized in profit or loss.

3.2.3 Derivative financial instruments

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Bank has both legal right and intention to offset.

Embedded derivatives

Embedded derivatives are a component of a hybrid contract that also includes a non-derivative host - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of TFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value where appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of TFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Bank generally designates the whole hybrid contract at FVTPL.

3.3 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at 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, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as expenses in statement of profit or loss and other comprehensive income when they are incurred.

Depreciation is calculated on the straight-line method over the estimated useful lives of assets as follows:

Leasehold improvement	5 years
Furniture and office equipment	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.

3.4 Intangible assets

Intangible assets are 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 recorded as expenses as incurred.

3.5 Lease

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The lease liability is included in the line "Other liabilities" in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a yield interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses (if any).

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the line “Other assets” in the statement of financial position.

The Bank applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment” policy.

Variable rents that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Premises and equipment expenses” in the statement of profit or loss and other comprehensive income.

3.6 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 as an expense in the statement of profit or loss and other comprehensive income for the period they incur.

Long-term employee benefits

The Bank provides long-term employee benefits which consisted of legal severance under the Labor Protection Act and long-serviced award. The liability in respect of employee 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 outflows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The future cash outflows are estimated based on employee salaries, turnover rate, mortality rate, length of service and others.

Actuarial gains or losses will be recognized as expenses in the statement of profit or loss and other comprehensive income for the period they incur.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

3.7 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 low.

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 an interest expense.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Bank determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied where appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

Assets and liabilities measured or disclosed at fair value are categorized into the three following levels of the fair value hierarchy, based on the degree to which the significance of the inputs to the fair value measurement :

- Level 1 Fair values are determined using directly quoted prices (unadjusted) in active markets for identical assets or liabilities and the Bank can access at the measurement date.
- Level 2 Fair values are determined using significant inputs other than quoted prices included within level 1, that are observable, either directly or indirectly.
- 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.

3.9 Recognition of income

Interest income

The Bank recognizes interest income by using the Effective Interest Rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period, to the net carrying amount of the financial assets. The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net carrying amount of the financial assets. If the asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

Fees and service income

Fee and service income other than those that are an integral part of EIR, is recognized based on contracts with customers in the amount of consideration it expects to receive upon the control of service. The timing of recognition is dependent on whether the Bank satisfy a performance obligation by providing service to a customer over time or at a point in time.

3.10 Recognition of expenses

The Bank recognizes interest expenses by using the effective interest method. Unless included in the effective interest calculation, fee expenses are recognized on an accrual basis.

3.11 Net gain on financial instruments measured at FVTPL

Net gain on financial instruments comprises gains less losses related to trading, fair value changes, transfer of financial assets measured at FVTPL or foreign exchange differences.

3.12 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 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.

3.13 Income tax expense

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

3.13.1 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.

3.13.2 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 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 components of accounts with 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 components of accounts with Head Office and other branches of the same juristic person's equity.

3.14 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.

4. ADDITIONAL INFORMATION

4.1 Critical accounting judgments and key source of estimation uncertainty

4.1.1 Use of management's judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Bank's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the last date of the reporting period and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying the Bank's accounting policies are as follows:

(1) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see financial assets sections of Note 3.2.1). The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(2) Significant increase in credit risk

As explained in Note 3.2.1, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(3) Provision for employee benefits

The Bank has commitment to pay employee benefits to employee. 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. The assumptions used in estimating the future cash outflows include employee salaries, turnover rate, mortality rate, length of service and others.

4.1.2 Key sources of estimation uncertainty

The Bank estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is outlined below.

(1) 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.

(2) Calculation of allowance for expected credit loss

When measuring expected credit losses, the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of defaults is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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 parameter 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 parameter, whether directly observable or not. Observable market parameter 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 spread, 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 Note 10, Note 14 and Note 21).

Interest rate sensitivity analysis

Interest rate risks related to banking activities are managed by the cross-functional ALM-Treasury Department under the supervision of Assets and Liabilities Committee (ALCO). The interest rate risk is analyses in terms of interest rate gaps, sensitivity analysis of net interest income to interest rate change, and sensitivity of the value of net assets of the banking activities to interest rate change. The methods used in sensitivity analysis do not change from the previous period. The sensitivity analysis result is well below threshold used by Bank of Thailand.

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

Unit : Million Baht

	2023						
	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	15,438	-	-	-	-	493	15,931
Financial assets measured at FVTPL	630	-	-	-	-	-	630
Investments, net	18,043	1,568	-	-	-	-	19,611
Loans to customers	8,494	2,703	-	-	-	-	11,197
Account receivable for investments	-	-	-	-	-	1,542	1,542
Total	42,605	4,271	-	-	-	2,035	48,911
Financial Liabilities							
Deposits	19,785	-	-	-	-	4,073	23,858
Interbank and money market items, net	-	-	502	-	-	178	680
Liabilities payable on demand	-	-	-	-	-	75	75
Accounts payable for investments	-	-	-	-	-	1,493	1,493
Other payable	-	-	-	-	-	2,418	2,418
Total	19,785	-	502	-	-	8,237	28,524

Unit : Million Baht

	2022						
	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	11,649	964	-	-	-	498	13,111
Financial assets measured at FVTPL	205	4	-	-	-	-	209
Investments, net	2,857	15,288	1,568	-	-	-	19,713
Loans to customers	10,145	2,922	-	-	-	-	13,067
Account receivable for investments	-	-	-	-	-	3,233	3,233
Other receivables	-	-	-	-	-	74	74
Total	24,856	19,178	1,568	-	-	3,805	49,407
Financial Liabilities							
Deposits	19,362	207	-	-	-	4,468	24,037
Interbank and money market items, net	-	-	-	473	-	104	577
Liabilities payable on demand	-	-	-	-	-	56	56
Accounts payable for investments	-	-	-	-	-	3,285	3,285
Other payable	-	-	-	-	-	2,524	2,524
Total	19,362	207	-	473	-	10,437	30,479

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

	2023						
	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	487	15,444	-	-	-	-	15,931
Financial assets measured at FVTPL	517	113	-	-	-	-	630
Investments, net	-	6,120	11,600	1,891	-	-	19,611
Loans to customers	1,577	6,566	1,864	1,190	-	-	11,197
Account receivable for investments	-	1,542	-	-	-	-	1,542
Total monetary assets	2,581	29,785	13,464	3,081	-	-	48,911
Deposits	21,275	2,583	-	-	-	-	23,858
Interbank and money market items, net	178	-	-	502	-	-	680
Liabilities payable on demand	75	-	-	-	-	-	75
Accounts payable for investments	-	1,493	-	-	-	-	1,493
Other payable	-	2,418	-	-	-	-	2,418
Total monetary liabilities	21,528	6,494	-	502	-	-	28,524
Liquidity, net	(18,947)	23,291	13,464	2,579	-	-	20,387

Unit : Million Baht

	2022						
	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	479	11,668	964	-	-	-	13,111
Financial assets measured at FVTPL	172	33	4	-	-	-	209
Investments, net	-	5,129	13,017	1,567	-	-	19,713
Loans to customers	2,538	5,998	1,687	2,844	-	-	13,067
Account receivable for investments	-	3,233	-	-	-	-	3,233
Other receivables	-	74	-	-	-	-	74
Total monetary assets	3,189	26,135	15,672	4,411	-	-	49,407
Deposits	22,919	911	207	-	-	-	24,037
Interbank and money market items, net	104	-	-	-	473	-	577
Liabilities payable on demand	56	-	-	-	-	-	56
Accounts payable for investments	-	3,285	-	-	-	-	3,285
Other payable	-	2,524	-	-	-	-	2,524
Total monetary liabilities	23,079	6,720	207	-	473	-	30,479
Liquidity, net	(19,890)	19,415	15,465	4,411	(473)	-	18,928

The Bank disclosed the Liquidity coverage ratio as at December 31, 2023 on its website at www.bnpparibas.co.th, within April 2024. This is in accordance with the Notification of the Bank of Thailand Sor Nor Sor. 2/2561 “The Disclosure of Liquidity coverage ratio disclosure standards” dated January 25, 2018.

6. FAIR VALUE OF ASSETS AND LIABILITIES

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

	2023		
	Level 1	**Level 2**	**Total**
Financial Assets			
Financial assets measured at fair value through profit or loss	-	630,395	630,395
Derivative assets	-	44,259,657	44,259,657
Investments measured at FVOCI	-	3,756,763	3,756,763
Total financial assets	-	48,646,815	48,646,815
Financial liabilities			
Derivative liabilities	-	48,566,232	48,566,232
Total financial liabilities	-	48,566,232	48,566,232

There was no transfer between level 1 and 2 of the fair value hierarchy during the year ended December 31, 2023.

Unit : Thousand Baht

	2022		
	Level 1	**Level 2**	**Total**
Financial Assets			
Financial assets measured at fair value through profit or loss	-	209,204	209,204
Derivative assets	-	54,540,110	54,540,110
Investments measured at FVOCI	-	3,899,372	3,899,372
Total financial assets	-	58,648,686	58,648,686
Financial liabilities			
Derivative liabilities	-	52,047,057	52,047,057
Total financial liabilities	-	52,047,057	52,047,057

There was no transfer between level 1 and 2 of the fair value hierarchy during the year ended December 31, 2022.

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 Government Bond Yield Curve or the bid price from Thai Bond Market Association 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

Fair value hierarchy of financial instruments not measured at fair value as at December 31, are as follows:

Unit : Thousand Baht

	2023		
	Level 1	**Level 2**	**Total**
Financial Assets			
Investment in debt securities measured at amortized cost	-	15,852,496	15,852,496
Total financial assets	-	15,852,496	15,852,496

Unit : Thousand Baht

	2022		
	Level 1	**Level 2**	**Total**
Financial Assets			
Investment in debt securities measured at amortized cost	-	15,834,994	15,834,994
Total financial assets	-	15,834,994	15,834,994

For cash, deposits and interbank and money market items (liabilities), the carrying amounts in the statements of financial position approximate the fair value of the items.

Interbank and money market items (assets) and loans to customers and accrued interest receivable are estimated the fair value based on the carrying amount net of allowance for expected credit loss.

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	
	2023	**2022**
Total Asset maintained under Section 32	12,805,702	12,561,373
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	12,250,063	12,151,078
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	2,274,364	7,579,656
Total	14,524,427	19,730,734
Regulatory capital fund before deduction	12,250,063	12,151,078
Deductible amount	8,225	7,133
Total capital fund under law	12,241,838	12,143,945
Total capital funds to risk assets ratio (%)	18.15	17.12
Bank of Thailand regulatory capital ratio requirement (%)	11.00	11.00
Capital after deducting capital add-on arising from Single Lending Limit *	12,241,838	12,143,945
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)*	18.15	17.12

* Effective in January 2015

The Bank disclosed capital maintenance information as at December 31, 2023 in accordance with the Notification of the Bank of Thailand "Public Disclosure of Capital Maintenance Information for Commercial Banks" on its web site at www.bnpparibas.co.th in April 2024.

On November 8, 2012, the Bank of Thailand has issued the 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% per annum 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.

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	
	2023	**2022**
Beginning balance	12,151,078	9,376,584
Increase during the years	230,290	2,936,629
Loss on exchange rate	(131,305)	(162,135)
Ending balance	12,250,063	12,151,078

8. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification of financial assets and financial liabilities as at December 31, 2023 consist of the following:

Unit: Thousand Baht

	Financial instruments measured at fair value through profit or loss	**Financial instrument measured at fair value through other comprehensive income**	**Financial instrument measured at amortized cost**	**Total**
Financial assets				
Interbank and money market items, net	-	-	15,931,024	15,931,024
Financial Instruments at FVTPL	630,395	-	-	630,395
Derivatives assets	44,259,657	-	-	44,259,657
Investments, net	-	3,756,763	15,854,367	19,611,130
Loans to customers and accrued interest receivables, net	-	-	11,197,390	11,197,390
Account receivable for investments	-	-	1,542,225	1,542,225
Total	44,890,052	3,756,763	44,525,006	93,171,821
Financial liabilities				
Deposits	-	-	23,858,155	23,858,155
Interbank and money market items, net	-	-	679,674	679,674
Liabilities payable on demand	-	-	75,450	75,450
Derivatives liabilities	48,566,232	-	-	48,566,232
Accounts payable for investments	-	-	1,492,561	1,492,561
Other payable	-	-	2,418,129	2,418,129
Total	48,566,232	-	28,523,969	77,090,201

Classification of financial assets and financial liabilities as at December 31, 2022 consist of the following:

Unit: Thousand Baht

	Financial instruments measured at fair value through profit or loss	Financial instrument measured at fair value through other comprehensive income	Financial instrument measured at amortized cost	Total
Financial assets				
Cash	-	-	1,519	1,519
Interbank and money market items, net	-	-	13,110,759	13,110,759
Financial Instruments at FVTPL	209,204	-	-	209,204
Derivatives assets	54,540,110	-	-	54,540,110
Investments, net	-	3,899,372	15,813,890	19,713,262
Loans to customers and accrued interest receivables, net	-	-	13,066,741	13,066,741
Account receivable for investments	-	-	3,232,709	3,232,709
Other receivables	-	-	73,734	73,734
Total	54,749,314	3,899,372	45,299,352	103,948,038
Financial liabilities				
Deposits	-	-	24,036,625	24,036,625
Interbank and money market items, net	-	-	577,069	577,069
Liabilities payable on demand	-	-	55,529	55,529
Derivatives liabilities	52,047,057	-	-	52,047,057
Accounts payable for investments	-	-	3,284,604	3,284,604
Other payable	-	-	2,524,440	2,524,440
Total	52,047,057	-	30,478,267	82,525,324

9. ADDITIONAL INFORMATION OF CASH FLOWS

The changing of arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

Unit : Thousand Baht

	As at January 1, 2023	Cash flows	Non-cash changes	As at December 31, 2023
Fund remitted into Thailand for maintaining assets under law	12,164,171	230,290	-	12,394,461
Lease liabilities	1,061	(9,710)	50,668	42,019
Retained earnings	1,504,788	(1,001,500)	887,885	1,391,173

Unit : Thousand Baht

	As at January 1, 2022	Cash flows	Non-cash changes	As at December 31, 2022
Fund remitted into Thailand for maintaining assets under law	9,227,542	2,936,629	-	12,164,171
Lease liabilities	13,042	(12,046)	65	1,061
Retained earnings	739,535	-	765,253	1,504,788

10. INTERBANK AND MONEY MARKET ITEMS, NET - ASSETS

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

Unit : Thousand Baht

	2023		
	On demand	**Term**	**Total**
Domestic items			
The Bank of Thailand	283,337	3,000,000	3,283,337
Commercial banks	15,773	7,380,000	7,395,773
Specialized financial institutions	-	4,800,000	4,800,000
Total	299,110	15,180,000	15,479,110
Add Accrued and undue interest receivables	-	7,772	7,772
Less Deferred income	-	-	-
Less Allowance for expected credit loss	-	(3)	(3)
Total Domestic items	299,110	15,187,769	15,486,879
Foreign items			
Singapore Dollars	16,889	-	16,889
Swedish Kroners	1,572	-	1,572
Danish Kroners	5,795	-	5,795
Australian Dollars	124,597	-	124,597
US Dollars	-	258,469	258,469
Other currencies	39,344	-	39,344
Total	188,197	258,469	446,666
Add Accrued and undue interest receivables	-	-	-
Less Deferred income	-	(2,396)	(2,396)
Less Allowance for expected credit loss	-	(125)	(125)
Total Foreign items	188,197	255,948	444,145
Total Domestic and foreign items	487,307	15,443,717	15,931,024

Unit : Thousand Baht

	2022		
	On demand	**Term**	**Total**
Domestic items			
The Bank of Thailand	397,049	1,000,000	1,397,049
Commercial banks	9,586	10,485,874	10,495,460
Specialized financial institutions	-	1,000,000	1,000,000
Total	406,635	12,485,874	12,892,509
Add Accrued and undue interest receivables	-	3,128	3,128
Less Deferred income	-	-	-
Less Allowance for expected credit loss	-	(701)	(701)
Total Domestic items	406,635	12,488,301	12,894,936
Foreign items			
Singapore Dollars	12,069	-	12,069
Swedish Kroners	1,622	-	1,622
Danish Kroners	1,312	-	1,312
Australian Dollars	17,235	-	17,235
US Dollars	-	127,132	127,132
Other currencies	40,624	-	40,624
Total	72,862	127,132	199,994
Add Accrued and undue interest receivables	-	17,575	17,575
Less Deferred income	-	(424)	(424)
Less Allowance for expected credit loss	-	(1,322)	(1,322)
Total Foreign items	72,862	142,961	215,823
Total Domestic and foreign items	479,497	12,631,262	13,110,759

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at fair value through profit or loss as at December 31, consist of the following:

Unit : Thousand Baht

	2023	2022
Government and state enterprise securities	630,395	209,204
Total	630,395	209,204

12. DERIVATIVES

Derivatives held for trading

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

Unit : Thousand Baht

Type of Risk	2023		
	Fair Value		
	Assets	Liabilities	Notional amount*
Exchange rate risk	36,691,446	40,009,715	1,499,509,771
Interest rate risk	7,134,492	8,124,800	2,067,126,206
Equity risk	433,719	431,717	11,049,705
Total	44,259,657	48,566,232	3,577,685,682

Unit : Thousand Baht

Type of Risk	2022		
	Fair Value		
	Assets	Liabilities	Notional amount*
Exchange rate risk	45,292,102	43,791,298	1,647,546,313
Interest rate risk	9,200,834	8,208,613	1,865,495,922
Equity risk	47,174	47,146	902,270
Total	54,540,110	52,047,057	3,513,944,505

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

12.2 Proportion of the notional of derivative transactions classified by counterparties as at December 31, are as follows:

Counterparties	2023 (%)	2022 (%)
Financial institutions	73	75
Group companies	21	18
Third parties	6	7
Total	100	100

13. INVESTMENTS, NET

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

Unit : Thousand Baht

	2023 Fair value/ Amortized cost	2022 Fair value/ Amortized cost
Investment in Debt securities measured at fair value through other comprehensive income		
Government and state enterprise securities	3,756,763	3,899,372
Total	3,756,763	3,899,372
Investment in Debt securities measured at amortized cost		
Government and state enterprise securities	15,854,367	15,813,890
Total	15,854,367	15,813,890
Total investments, net	19,611,130	19,713,262

13.2 Gains on investments in debt instruments at fair value through other comprehensive income

Unit : Thousand Baht

	For the years ended December 31, 2023	2022
Beginning balance	5,616	147
Add (Less) Remeasuring investment during the years	(6,190)	6,836
Relating income tax	1,238	(1,367)
Ending balance	664	5,616

14. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

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

14.1 Grouped by type of contracts

Unit : Thousand Baht

	2023	2022
Overdrafts	74,378	25,363
Loans	11,118,643	13,313,864
Less Deferred income	(12,096)	(13,083)
Total loans net of deferred income	11,180,925	13,326,144
Add Accrued and undue interest receivables	59,555	38,945
Total loans net of deferred income plus accrued interest receivables	11,240,480	13,365,089
Less Allowance for expected credit loss	(43,090)	(298,348)
Loans and accrued interest receivables, net	11,197,390	13,066,741

14.2 Grouped by currency and resident

Unit : Thousand Baht

	2023			2022		
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Thai Baht	10,615,999	123,261	10,739,260	10,319,028	109,384	10,428,412
US Dollar	368,286	73,379	441,665	1,234,675	100,893	1,335,568
Others	-	-	-	583,609	978,555	1,562,164
Total	10,984,285	196,640	11,180,925	12,137,312	1,188,832	13,326,144

14.3 Grouped by classification

Unit: Thousand Baht

	2023	
	Loans to customers and accrued interest receivables	**Allowance for expected credit loss**
Stage 1 Performing	11,117,344	37,396
Stage 2 Under-performing	123,136	5,694
Stage 3 Non-performing	-	-
Total	11,240,480	43,090

Unit: Thousand Baht

	2022	
	Loans to customers and accrued interest receivables	**Allowance for expected credit loss**
Stage 1 Performing	11,584,056	99,661
Stage 2 Under-performing	1,781,033	198,687
Stage 3 Non-performing	-	-
Total	13,365,089	298,348

15. ALLOWANCE FOR EXPECTED CREDIT LOSS

The movements of the allowance for expected credit loss for loans to customers and interest receivables for the years ended December 31, 2023 and 2022 are as follows:

Unit : Thousand Baht

	Allowance for expected credit loss			**Total**
	12-month ECL (Stage 1)	**Lifetime ECL-not credit impaired (Stage 2)**	**Lifetime ECL-credit impaired (Stage 3)**	
Balance as at January 1, 2023	99,661	198,687	-	298,348
Changes in staging	10	1,547	-	1,557
New financial assets originated or purchased	7,440	-	-	7,440
Net remeasurement of loss allowance	(36,763)	(29,360)	-	(66,123)
Financial assets derecognized	(32,952)	(165,180)	-	(198,132)
Balance as at December 31, 2023	37,396	5,694	-	43,090

Unit : Thousand Baht

	Allowance for expected credit loss			Total
	12-month ECL (Stage 1)	**Lifetime ECL-not credit impaired (Stage 2)**	**Lifetime ECL-credit impaired (Stage 3)**	
Balance as at January 1, 2022	55,712	307,801	-	363,513
Changes in staging	(1,688)	19,892	-	18,204
New financial assets originated or purchased	17,136	2,318	-	19,454
Net remeasurement of loss allowance	40,871	(131,324)	-	(90,453)
Financial assets derecognized	(12,370)	-	-	(12,370)
Balance as at December 31, 2022	99,661	198,687	-	298,348

* The Bank managed excess reserves in accordance with the BOT's guidelines, BOT. ForNorSor. (23) Wor. 1603/2562 by gradually reducing excess reserves on the first day within 5 years to be in compliance with TFRS 9 and as appropriate to be in line with the bank's business operations. The Bank had excess reserves on the first-time adoption date of TFRS 9 amounting to Baht 51.76 million. The Bank released the excess reserve and recognized as expected credit loss in the statements of profit or loss and other comprehensive income for the years ended December 31, 2023 and 2022 amounting to Baht 10.35 million and Baht 10.35 million, respectively.

16. TROUBLED DEBT RESTRUCTURINGS

The Bank has no receivables which have been restructured during the years ended December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Bank had no loss from debt restructuring and interest received from restructured customer.

17. LEASEHOLD IMPROVEMENT AND EQUIPMENT, NET

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

As at December 31, 2023

Unit : Thousand Baht

	Balance as at January 1, 2023	Additions	Disposals	Balance as at December 31, 2023
Cost:				
Leasehold improvement	10,312	34,938	(10,312)	34,938
Furniture, fixtures and office equipment	86,827	24,072	(34,242)	76,657
Total cost	97,139	59,010	(44,554)	111,595
Accumulated depreciation:				
Leasehold improvement	(6,978)	(2,224)	7,854	(1,348)
Furniture, fixtures and office equipment	(69,399)	(8,744)	32,861	(45,282)
Total accumulated depreciation	(76,377)	(10,968)	40,715	(46,630)
Leasehold improvement and equipment, net	20,762			64,965

As at December 31, 2022

Unit : Thousand Baht

	Balance as at January 1, 2022	Additions	Disposals	Balance as at December 31, 2022
Cost:				
Leasehold improvement	10,507	-	(195)	10,312
Furniture, fixtures and office equipment	81,669	5,799	(641)	86,827
Total cost	92,176	5,799	(836)	97,139
Accumulated depreciation:				
Leasehold improvement	(5,915)	(1,237)	174	(6,978)
Furniture, fixtures and office equipment	(61,432)	(8,259)	292	(69,399)
Total accumulated depreciation	(67,347)	(9,496)	466	(76,377)
Leasehold improvement and equipment, net	24,829			20,762

Depreciation for the years ended December 31,	
2023	10,968
2022	9,496

As at December 31, 2023 and 2022, there are leasehold improvement, furniture, fixtures and office equipment which have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounting to Baht 25.94 million and Baht 53.95 million, respectively.

18. INTANGIBLE ASSETS, NET

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

As at December 31, 2023

Unit : Thousand Baht

	Balance as at January 1, 2023	Additions	Disposals	Balance as at December 31, 2023
Cost:				
Computer software	25,564	4,008	(7,100)	22,472
Total cost	25,564	4,008	(7,100)	22,472
Accumulated amortization:				
Computer software	(18,431)	(2,916)	7,100	(14,247)
Total accumulated amortization	(18,431)	(2,916)	7,100	(14,247)
Intangible assets, net	7,133			8,225

As at December 31, 2022

Unit : Thousand Baht

	Balance as at January 1, 2022	Additions	Disposals	Balance as at December 31, 2022
Cost:				
Computer software	19,786	5,778	-	25,564
Total cost	19,786	5,778	-	25,564
Accumulated amortization:				
Computer software	(15,993)	(2,438)	-	(18,431)
Total accumulated amortization	(15,993)	(2,438)	-	(18,431)
Intangible assets, net	3,793			7,133

Amortization for the years ended December 31,	
2023	2,916
2022	2,438

19. DEFERRED TAX ASSETS

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

	Unit : Thousand Baht	
	2023	**2022**
Deferred tax assets	23,321	17,386
Deferred tax liabilities	(930)	(1,941)
Deferred tax assets, net	22,391	15,445

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

			Unit : Thousand Baht	
	Balance as at January 1, 2023	**Items as recognized into profit or loss**	**Items as recognized into other comprehensive income**	**Balance as at December 31, 2023**
Deferred tax assets				
Temporary differences				
Provisions	12,323	575	362	13,260
Others	5,063	4,998	-	10,061
Total	17,386	5,573	362	23,321
Deferred tax liabilities				
Temporary differences				
Investments	(1,777)	(441)	1,238	(980)
Leases	(164)	214	-	50
Total	(1,941)	(227)	1,238	(930)
Deferred tax assets, net	15,445	5,346	1,600	22,391

			Unit : Thousand Baht	
	Balance as at January 1, 2022	**Items as recognized into profit or loss**	**Items as recognized into other comprehensive income**	**Balance as at December 31, 2022**
Deferred tax assets				
Temporary differences				
Provisions	12,573	744	(994)	12,323
Others	23,603	(18,540)	-	5,063
Total	36,176	(17,796)	(994)	17,386
Deferred tax liabilities				
Temporary differences				
Investments	(239)	(171)	(1,367)	(1,777)
Leases	(84)	(80)	-	(164)
Total	(323)	(251)	(1,367)	(1,941)
Deferred tax assets, net	35,853	(18,047)	(2,361)	15,445

20. OTHER ASSETS

Other assets as at December 31, are as follows:

	Unit : Thousand Baht	
	2023	**2022**
Deposits	4,701	4,705
Right-of-use assets (see Note 20.1)	41,772	1,882
Others	4,969	7,782
Total	51,442	14,369

20.1 Right-of-use assets

Right-of-use assets, net as at December 31, are as follow:

				Unit : Thousand Baht
	Balance as at January 1, 2023	**Additions**	**Disposal**	**Balance as at December 31, 2023**
Cost:				
Building	33,870	50,126	(33,870)	50,126
Total cost	33,870	50,126	(33,870)	50,126
Accumulated depreciation:				
Building	(31,988)	(10,236)	33,870	(8,354)
Total accumulated depreciation	(31,988)	(10,236)	33,870	(8,354)
Right-of-use assets, net	1,882			41,772

				Unit : Thousand Baht
	Balance as at January 1, 2022	**Additions**	**Disposal**	**Balance as at December 31, 2022**
Cost:				
Building	35,070	-	(1,200)	33,870
Equipment	771	-	(771)	-
Total cost	35,841	-	(1,971)	33,870
Accumulated depreciation:				
Building	(21,832)	(11,356)	1,200	(31,988)
Equipment	(544)	(227)	771	-
Total accumulated depreciation	(22,376)	(11,583)	1,971	(31,988)
Right-of-use assets, net	13,465			1,882

Depreciation for the years ended December 31,	
2023	10,236
2022	11,583

21. DEPOSITS

Deposits as at December 31, are as follows:

21.1 Grouped by types

	Unit : Thousand Baht	
	2023	**2022**
On demand	4,072,514	4,466,968
Savings	7,441,067	11,166,573
Term	12,344,574	8,403,084
Total deposits	23,858,155	24,036,625

21.2 Grouped by currency

	Unit : Thousand Baht	
	2023	**2022**
US Dollar	3,443,301	4,959,958
Thai Baht	20,029,389	18,677,166
Other currencies	385,465	399,501
Total deposits	23,858,155	24,036,625

22. INTERBANK AND MONEY MARKET ITEMS - LIABILITIES

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

	Unit : Thousand Baht		
	2023		
	On demand	**Term**	**Total**
Domestic			
Other financial institutions	178,188	501,486	679,674
Total	178,188	501,486	679,674

	Unit : Thousand Baht		
	2022		
	On demand	**Term**	**Total**
Domestic			
Other financial institutions	104,331	472,738	577,069
Total	104,331	472,738	577,069

As at December 31, 2023 and 2022, the Bank had no outstanding balance of the bills of exchange with embedded derivative that are not designated at fair value.

23. PROVISIONS

Provisions for the years ended December 31, 2023 and 2022 are as follows:

Unit : Thousand Baht

	Balance as at January 1, 2023	Increase (Decrease)	Balance as at December 31, 2023
Allowance for expected credit loss for loan commitments and financial guarantee contracts	15,327	(2,176)	13,151
Provision for employee benefits	46,285	6,866	53,151
Total	61,612	4,690	66,302

Unit : Thousand Baht

	Balance as at January 1, 2022	Increase (Decrease)	Balance as at December 31, 2022
Allowance for expected credit loss for loan commitments and financial guarantee contracts	13,411	1,916	15,327
Provision for employee benefits	49,455	(3,170)	46,285
Total	62,866	(1,254)	61,612

PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits as at December 31, are as follows:

	Unit : Thousand Baht	
	2023	2022
Provision for post-employee benefit (see Note 23.1)	47,991	42,710
Provision for long-serviced award benefit (see Note 23.2)	5,160	3,575
Total	53,151	46,285

23.1 Provision for post-employee benefit

Movements in the present value of provision for post-employee benefit for the years ended December 31, are as follows:

	Unit : Thousand Baht	
	2023	2022
Beginning balance of provision for post-employee benefit	42,710	45,936
Current service costs	6,596	7,147
Interest costs	1,314	717
Actuarial (gain) loss arising from changes in financial assumptions	1,812	(4,971)
Benefits paid	(4,441)	(6,119)
Ending balance of provision for post-employee benefit	47,991	42,710

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

	Unit : Thousand Baht	
	2023	**2022**
Included in retained earnings:		
As at January 1,	27,303	22,332
Recognized during the years	(1,812)	4,971
As at December 31,	25,491	27,303

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

	2023	**2022**
Discount rate	2.7%	3.1%
Future salary growth rate	4%	4%
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 provision for post-employee benefit as at December 31, by the amounts shown below:

	Unit : Thousand Baht	
	2023	**2022**
Effect increase (decrease) on provision for post-employee benefit		
Increase 1% discount rate	(3,713)	(3,305)
Decrease 1% discount rate	4,272	3,802
Increase 1% salary growth rate	4,133	3,678
Decrease 1% salary growth rate	(3,673)	(3,269)

23.2 Provision for long-serviced award benefits

Movements in the present value of provision for long-serviced award benefit for the years ended December 31, are as follows:

	Unit : Thousand Baht	
	2023	**2022**
Beginning balance of provision for long-serviced award benefit	3,575	3,519
Current service costs	639	670
Interest costs	105	60
Actuarial loss (gain) arising from changes in financial assumptions	961	(328)
Benefits paid	(120)	(346)
Ending balance of provision for long-serviced award benefit	5,160	3,575

For the year ended December 31, 2023, the actuarial loss is recognized in profit or loss by Baht 0.96 million.

For the year ended December 31, 2022, the actuarial gain is recognized in profit or loss by Baht 0.33 million.

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

	2023	**2022**
Discount rate	2.7%	3.1%
Gold price inflation rate	5%	5%
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 provision for long-serviced award benefit as at December 31, by the amounts shown below:

	Unit : Thousand Baht	
	2023	**2022**
Effect increase (decrease) on provision for post-employee benefit		
Increase 1% discount rate	(349)	(242)
Decrease 1% discount rate	395	274

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

	2023			2022		
	Thai Baht	Foreign currency	Total	Thai Baht	Foreign currency	Total
Letters of credit	-	23,878	23,878	-	382,334	382,334
Guarantees on loans	700	-	700	700	-	700
Liabilities under unmatured bills	-	14,018	14,018	-	28,715	28,715
Other commitments	16,273,552	11,830,543	28,104,095	16,398,614	31,956,458	48,355,072

25. RELATED PARTY TRANSACTIONS

Enterprises or 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 and other branches of the same juristic person, subsidiaries, and associates of BNP Paribas are as follows:

Unit : Thousand Baht

	As at December 31,	
	2023	2022
Statements of financial positions		
Assets		
Interbank and money market items, net	585,065	3,415,082
Liabilities		
Interbank and money market items, net	2,419,535	10,847,429
Accrued expenses	618,082	251,640
Fund remitted into Thailand for maintaining assets under law	12,250,063	12,151,078
Contingencies	910,467,264	809,608,317

	For the years ended December 31,	
	2023	**2022**
Statements of profit or loss and other comprehensive income		
Interest income	70,066	55,484
Other income	5,547	-
Interest expenses	668,306	299,244
Other operating expenses		
- Expenses shared from Head Office	-	24,807
- Cost sharing from financial instruments, net	94,191	43,053
- Intercompany service fee	192,615	143,082
Management remuneration		
- Short-term benefits	70,112	56,100
- Long-term benefits	1,845	1,721

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.

Net (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 (profit) cost 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 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 or their related parties or 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	
	2023	**2022**
Expense of share-based payment	23,059	18,555
Total	23,059	18,555

27. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under operating lease agreements for vehicles as at December 31, are as follows:

Periods	Unit : Thousand Baht 2023	2022
Within 1 year	1,843	933
Over 1 year to 5 years	6,661	-
Total operating lease commitments	8,504	933

Minimum lease payment recognized as expenses for the years ended December 31, 2023 and 2022 are Baht 1.74 million and Baht 1.82 million, respectively.

28. THE POSITION AND THE SIGNIFICANT 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 2023	2022
Interbank and money market items	433,989	207,387
Investment and trading transactions	51,676	26,303
Investment in debt securities	379,002	75,306
Loans	509,389	273,761
Others	806	24
Total interest income	1,374,862	582,781

30. INTEREST EXPENSES

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

	Unit : Thousand Baht 2023	2022
Deposits	308,707	79,400
Interbank and money market items	762,282	338,506
Contributions for deposit protection	87,811	39,072
Others	41,722	20,705
Total interest expense	1,200,522	477,683

31. NET FEES AND SERVICE INCOME (EXPENSE)

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

	Unit : Thousand Baht	
	2023	**2022**
Fees and service income		
Acceptance, aval and guarantees	33,625	35,050
Others	27,266	24,067
Total fees and service income	60,891	59,117
Fees and service expenses	(64,398)	(68,359)
Net fees and service expense	(3,507)	(9,242)

32. GAINS ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Gains on financial instruments measured at fair value through profit or loss for the years ended December 31, are as follows:

	Unit : Thousand Baht	
	2023	**2022**
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and exchange derivatives	1,859,755	(1,549,531)
- Interest derivatives	(292,878)	2,978,306
- Equity derivatives	28,068	2,344
- Debt securities	(139,548)	30,871
Total	1,455,397	1,461,990
Net gain on financial instruments measured at fair value through profit or loss	1,455,397	1,461,990

33. EXPECTED CREDIT LOSS (REVERSAL)

Expected credit loss (reversal) for the years ended December 31, is as follows :

	Unit : Thousand Baht	
	2023	**2022**
Interbank and money market items	(4,223)	(691)
Loans to customers and accrued interest receivables	(264,664)	(53,468)
Loan commitments and financial guarantees	(2,712)	92
Total	(271,599)	(54,067)

34. INCOME TAX EXPENSE

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

	Unit : Thousand Baht	
	2023	**2022**
Current income tax expense for the years	222,760	177,830
Deferred tax expense (income) and temporary differences	(5,346)	18,046
Total income tax expense	217,414	195,876

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

						Unit : Thousand Baht
	2023			**2022**		
	Amount before tax	**Tax income (expenses)**	**Net amount After tax**	**Amount before tax**	**Tax income (expenses)**	**Net amount After tax**
Gain (loss) on investments in debt instruments at fair value through other comprehensive income	(6,190)	1,238	(4,952)	6,836	(1,367)	5,469
Actuarial gain (loss) on provision for employee benefits	(1,812)	362	(1,450)	4,971	(994)	3,977
Other comprehensive income (loss)	(8,002)	1,600	(6,402)	11,807	(2,361)	9,446

Reconciliation of effective tax rate

	2023		**2022**	
	Thousand Baht	**Rate (%)**	**Thousand Baht**	**Rate (%)**
Profit before income tax expense	1,106,749	20	957,152	20
Income tax expense at the domestic tax rate	221,350		191,430	
Tax effect of income and expense that are not taxable income or not deductible in determining taxable profit, net	(3,936)		2,678	
Tax adjustments	-		1,768	
Income tax expense as the statement of profit or loss and other comprehensive income	217,414	20	195,876	20

The Bank used tax rate of 20% for the corporate income tax and deferred tax calculation for the years ended December 31, 2023 and 2022.

35. LITIGATION

As at December 31, 2023 and 2022, there were lawsuits under court proceeding. The Bank believes that the final judgement of such proceedings will not materially affect the Bank’s financial position and performance.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Bank’s management on April 10, 2024.